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## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023, together with comparative figures for last year as follows:

### Consolidated statement of profit or loss

(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3&4	<b>1,362,732</b>	1,063,058
Cost of sales		<u>(1,179,007)</u>	<u>(933,071)</u>
<b>Gross profit</b>		<b>183,725</b>	129,987
Other revenue	5	<b>15,178</b>	3,455
Other net income	5	<b>11,809</b>	9,438
Selling expenses		<b>(13,569)</b>	(12,350)
General and administrative expenses		<u>(118,645)</u>	<u>(96,194)</u>
<b>Profit before taxation</b>		<b>78,498</b>	34,336
Income tax expense	6	<u>(10,627)</u>	<u>(3,832)</u>
<b>Profit for the year attributable to shareholders of the Company</b>	7	<u><b>67,871</b></u>	<u>30,504</u>
<b>Earnings per share</b>	9		
Basic, HK cents		<u><b>13.54</b></u>	<u><b>6.09</b></u>
Diluted, HK cents		<u><b>N/A</b></u>	<u><b>6.09</b></u>

**Consolidated statement of profit or loss and other comprehensive income**

*(Expressed in Hong Kong dollars)*

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit for the year attributable to shareholders of the Company</b>	<b><u>67,871</u></b>	<u>30,504</u>
<b>Other comprehensive income</b>		
Item that may be reclassified to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	<u><b>(5,103)</b></u>	<u>(25,475)</u>
<b>Total comprehensive income for the year attributable to shareholders of the Company</b>	<b><u>62,768</u></b>	<u>5,029</u>

## Consolidated statement of financial position

(Expressed in Hong Kong dollars)

		2023	2022
	Notes	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	119,077	132,498
Right-of-use assets	10	6,990	7,552
Deferred tax assets		3,028	2,865
		<u>129,095</u>	<u>142,915</u>
<b>Current assets</b>			
Inventories		144,473	198,491
Trade and other receivables	11	248,009	178,355
Current tax assets		2,058	-
Bank and cash balances	12	367,415	334,379
		<u>761,955</u>	<u>711,225</u>
<b>Current liabilities</b>			
Trade and other payables	13	215,764	206,918
Dividends payable		339	351
Current tax liabilities		1,249	846
		<u>217,352</u>	<u>208,115</u>
<b>Net current assets</b>		<u>544,603</u>	<u>503,110</u>
<b>Total assets less current liabilities</b>		<u>673,698</u>	<u>646,025</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		157	159
<b>NET ASSETS</b>		<u>673,541</u>	<u>645,866</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		467,676	467,676
Reserves		205,865	178,190
<b>TOTAL EQUITY</b>		<u>673,541</u>	<u>645,866</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). The material accounting policies applied in the preparation of these consolidated financial statements are set out 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**

**(a) 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 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has 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.

***Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The Group has adopted Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

### (a) Application of new and revised HKFRSs *(continued)*

#### *Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies” (continued)*

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

### (b) New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group is operating in Hong Kong are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee’s LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of HKAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

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

**(b) New HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong** *(continued)*

Based on the HKICPA’s guidance, as a result of the Abolition, these contributions are no longer considered “linked solely to the employee’s service in that period” since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as “independent of the number of years of service” and the practical expedient in paragraph 93(b) of HKAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of HKAS 19.

The application has had no material impact on the Group’s financial positions and performance and on the disclosures set out in these consolidated financial statements.

### 3 SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrical home appliances. The electrical home appliances are manufactured within the Group's manufacturing facilities located in the People's Republic of China (the "PRC"). The Group's operating segments are determined based on information reported to the senior executive management, being the chief operating decision maker ("CODM") of the Group for the purposes of resource allocation and assessment of segment performance, focused on customer locations. During the current year, the senior executive management has revisited its internal reporting structure. As a result, the operating segments of the Group have been redefined on a continental basis, as opposed to the previous country/region-based classification. The comparative figures of segment information for the year ended 31 December 2022 were re-presented to follow the current year presentation accordingly.

The identified reportable operating segments are as follows:

- North America – mainly including the United States of America and Canada
- Latin America – mainly including Mexico
- Europe – mainly including the United Kingdom and Netherlands
- Asia – mainly including the PRC, Korea, and Japan

For the operating segments of Australia and Africa, they have been included within the "rest of the world" due to neither of these operating segments meeting the quantitative thresholds required for classification as reportable segments.

