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ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board (the “**Board**”) of Directors (the “**Directors**”) of Raymond Industrial Limited (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2020, together with comparative figures for last year as follows:

Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	4	1,289,515	1,155,578
Cost of sales		<u>(1,099,136)</u>	<u>(1,007,721)</u>
Gross profit		190,379	147,857
Other revenue	5	2,116	4,208
Other net (loss)/income	5	(4,097)	9,094
Selling expenses		(13,508)	(15,010)
General and administrative expenses		<u>(98,011)</u>	<u>(104,239)</u>
Profit before taxation		76,879	41,910
Income tax expense	6	<u>(13,661)</u>	<u>(2,937)</u>
Profit for the year attributable to shareholders of the Company	7	<u>63,218</u>	<u>38,973</u>
Earnings per share	9		
Basic, HK cents		<u>12.78</u>	<u>7.89</u>
Diluted, HK cents		<u>12.74</u>	<u>7.84</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year attributable to shareholders of the Company	<u>63,218</u>	<u>38,973</u>
Other comprehensive income		
Item that may be reclassified to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	<u>15,713</u>	<u>(6,107)</u>
Total comprehensive income for the year attributable to shareholders of the Company	<u><u>78,931</u></u>	<u><u>32,866</u></u>

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

	<i>Note</i>	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment	10	153,021	169,692
Right-of-use assets	10	8,833	8,973
Deferred tax assets		2,739	3,424
		<u>164,593</u>	<u>182,089</u>
Current assets			
Inventories		176,770	124,496
Trade and other receivables	11	325,561	278,452
Bank and cash balances	12	291,894	255,198
		<u>794,225</u>	<u>658,146</u>
Current liabilities			
Trade and other payables	13	297,897	229,428
Dividends payable		286	282
Current tax liabilities		5,253	4,398
		<u>303,436</u>	<u>234,108</u>
Net current assets		<u>490,789</u>	<u>424,038</u>
Total assets less current liabilities		<u>655,382</u>	<u>606,127</u>
Non-current liabilities			
Deferred tax liabilities		167	173
NET ASSETS		<u>655,215</u>	<u>605,954</u>
CAPITAL AND RESERVES			
Share capital		462,333	462,333
Reserves		192,882	143,621
TOTAL EQUITY		<u>655,215</u>	<u>605,954</u>

1. **BASIS OF PREPARATION**

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8

Definition of Material

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

The Group is principally engaged in the manufacture and sale of electrical home appliances. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has identified six reportable segments on a geographical basis: Japan, the United States of America ("USA"), the People's Republic of China (the "PRC"), Europe, Asia (excluding Japan and the PRC) and rest of the world. The electrical home appliances are manufactured in the Group's manufacturing facilities located in the PRC. The "rest of the world" segment covers sales of electrical home appliances to customers in Australia, Canada, South America and Africa.

(a) Segment profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the profit or loss, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of tax balances. Segment liabilities include trade and other payables, with the exception of tax balances and dividends payable, attributable to the manufacture and sale activities of the individual segments. Segment non-current assets do not include deferred tax assets.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profits or losses do not include other revenue and other net income or loss, and the depreciation of assets not attributable to those segments.

The measurement used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

3 SEGMENT INFORMATION (CONTINUED)

(a) Segment profit or loss, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	Electrical home appliances						
	USA	The PRC	Japan	Europe	Asia (excluding Japan and the PRC)	Rest of the world	Total
	2020	2020	2020	2020	2020	2020	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	397,322	276,354	278,944	237,553	57,584	41,758	1,289,515
Inter-segment revenue	-	499,450	-	-	995,621	-	1,495,071
Reportable segment revenue recognised at a point in time	397,322	775,804	278,944	237,553	1,053,205	41,758	2,784,586
Reportable segment profit (adjusted EBITDA)	34,522	24,012	24,236	20,640	86,663	3,628	193,701
Reportable segment assets as at 31 December	-	432,713	-	-	620,863	-	1,053,576
Reportable segment liabilities as at 31 December	-	(195,894)	-	-	(242,155)	-	(438,049)
Additions to non-current segment assets during the year	-	15,506	-	-	-	-	15,506

