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**ANNOUNCEMENT OF FINAL RESULTS
 FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021, together with comparative figures for last year as follows:

Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3&4	1,433,612	1,289,515
Cost of sales		<u>(1,261,281)</u>	<u>(1,099,136)</u>
Gross profit		172,331	190,379
Other revenue	5	449	2,116
Other net income/(loss)	5	2,272	(4,097)
Selling expenses		(15,798)	(13,508)
General and administrative expenses		<u>(111,982)</u>	<u>(98,011)</u>
Profit before taxation		47,272	76,879
Income tax expense	6	<u>(5,312)</u>	<u>(13,661)</u>
Profit for the year attributable to shareholders of the Company	7	<u>41,960</u>	<u>63,218</u>
Earnings per share	9		
Basic, HK cents		<u>8.41</u>	<u>12.78</u>
Diluted, HK cents		<u>8.39</u>	<u>12.74</u>

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to shareholders of the Company	41,960	63,218
Other comprehensive income		
Item that may be reclassified to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	9,110	15,713
Total comprehensive income for the year attributable to shareholders of the Company	51,070	78,931

Consolidated statement of financial position

(Expressed in Hong Kong dollars)

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Property, plant and equipment	10	155,983	153,021
Right-of-use assets	10	8,509	8,833
Deferred tax assets		3,000	2,739
		<u>167,492</u>	<u>164,593</u>
Current assets			
Inventories		219,518	176,770
Trade and other receivables	11	324,399	325,561
Current tax assets		664	–
Bank and cash balances	12	244,802	291,894
		<u>789,383</u>	<u>794,225</u>
Current liabilities			
Trade and other payables	13	283,234	297,897
Dividends payable		322	286
Current tax liabilities		2,326	5,253
		<u>285,882</u>	<u>303,436</u>
Net current assets		<u>503,501</u>	<u>490,789</u>
Total assets less current liabilities		<u>670,993</u>	<u>655,382</u>
Non-current liabilities			
Deferred tax liabilities		163	167
NET ASSETS		<u><u>670,830</u></u>	<u><u>655,215</u></u>
CAPITAL AND RESERVES			
Share capital		467,578	462,333
Reserves		203,252	192,882
TOTAL EQUITY		<u><u>670,830</u></u>	<u><u>655,215</u></u>

Notes:

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 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 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phrase 2
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Except as described below, the application of 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest Rate Benchmark Reform – Phrase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“**IBOR reform**”).

The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

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 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 profit or loss 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 and depreciation". 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 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						Total 2021 HK\$'000
	USA 2021 HK\$'000	The PRC 2021 HK\$'000	Japan 2021 HK\$'000	Europe 2021 HK\$'000	Asia (excluding Japan and the PRC) 2021 HK\$'000	Rest of the world 2021 HK\$'000	
Revenue from external customers	458,855	271,509	297,039	303,760	69,774	32,675	1,433,612
Inter-segment revenue	–	527,222	–	–	1,192,100	–	1,719,322
Reportable segment revenue recognised at a point in time	<u>458,855</u>	<u>798,731</u>	<u>297,039</u>	<u>303,760</u>	<u>1,261,874</u>	<u>32,675</u>	<u>3,152,934</u>
Reportable segment profit (adjusted EBITDA)	<u>24,973</u>	<u>14,777</u>	<u>16,167</u>	<u>16,531</u>	<u>74,168</u>	<u>1,777</u>	<u>148,393</u>
Reportable segment assets as at 31 December	–	438,427	–	–	634,486	–	1,072,913
Reportable segment liabilities as at 31 December	–	(218,111)	–	–	(272,439)	–	(490,550)
Additions to non-current segment assets during the year	–	32,187	–	–	–	–	32,187

3 SEGMENT INFORMATION (continued)

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

	Electrical home appliances						
	USA 2020 HK\$'000	The PRC 2020 HK\$'000	Japan 2020 HK\$'000	Europe 2020 HK\$'000	Asia (excluding Japan and the PRC) 2020 HK\$'000	Rest of the world 2020 HK\$'000	Total 2020 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	<u>397,322</u>	<u>775,804</u>	<u>278,944</u>	<u>237,553</u>	<u>1,053,205</u>	<u>41,758</u>	<u>2,784,586</u>
Reportable segment profit (adjusted EBITDA)	<u>34,522</u>	<u>24,012</u>	<u>24,236</u>	<u>20,640</u>	<u>86,663</u>	<u>3,628</u>	<u>193,701</u>
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	–	15,507	–	–	–	–	15,507

