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## **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

### **SUMMARY OF UNAUDITED FINANCIAL RESULTS**

*For the six months ended 30 June 2021*

The board (the “**Board**”) of directors (the “**Directors**”) of Raymond Industrial Limited (the “**Company**”) hereby announces the unaudited interim results for the six months ended 30 June 2021 of the Company and its subsidiaries (collectively, the “**Group**”). The condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2021 and the condensed consolidated statement of financial position of the Group as at 30 June 2021, along with selected explanatory notes, are unaudited but have been reviewed by the Company’s audit committee (the “**Audit Committee**”) together with the Company’s independent auditor, RSM Hong Kong.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 30 June 2021**(Expressed in Hong Kong dollars)*

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>		
<b>Revenue</b>	<b>3 &amp; 4</b>	<b>671,470</b>	<b>563,795</b>
Cost of sales		<u>(599,994)</u>	<u>(484,630)</u>
<b>Gross profit</b>		<b>71,476</b>	<b>79,165</b>
Other revenue	5	239	1,805
Other net income	5	1,033	506
Selling expenses		(7,513)	(6,260)
General and administrative expenses		(54,411)	(47,829)
Impairment loss of trade receivables		<u>-</u>	<u>(2,384)</u>
<b>Profit before taxation</b>		<b>10,824</b>	<b>25,003</b>
Income tax expense	6	<u>(1,506)</u>	<u>(5,748)</u>
<b>Profit for the period attributable to shareholders of the Company</b>	7	<u><b>9,318</b></u>	<u><b>19,255</b></u>
<b>Earnings per share</b>	8		
Basic, HK cents		<u><b>1.88</b></u>	<u><b>3.89</b></u>
Diluted, HK cents		<u><b>1.87</b></u>	<u><b>3.88</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2021*

*(Expressed in Hong Kong dollars)*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period attributable to shareholders of the Company</b>	<u>9,318</u>	<u>19,255</u>
<b>Other comprehensive income for the period</b>		
<i>Item that may be reclassified to profit or loss:</i>		
–Exchange differences on translation of financial statements of foreign operations	<u>3,452</u>	<u>(5,593)</u>
<b>Total comprehensive income for the period attributable to shareholders of the Company</b>	<u>12,770</u>	<u>13,662</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

(Expressed in Hong Kong dollars)

		30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	155,614	153,021
Right-of use assets	10	8,654	8,833
Deferred tax assets		2,912	2,739
		<u>167,180</u>	<u>164,593</u>
<b>Current assets</b>			
Inventories		210,781	176,770
Trade and other receivables	11	282,396	325,561
Bank and cash balances		245,512	291,894
		<u>738,689</u>	<u>794,225</u>
<b>Current liabilities</b>			
Trade and other payables	12	258,996	297,897
Dividends payable		411	286
Current tax liabilities		3,948	5,253
		<u>263,355</u>	<u>303,436</u>
<b>Net current assets</b>		<u>475,334</u>	<u>490,789</u>
<b>Total assets less current liabilities</b>		<u>642,514</u>	<u>655,382</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		167	167
<b>NET ASSETS</b>		<u>642,347</u>	<u>655,215</u>
<b>Capital and reserves</b>			
Share capital		467,344	462,333
Reserves		175,003	192,882
<b>TOTAL EQUITY</b>		<u>642,347</u>	<u>655,215</u>

*Notes:*

**1 BASIS OF PREPARATION**

These condensed financial information has been prepared in accordance with Hong Kong Accounting Standard 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2020 that is included in these unaudited condensed financial statements for the six months ended 30 June 2021 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has report on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

These condensed financial statements should be read in conjunction with the 2020 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

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

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020. In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

### 3 SEGMENT INFORMATION

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 senior management of the Group 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 the 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 results, assets and liabilities