#### (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, depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning inter-segment sales, interest income and expense from cash balances managed directly by the segments, depreciation and 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 2023 HK\$'000
	North America	Latin America	Europe	Asia	Rest of World	
	2023	2023	2023	2023	2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	271,496	218,049	234,725	615,866	22,596	1,362,732
Inter-segment revenue	-	-	-	1,659,578	-	1,659,578
Reportable segment revenue recognised at a point in time	271,496	218,049	234,725	2,275,444	22,596	3,022,310
Reportable segment profit (adjusted EBITDA)	15,561	12,497	13,454	190,135	1,294	232,941
Reportable segment assets as at 31 December	-	-	-	935,499	-	935,499
Reportable segment liabilities as at 31 December	-	-	-	(294,954)	-	(294,954)
Additions to non-current segment assets during the year	-	-	-	40,505	-	40,505

	Electrical home appliances					Total 2022 HK\$'000
	North America	Latin America	Europe	Asia	Rest of World	
	2022	2022	2022	2022	2022	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue from external customers	281,680	25,054	218,263	529,651	8,410	1,063,058
Inter-segment revenue	-	-	-	1,218,518	-	1,218,518
Reportable segment revenue recognised at a point in time	281,680	25,054	218,263	1,748,169	8,410	2,281,576
Reportable segment profit (adjusted EBITDA)	14,049	418	10,887	81,978	1,250	108,582
Reportable segment assets as at 31 December	-	-	-	1,020,453	-	1,020,453
Reportable segment liabilities as at 31 December	-	-	-	(376,097)	-	(376,097)
Additions to non-current segment assets during the year	-	-	-	20,102	-	20,102



### 3 SEGMENT INFORMATION *(continued)*

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	3,022,310	2,281,576
Elimination of inter-segment revenue	<u>(1,659,578)</u>	<u>(1,218,518)</u>
Consolidated revenue	<u><u>1,362,732</u></u>	<u><u>1,063,058</u></u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit or loss</b>		
Reportable segment profit	232,941	108,582
Elimination of inter-segment profits	<u>(154,837)</u>	<u>(55,560)</u>
Reportable segment profit derived from Group's external customers	78,104	53,022
Other revenue and other net income	26,987	12,893
Depreciation	<u>(26,593)</u>	<u>(31,579)</u>
Consolidated profit before taxation	<u><u>78,498</u></u>	<u><u>34,336</u></u>

### 3 SEGMENT INFORMATION *(continued)*

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

	<i>2023</i> <i>HK\$'000</i>	<i>2022</i> <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	<b>935,499</b>	1,020,453
Elimination of inter-segment receivables	<b>(49,535)</b>	(169,178)
	<b>885,964</b>	851,275
Current tax assets	<b>2,058</b>	-
Deferred tax assets	<b>3,028</b>	2,865
Consolidated total assets	<b>891,050</b>	854,140
	<i>2023</i> <i>HK\$'000</i>	<i>2022</i> <i>HK\$'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	<b>(294,954)</b>	(376,097)
Elimination of inter-segment payables	<b>79,190</b>	169,179
	<b>(215,764)</b>	(206,918)
Dividends payable	<b>(339)</b>	(351)
Current tax liabilities	<b>(1,249)</b>	(846)
Deferred tax liabilities	<b>(157)</b>	(159)
Consolidated total liabilities	<b>(217,509)</b>	(208,274)

### 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	462,470	311,480
Customer B	261,243	33,376
Customer C	243,219	246,339
Customer D	<u>153,991</u>	<u>171,916</u>

### 4 REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products – sales of goods	<u>1,362,732</u>	<u>1,063,058</u>

### 5 OTHER REVENUE AND OTHER NET INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other revenue</b>		
Bank interest income	<u>15,178</u>	<u>3,455</u>
<b>Other net income</b>		
Net gain on disposal of scrap materials	2,798	1,611
Net exchange gain	7,382	1,104
Net loss on disposal of property, plant and equipment	(359)	(15)
Installation fee income	-	2,133
Government subsidy income	388	2,267
Sundry (expense)/ income	(403)	568
Rental income	<u>2,003</u>	<u>1,770</u>
	<u>11,809</u>	<u>9,438</u>

