RAYMOND Industrial Ltd
利 民 實 業 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0229)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND VOLUNTARY REPORTING OF QUARTERLY FINANCIAL RESULTS

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 2017, together with comparative figures for last year as follows:

Consolidated statement of profit or loss
(Expressed in Hong Kong dollars)

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**997,697**	1,019,442
Cost of sales		**(847,973)**	(863,704)
Gross profit		**149,724**	155,738
Other revenue	*4*	**1,208**	1,220
Other net income	*4*	**5,232**	633
Selling expenses		**(12,679)**	(11,846)
General and administrative expenses		**(96,842)**	(73,041)
Profit from operations		**46,643**	72,704
Finance costs		**(198)**	-
Profit before taxation	*5*	**46,445**	72,704
Income tax	*6*	**(9,983)**	(21,693)
Profit for the year and attributable to equity shareholders of the Company		**36,462**	51,011
Earnings per share	*8*		
Basic, HK cents		**7.54**	10.66
Diluted, HK cents		**7.45**	10.54

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

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**36,462**	51,011
Other comprehensive income/(loss) for the year:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations, net of nil tax	**21,048**	(16,808)
Total comprehensive income for the year and attributable to equity shareholders of the Company	**57,510**	34,203

Consolidated statement of financial position

(Expressed in Hong Kong dollars)

	Note	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	*9*	**165,581**	145,331
Interests in leasehold land held for own use under operating leases	*9*	**7,403**	7,251
Deferred tax assets		**5,296**	4,910
		178,280	157,492
Current assets			
Inventories		**139,310**	116,011
Trade and other receivables	*10*	**214,469**	235,024
Tax recoverable		**-**	541
Cash and cash equivalents	*11*	**263,777**	251,634
		617,556	603,210
Current liabilities			
Trade and other payables	*12*	**195,347**	173,427
Dividends payable		**232**	336
Tax payable	*6(ii)*	**4,162**	14,742
		199,741	188,505
Net current assets		**417,815**	414,705
Total assets less current liabilities		**596,095**	572,197
Non-current liabilities			
Deferred tax liabilities		**734**	308
NET ASSETS		**595,361**	571,889
CAPITAL AND RESERVES			
Share capital		**453,723**	448,167
Other reserves		**141,638**	123,722
TOTAL EQUITY		**595,361**	571,889

1 BASIS OF PREPARATION

These financial statements has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance. These 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.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's result and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The financial information relating to the year ended 31 December 2017 included in this preliminary announcement of annual results 2017 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance in due course.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2017. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance

2 SEGMENT REPORTING

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, 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 results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, 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 creditors, accrued charges and other payables, with the exception of tax balances and dividends payable, attributable to the manufacture and sale activities of the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from other revenue and net income, and the depreciation and amortisation of assets 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 amortisation 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.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, 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						
	The United States	**The PRC**	**Japan**	**Europe**	**Asia (excluding Japan and The PRC)**	**Rest of the world**	**Total**
	2017	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**
	HK\$'000	**HK\$'000**	**HK\$'000**	**HK\$'000**	**HK\$'000**	**HK\$'000**	**HK\$'000**
Revenue from external customers	**252,748**	**133,418**	**303,819**	**215,201**	**45,803**	**46,708**	**997,697**
Inter-segment revenue	**-**	**514,848**	**-**	**-**	**905,420**	**-**	**1,420,268**
Reportable segment revenue	**252,748**	**648,266**	**303,819**	**215,201**	**951,223**	**46,708**	**2,417,965**
Reportable segment profit (adjusted EBITDA)	**17,105**	**9,028**	**20,559**	**14,564**	**91,099**	**3,161**	**155,516**
Reportable segment assets	**-**	**363,942**	**-**	**-**	**557,338**	**-**	**921,280**
Additions to non-current segment assets during the year	**-**	**36,699**	**-**	**-**	**1,787**	**-**	**38,486**
Reportable segment liabilities	**-**	**(99,109)**	**-**	**-**	**(211,070)**	**-**	**(310,179)**

2 SEGMENT REPORTING (CONTINUED)

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

	Electrical home appliances						
	The United States 2016 HK$'000	The PRC 2016 HK$'000	Japan 2016 HK$'000	Europe 2016 HK$'000	Asia (excluding Japan and The PRC) 2016 HK$'000	Rest of the world 2016 HK$'000	Total 2016 HK$'000
Revenue from external customers	228,081	74,947	263,139	255,471	132,503	65,301	1,019,442
Inter-segment revenue	-	533,994	-	-	894,566	-	1,428,560
Reportable segment revenue	228,081	608,941	263,139	255,471	1,027,069	65,301	2,448,002
Reportable segment profit (adjusted EBITDA)	23,427	7,699	27,029	26,241	109,448	6,707	200,551
Reportable segment assets	-	327,423	-	-	530,280	-	857,703
Additions to non-current segment assets during the year	-	22,247	-	-	481	-	22,728
Reportable segment liabilities	-	(69,508)	-	-	(228,481)	-	(297,989)

