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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

SUMMARY OF UNAUDITED FINANCIAL RESULTS

For the six months ended 30 June 2022

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 2022 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 2022 and the condensed consolidated statement of financial position of the Group as at 30 June 2022, 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 2022

(Expressed in Hong Kong dollars)

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3 & 4	568,455	671,470
Cost of sales		<u>(507,549)</u>	<u>(599,994)</u>
Gross profit		60,906	71,476
Other revenue	5	361	239
Other net income	5	4,809	1,033
Selling expenses		(6,391)	(7,513)
General and administrative expenses		<u>(51,100)</u>	<u>(54,411)</u>
Profit before taxation		8,585	10,824
Income tax credit/(expense)	6	<u>32</u>	<u>(1,506)</u>
Profit for the period attributable to shareholders of the Company	7	<u>8,617</u>	<u>9,318</u>
Earnings per share	8		
Basic, HK cents		<u>1.72</u>	<u>1.88</u>
Diluted, HK cents		<u>1.72</u>	<u>1.87</u>

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

For the six months ended 30 June 2022

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to shareholders of the Company	<u>8,617</u>	<u>9,318</u>
Other comprehensive income for the period		
<i>Item that may be reclassified to profit or loss:</i>		
–Exchange differences on translation of financial statements of foreign operations	<u>(12,410)</u>	<u>3,452</u>
Total comprehensive income for the period attributable to shareholders of the Company	<u>(3,793)</u>	<u>12,770</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

(Expressed in Hong Kong dollars)

		30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	10	137,270	155,983
Right-of use assets	10	8,025	8,509
Deferred tax assets		3,678	3,000
		<u>148,973</u>	<u>167,492</u>
Current assets			
Inventories		175,742	219,518
Trade and other receivables	11	226,161	324,399
Current tax assets		-	664
Bank and cash balances		278,024	244,802
		<u>679,927</u>	<u>789,383</u>
Current liabilities			
Trade and other payables	12	178,247	283,234
Dividends payable		2,011	322
Current tax liabilities		1,409	2,326
		<u>181,667</u>	<u>285,882</u>
Net current assets		<u>498,260</u>	<u>503,501</u>
Total assets less current liabilities		<u>647,233</u>	<u>670,993</u>
Non-current liabilities			
Deferred tax liabilities		163	163
NET ASSETS		<u>647,070</u>	<u>670,830</u>
Capital and reserves			
Share capital		467,676	467,578
Reserves		179,394	203,252
TOTAL EQUITY		<u>647,070</u>	<u>670,830</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 disclosures 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 2021 that is included in these unaudited condensed financial statements for the six months ended 30 June 2022 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 Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 622(3) of, and Part 3 of Schedule 6 to, the 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 Companies Ordinance (Cap. 622).

These condensed financial statements should be read in conjunction with the 2021 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 2021.

2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies applied in these condensed financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021. 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 2022 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 2022 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						
	USA 2022	The PRC 2022	Japan 2022	Europe 2022	Asia (excluding Japan and the PRC)	Rest of the world 2022	Total 2022
					2022		
For the six months ended 30 June	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)	HK\$’000 (Unaudited)
Revenue from external customers	164,444	82,634	139,729	138,902	29,419	13,327	568,455
Inter-segment revenue	-	177,588	-	-	438,566	-	616,154
Reportable segment revenue recognised at a point in time	164,444	260,222	139,729	138,902	467,985	13,327	1,184,609
Reportable segment profit (adjusted EBITDA)	5,790	2,910	4,919	4,890	27,892	469	46,870
Reportable segment assets as at 30 June	-	411,297	-	-	531,196	-	942,493
Reportable segment liabilities as at 30 June	-	(116,319)	-	-	(177,287)	-	(293,606)

3 SEGMENT INFORMATION (Continued)

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

	Electrical home appliances						
	USA	The PRC	Japan	Europe	Asia (excluding Japan and the PRC)	Rest of the world	Total
For the six months ended 30 June	2021	2021	2021	2021	2021	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
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 31 December	-	438,427	-	-	634,486	-	1,072,913
Reportable segment liabilities as at 31 December	-	(218,111)	-	-	(272,439)	-	(490,550)

3 SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	1,184,609	1,521,835
Elimination of inter-segment revenue	<u>(616,154)</u>	<u>(850,365)</u>
Consolidated revenue	<u>568,455</u>	<u>671,470</u>