3 SEGMENT INFORMATION (continued)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	3,152,934	2,784,586
Elimination of inter-segment revenue	<u>(1,719,322)</u>	<u>(1,495,071)</u>
Consolidated revenue	<u><u>1,433,612</u></u>	<u><u>1,289,515</u></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit or loss		
Reportable segment profit	148,393	193,701
Elimination of inter-segment profits	<u>(70,371)</u>	<u>(81,660)</u>
Reportable segment profit derived from Group's external customers	78,022	112,041
Other revenue and other net income/(loss)	2,721	(1,981)
Depreciation	<u>(33,471)</u>	<u>(33,181)</u>
Consolidated profit before taxation	<u><u>47,272</u></u>	<u><u>76,879</u></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Assets		
Reportable segment assets	1,072,913	1,053,576
Elimination of inter-segment receivables	<u>(119,702)</u>	<u>(97,497)</u>
	953,211	956,079
Current tax assets	664	–
Deferred tax assets	<u>3,000</u>	<u>2,739</u>
Consolidated total assets	<u><u>956,875</u></u>	<u><u>958,818</u></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Liabilities		
Reportable segment liabilities	(490,550)	(438,049)
Elimination of inter-segment payables	<u>207,316</u>	<u>140,152</u>
	(283,234)	(297,897)
Dividends payable	(322)	(286)
Current tax liabilities	(2,326)	(5,253)
Deferred tax liabilities	<u>(163)</u>	<u>(167)</u>
Consolidated total liabilities	<u><u>(286,045)</u></u>	<u><u>(303,603)</u></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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	382,726	265,442
Customer B	307,288	315,712
Customer C	292,772	274,317
Customer D	159,906	180,143
	<u> </u>	<u> </u>

4 REVENUE

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

Revenue from contracts with customers within the scope of HKFRS 15	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Disaggregated by major products – sales of goods	1,433,612	1,289,515
	<u> </u>	<u> </u>

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other revenue		
Bank interest income	449	2,116
	<u> </u>	<u> </u>
Other net income/(loss)		
Net gain on disposal of scrap materials	852	853
Net exchange gain/(loss)	125	(6,491)
Net (loss)/gain on disposal of property, plant and equipment	(66)	157
Subsidy income	841	1,147
Sundry income	520	237
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	2,272	(4,097)
	<u> </u>	<u> </u>

6 INCOME TAX EXPENSE

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

	2021 HK\$'000	2020 HK\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	3,796	4,744
(Over)/under-provision in respect of prior years	(319)	362
	<u>3,477</u>	<u>5,106</u>
Current tax – PRC Enterprise Income Tax		
Provision for the year	3,348	8,498
Over-provision in respect of prior years	(1,310)	(728)
	<u>2,038</u>	<u>7,770</u>
Deferred tax		
Origination and reversal of temporary differences	(203)	785
	<u>5,312</u>	<u>13,661</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 and taxed at a preferential tax rate of 15% (2020: 15%).

7 PROFIT FOR THE YEAR

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits (<i>note (i)</i>)	234,719	212,426
Discretionary bonuses	2,757	3,866
Contributions to defined contribution retirement plans	17,406	13,979
	<u>254,882</u>	<u>230,271</u>
Other items		
Cost of inventories sold (<i>note (ii)</i>)	1,261,281	1,099,136
Write-down of inventories	129	442
Reversal of write-down of inventories	(1,324)	(2,807)
Depreciation of right-of-use assets	508	481
Depreciation of other property, plant and equipment	32,963	32,700
Auditor's remuneration		
– provision for the year	700	650
– under-provision in prior year	45	–
Product development costs (<i>note (iii)</i>)	46,584	44,555
Obsolete moulds and toolings written off	600	7,271
Expenses relating to leases of low value assets (included in cost of inventories and general and administrative expenses) (<i>note (iv)</i>)	584	–

Notes:

- (i) For the year ended 31 December 2020, COVID-19 related government grants amounting to HK\$1,635,000 have been offset against salaries, wages and other benefits.
- (ii) Cost of inventories includes approximately HK\$221,488,000 (2020: HK\$207,968,000) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.
- Cost of inventories also includes approximately HK\$600,000 (2020: HK\$7,271,000) relating to obsolete moulds and toolings written off.
- (iii) Product development costs include approximately HK\$26,848,000 (2020: HK\$24,942,000) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.
- (iv) For the year ended 31 December 2021, the Group leases various warehouses and carpark for its operations. Lease contracts are entered into for fixed term of one month to two years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