## 6 INCOME TAX EXPENSE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	1,803	3,821
Over-provision in respect of prior years	<u>(65)</u>	<u>(57)</u>
	<u>1,738</u>	<u>3,764</u>
<b>Current tax – PRC Enterprise Income Tax</b>		
Provision for the year	8,494	1,356
PRC Withholding Income Tax for year	2,654	-
Over-provision in respect of prior years	<u>(2,057)</u>	<u>(1,242)</u>
	<u>9,091</u>	<u>114</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(202)</u>	<u>(46)</u>
	<u>10,627</u>	<u>3,832</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% (2022: 15%).

(iii) PRC Withholding Income Tax

PRC Withholding Income Tax under double tax arrangement at a rate of 5% would be imposed on payment relating to dividend received to the Company that holds directly at least 25% of the payer's capital. Such tax rate may be further reduced by applicable tax treaties or arrangements.

## 7 PROFIT FOR THE YEAR

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Staff costs (including directors' remuneration)</b>		
Salaries, wages and other benefits ( <i>note (i)</i> )	220,372	190,191
Discretionary bonuses	5,416	2,000
Contributions to defined contribution retirement plans	16,448	16,854
	<u>242,236</u>	<u>209,045</u>
<b>Other items</b>		
Cost of inventories sold ( <i>note (ii)</i> )	1,153,330	933,071
Write-down of inventories	2,424	912
Reversal of write-down of inventories	(335)	(978)
Depreciation of right-of-use assets	478	497
Depreciation of property, plant and equipment	26,115	31,082
Auditor's remuneration		
-Audit services		
· provision for the year	780	750
· under-provision in prior year	40	40
-Non-audit services	160	150
Product development costs ( <i>note (iii)</i> )	46,767	39,115
Obsolete moulds and toolings written off ( <i>note (iv)</i> )	23,588	417
Expenses relating to short-term leases (included in general and administrative expenses) ( <i>note (v)</i> )	502	-
Expenses relating to leases of low value assets (included in cost of inventories and general and administrative expenses) ( <i>note (v)</i> )	473	469

## 7 PROFIT FOR THE YEAR *(continued)*

*Notes:*

- (i) For the year ended 31 December 2022, COVID-19 related government grants amounting to HK\$620,000 have been offset against salaries, wages and other benefits.
- (ii) Cost of inventories sold includes approximately HK\$196,331,000 (2022: HK\$178,334,000) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.
- (iii) Product development costs include approximately HK\$27,539,000 (2022: HK\$26,063,000) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.
- (iv) During the year ended 31 December 2023, the Group launched various new items and products with new specifications, significant quantities of moulds and tooling were considered obsolete as new models and products are in place. Consequently, the Group obsoleted and wrote off moulds and tooling with carrying amount of HK\$23,588,000 (2022: HK\$417,000) during the year.
- (v) For the years ended 31 December 2023 and 2022, 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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend declared and paid of 3 HK cents per ordinary share (2022: 2 HK cents per ordinary share)	<b>15,040</b>	10,026
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2022: 4 HK cents per ordinary share)	<b>20,053</b>	20,053
Special dividend proposed after the end of the reporting period of 6 HK cents per ordinary share (2022: nil HK cents per ordinary share)	<b>30,079</b>	-
	<b><u>65,172</u></b>	<u>30,079</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

	<b>2023</b> <i>HK\$'000</i>	2022 <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 (2022: 4 HK cents per ordinary share)	<b><u>20,053</u></b>	<u>20,053</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\$67,871,000 (2022: HK\$30,504,000) and the weighted average number of ordinary shares of 501,324,000 (2022: 501,276,000) shares in issue during the year. The weighted average number of ordinary shares is calculated as follows:

	<b>2023</b>	2022
	<b>'000</b>	'000
Issued ordinary shares at 1 January	<b>501,324</b>	501,200
Effect of share options exercised	<u>-</u>	<u>76</u>
Weighted average number of ordinary shares at 31 December	<u><b>501,324</b></u>	<u>501,276</u>

### (b) Diluted earnings per share

For the year ended 31 December 2022, the calculation of diluted earnings per share is based on the profit for the year attributable to shareholders of the Company of HK\$30,504,000 and the weighted average number of ordinary shares of 501,290,000 shares (diluted). The weighted average number of ordinary shares (diluted) is calculated as follows:

	2022
	'000
Weighted average number of ordinary shares at 31 December	501,276
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	<u>14</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>501,290</u>

For the year ended 31 December 2023, no diluted earnings per share is presented as the Company had no potential ordinary shares outstanding as the share option scheme was expired and no share options were outstanding as of 31 December 2023.



