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RAYMOND Industrial Ltd

利 民 實 業 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

**ANNOUNCEMENT OF UNAUDITED 2020 THIRD QUARTER RESULTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2020**

The Board (the “Board”) of Directors (the “Directors”) of Raymond Industrial Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (together the “Group”) for nine months ended 30 September 2020, together with comparative figures for corresponding period in 2019 as follows:

Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

	Note	Nine months ended 30 September	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue		905,492	839,085
Cost of sales		<u>(772,296)</u>	<u>(738,054)</u>
Gross profit		133,196	101,031
Other revenue		2,000	3,085
Other net (loss)/ income		(47)	7,872
Selling expenses		(11,498)	(11,321)
General and administrative expenses		<u>(72,933)</u>	<u>(77,584)</u>
Profit before taxation		50,718	23,083
Income tax		<u>(10,885)</u>	<u>(1,602)</u>
Profit for the period attributable to shareholders of the Company		<u>39,833</u>	<u>21,481</u>
Earnings per share	1		
Basic, HK cents		<u>8.06</u>	<u>4.35</u>
Diluted, HK cents		<u>8.03</u>	<u>4.32</u>

Consolidated statement of profit or loss and other comprehensive income*(Expressed in Hong Kong dollars)*

	Nine months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	39,833	21,481
Other comprehensive profit/(loss) for the period		
Item that may be reclassified subsequently to profit or loss		
–Exchange differences on translation of financial statements of foreign operations	<u>4,920</u>	<u>(8,532)</u>
Total comprehensive income for the period attributable to shareholders of the Company	<u>44,753</u>	<u>12,949</u>

Consolidated statement of financial position
(Expressed in Hong Kong dollars)

	30 September 2020 (Unaudited) HK\$'000	31 December 2019 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	143,039	169,692
Right-of-use assets	8,737	8,973
Deferred tax assets	3,373	3,424
	<u>155,149</u>	<u>182,089</u>
Current assets		
Inventories	147,427	124,496
Trade and other receivables	342,181	278,452
Cash and cash equivalents	257,128	255,198
	<u>746,736</u>	<u>658,146</u>
Current liabilities		
Trade and other payables	261,166	229,428
Dividends payable	457	282
Tax payable	9,160	4,398
	<u>270,783</u>	<u>234,108</u>
Net current assets	<u>475,953</u>	<u>424,038</u>
Total assets less current liabilities	<u>631,102</u>	<u>606,127</u>
Non-current liabilities		
Deferred tax liabilities	173	173
NET ASSETS	<u>630,929</u>	<u>605,954</u>
CAPITAL AND RESERVES		
Share capital	462,333	462,333
Reserves	168,596	143,621
TOTAL EQUITY	<u>630,929</u>	<u>605,954</u>

NOTE:**1 EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of the Company of approximately HK\$39,833,000 (nine months ended 30 September 2019: HK\$21,481,000) and the weighted average number of ordinary shares of approximately 494,500,000 (nine months ended 30 September 2019: 494,092,000) shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to shareholders of the Company of approximately HK\$39,833,000 (nine months ended 30 September 2019: HK\$21,481,000) and the weighted average number of ordinary shares of approximately 496,018,000 (nine months ended 30 September 2019: 497,289,000) shares after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

BUSINESS HIGHLIGHTS

In the first nine months of 2020, we have seen higher sales demand for air purifiers, grooming and shaving products compared with the corresponding period in 2019 as our business has been building a new normal that has been more human-centric, imaginative and agile to capture more market share and market opportunities in light of persistent COVID-19 pandemic which affects all walks of life. The turnover of the Group was HK\$905,492,000 in the first nine months of 2020, representing an increase of 7.91% compared with turnover for the corresponding period in 2019 (HK\$839,085,000). The Group's net profit was HK\$39,833,000, representing a significant increase of 85.4% when compared with net profit of HK\$21,481,000 for the corresponding period in 2019.

During the first nine months of 2020, the Group was fortunate that some of our products, such as air purifiers, became a necessity under the new normal for many people who work from home. Although sales revenue and net profits increased during the first nine months, the Group's management remains very conservative and cautious when it comes to internal allocation of capital resources, human resources, information technology and property, plant and equipment investment to ensure money was spent wisely. As a result, the Group has slowed down capital expenditures in production automation and equipment but continued to invest more in new research and development ("R&D") innovation, new information technology systems and new intellectual property rights. The new ERP system upgrade is in progress and many of our staff begin to receive training online to learn how to use the new operating platform that is web-based and more user friendly. The new ERP system can also connect to some of our customers' ERP systems to enhance faster data exchange to perform more meaningful data analytics and to explore online e-commerce opportunities faster. The Group's management also takes cybersecurity very seriously and work with our consultants to improve our cybersecurity.

BUSINESS PROSPECTS

In light of the straining relationship between China and the US, the Group's management continues to launch new products despite launch of certain new products was delayed during the first quarter of 2020. Despite continuous Sino-US trade tension, the Group's management looks for new business opportunities in Korea, Japan, the UK and Europe. The Group's investment in R&D enables us to obtain the HNTE status and allows the Group to use new knowledge, patents and innovations developed in the past few years to seek new business opportunities and new market segments for our business development.

The Group's management is cautious about future business outlook due to global economic and political uncertainties, as well as persistent COVID-19 pandemic, which continuously affects the timing of new products launch. To diversify the risks associated with the industries and markets, the Group's management will focus on three aspects of the new normal, namely User-centered insight, Creative ideating, and Agile iterating, to explore more new business opportunities.

User-centered insight is a management tool for top management to analyze how the emerging new consumers' habits put to rest the old customers' habits. For example, our sales & marketing team members work closely with our customers to explore new business opportunities in the e-commerce platform, while our R&D team develop new products that would be more suitable to the new customers' habits because more consumers stay home to consume after the COVID-19 pandemic outbreak.

Creative ideating involves Creative teams, Design teams and R&D teams with our customers to collaborate online via Cisco WebEx, Microsoft Team and Zoom in face of travel restriction that makes it almost impossible for the creative team members to congregate in person. Applying technologies that allows real-time interaction can enhance remote individual ideation and remote group brain-storming sessions and discussion.

As many countries adopt social distancing rules and regulations, Agile iterating allows our creative team members to work with our customers online intensively for one to two weeks period to run experiments on innovations, and also using virtual reality tools to adapt to a non-physical end user experimentation /simulation to foster a learning-from-failure culture that tolerates failed virtual experimentation/simulation results to refine and optimize the new product design, features and performance. Successful adaptation to a more flexible and courageous innovation environment can create a cost-effective platform for innovating new products at faster speed and lower costs.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. The current ratio of the Group was 2.76 as of 30 September 2020 (31 December 2019: 2.81). The quick ratio of the Group was 2.21 as of 30 September 2020 (31 December 2019: 2.28). The gearing ratio of the Group was 0.41 as of 30 September 2020 (31 December 2019: 0.38), which was computed by the trade and other payable over equity.

Bank balances and cash were HK\$257,128,000 as of 30 September 2020 (31 December 2019: HK\$255,198,000), representing an increase of HK\$1,930,000 compared to the figures as of 31 December 2019. The increase was mainly due to more cash generated from operations and lower capital expenditures as of 30 September 2020.

There was no bank borrowing as of 30 September 2020 (31 December 2019: Nil), and the Group had no contingent liabilities as of 30 September 2020 (31 December 2019: Nil).

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2020.

By Order of the Board
Raymond Industrial Limited
Wong, Wilson Kin Lae
Chairman

Hong Kong, 13 November 2020

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Dr. Wong, Wilson Kin Lae; Mr. Wong, John Ying Man; Dr. Wong, Raymond Man Hin and Mr. Mok Kin Hing

Non-Executive Directors:

Mr. Wong, David Ying Kit and Mr. Xiong Zhengfeng

Independent Non-Executive Directors:

Ms. Ling, Imma Kit Sum; Mr. Fan, Anthony Ren Da; Mr. Ng Yiu Ming and Mr. Lo, Wilson Kwong Shun