8 FINAL AND SPECIAL DIVIDENDS

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend declared and paid of 2 HK cents per ordinary share (2020: 2 HK cents per ordinary share)	10,024	9,890
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2020: 4 HK cents per ordinary share)	20,048	19,780
Special dividend proposed after the end of the reporting period of nil HK cents per ordinary share (2020: 2 HK cents per ordinary share)	—	9,890
	<u>30,072</u>	<u>39,560</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2020: 4 HK cents per ordinary share)	20,036	19,780
Special dividend in respect of the previous financial year, approved and paid during the year, of 2 HK cents per ordinary share (2020: nil HK cents per ordinary share)	10,018	—
	<u>30,054</u>	<u>19,780</u>

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\$41,960,000 (2020: HK\$63,218,000) and the weighted average number of ordinary shares of 498,807,000 (2020: 494,500,000) shares in issue during the year. The weighted average number of ordinary shares is calculated as follows:

	2021 '000	2020 '000
Issued ordinary shares at 1 January	494,500	494,500
Effect of share options exercised	4,307	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	498,807	494,500
	<hr/> <hr/>	<hr/> <hr/>

(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\$41,960,000 (2020: HK\$63,218,000) and the weighted average number of ordinary shares of 500,245,000 (2020: 496,278,000) shares (diluted). The weighted average number of ordinary shares (diluted) is calculated as follows:

	2021 '000	2020 '000
Weighted average number of ordinary shares at 31 December	498,807	494,500
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	1,438	1,778
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	500,245	496,278
	<hr/> <hr/>	<hr/> <hr/>

10 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Property, plant and equipment <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
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)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	580,996	21,185	602,181
	<hr/>	<hr/>	<hr/>
At 1 January 2021	580,996	21,185	602,181
Exchange adjustments	15,951	496	16,447
Additions	32,187	–	32,187
Disposals	(7,648)	–	(7,648)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	621,486	21,681	643,167
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
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)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	427,975	12,352	440,327
	<hr/>	<hr/>	<hr/>
At 1 January 2021	427,975	12,352	440,327
Exchange adjustments	11,317	312	11,629
Charges for the year	32,963	508	33,471
Disposals	(6,752)	–	(6,752)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	465,503	13,172	478,675
	<hr/>	<hr/>	<hr/>
Net carrying value			
At 31 December 2021	155,983	8,509	164,492
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	153,021	8,833	161,854
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11 TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	301,224	294,926
Other receivables	17,315	21,230
Deposits and prepayments	5,860	9,405
	<u>324,399</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	92,112	85,285
More than 1 month but less than 3 months	161,443	157,284
More than 3 months but less than 12 months	47,565	52,208
Over 12 months	104	149
	<u>301,224</u>	<u>294,926</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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Time deposits with maturity within 3 months	163,372	206,728
Cash at bank and in hand	81,430	85,166
	<u>244,802</u>	<u>291,894</u>

13 TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	240,097	241,092
Accrued charges and other payables	43,137	56,805
	<hr/>	<hr/>
	283,234	297,897
	<hr/> <hr/>	<hr/> <hr/>

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	54,133	86,297
More than 1 month but less than 3 months	160,096	145,673
More than 3 months but less than 12 months	23,300	7,602
Over 12 months	2,568	1,520
	<hr/>	<hr/>
	240,097	241,092
	<hr/> <hr/>	<hr/> <hr/>

BUSINESS REVIEW

OPERATION RESULTS

During the financial year (“FY”) of 2021, the Group faced the challenges of increasing operating costs, shortage of containers and increasing transportation costs. Since November 2020, the Group also faced 2.28 percent appreciation of Renminbi against US dollars. Despite all these uncertainties, the Group managed to launch more new and innovative products during the second half of 2021 to achieve acceptable performance for the full year. Consequently, for FY2021, the Group’s consolidated turnover increased to HK\$1,433,612,000, representing an increase of 11.17% as compared with the same period in the previous year. However, net profit of the Group was HK\$41,960,000, representing a decrease of 33.63%, as compared with the net profit of HK\$63,218,000 for the same period in FY2020. Cash generated from operations was HK\$19,088,000 in FY2021. Net cash and cash equivalents at the end of FY2021 was HK\$244,802,000 (HK\$40,042,000 of which were dividend paid out during FY2021) as compared with HK\$291,894,000 at the beginning of FY2021. 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 continues 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 People’s Republic of China (the “PRC”).