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit or loss		
Reportable segment profit	46,870	56,829
Elimination of inter-segment profits	<u>(26,855)</u>	<u>(30,519)</u>
Reportable segment profit derived from Group's external customers	20,015	26,310
Other revenue and other net income	5,170	1,272
Depreciation	<u>(16,600)</u>	<u>(16,758)</u>
Consolidated profit before taxation	<u>8,585</u>	<u>10,824</u>

3 SEGMENT INFORMATION (Continued)

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Assets		
Reportable segment assets	942,493	1,072,913
Elimination of inter-segment receivables	<u>(117,271)</u>	<u>(119,702)</u>
	825,222	953,211
Current tax assets	-	664
Deferred tax assets	<u>3,678</u>	<u>3,000</u>
Consolidated total assets	<u>828,900</u>	<u>956,875</u>
	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Liabilities		
Reportable segment liabilities	(293,606)	(490,550)
Elimination of inter-segment payables	<u>115,359</u>	<u>207,316</u>
	(178,247)	(283,234)
Dividends payable	(2,011)	(322)
Current tax liabilities	(1,409)	(2,326)
Deferred tax liabilities	<u>(163)</u>	<u>(163)</u>
Consolidated total liabilities	<u>(181,830)</u>	<u>(286,045)</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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other revenue		
Bank interest income	<u>361</u>	<u>239</u>
Other net income		
Net exchange gain	3,115	187
Net (loss)/gain on disposal of property, plant and equipment	(225)	15
Net gain on disposal of scrap materials	736	325
Subsidy income	823	365
Sundry income	<u>360</u>	<u>141</u>
	<u>4,809</u>	<u>1,033</u>

6 INCOME TAX (CREDIT)/EXPENSE

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	<u>1,509</u>	<u>1,403</u>
Current tax – PRC Enterprise Income Tax		
Provision for the period	540	253
Over-provision in respect of prior years	<u>(1,290)</u>	<u>-</u>
	<u>(750)</u>	<u>253</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(791)</u>	<u>(150)</u>
Income tax (credit)/expense	<u>(32)</u>	<u>1,506</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 2021: 15%).

7 PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	98,426	112,053
Discretionary bonuses	2,475	2,176
Contributions to defined contribution retirement plans	9,162	8,649
	<u>110,063</u>	<u>122,878</u>

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(b) Other items		
Cost of inventories sold [#]	507,549	599,994
Depreciation of right-of-use assets	256	253
Depreciation of property, plant and equipment	16,344	16,505
Product development cost*	20,282	21,629
Obsolete moulds and toolings written off	94	330

[#] Cost of inventories includes approximately HK\$93,572,000 (six months ended 30 June 2021: HK\$105,967,000) 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\$94,000 (six months ended 30 June 2021: HK\$330,000) relating to obsolete moulds and toolings written off.

* Product development costs include approximately HK\$12,781,000 (six months ended 30 June 2021: HK\$12,835,000) 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\$8,617,000 (six months ended 30 June 2021: HK\$9,318,000) and the weighted average number of ordinary shares of approximately 501,226,000 (six months ended 30 June 2021: 496,488,000) 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\$8,617,000 (six months ended 30 June 2021: HK\$9,318,000) and the weighted average number of ordinary shares of approximately 501,649,000 (six months ended 30 June 2021: 498,837,000) 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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared and approved after the interim period of 2 HK cents per ordinary share (six months ended 30 June 2021: 2 HK cents per ordinary share)	<u>10,026</u>	<u>10,018</u>

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year ended 31 December 2021, approved and paid during the interim period, of 4 HK cents per ordinary share (year ended 31 December 2020: 4 HK cents per ordinary share)	20,053	20,036
Special dividend in respect of the previous financial year ended 31 December 2021, approved and paid during the interim period, of nil HK cents per ordinary share (year ended 31 December 2020: 2 HK cents per ordinary share)	<u>-</u>	<u>10,018</u>
	<u>20,053</u>	<u>30,054</u>