3 SEGMENT INFORMATION (CONTINUED)

(a) Segment profit or loss, assets and liabilities (continued)

	Electrical home appliances						
	USA	The PRC	Japan	Europe	Asia (excluding Japan and the PRC)	Rest of the world	Total
	2019	2019	2019	2019	2019	2019	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	267,130	303,140	245,525	242,612	58,614	38,557	1,155,578
Inter-segment revenue	-	437,273	-	-	896,533	-	1,333,806
Reportable segment revenue recognised at a point in time	267,130	740,413	245,525	242,612	955,147	38,557	2,489,384
Reportable segment profit (adjusted EBITDA)	14,577	16,541	13,397	13,238	80,889	2,103	140,745
Reportable segment assets as at 31 December	-	392,700	-	-	525,873	-	918,573
Reportable segment liabilities as at 31 December	-	(147,125)	-	-	(198,049)	-	(345,174)
Additions to non-current segment assets during the year	-	27,780	-	-	-	-	27,780

3 SEGMENT INFORMATION (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	2,784,586	2,489,384
Elimination of inter-segment revenue	<u>(1,495,071)</u>	<u>(1,333,806)</u>
Consolidated revenue	<u>1,289,515</u>	<u>1,155,578</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit or loss		
Reportable segment profit	193,701	140,745
Elimination of inter-segment profits	<u>(81,660)</u>	<u>(77,691)</u>
Reportable segment profit derived from Group's external customers	112,041	63,054
Other revenue and other net (loss)/income	(1,981)	13,302
Depreciation	<u>(33,181)</u>	<u>(34,446)</u>
Consolidated profit before taxation	<u>76,879</u>	<u>41,910</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Assets		
Reportable segment assets	1,053,576	918,573
Elimination of inter-segment receivables	<u>(97,497)</u>	<u>(81,762)</u>
	956,079	836,811
Deferred tax assets	<u>2,739</u>	<u>3,424</u>
Consolidated total assets	<u>958,818</u>	<u>840,235</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	(438,049)	(345,174)
Elimination of inter-segment payables	<u>140,152</u>	<u>115,746</u>
	(297,897)	(229,428)
Dividends payable	(286)	(282)
Current tax liabilities	(5,253)	(4,398)
Deferred tax liabilities	<u>(167)</u>	<u>(173)</u>
Consolidated total liabilities	<u>(303,603)</u>	<u>(234,281)</u>

3 SEGMENT INFORMATION (CONTINUED)

(c) Revenue from major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue of the Group, is set out below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	315,712	314,640
Customer B	274,317	238,664
Customer C	265,442	198,079
Customer D	<u>180,143</u>	<u>176,143</u>

4 REVENUE

Disaggregation of revenue from contracts with customers by major products for the year is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products – sales of goods	<u>1,289,515</u>	<u>1,155,578</u>

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other revenue		
Bank interest income	<u>2,116</u>	<u>4,208</u>
Other net (loss)/income		
Net gain on disposal of scrap materials	853	819
Net exchange (loss)/gain	(6,491)	5,087
Net gain/(loss) on disposal of property, plant and equipment	157	(1,206)
Sample sales income	-	1,034
Subsidy income	1,147	1,520
Sundry income	<u>237</u>	<u>1,840</u>
	<u>(4,097)</u>	<u>9,094</u>

6 INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follow:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	4,744	2,343
Under/(over)-provision in respect of prior years	<u>362</u>	<u>(252)</u>
	<u>5,106</u>	<u>2,091</u>
Current tax – PRC Enterprise Income Tax		
Provision for the year	8,498	2,740
Over-provision in respect of prior years	<u>(728)</u>	<u>(1,703)</u>
	<u>7,770</u>	<u>1,037</u>
Deferred tax		
Origination and reversal of temporary differences	<u>785</u>	<u>(191)</u>
	<u><u>13,661</u></u>	<u><u>2,937</u></u>

Note:

(i) Hong Kong Profits Tax

Under the two-tiered Profits Tax rate regime, the first HK\$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profit above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

(ii) PRC Enterprise Income Tax

A subsidiary in the PRC was qualified as a high and new technology enterprise and taxed at a preferential tax rate of 15% (2019: 15%).