In FY2021, the Group invested in R&D research projects both in the PRC and in Hong Kong, and the Group’s management anticipated that these R&D innovations could help the Group to enter new market segments to diversify our risks and improve our profit margins. To achieve AIoT (Artificial Intelligence and Internet of Things) compatibility, the Group continued to invest 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. With more digital transformation tools available, the Group’s management can update strategies and react to changes quickly in highly competitive global markets. In FY2021, the Group invested HK\$32,187,000 (compared with HK\$15,507,000 in 2020) to set up new semi-automated new painting lines for new products, purchased 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. Part of the increased capital expenditure was related to new R&D projects in order to fulfill the High Technology Venture minimum annual investment requirement; and we expect the investment in these R&D projects will generate more sales revenue in 2022 from launch of new products. 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 FY2021 was HK\$41,960,000, representing basic earnings per share of 8.41 Hong Kong cents (net profit in FY2020 was HK\$63,218,000, with basic earnings per share of 12.78 Hong Kong cents).

FINAL DIVIDEND

The board of directors (the “Board”) of the Company has proposed a final dividend of 4 Hong Kong cents per ordinary share for the year ended 31 December 2021. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Thursday, 9 June 2022 to the shareholders whose names appear on the register of members of the Company on Tuesday, 31 May 2022.

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, 20 May 2022 (the “**2022 AGM**”), the register of members of the Company will be closed from Monday, 16 May 2022 to Friday, 20 May 2022, both days inclusive. In order to be qualified for attending and voting at the 2022 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, 13 May 2022.
- (2) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Friday, 27 May 2022 to Tuesday, 31 May 2022, both days inclusive. In order to be qualified for the final 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 Thursday, 26 May 2022.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. The current ratio of the Group was 2.76 as of 31 December 2021, compared with 2.62 as of 31 December 2020. The quick ratio of the Group was 1.99 as of 31 December 2021 (31 December 2020: 2.03). The gearing ratio of the Group was 0.42 as of 31 December 2021 (31 December 2020: 0.45), which was computed by the trade and other payables over total equity.

During FY2021, the Group’s trade receivables turnover stood at 77 days, compared with 83 days in FY2020. The inventory turnover in FY2021 was 64 days, compared with 59 days in FY2020.

Bank balances and cash were HK\$244,802,000 as of 31 December 2021 (2020: HK\$291,894,000), representing a decrease of HK\$47,092,000 as compared to the figures in the same period in FY2020, which was mainly due to higher level of inventory and higher capital expenditure and R&D expenditure.

There were no bank borrowings as of 31 December 2021 (2020: Nil).

The Group had no contingent liabilities as of 31 December 2021 (2020: Nil).

CHARGES ON ASSETS

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

FOREIGN EXCHANGE EXPOSURE

Most of the Group’s transactions were conducted in the United States dollars, British Pound, 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

The impact of ongoing COVID-19 pandemic has drastically impacted the operations and strategies of virtually all organizations. The underlying economic and political environment results in tremendous volatility and uncertainty that may create significant risks to the business. The Group has purchased new back-up electricity generators to avoid production shut down due to limited power supply from the municipality, as we experienced in August and September of 2021 and that was widely reported in the media. The Group's management has performed a comprehensive risk assessment and have contingency plans in place to handle sudden supply chain disruption, power outage, and adverse climate change such as flooding and typhoon.

Despite there being a cloud of uncertainties surrounding global trade, from unstable supply chain operations to shortage of containers in 2021, the Group nevertheless successfully opened up new revenue stream from higher valued-added new products especially in the beverage category in 2021. Despite the most recent deterioration of Omicron pandemic in Hong Kong, and Russian invasion in Ukraine, the Group anticipated growing revenue from the beverage category in 2022 and we can apply more new technologies in innovative products that would bring the restaurant and pub experience to individual households, in a way that Keurig/Nespresso revolutionized the home gourmet coffee market for coffee lovers.

The Group's investment in R&D enables us to maintain the HNTE status for the fifth consecutive year, and allow 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 and suppliers. The Group will continue to invest and promote computerization of manufacturing. The Group has started using a new ERP system platform and integrated our ERP system with new financial analytic software to enable cross functional transformation that can unlock the Group's full operational potential. The adoption of digital technologies requires new skills and require significant efforts to upskill and reskill existing employees. Ensuring privacy, identify management, information security and system protection may require significant resources to manage cyber threats. 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. The Group's management will also allocate more resources in 2022 to implement better cybersecurity and hopefully with external consultants' advice, the Group's IT system can be ISO27001 certified.