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

	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Cost			
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)	<u>601,467</u>	<u>21,380</u>	<u>622,847</u>
Accumulated depreciation			
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)	<u>445,853</u>	<u>12,726</u>	<u>458,579</u>
Net carrying value			
At 30 June 2021 (Unaudited)	<u>155,614</u>	<u>8,654</u>	<u>164,268</u>
At 31 December 2020 (Audited)	<u>153,021</u>	<u>8,833</u>	<u>161,854</u>
Cost			
At 1 January 2022 (Audited)	621,486	21,681	643,167
Exchange adjustments	(21,551)	(655)	(22,206)
Additions	3,696	-	3,696
Disposals	(3,723)	-	(3,723)
At 30 June 2022 (Unaudited)	<u>599,908</u>	<u>21,026</u>	<u>620,934</u>
Accumulated depreciation			
At 1 January 2022 (Audited)	465,503	13,172	478,675
Exchange adjustments	(15,859)	(427)	(16,286)
Charge for the period	16,344	256	16,600
Disposals	(3,350)	-	(3,350)
At 30 June 2022 (Unaudited)	<u>462,638</u>	<u>13,001</u>	<u>475,639</u>
Net carrying value			
At 30 June 2022 (Unaudited)	<u>137,270</u>	<u>8,025</u>	<u>145,295</u>
At 31 December 2021 (Audited)	<u>155,983</u>	<u>8,509</u>	<u>164,492</u>

Note:

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

11 TRADE AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade receivables	209,845	301,224
Other receivables	6,115	17,315
Deposits and prepayments	10,201	5,860
	<u>226,161</u>	<u>324,399</u>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	54,500	92,112
More than 1 month but less than 3 months	114,273	161,443
More than 3 months but less than 12 months	41,033	47,565
Over 12 months	39	104
	<u>209,845</u>	<u>301,224</u>

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

12 TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Trade payables	145,600	240,097
Accrued charges and other payables	32,647	43,137
	<u>178,247</u>	<u>283,234</u>

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	45,509	54,133
More than 1 month but less than 3 months	82,399	160,096
More than 3 months but less than 12 months	14,844	23,300
Over 12 months	2,848	2,568
	<u>145,600</u>	<u>240,097</u>

INTERIM DIVIDEND

At the Board meeting held on 25 August 2022, the Board declared an interim dividend of 2 Hong Kong cents (corresponding period in 2021: 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, 19 September 2022 to Wednesday, 21 September 2022, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by 4:30 p.m. on Friday, 16 September 2022. The interim dividend will be payable on or about Thursday, 6 October 2022 to shareholders whose names appear on the register of members at the close of business on Wednesday, 21 September 2022.

BUSINESS HIGHLIGHTS

The Group revenue was HK\$568,455,000 in the first six months of 2022, representing a decrease of 15.34% compared with turnover for the corresponding period in 2021 (HK\$671,470,000). Nevertheless, the Group's net profit was HK\$8,617,000 compared with a net profit of HK\$9,318,000 for the corresponding period in 2021, representing a decrease of 7.52%. The slight decrease in net profit was attributable to the fact that the Group was hit with a series of unfavourable macroeconomic factors: from Shenzhen and major Chinese ports lockdown that caused serious supply chain disruption between March and April 2022, rising interest rates that exerted inflationary pressure that resulted in lower demand for exported goods in the United States; continuing challenges from the COVID-19 pandemic, resumption of normal life globally outside the People's Republic of China ("PRC") and Hong Kong that led to lower demand for air purification products; and weakening Euro and British pounds that led to softening sales demand from the United Kingdom and Europe.

During the first six months of 2022, the Group's management faced uncertainties arising from the supply chain disruptions, rising interest rates that caused inflationary pressures and lower sales demand worldwide, and disruptive events such as the Russia-Ukraine war and the financial shocks in the PRC real estate industry. To alleviate the impact of these uncertainties, the Group opted to exercise financial prudence to have safety stock for contingency planning, and to optimize fixed costs by investing in new machineries prudently and adopting efficient cost cutting measures to cope with significant sudden drop in sales demand worldwide due to global inflationary pressures, the Russia-Ukraine war and the pandemic situation in the PRC. Fortunately, as the lockdown in the PRC was lifted in April to May 2022, and when Russia and Ukraine reached a ceasefire temporarily, sales demand for small appliances globally began to pick up again at the end of May 2022. Our management team expects to face a more challenging and difficult time during the second half of 2022 amid all the uncertainties around the world.

PROSPECTS IN THE SECOND HALF OF 2022

The Group's management anticipates strong challenges during the second half of 2022 due to continuous geopolitical tensions, COVID-19 pandemic and economic uncertainties. The Group's management expects events such as the assassination of the former Japanese Prime Minister Mr. Abe Shinzo, would disturb the stability of the financial market pushing it into a state of disequilibrium. Such external events can play a much larger role in determining an organization's destiny, and the Group's management needs to react quickly to formulate an effective new strategy to counter the disruptive market forces emerging from within a business ecosystem. The Group's investment in research and development ("R&D") enables us to

maintain the High and New Technology Enterprise status for the sixth consecutive year, and allows the Group to use new knowledge, patents and innovations to grow our business despite a punctuated equilibrium in the business ecosystem. The Group's management will remain resilient to tackle any immediate market downturns and form stronger partnership with our strategic customers to adapt to the new business ecosystem.