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

	Electrical home appliances						
					Asia (excluding Japan and the PRC)	Rest of the world	Total
	USA 2021 HK\$’000 (Unaudited)	The PRC 2021 HK\$’000 (Unaudited)	Japan 2021 HK\$’000 (Unaudited)	Europe 2021 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)	2021 HK\$’000 (Unaudited)
<b>For the six months ended 30 June</b>							
Revenue from external customers	235,923	116,430	145,235	123,746	35,997	14,139	671,470
Inter-segment revenue	-	289,508	-	-	560,857	-	850,365
Reportable segment revenue recognised at a point in time	235,923	405,938	145,235	123,746	596,854	14,139	1,521,835
Reportable segment profit (adjusted EBITDA)	9,244	4,562	5,690	4,849	31,930	554	56,829
Reportable segment assets as at 30 June	-	441,734	-	-	603,904	-	1,045,638
Reportable segment liabilities as at 30 June	-	(160,469)	-	-	(241,207)	-	(401,676)

### 3 SEGMENT INFORMATION (Continued)

#### (a) Segment results, assets and liabilities (Continued)

For the six months ended 30 June	Electrical home appliances						Total 2020 HK\$'000 (Unaudited)
	USA	The PRC	Japan	Europe	Asia (excluding Japan and the PRC)	Rest of the world	
	2020 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	
Revenue from external customers	128,122	152,032	136,130	99,599	29,234	18,678	563,795
Inter-segment revenue	-	214,101	-	-	406,513	-	620,614
Reportable segment revenue recognised at a point in time	128,122	366,133	136,130	99,599	435,747	18,678	1,184,409
Reportable segment profit (adjusted EBITDA)	8,910	10,573	9,466	6,927	13,470	1,300	50,646
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)

### 3 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Reportable segment revenue	1,521,835	1,184,409
Elimination of inter-segment revenue	<u>(850,365)</u>	<u>(620,614)</u>
Consolidated revenue	<u>671,470</u>	<u>563,795</u>

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Profit or loss</b>		
Reportable segment profit	56,829	50,646
Elimination of inter-segment profits	<u>(30,519)</u>	<u>(11,438)</u>
Reportable segment profit derived from Group's external customers	26,310	39,208
Other revenue and other net income	1,272	2,311
Depreciation	<u>(16,758)</u>	<u>(16,516)</u>
Consolidated profit before taxation	<u>10,824</u>	<u>25,003</u>



### 3 SEGMENT INFORMATION (Continued)

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>Assets</b>		
Reportable segment assets	1,045,638	1,053,576
Elimination of inter-segment receivables	<u>(142,681)</u>	<u>(97,497)</u>
	902,957	956,079
Deferred tax assets	<u>2,912</u>	<u>2,739</u>
Consolidated total assets	<u><u>905,869</u></u>	<u><u>958,818</u></u>
	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
<b>Liabilities</b>		
Reportable segment liabilities	(401,676)	(438,049)
Elimination of inter-segment payables	<u>142,680</u>	<u>140,152</u>
	(258,996)	(297,897)
Dividends payable	(411)	(286)
Current tax liabilities	(3,948)	(5,253)
Deferred tax liabilities	<u>(167)</u>	<u>(167)</u>
Consolidated total liabilities	<u><u>(263,522)</u></u>	<u><u>(303,603)</u></u>

### 4 SEASONALITY OF OPERATIONS

The Group normally experiences higher demand in the second half of the year and, as a result, reports lower revenue and results in the first half of the year.

## 5 OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Other revenue</b>		
Bank interest income	<u>239</u>	<u>1,805</u>
<b>Other net income</b>		
Net exchange gain/(loss)	187	(218)
Net gain/(loss) on disposal of property, plant and equipment	15	(1)
Net gain on disposal of scrap materials	325	-
Subsidy income	365	416
Sundry income	<u>141</u>	<u>309</u>
	<u>1,033</u>	<u>506</u>

## 6 INCOME TAX EXPENSE

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the period	<u>1,403</u>	<u>2,058</u>
<b>Current tax – PRC Enterprise Income Tax</b>		
Provision for the period	<u>253</u>	<u>4,307</u>
Over-provision in respect of prior years	<u>-</u>	<u>(719)</u>
	<u>253</u>	<u>3,588</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(150)</u>	<u>102</u>
Income tax expense	<u><u>1,506</u></u>	<u><u>5,748</u></u>

Notes:

(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 that can enjoy a preferential tax rate of 15% (six months ended 30 June 2020: 15%).

## 7 PROFIT FOR THE PERIOD

The Group's profit for the period is arrived after charging:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(a) Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits	112,053	92,561
Discretionary bonuses	2,176	1,253
Contributions to defined contribution retirement plans	8,649	5,534
	<u>122,878</u>	<u>99,348</u>

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(b) Other items</b>		
Cost of inventories sold <sup>#</sup>	599,994	484,630
Depreciation of right-of-use assets	253	237
Depreciation of property, plant and equipment	16,505	16,279
Product development cost <sup>*</sup>	21,629	22,203
Impairment loss of trade receivables	-	2,384
Obsolete moulds and toolings written off	330	11,792

<sup>#</sup> Cost of inventories includes approximately HK\$105,967,000 (six months ended 30 June 2020: HK\$87,025,000) relating to staff costs and depreciation, of which amounts are also included in the respective total amounts disclosed separately above.

Cost of inventories also includes approximately HK\$330,000 (six months ended 30 June 2020: HK\$11,792,000) relating to obsolete moulds and toolings written off.

<sup>\*</sup> Product development costs include approximately HK\$12,835,000 (six months ended 30 June 2020: HK\$11,706,000) relating to staff costs and depreciation, of which amounts are also included in the respective total amounts disclosed separately above.

## 8 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\$9,318,000 (six months ended 30 June 2020: HK\$19,255,000) and the weighted average number of ordinary shares of approximately 496,488,000 (six months ended 30 June 2020: 494,500,000) shares in issue during the interim 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\$9,318,000 (six months ended 30 June 2020: HK\$19,255,000) and the weighted average number of ordinary shares of approximately 498,837,000 (six months ended 30 June 2020: 495,961,000) shares after taking into account the effect of deemed issue of ordinary shares under the Company's share option scheme.

## 9 DIVIDENDS

- (i) Dividends payable to shareholders of the Company attributable to the interim period

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interim dividend declared and approved after the interim period of 2 HK cents per ordinary share (six months ended 30 June 2020: 2 HK cents per ordinary share)	<b>10,018</b>	<b>9,890</b>

The interim dividend has not been recognised as a liability 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 interim period

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Final dividend in respect of the previous financial year ended 31 December 2020, approved and paid during the interim period, of 4 HK cents per ordinary share (year ended 31 December 2019: 4 HK cents per ordinary share)	<b>20,036</b>	<b>19,780</b>
Special dividend in respect of the previous financial year ended 31 December 2020, approved and paid during the interim period, of 2 HK cents per ordinary share (year ended 31 December 2019: Nil)	<b>10,018</b>	<b>-</b>
	<b>30,054</b>	<b>19,780</b>

	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
<b>Cost</b>			
At 1 January 2020 (Audited)	615,989	20,297	636,286
Exchange adjustments	(10,279)	(314)	(10,593)
Additions	4,922	-	4,922
Disposals	(101,625)	-	(101,625)
At 30 June 2020 (Unaudited)	509,007	19,983	528,990
<b>Accumulated depreciation</b>			
At 1 January 2020 (Audited)	446,297	11,324	457,621
Exchange adjustments	(7,058)	(187)	(7,245)
Charge for the period	16,279	237	16,516
Disposals	(89,575)	-	(89,575)
At 30 June 2020 (Unaudited)	365,943	11,374	377,317
<b>Net carrying value</b>			
At 30 June 2020 (Unaudited)	143,064	8,609	151,673
At 31 December 2019 (Audited)	169,692	8,973	178,665
<b>Cost</b>			
At 1 January 2021 (Audited)	580,996	21,185	602,181
Exchange adjustments	6,148	195	6,343
Additions	17,616	-	17,616
Disposals	(3,293)	-	(3,293)
At 30 June 2021 (Unaudited)	601,467	21,380	622,847
<b>Accumulated depreciation</b>			
At 1 January 2021 (Audited)	427,975	12,352	440,327
Exchange adjustments	4,321	121	4,442
Charge for the period	16,505	253	16,758
Disposals	(2,948)	-	(2,948)
At 30 June 2021 (Unaudited)	445,853	12,726	458,579
<b>Net carrying value</b>			
At 30 June 2021 (Unaudited)	155,614	8,654	164,268
At 31 December 2020 (Audited)	153,021	8,833	161,854

Note:

Right-of-use assets represent leasehold land under medium-term leases.