2 SEGMENT REPORTING (CONTINUED)

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

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**2,417,965**	2,448,002
Elimination of inter-segment revenue	**(1,420,268)**	(1,428,560)
Consolidated revenue	**997,697**	1,019,442

	2017	2017
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**155,516**	200,551
Elimination of inter-segment profits	**(87,999)**	(95,838)
Reportable segment profit derived from Group's external customers	**67,517**	104,713
Other revenue and net income	**6,440**	1,853
Depreciation and amortisation	**(27,314)**	(33,862)
Finance costs	**(198)**	-
Consolidated profit before taxation	**46,445**	72,704

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**921,280**	857,703
Elimination of inter-segment receivables	**(130,740)**	(102,452)
	790,540	755,251
Tax recoverable	**-**	541
Deferred tax assets	**5,296**	4,910
Consolidated total assets	**795,836**	760,702

	2017	2016
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**(310,179)**	(297,989)
Elimination of inter-segment payables	**114,832**	124,562
	(195,347)	(173,427)
Dividends payable	**(232)**	(336)
Tax payable	**(4,162)**	(14,742)
Deferred tax liabilities	**(734)**	(308)
Consolidated total liabilities	**(200,475)**	(188,813)

2 SEGMENT REPORTING (CONTINUED)

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**295,284**	302,875
Customer B	**269,800**	263,659
Customer C	**171,089**	151,276
Customer D	**114,805**	138,713

[#]The corresponding revenue did not contribute 10% or more of the total revenue.

3 REVENUE

The principal activities of the Group are the manufacture and sale of electrical home appliances.

Revenue represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

4 OTHER REVENUE AND OTHER NET INCOME

	2017	2016
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**1,208**	1,220
Other net income		
Gain on disposal of scrap materials	**1,010**	865
Net exchange gain/(loss)	**2,747**	(918)
Net loss on disposal of property, plant and equipment	**(1,032)**	(989)
Sample sales income	**632**	1,306
Subsidy income	**1,036**	402
Sundry income/(loss)	**839**	(33)
	5,232	633

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2017	2016
	HK$'000	*HK$'000*
(a) Finance cost:		
Interest on invoice financing	**198**	-
(b) Staff costs		
Salaries, wages and other benefits	**163,370**	165,248
Discretionary bonuses	**5,845**	6,286
Contributions to defined contribution retirement plans	**15,482**	17,329
	184,697	188,863
(c) Other items		
Cost of inventories sold#	**847,973**	863,704
Amortisation of interests in leasehold land held for own use under operating leases	**386**	393
Depreciation	**26,928**	33,469
Auditor's remuneration	**692**	692
Product development costs	**31,160**	3,105

Cost of inventories includes HK$154,129,000 (2016: HK$182,135,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**3,291**	2,162
Over-provision in respect of prior years	**-**	(20)
	3,291	2,142
Current tax – PRC Enterprise Income Tax		
Provision for the year	**7,298**	11,919
(Over)/under-provision in respect of prior years	**(923)**	4,366
	6,375	16,285
Deferred tax		
Origination and reversal of temporary differences	**317**	3,266
Income tax expense	**9,983**	21,693

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the year.

Taxation of the PRC subsidiary is calculated using the applicable income tax rate of 25% (2016: 25%).

(ii) Included in the balance of income tax provisions relating to prior years is a provision, net of payment, of approximately HK$Nil (31 December 2016: HK$8,615,000) for the tax adjustment relating to transfer pricing audit in respect of the years ended 31 December 2002 to 2011 ("2002 to 2011 TP Audit") by the PRC tax authorities. Details of the transfer pricing audits are as follows:

2002 to 2011 TP Audit
In 2013, the PRC tax authorities initiated a transfer pricing audit on a subsidiary of the Company in the PRC in respect of the years ended 31 December 2002 to 2011. At 31 December 2016, the cumulative provisions made against the potential tax adjustment relating to the transfer-pricing audit amounted to RMB11,003,000 (equivalent to HK$13,609,000). Of this, in 2014, the Group paid RMB3,000,000 (equivalent to HK$3,799,000) to the tax authorities. During the year ended 31 December 2017, the Group has reached a consensus with the PRC tax authority to settle the case via tax payments totalling of RMB10,000,000 (equivalent to HK$11,291,000).

2012 to 2015 TP Audit
During the year ended 31 December 2016, the PRC tax authorities initiated a transfer-pricing audit on the same subsidiary in respect of the years ended 31 December 2012 to 2015. The Group has reached a consensus with the PRC tax authority and paid RMB2,338,000 (equivalent to HK$2,786,000) to settle the case. Such amount is included in the under-provision of PRC enterprise income tax in respect of prior years as disclosed in note 6. Accordingly, the tax payable in relating to the 2012 to 2015 TP Audit is HK$Nil at 31 December 2016.