In the year 2022, the Group will continue to invest and promote computerization of manufacturing. The Group has integrated our ERP system with new financial analytic software such as Microsoft Power BI to enable detailed financial analytics to quickly help the Group's management team to make wise decisions on important strategic tasks and to unlock the Group's full operational potential. By analyzing the profit margins of different product lines, the cash and inventory real time positions, and the latest accounts receivables and payables status, 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.

As more and more European countries propose "Carbon Border Adjustment Mechanism (CBAM)" to comply with carbon emission and other environmental, social, governance (ESG) targets, the Group's management is vigilant about this potential new requirement and get ready to obtain the CBAM certificates based on Greenhouse Gases (GHG) emissions embedded in the products to be imported in the EU. The need for supply chain decarbonization will inevitably increase total product costs and our R&D team will take this new requirement into consideration when we develop new innovative products. Furthermore, the new measures proposed by the International Sustainability Standards Board (ISSB) will also enforce more climate change risk management and new ESG requirements. The Board and the Group's management will keep up-to-date on all the new ESG and decarbonization requirements so we can be the market forerunner to introduce environmentally friendly new innovative products that suit this new globally sustainability trend.

FINANCIAL REVIEW

The liquidity position of the Group was good. The current ratio of the Group was 3.74 as of 30 June 2022 (31 December 2021: 2.76). The quick ratio of the Group was 2.78 as of 30 June 2022 (31 December 2021: 1.99). The gearing ratio of the Group was 0.28 as of 30 June 2022 (31 December 2021: 0.42) which was computed by the trade and other payables over total equity.

Bank balances and cash were HK\$278,024,000 as of 30 June 2022 (31 December 2021: approximately HK\$244,802,000), representing an increase of HK\$33,222,000 compared with that for the corresponding period. The increase was mainly due to much lower level of inventory.

There was no bank borrowing as of 30 June 2022 (31 December 2021: Nil), and the Group had no contingent liabilities as of 30 June 2022 (31 December 2021: Nil).

CHARGE ON ASSETS

The Group has no charges on assets as of 30 June 2022 (31 December 2021: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the United States Dollars ("USD"), Hong Kong Dollars and Renminbi ("RMB"). The depreciation of RMB verses USD in the period caused decrease in our labour costs as Hong Kong dollar is our functional currency. However, at the same time, the Group has seen material impact as a result of British pounds depreciation since our sales received in British pounds has increased in 2022. 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 27 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 500 to 515 staff members, and workers employed directly or indirectly ranged from 1,300 to 1,800 persons during the six months ended 30 June 2022.

The Group's remuneration policies remained the same as disclosed in the 2021 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 2022 which would materially affect the Group's operating and financial performance as at the date of this report.

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 2022.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2022, 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 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 (the "**INEDs**").

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), INEDs who serve more than 9 years could be relevant to the determination of a non-executive director's independence. If an INED 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.

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. He was re-elected as an INED in the annual general meeting of the Company held on 20 May 2022.

The Company has stated 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.

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.

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 confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2022.

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 Dr. WONG, Man Hin Raymond and Mr. WONG, Ying Man John; and three INEDs, Mr. LO, Kwong Shun Wilson (Chairman), Ms. LING, Kit Sum Imma and Dr. KO, Siu Fung Stephen.

AUDIT COMMITTEE

The terms of reference which describe the authority and duties of 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 2022.

The Audit Committee comprises three INEDs, namely Ms. LING, Kit Sum Imma (Chairlady), Mr. LO, Kwong Shun Wilson and Dr. KO, Siu Fung Stephen.

NOMINATION COMMITTEE

A nomination committee of the Company (the “**Nomination Committee**”) has been established in accordance with the requirements of the Listing Rules. The Nomination Committee comprises three INEDs, namely Mr. LO, Kwong Shun Wilson (Chairman), Ms. LING, Kit Sum Imma and Dr. KO, Siu Fung Stephen.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The 2022 interim financial information will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.raymondfinance.com) in due course.

By Order of the Board
WONG, Man Hin Raymond
Chairman

Hong Kong, 25 August 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