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

	<b>Property, plant and equipment</b> <i>HK\$'000</i>	<b>Right-of-use assets</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Cost</b>			
At 1 January 2022	621,486	21,681	643,167
Exchange adjustments	(44,214)	(1,327)	(45,541)
Additions	20,102	-	20,102
Disposals	(5,235)	-	(5,235)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	592,139	20,354	612,493
	<hr/>	<hr/>	<hr/>
At 1 January 2023	592,139	20,354	612,493
Exchange adjustments	(7,387)	(262)	(7,649)
Additions	40,505	-	40,505
Disposals	(264,077)	-	(264,077)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	361,180	20,092	381,272
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
At 1 January 2022	465,503	13,172	478,675
Exchange adjustments	(32,234)	(867)	(33,101)
Charges for the year	31,082	497	31,579
Disposals	(4,710)	-	(4,710)
	<hr/>	<hr/>	<hr/>
At 31 December 2022	459,641	12,802	472,443
	<hr/>	<hr/>	<hr/>
At 1 January 2023	459,641	12,802	472,443
Exchange adjustments	(5,195)	(178)	(5,373)
Charges for the year	26,115	478	26,593
Disposals	(238,458)	-	(238,458)
	<hr/>	<hr/>	<hr/>
At 31 December 2023	242,103	13,102	255,205
	<hr/>	<hr/>	<hr/>
<b>Net carrying value</b>			
At 31 December 2023	<b>119,077</b>	<b>6,990</b>	<b>126,067</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2022	132,498	7,552	140,050
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 11 TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	223,215	159,402
Other receivables	18,891	11,029
Deposits and prepayments	5,903	7,924
	<u>248,009</u>	<u>178,355</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	66,298	41,281
More than 1 month but less than 3 months	118,850	93,280
More than 3 months but less than 12 months	38,067	24,841
	<u>223,215</u>	<u>159,402</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Time deposits with maturity within 3 months	244,251	305,687
Cash at bank and in hand	123,164	28,692
	<u>367,415</u>	<u>334,379</u>

### 13 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	148,343	162,873
Accrued charges and other payables	67,415	43,361
Contract liabilities	<u>6</u>	<u>684</u>
	<u>215,764</u>	<u>206,918</u>

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	51,103	36,645
More than 1 month but less than 3 months	81,172	104,259
More than 3 months but less than 12 months	15,377	20,421
Over 12 months	<u>691</u>	<u>1,548</u>
	<u>148,343</u>	<u>162,873</u>

## **BUSINESS REVIEW**

### **OPERATION RESULTS**

During the financial year (“FY”) of 2023, the first post-COVID year, the Group faced strong challenges of continuous geopolitical tensions, rising interest rates that resulted in inflationary pressures and lower sales demand worldwide, and the financial shocks in the real estate industry in the People’s Republic of China (the “PRC”). To alleviate the impact of these uncertainties, the Group opted to exercise financial prudence to lower safety stock to an optimal level, and to optimize fixed costs by investing in new machineries prudently for confirmed new business, and adopting efficient cost cutting measures to cope with significant sudden drop in sales demand worldwide in the air purifier product category as consumers no longer stayed home and spent money on health related consumer products.

Despite all these economic, geopolitical and pandemic uncertainties, the Group managed to tackle each challenge and launch more new innovative products during FY2023 in product categories that helped consumers have a great time when they had gatherings at home or when they went out. The Group also focused on products that would give consumers neat appearance as they no longer wear masks when going out to work or having fun outside. The Group adopted alternative marketing strategies with our customers that emphasized product diversification, such as launching of new products in niche markets that would go viral in the social media. For example, the Group successfully helped one of its customers launch a series of innovative beverage products, including a premium product line which would enhance customer experience in bars and pubs and a more affordable home product line for use at home and gatherings.