7 PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2020 HK\$'000	2019 HK\$'000
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits [^]	212,426	206,333
Discretionary bonuses	3,866	2,312
Contributions to defined contribution retirement plans	13,979	17,598
	230,271	226,243
Other items		
Cost of inventories sold [#]	1,099,136	1,007,721
Write-down of inventories	442	1,827
Reversal of write-down of inventories	(2,807)	(89)
Depreciation of right-of-use assets	481	487
Depreciation of other property, plant and equipment	32,700	33,959
Auditor's remuneration	650	692
Product development costs [*]	44,555	40,844
Obsolete moulds and toolings written off	7,271	-

[^] For the year ended 31 December 2020, COVID-19 related government grants amounted to HK\$1,635,000 have been offset against salaries, wages and other benefits.

[#] Cost of inventories includes approximately HK\$207,968,000 (2019: HK\$199,075,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above.

Cost of inventories also includes approximately HK\$7,271,000 (2019: HK\$Nil) relating to obsolete moulds and toolings written off.

^{*} Product development costs include approximately HK\$24,942,000 (2019: HK\$23,198,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above.

8 FINAL AND SPECIAL DIVIDENDS

(i) Dividends payable to shareholders of the Company attributable to the year

	2020 HK\$'000	2019 HK\$'000
Interim dividend declared and paid of 2 HK cents per ordinary share (2019: 2 HK cents per ordinary share)	9,890	9,886
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2019: 4 HK cents per ordinary share)	19,780	19,780
Special dividend proposed after the end of the reporting period of 2 HK cents per ordinary share (2019: nil cents per ordinary share)	9,890	-
	39,560	29,666

The final and special dividends proposed after the end of the reporting period have not been recognised as liabilities at the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2020 HK\$'000	2019 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2019: 4 HK cents per ordinary share)	19,780	19,768
Special dividend in respect of the previous financial year, approved and paid during the year, of nil cents per ordinary share (2019: 2 HK cents per ordinary share)	-	9,884
	19,780	29,652

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of the Company of HK\$63,218,000 (2019: HK\$38,973,000) and the weighted average number of ordinary shares of 494,500,000 (2019: 494,195,000) shares in issue during the year. The weighted average number of ordinary shares is calculated as follows:

	2020 '000	2019 '000
Issued ordinary shares at 1 January	494,500	493,815
Effect of share options exercised	<u>-</u>	<u>380</u>
Weighted average number of ordinary shares at 31 December	<u><u>494,500</u></u>	<u><u>494,195</u></u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to shareholders of the Company of HK\$63,218,000 (2019: HK\$38,973,000) and the weighted average number of ordinary shares of 496,278,000 (2019: 497,067,000) shares (diluted). The weighted average number of ordinary shares (diluted) is calculated as follows:

	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 December	494,500	494,195
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>1,778</u>	<u>2,872</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u><u>496,278</u></u>	<u><u>497,067</u></u>

	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Total fixed assets HK\$'000
Cost			
At 1 January 2019	615,491	20,626	636,117
Exchange adjustments	(11,660)	(329)	(11,989)
Additions	27,780	-	27,780
Disposals	(15,622)	-	(15,622)
At 31 December 2019	615,989	20,297	636,286
At 1 January 2020	615,989	20,297	636,286
Exchange adjustments	27,901	888	28,789
Additions	15,507	-	15,507
Disposals	(78,401)	-	(78,401)
At 31 December 2020	580,996	21,185	602,181
Accumulated depreciation			
At 1 January 2019	434,411	11,031	445,442
Exchange adjustments	(8,032)	(194)	(8,226)
Charges for the year	33,959	487	34,446
Disposals	(14,041)	-	(14,041)
At 31 December 2019	446,297	11,324	457,621
At 1 January 2020	446,297	11,324	457,621
Exchange adjustments	19,497	547	20,044
Charges for the year	32,700	481	33,181
Disposals	(70,519)	-	(70,519)
At 31 December 2020	427,975	12,352	440,327
Net carrying value			
At 31 December 2020	153,021	8,833	161,854
At 31 December 2019	169,692	8,973	178,665

11 TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	294,926	257,326
Other receivables	21,230	15,286
Deposits and prepayments	9,405	5,840
	<u>325,561</u>	<u>278,452</u>

The ageing analysis of trade receivables as of the end of the reporting period, based on invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	85,285	91,749
More than 1 month but less than 3 months	157,284	117,144
More than 3 months but less than 12 months	52,208	48,366
Over 12 months	149	67
	<u>294,926</u>	<u>257,326</u>

In respect of trade receivables, management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

12 BANK AND CASH BALANCES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Time deposits with maturity within 3 months	206,728	196,870
Cash at bank and in hand	85,166	58,328
	<u>291,894</u>	<u>255,198</u>

13 TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	241,092	180,084
Accrued charges and other payables	<u>56,805</u>	<u>49,344</u>
	<u><u>297,897</u></u>	<u><u>229,428</u></u>

The above balances are expected to be settled within one year.

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	86,297	174,823
More than 1 month but less than 3 months	145,673	2,686
More than 3 months but less than 12 months	7,602	2,449
Over 12 months	<u>1,520</u>	<u>126</u>
	<u><u>241,092</u></u>	<u><u>180,084</u></u>

BUSINESS REVIEW

OPERATION RESULTS

During the financial year (“FY”) of 2020, the Group experienced the COVID-19 pandemic, temporary disruption at our Nansha production facilities after the Chinese New Year, and faced the challenges of increasing operating costs and continuous US China trade dispute. Despite all these uncertainties, with the supportive fiscal policy and local government subsidies on social insurance in The People’s Republic of China (the “PRC”) and improved efficiency from accelerated digital transformation effort, the Group managed to launch more new and innovative products during the second half of 2020 to achieve outstanding performance for the full year. Consequently, for FY2020, the Group’s consolidated turnover increased to HK\$1,289,515,000, representing an increase of 11.59% as compared with the same corresponding period in FY2019. Net profit of the Group was HK\$63,218,000, representing an increase of 62.21%, as compared with the net profit of HK\$38,973,000 of the same corresponding period in FY2019. Net cash generated from operations was HK\$79,910,000 in FY2020. Bank and cash balances as at 31 December 2020 was HK\$291,894,000 (of which HK\$29,670,000 were dividend paid out during FY2020) as compared with HK\$255,198,000 at the beginning of FY2020. The positive operating cash flow and substantial cash balances enable the Group to continue paying dividends to the shareholders. At the same time, the Group continue to invest excess cash in Research and Development (“R&D”), new technology and automation equipment. Consequently, the Group continue to qualify as a High and New Technology Enterprise (“HNTE”) in the PRC.

In FY2020, the Group had started several R&D research projects in Hong Kong as well as in the PRC. To achieve AIoT (Artificial Intelligence and Internet of Things) compatibility, the Group has invested in the information systems and automated production processes to convert the operations to be 5G ready and can utilize big data and mobile surveillance systems to improve quality systems. As a result, the Group’s management can update strategies and react to changes quickly in highly competitive global markets. In FY2020, the Group invested HK\$15,507,000 (compared with HK\$27,780,000 in 2019) to purchase injection moulding machines and laboratory testing equipment to strengthen our R&D and operational capabilities, and upgraded our information systems to enhance faster data processing and analysis. Despite decreased capital expenditures related to new R&D projects, product development costs (Note 7) increased from HK\$40,844,000 in 2019 to HK\$44,555,000 in 2020; and net R&D and product development costs still met the high technology venture minimum annual investment requirement. We expect the investment in these R&D projects will generate more sales revenue in 2021 from new products launch. Qualifying for the high technology venture status would enable the Group to enjoy lower profit tax rate and receive tax incentives from the PRC Government; and increase our competitiveness among our peers.

The Group’s net profit in FY2020 was HK\$63,218,000, representing basic earnings per share of 12.78 Hong Kong cents (net profit in FY2019 was HK\$38,973,000, with basic earnings per share of 7.89 Hong Kong cents)

FINAL DIVIDEND AND SPECIAL DIVIDEND

The board of directors (the “Board”) of the Company has proposed a final dividend of 4 Hong Kong cents per ordinary share (2019: 4 Hong Kong cents per ordinary share) and a special dividend of 2 Hong Kong cents per ordinary share (2019: Nil) for the year ended 31 December 2020. The proposed final dividend and special dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Wednesday, 9 June 2021 to the shareholders whose names appear on the register of members of the Company on Monday, 31 May 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

- (1) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Friday, 21 May 2021 (the “**2021 AGM**”), the register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021, both days inclusive. In order to be qualified for attending and voting at the 2021 AGM, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Friday, 14 May 2021.
- (2) For the purpose of determining shareholders who are qualified for the final dividend and special dividend, the register of members of the Company will be closed from Thursday, 27 May 2021 to Monday, 31 May 2021, both days inclusive. In order to be qualified for the final dividend and special dividend, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 26 May 2021.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. Its current ratio was 2.62 as of 31 December 2020 (31 December 2019: 2.81). The quick ratio of the Group was 2.03 as of 31 December 2021 (31 December 2019: 2.28). The gearing ratio of the Group was 0.45 as of 31 December 2020 (31 December 2019: 0.38), which was computed by the trade and other payables over total equity.

During FY2020, the Group’s trade receivables turnover stood at 83 days, compared with 81 days in FY2019. The inventory turnover in FY2020 was 59 days, compared with 45 days in FY2019.

Bank and cash balances were HK\$291,894,000 as of 31 December 2020 (2019: HK\$255,198,000), representing an increase of HK\$36,696,000 as compared to that in the same corresponding period in FY2019, which was mainly due to lower capital expenditure.

There were no bank borrowings as of 31 December 2020 (2019: Nil).

The Group had no contingent liabilities as of 31 December 2020 (2019: Nil).

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2020 (2019: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group’s transactions were conducted in the United States dollars, British pounds, Hong Kong dollars and Renminbi. The Group does not foresee any substantial exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

FUTURE PROSPECTS

Despite continuous US-China trade tension, the Group's management looks at new business opportunities in Korea, Japan, the UK and Europe. The Group's management has identified several new areas that we can apply our new technologies to develop more innovative products, not only in grooming and air purification categories, but also in beverage related new product category. The Group's investment in R&D enables us to maintain the HNTE status and allows the Group to apply new knowledge, patents and innovations developed in the new products and explore new product categories.

The Group's management is cautious about future business outlook as global economic and political uncertainties, as well as persistent COVID-19 pandemic, have continued to affect the timing of new products launch. Furthermore, the Group has already experienced increased raw material costs in plastic resins and metal, and reduction in gross profit margins of certain product category for US market such as air purification products which have been adversely affected by 25% tariffs imposed by the new US government administration under President Biden. In the past, our customers could apply for a tariff waiver but such waiver had been suspended since January 1, 2021. We will continue to work with our customers to seek for tariff waiver or relief from the US government.

To diversify risk associated with the industries and markets, the Group's management will take a strategic approach to focus on the three aspects of the new normal to explore more new business opportunities, namely user-centered insight, creative ideating, and agile iterating.

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

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

As many countries adopted social distancing rules and regulations, agile iterating allows our creative teams to work closely with our customers online intensively for one to two weeks period to run experiments on innovations, sometimes using virtual reality tools, to adapt to a non-physical end-user experimentation/simulation to foster a learning-from-failure culture that tolerate 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 to innovate new products at faster speed and lower costs.