Finally, in the past two years the COVID-19 pandemic forced the Group's management to make agile decisions and to change our strategies frequently to adopt to the macroeconomic and geopolitical uncertainties, the Board considers that the suspension of announcing and publishing the quarterly financial results of the Group will enable the Group's management to concentrate on its principal business for the best interests of the shareholders and it will not compromise or prejudice the interests of the shareholders and investors of the Group. Short-term metrics during a stable macroeconomic environment can help the Group to prioritize decisions that will yield the most optimal and attractive results. However, during uncertain time, such an approach will sacrifice valuable investment opportunities to build a more stable global supply chain to improve operational stability.

According to a 2015 Harvard Study, short-term metrics are linked to lower earnings growth, a higher cost of capital and a lower return on equity when compared with peers that focus on long-term orientation. Therefore, taking a longer view strategy without worrying meeting short-term performance metrics can hopefully deliver better results during uncertain time.

In the past two years, the Board also appointed “new” independent non-executive directors (“INEDs”) to replace long serving INEDs and appointed a female audit committee chairlady to improve the diversity and corporate governance of the Board. The Board will continue to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) by publishing the Group’s half-yearly and annual financial results within the prescribed time limits and will resume the voluntary quarterly reporting when the Board considers appropriate.

STAFF

The Group currently employs approximately 29 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 500 to 530 staff members, and workers employed directly or indirectly approximately ranged from 2,000 to 2,500 during the year ended 31 December 2021. 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 2021.

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year ended 31 December 2021, 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 2021, the Company was in compliance with the Corporate Governance Code (version up to 31 December 2021) (the “CG Code”) as set out in Appendix 14 of 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 (which has been re-numbered as code provision B.2.2 of the CG Code since 1 January 2022), non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors (including INEDs) 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.

Under code provision A.4.3 of the CG Code (which has been re-numbered as code provision B.2.3 of the CG Code since 1 January 2022), 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. During FY2021, Mr. NG, Yiu Ming and Mr. FAN, Ren Da Anthony, the INEDs who have served the Group for more than 9 years, have retired from the positions of INEDs.

As at the date of this announcement, Mr. LO, Kwong Shun Wilson is the INED who has served the Group for more than 9 years. The Company will state the reason why the relevant INED who is subject to rotation and re-election is still independent and should be re-elected in the shareholders' circular.

Under code provision E.1.2 of the CG Code (which has been renumbered as F.2.2 of the CG Code since 1 January 2022), the chairman of the board shall attend the annual general meeting. Due to the outbreak of COVID-19, Dr. WONG, Kin Lae Wilson who was the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21 May 2021 (“**2021 AGM**”). The 2021 AGM was chaired by Dr. WONG, Man Hin Raymond who was executive Director and deputy executive Chairman.

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 2021.

REMUNERATION COMMITTEE

A remuneration committee of the Company (the “**Remuneration Committee**”) has been established in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises two executive directors, namely Mr. WONG, Ying Man John and Dr. WONG, Man Hin Raymond, and three INEDs, namely Mr. LO, Kwong Shun Wilson (chairman), Ms. LING, Kit Sum Imma, and Dr. KO, Siu Fung Stephen. The Remuneration Committee held two meetings during FY2021.

AUDIT COMMITTEE

The written terms of reference which describes the authority and duties of the audit committee of the Company (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 INEDs, namely Ms. LING, Kit Sum Imma (chairlady), Mr. LO, Kwong Shun Wilson and Dr. KO, Siu Fung Stephen. The Audit Committee held four meetings during FY2021.

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 2021 have been reviewed by the Audit Committee.

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, namely Mr. LO, Kwong Shun Wilson (chairman), Ms. LING, Kit Sum Imma and Dr. KO, Siu Fung Stephen. The Nomination Committee held two meetings during FY2021.

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 2021 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, 20 May 2022. 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.

By Order of the Board
WONG, Man Hin Raymond
Chairman

Hong Kong, 25 March 2022

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

Executive Directors:

Dr. WONG, Man Hin Raymond
Mr. WONG, Ying Man John
Mr. MOK, Kin Hing

Non-Executive Directors:

Dr. WONG, Kin Lae Wilson
Mr. XIONG, Zhengfeng
Mr. WONG, Ying Kit David

Independent Non-Executive Directors:

Ms. LING, Kit Sum Imma
Mr. LO, Kwong Shun Wilson
Dr. KO, Siu Fung Stephen