## 11 TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables	254,767	294,926
Other receivables	18,503	21,230
Deposits and prepayments	9,126	9,405
	<u>282,396</u>	<u>325,561</u>

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	95,196	85,285
More than 1 month but less than 3 months	117,304	157,284
More than 3 months but less than 12 months	42,124	52,208
Over 12 months	143	149
	<u>254,767</u>	<u>294,926</u>

Trade receivables are normally due within 30 to 120 days from the date of billing.

## 12 TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables	215,472	241,092
Accrued charges and other payables	43,524	56,805
	<u>258,996</u>	<u>297,897</u>

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	88,312	86,297
More than 1 month but less than 3 months	115,960	145,673
More than 3 months but less than 12 months	9,909	7,602
Over 12 months	1,291	1,520
	<u>215,472</u>	<u>241,092</u>

## **INTERIM DIVIDEND**

At the Board meeting held on 27 August 2021, the Board declared an interim dividend of 2 Hong Kong cents per ordinary share (corresponding period in 2020: 2 Hong Kong cents per ordinary share).

## **CLOSURE OF REGISTER OF MEMBERS**

The book of transfers and register of members will be closed from Monday, 13 September 2021 to Wednesday, 15 September 2021, both days inclusive, during such period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Friday, 10 September 2021. The interim dividend will be payable on or about Thursday, 7 October 2021 to shareholders whose names appear on the register of members at the close of business on Wednesday, 15 September 2021.

## **BUSINESS HIGHLIGHTS**

The Group's revenue was HK\$671,470,000 in the first six months of 2021, representing an increase of 19.10% compared with that for the corresponding period in 2020 (HK\$563,795,000). Nevertheless, the Group's net profit was HK\$9,318,000 compared with a net profit of HK\$19,255,000 for the corresponding period in 2020, representing a decrease of 51.61%. The significant decrease in net profit was attributable to the fact that the Group was hit with a series of unfavourable macroeconomic factors from Renminbi ("RMB") exchange rate appreciation and increasing raw material costs to escalating transportation costs and shortage of containers to export finished goods to our customers.

During the first quarter 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. In light of discontinued subsidies from the People's Republic of China (the "PRC") and Hong Kong government, the Group had to exercise extra financial prudence to have safety stock for contingency planning, and to optimise fixed costs and adopted fast cost cutting measures to fight for price wars with other low costs OEM manufacturers located in the Yangze River delta area. Unfortunately, as we used up the lower cost safety stock of raw material during the first quarter of 2021, we had to purchase more expensive raw material during the second quarter of 2021, resulting in thinner profit margin for our existing products. We anticipate raw material costs to remain at historic high cost level, and our management team will continue to face a more challenging and difficult time during the second half of 2021.

## **PROSPECTS IN THE SECOND HALF OF 2021**

The Group's management anticipates strong challenges during the second half of 2021 due to continuous trade tensions, COVID-19 pandemic and economic uncertainties. 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 ("HNTe") status for the fifth consecutive year, and allows the Group to use new knowledge, patents and innovations to grow our business. The Group's management will remain resilient to tackle any immediate market downturns and form stronger partnership with our strategic customers.



In 2021, the Group will continue to invest and promote computerisation 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 scrutinising 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 explore new business opportunities, make more efficient use of working capital and better manage discretionary spending.

Travel restriction due to COVID-19 pandemic still poses a challenge to have face-to-face meetings with our 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 REVIEW**

The liquidity position of the Group was good. The current ratio of the Group was 2.80 as of 30 June 2021 (31 December 2020: 2.62). The quick ratio of the Group was 2.00 as of 30 June 2021 (31 December 2020: 2.03). The gearing ratio of the Group was 0.40 as of 30 June 2021 (31 December 2020: 0.45) which was computed by the trade and other payables over total equity.

Bank and cash balances were HK\$245,512,000 as of 30 June 2021 (31 December 2020: approximately HK\$291,894,000), representing a decrease of HK\$46,382,000 when compared with that for the corresponding period. The decrease was mainly due to much higher level of R&D expenses and capital expenditures incurred during the first half of 2021. Also, final dividend and special dividend totaling HK\$29,929,000 were paid in cash in June 2021.

There was no bank borrowing as of 30 June 2021 (31 December 2020: Nil), and the Group had no contingent liabilities as of 30 June 2021 (31 December 2020: Nil).

## **CHARGE ON ASSETS**

The Group has no charges on assets as of 30 June 2021 (31 December 2020: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the Group's transactions were conducted in the United States dollars ("USD"), Hong Kong dollars and RMB. The appreciation of RMB verses USD in the period caused increase in our labour costs and decrease in net profits as Hong Kong dollar is our functional currency. The Group has seen immaterial impact as a result of British Pounds Sterling ("GBP") appreciation since our sales denominated in GBP was not substantial when compared with overall sales. The Group does not foresee any further exposure to foreign currency fluctuations and thus use of financial instruments for exchange rate hedging purpose is not considered.

## **STAFF**

The Group currently employs approximately 30 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 520 to 535 staff members, and workers employed directly or indirectly ranged from 2,000 to 2,500 persons during the six months ended 30 June 2021.

The Group's remuneration policies remained the same as disclosed in the 2020 annual report.

The Group would like to extend its appreciation to all the staff members for their hard work and dedication to the Group throughout the period.

## **EVENTS AFTER THE REPORTING PERIOD**

There are no significant events subsequent to 30 June 2021 which would materially affect the Group's operating and financial performance as at the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2021, 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) 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 ("**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. Ng Yiu Ming has served as an independent non-executive Director for more than 9 years which 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 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 implemented to ensure that the standard of the Company's corporate governance practices is not lower than those required in the CG Code.

## COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company and established written guidelines no less exacting than the Model Code for senior management and specified persons who are likely to possess inside information in relation to the Group. Having made specific enquiry with the Directors, all the Directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2021.

## REMUNERATION COMMITTEE

A remuneration committee of the Company (the “**Remuneration Committee**”) has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises two executive Directors, namely Mr. Wong, John Ying Man and Dr. Wong, Raymond Man Hin; and three independent non-executive Directors, Mr. Lo, Wilson Kwong Shun (Chairperson), Mr. Ng Yiu Ming and Ms. Ling, Imma Kit Sum.

## AUDIT COMMITTEE

The terms of reference which describe the authority and duties of the audit committee of the Company (the “**Audit Committee**”) were 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 has reviewed the accounting practices and principles adopted by the Group and discussed the auditing, internal control and financial reporting matters with the management of the Group including the review of the interim results and the interim financial information for the six months ended 30 June 2021.

The Audit Committee comprises three independent non-executive Directors, namely Ms. Ling, Imma Kit Sum (Chairperson), Mr. Ng Yiu Ming and Mr. Lo, Wilson Kwong Shun.

## NOMINATION COMMITTEE

A nomination committee of the Company (the “**Nomination Committee**”) has been established in accordance with the requirements of the CG Code. The Nomination Committee comprises three independent non-executive Directors, Mr. Ng Yiu Ming (Chairperson), Mr. Lo, Wilson Kwong Shun and Ms. Ling, Imma Kit Sum.

## DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

The 2021 interim financial information will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.raymondfinance.com](http://www.raymondfinance.com)) in due course.

By Order of the Board  
**Wong, Wilson Kin Lae**  
*Chairperson*

Hong Kong, 27 August 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:*

Mr. Ng, Yiu Ming

Mr. Lo, Wilson Kwong Shun

Ms. Ling, Imma Kit Sum