In the year 2020, the Group invested and promoted computerization of manufacturing. In 2021, the Group will complete integration of our ERP system with new financial analytic software to enable cross functional transformation that can unlock the Group's full operational potential. By scrutinizing the entire end-to-end process, from understanding customer needs to the delivery of finished products, the Group's management can address the entire value chain to open up new business opportunities, make more efficient use of working capital and better manage discretionary spending. In addition, the Group's management is looking at the feasibility of formulating a big data strategy in manufacturing so that the management team can have access to real-time data from various process activities to execute routine decisions in the following areas: (a) tracking of product quality and defects, (b) supply chain real-time management, (c) optimizing machines and related predictive maintenance, and (d) engineering, process and quality analytics.

In light of the difficulty experienced by other OEM manufacturers who relocated their factories to Southeast Asia, the Group has no immediate plan to set up new factories in Vietnam, Thailand or Indonesia. The Group's management will instead find strategic partners with existing production facilities in Southeast Asia to form a strategic alliance or invest in companies that have existing production facilities in Southeast Asia.

STAFF

The Group currently employs approximately 32 Hong Kong staff members and provides them with the mandatory provident fund. Our factory in the PRC employs approximately 480 to 510 staff members, and workers employed directly or indirectly approximately ranged from 2,200 to 2,600 during the year ended 31 December 2020. Remuneration is determined by reference to their qualifications, experiences and performances.

On behalf of the Board, I would like to extend the Board's appreciation to all our staff for their hard work and dedication throughout the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2020, the Company was in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), with an exception of a deviation from code provision A.4.1 and A.4.3 of the CG Code in respect of the service term of independent non-executive directors.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors (including independent non-executive directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the CG Code. However, all of them are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association (the "**Articles of Association**").

Under code provision A.4.3 of the CG Code, independent non-executive directors who serve more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.

Mr. Fan, Anthony Ren Da and Mr. Ng Yiu Ming have served in the Group for more than 9 years. This constitutes a deviation from code provision A.4.3 of the CG Code. However, all independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association and voting by members is by way of a separate resolution. In addition, the Company has received the annual confirmation of independence from each independent non-executive director and the Board believes that the independent non-executive directors continue to be independent. The Company will state the reason why the relevant independent non-executive director who is subject to rotation and re-election is still independent and should be re-elected in the shareholders' circular.

In view of the above, the Company considers that sufficient measures have been taken to ensure that the standard of the Company's corporate governance practices is not lower than those required in the CG Code.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by its directors. Having made specific enquiries to the directors of the Company, all the directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises two executive directors, namely Mr. Wong, John Ying Man and Dr. Wong, Raymond Man Hin, and four independent non-executive directors, namely Mr. Lo, Wilson Kwong Shun (chairperson), Ms. Ling, Imma Kit Sum, Mr. Fan, Anthony Ren Da, and Mr. Ng, Yiu Ming.

AUDIT COMMITTEE

The written terms of reference which describes the authority and duties of the Audit Committee was prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It reviews the effectiveness of both external and internal audit, internal controls and risk evaluation. The Audit Committee comprises all independent non-executive directors, namely Ms. Ling, Imma Kit Sum (chairperson), Mr. Fan, Anthony Ren Da, Mr. Ng, Yiu Ming and Mr. Lo, Wilson Kwong Shun. The Audit Committee held four meetings during the FY2020.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters. The annual results of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

A Nomination Committee has been established in accordance with the requirements of the CG Code. The Nomination Committee comprises four independent non-executive directors, namely Mr. Ng, Yiu Ming (chairperson), Ms. Ling, Imma Kit Sum, Mr. Fan, Anthony Ren Da and Mr. Lo, Wilson Kwong Shun.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.raymondfinance.com>). The annual report of the Company for the year ended 31 December 2020 will be despatched to shareholders of the Company and available on the above websites in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong at 2:30 p.m. on Friday, 21 May 2021. The notice of the annual general meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

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

Mr. Mok, Kin Hing

Non-Executive Directors:

Mr. Xiong, Zhengfeng

Mr. Wong, David Ying Kit

Independent Non-Executive Directors:

Ms. Ling, Imma Kit Sum

Mr. Fan, Anthony Ren Da

Mr. Ng, Yiu Ming

Mr. Lo, Wilson Kwong Shun

By Order of the Board

Wong, Wilson Kin Lae

Chairman

Hong Kong, 25 March 2021