As a result of the successful launch of new products in niche markets, for FY2023, the Group’s consolidated turnover increased to HK\$1,362,732,000, representing an increase of approximately 28.19% as compared with the consolidated turnover of same period in the previous year. Net profit of the Group was HK\$67,871,000, representing an increase of approximately 122.50%, as compared with the net profit of HK\$30,504,000 for the same period in FY2022; and representing basic earnings per share of 13.54 Hong Kong cents (net profit in FY2022 was HK\$30,504,000, with basic earnings per share of 6.09 Hong Kong cents). The significant increase in net profit was attributable to the fact that the Group’s business has recovered in the post COVID-19 era and controlled expenses together with a series of favourable macroeconomic factors: strong United States Dollars (“USD”), appreciating British pounds and depreciating Renminbi (“RMB”), rising interest rates that increased the Group’s interest income. Despite resumption of normal life globally outside the PRC and Hong Kong that led to lower demand for air purification products, the Group had successfully launched new consumer products that consumers would purchase in the post COVID-19 era.

Cash generated from operations was HK\$101,559,000 in FY2023. Net cash and cash equivalents at the end of FY2023 was HK\$367,415,000 (HK\$35,105,000 of which were dividends paid out during FY2023) as compared with HK\$334,379,000 at the beginning of FY2023. 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 continues to qualify as a High and New Technology Enterprise (“HNTE”) in the PRC.

In FY2023, the Group invested HK\$40,505,000 (compared with HK\$20,102,000 in FY2022) to purchase new injection moulding machines, procure more high precision laboratory testing equipment to upgrade our R&D and operational capabilities, and hire consultants to work on finance digital transformation to enhance faster data processing and analysis, and to realize paperless finance operation. Part of the above-mentioned capital expenditure was related to new R&D projects to fulfill the High Technology Venture minimum annual investment requirement; and we expect the investment in these R&D projects will improve our operational efficiency, enabling the Group's management to make better predictions and business decisions, and hopefully can generate more sales revenue in 2023 from launch of new products. Qualifying for the High Technology Venture status would enable the Group to continue to enjoy lower profit tax rate and to receive tax incentives from the PRC Government and increase our competitiveness among our peers.

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. On 4 May 2023, the Group successfully obtained ISO27001 certification, certifying that the Group's information technology ("IT") system has adopted satisfactory cybersecurity measures to protect data privacy. Furthermore, the Group's enterprise resource planning ("ERP") and IT system can achieve safe and secure data management, and safeguard important digital and intangible assets to give our stakeholders confidence in our ability to protect our data integrity.

On 8 September 2023, the Group experienced serious flooding in our Nansha factory as a result of the severe black rainstorm due to extreme climate change. Despite the Group adopted crisis risk management protocols, certain raw materials and machineries were still damaged resulting in loss of several millions Hong Kong dollars. The Group will review our current risk management protocols under severe climate change and will adopt better precautionary measures and revise our crisis management procedures to better manage similar situation in the future so we can minimize property loss and ensure all staff will be safe in case of a crisis.

## **FINAL DIVIDEND AND SPECIAL DIVIDEND**

The Board of the Company has proposed a final dividend of 4 Hong Kong cents per ordinary share (the "**Final Dividend**") (2022: 4 Hong Kong cents per ordinary share) and a special dividend of 6 Hong Kong cents per ordinary share (the "**Special Dividend**") (2022: Nil) for the year ended 31 December 2023. The Final Dividend and the Special Dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Friday, 7 June 2024 to the shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2024.

## **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 Monday, 20 May 2024 (the "**2024 AGM**"), the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024,

both days inclusive. In order to be qualified for attending and voting at the 2024 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 Monday, 13 May 2024.

- (2) For the purpose of determining shareholders who are entitled to the Final Dividend and the Special Dividend, the register of members of the Company will be closed from Friday, 24 May 2024 to Tuesday, 28 May 2024, both days inclusive. In order to be qualified for the Final Dividend and the Special Dividend, all transfer documents, accompanied by the relevant share certificates, should be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 23 May 2024.