7 FINAL AND SPECIAL DIVIDENDS

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

	2017	2016
	HK$'000	*HK$'000*
Interim dividend declared and paid of 2 HK cents per ordinary share (2016: 2 HK cents per ordinary share)	**9,718**	9,597
Final dividend proposed after the end of the reporting period of 4 HK cents per ordinary share (2016: 4 HK cents per ordinary share)	**19,437**	19,195
Special dividend proposed after the end of the reporting period of Nil (2016: 2 HK cents per ordinary share)	**-**	9,597
	29,155	38,389

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 equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2017	2016
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4 HK cents per ordinary share (2016: 4 HK cents per ordinary share)	**19,425**	19,150
Special dividend in respect of the previous financial year, approved and paid during the year, of 2 HK cents per ordinary share (2016: nil cents per ordinary share)	**9,712**	-
	29,137	19,150

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$36,462,000 (2016: HK$51,011,000) and the weighted average number of 483,500,000 (2016: 478,738,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2017	2016
	000'	*000'*
Issued ordinary shares at 1 January	**479,872**	477,392
Effect of share options exercised	**3,628**	1,346
Weighted average number of ordinary shares at 31 December	**483,500**	478,738

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$36,462,000 (2016: HK$51,011,000) and the weighted average number of 489,261,000 (2016: 484,028,000) ordinary shares, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2017	2016
	000'	*000'*
Weighted average number of ordinary shares at 31 December	**483,500**	478,738
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**5,761**	5,290
Weighted average number of ordinary shares (diluted) at 31 December	**489,261**	484,028

9 PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

	Property, plant and equipment *HK$'000*	Interests in leasehold land held for own use under operating leases *HK$'000*	Total *HK$'000*
Cost:			
At 1 January 2016	554,031	16,034	570,065
Exchange adjustments	(29,331)	(1,017)	(30,348)
Additions	22,728	-	22,728
Disposals	(10,881)	-	(10,881)
At 31 December 2016	536,547	15,017	551,564
At 1 January 2017	536,547	15,017	551,564
Exchange adjustments	35,722	1,149	36,871
Additions	38,486	-	38,486
Disposals	(13,448)	-	(13,448)
At 31 December 2017	597,307	16,166	613,473
Accumulated amortisation and depreciation:			
At 1 January 2016	388,337	7,893	396,230
Exchange adjustments	(21,056)	(520)	(21,576)
Charge for the year	33,469	393	33,862
Disposals	(9,534)	-	(9,534)
At 31 December 2016	391,216	7,766	398,982
At 1 January 2017	391,216	7,766	398,982
Exchange adjustments	24,889	611	25,500
Charge for the year	26,928	386	27,314
Disposals	(11,307)	-	(11,307)
At 31 December 2017	431,726	8,763	440,489
Carrying value:			
At 31 December 2017	165,581	7,403	172,984
At 31 December 2016	145,331	7,251	152,582

10 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade debtors	**194,209**	215,974
Other debtors	**12,754**	7,715
Deposits and prepayments	**7,506**	11,335
	214,469	235,024

All of the trade and other receivables, apart from certain deposits amounting to HK1,148,000 (2016: HK$1,062,000), are expected to be recovered or recognised as expenses within one year.

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**66,673**	71,185
1 to 3 months	**85,816**	98,720
3 to 12 months	**41,715**	46,049
Over 12 months	**5**	20
	194,209	215,974

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 debtors are due within 30 to 120 days from the date of billing.

11 CASH AND CASH EQUIVALENTS

	2017	2016
	HK$'000	*HK$'000*
Bank deposits	**201,667**	179,241
Cash at bank and in hand	**62,110**	72,393
	263,777	251,634

12 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade creditors	**145,870**	120,041
Accrued charges and other payables	**49,477**	53,386
	195,347	173,427

All of the trade and other payables are expected to be settled within one year.

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**71,040**	49,013
1 to 3 months	**66,730**	63,023
3 to 12 months	**7,285**	5,407
Over 12 months	**815**	2,598
	145,870	120,041

BUSINESS REVIEW

OPERATION RESULTS

During the financial year ("**FY**") of 2017, the Group continued to face the challenges of an increase in operating costs and shortage of skilled labour. Compounded by significant appreciation of RMB in 2017, manufacturers encountered tremendous difficulty to perform well. Despite our management's continuous effort to replace manual labour with more automation, the Group was unable to maintain last year's profitability and gross margins. As a result, for FY2017, the Group's consolidated turnover decreased to HK$997,697,000, representing a decrease of 2.13% as compared with the same period in the previous year. Net profit of the Group was HK$36,462,000, representing a significant decrease of approximately 28.52%, as compared with the net profit of HK$51,011,000 of the same period in FY2016. