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(Stock Code: 0229)

**ANNOUNCEMENT OF UNAUDITED 2021 FIRST QUARTERLY RESULTS
 FOR THREE MONTHS ENDED 31 MARCH 2021**

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 three months ended 31 March 2021, together with comparative figures for corresponding period in 2020 as follows:

Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

	<i>Note</i>	Three months ended 31 March	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue		324,469	222,273
Cost of sales		<u>(288,698)</u>	<u>(194,893)</u>
Gross profit		35,771	27,380
Other revenue/(loss)		121	(2,416)
Other net (loss)/income		(11)	1,173
Selling expenses		(3,451)	(3,115)
General and administrative expenses		<u>(26,136)</u>	<u>(20,214)</u>
Profit before taxation		6,294	2,808
Income tax expense		<u>(1,026)</u>	<u>(687)</u>
Profit for the period attributable to shareholders of the Company		<u>5,268</u>	<u>2,121</u>
Earnings per share	1		
Basic, HK cents		<u>1.07</u>	<u>0.43</u>
Diluted, HK cents		<u>1.06</u>	<u>0.43</u>

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

	Three months ended 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period attributable to shareholders of the Company	5,268	2,121
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	<u>(22)</u>	<u>(5,164)</u>
Total comprehensive income /(loss) for the period attributable to shareholders of the Company	<u>5,246</u>	<u>(3,043)</u>

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

	31 March 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	152,111	153,021
Right-of use assets	8,707	8,833
Deferred tax assets	2,739	2,739
	<u>163,557</u>	<u>164,593</u>
Current assets		
Inventories	180,674	176,770
Trade and other receivables	293,197	325,561
Bank and cash balances	256,931	291,894
	<u>730,802</u>	<u>794,225</u>
Current liabilities		
Trade and other payables	230,128	297,897
Dividends payable	285	286
Current tax liabilities	3,318	5,253
	<u>233,731</u>	<u>303,436</u>
Net current assets	<u>497,071</u>	<u>490,789</u>
Total assets less current liabilities	<u>660,628</u>	<u>655,382</u>
Non-current liabilities		
Deferred tax liabilities	167	167
NET ASSETS	<u>660,461</u>	<u>655,215</u>
CAPITAL AND RESERVES		
Share capital	462,333	462,333
Reserves	198,128	192,882
TOTAL EQUITY	<u>660,461</u>	<u>655,215</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\$5,268,000 (three months ended 31 March 2020: HK\$2,121,000) and the weighted average number of ordinary shares of 494,500,000 (31 March 2020: 494,500,000) 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\$5,268,000 (three months ended 31 March 2020: HK\$2,121,000) and the weighted average number of ordinary shares of 497,520,000 (31 March 2020: 496,152,000) shares (diluted) after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

BUSINESS HIGHLIGHTS

In the first three months of 2021, we have seen increased sales compared with the corresponding period in 2020 due to continuous high demand for personal hygiene and air purification products. The turnover of the Group for the first three months of 2021 was HK\$324,469,000, representing an increase of 45.98 % compared with turnover for the corresponding period in 2020 (HK\$222,273,000). The Group's net profit was HK\$5,268,000, representing an increase of 148.37% when compared with net profit of HK\$2,121,000 for the corresponding period in 2020. The increase in the Group's net profit was due to the fact that the Group had significant increase in customers' orders during the first quarter of 2021, despite the Group experienced at the same time unfavorable RMB exchange rate, higher raw material costs, 25% United States tariffs for certain products shipped to the United States; discontinued social insurance subsidy from the government of the People's Republic of China (the "PRC") and discontinued Employment Support Scheme from the government of the Hong Kong Special Administrative Region ("HKSAR").

During the first three months of 2021, the Group's management faced uncertainties arising from the sudden surge in raw material costs due to shortage of plastic resins and electronic components as global economy rebounded. Fortunately, the Group has sufficient cash reserves to purchase more safety stock of critical raw material and components to make sure production would not be disrupted. In light of discontinued subsidies from the PRC government and the HKSAR government, the Group had to exercise extra financial prudence to have safety stock for contingency planning, and to optimize fixed costs and adopted fast cost cutting measures to fight against price wars with other low costs OEM manufacturers located in the Yangze river delta area, the PRC.

To avoid concentration of profit in the same product categories and markets, the Group's management tried to expand sales in product categories and markets that were less likely to

be affected by the coronavirus pandemic. The Group's management has developed new technologies and innovations for new products in grooming, air purification and beverage categories, and will introduce these new innovative products in the second and third quarters of 2021.

BUSINESS PROSPECTS

The Group's management remains cautiously optimistic as we continue to launch new products in the PRC and overseas during the next three quarters in 2021. Despite the coronavirus pandemic, the Group's management continues to cultivate new customers to diversify our new products portfolio. With these new customers, we hope that we can bring in new revenue stream and diversify the risk of having too much revenue concentrated in a few major customers and product categories. The Group's investment in research and development ("R&D") enables us to maintain the High and New Technology Enterprise status for the fifth consecutive year, and allows the Group to use new knowledge, patents and innovations to grow our business. The Group will plan more aggressive new products launch in the next three quarters in 2021. The Group's management will remain resilient to tackle any immediate market downturns and foster a stronger strategic alliance with our customers and our suppliers.

In the year 2021, the Group will continue to invest and promote computerization of manufacturing. The Group has integrated 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 customers' 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 Group's 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.

Travel restriction due to coronavirus pandemic still poses a challenge to have face-to face meetings with old and new customers to discuss new products concept and strategies. The new normal has forced the Group's management to rethink about exploring new business opportunities in the B2B regional markets. In 2021, new products that are suitable for B2B regional markets will be developed and introduced to various industries in the vicinity.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. The current ratio of the Group was 3.13 as of 31 March 2021 (31 December 2020: 2.62). The quick ratio of the Group was 2.35 as of 31 March 2021 (31 December 2020: 2.03). The gearing ratio of the Group was 0.35 as of 31 March 2021 (31 December 2020: 0.45), which was computed by the trade and other payables over total equity.

Bank balances and cash were HK\$256,931,000 as of 31 March 2021, representing a decrease of HK\$34,963,000 (HK\$291,894,000) compared with that as of 31 December 2020. The decrease was mainly due to the fact that the Group's management used the cash to purchase more safety stock and critical components to ensure that there will be no production disruption due to raw material shortage; and higher inventory level compared with that in 2020 to help our customers fulfill sudden surge in sales demand.

There was no bank borrowing as of 31 March 2021 (31 December 2020: Nil), and the Group had no contingent liabilities as of 31 March 2021 (31 December 2020: Nil).

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial information for the three months ended 31 March 2021.

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

Hong Kong, 14 May 2021

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