## **FINANCIAL POSITION**

The liquidity position of the Group was satisfactory. The current ratio of the Group was 3.51 as of 31 December 2023, compared with 3.42 as of 31 December 2022. The quick ratio of the Group was 2.84 as of 31 December 2023 (31 December 2022: 2.46). The gearing ratio of the Group was 0.32 as of 31 December 2023 (31 December 2022: 0.32), which was computed by the trade and other payables over total equity.

During FY2023, the Group's trade receivables turnover stood at 60 days, compared with 55 days in FY2022. The inventory turnover in FY2023 was 45 days, compared with 78 days in FY2022.

Bank balances and cash were HK\$367,415,000 as of 31 December 2023 (2022: HK\$334,379,000), representing an increase of HK\$33,036,000 as compared to the figures in the same period in FY2022, which was mainly due to lower inventory level and better cash flow management with better financial analytic tools available.

There were no bank borrowings as of 31 December 2023 (2022: Nil).

The Group had no contingent liabilities as of 31 December 2023 (2022: Nil).

## **CHARGES ON ASSETS**

The Group had no charges on assets as of 31 December 2023 (2022: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the Group's transactions were conducted in the USD, British pound, Hong Kong dollars and RMB. 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 Group's management anticipates strong challenges in 2024 due to continuous geopolitical tensions and economic uncertainties. The Group's management expects 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 a new and effective strategy to counter the disruptive market forces emerging from the business ecosystem in which the Group operates. The Group's investment in R&D enables us to maintain the HNTE status for the seventh 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 2024, the Group will continue to invest and promote computerization of manufacturing. The Group will complete our ERP system integration with our new bar code system to accelerate real time inventory data, to enable detailed financial analytics to help the Group's management team make wise decisions on important strategic tasks quickly 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 and governance ("ESG") targets, the Group's management is vigilant about this potential new requirement and gets ready to obtain the CBAM certificates based on greenhouse gases emissions embedded in the products to be imported in the European Union. 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 developing new innovative products. Furthermore, the new measures proposed by the International Sustainability Standards Board 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 that we can be the market forerunner to introduce environmentally friendly new innovative products that suit this new globally sustainability trend.

Finally, because of continuous US-China trade tension and geopolitical uncertainties, the Group's management has already found a manufacturing partner in Indonesia to complete a small-scale pilot production of grooming products outside the PRC during second half of FY2023. The Group's management will decide when to start full scale production outside the PRC after we have collected more valuable costs and productivity data from the pilot production conducted in Indonesia.

During FY2023, the Group's management outsourced the logistics function to a third party logistics company to handle all materials in transit between Hong Kong and China. As a result, in early 2024, the Group's management considers renting out the vacant warehouse space at our Shatin premise, and is now actively seeking new tenant to generate additional rental income.



## **STAFF**

The Group currently employs approximately 22 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately 500 to 520 staff members, and workers employed directly or indirectly approximately ranged from 1,630 to 2,300 during the year ended 31 December 2023. 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 2023.

## **PURCHASE, SALE OR REDEMPTION OF OUR SHARES**

During the year ended 31 December 2023, 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 2023, the Company was in compliance with the applicable code provisions as set out in the Corporate Governance Code (version up to 31 December 2023) (the "**CG Code**") contained in Appendix C1 to the Rules Governing the List of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## **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 C3 to 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 2023.

## **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 independent non-executive Directors (the "**INEDs**"), namely Mr. LO, Kwong Shun Wilson (chairman), Ms. LING, Kit Sum Imma, and Dr. KO, Siu Fung Stephen. The Remuneration Committee held one meeting during FY2023.

## **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 the requirements of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

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, corporate governance 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 two meetings during FY2023.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process, risk management, corporate governance and internal control matters with management. The annual results of the Group for the year ended 31 December 2023 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 INEDs, namely Mr. LO, Kwong Shun Wilson (chairman), Ms. LING, Kit Sum Imma and Dr. KO, Siu Fung Stephen. The Nomination Committee held one meeting during FY2023.

### **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 2023 will be despatched to the 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 InterContinental Grand Stanford Hong Kong, No. 70 Mody Road, Tsimshatsui East, Kowloon at 3:00 p.m. on Monday, 20 May 2024. 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, 22 March 2024

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. WONG, Ying Kit David

*Independent Non-Executive Directors:*

Ms. LING, Kit Sum Imma

Mr. LO, Kwong Shun Wilson

Dr. KO, Siu Fung Stephen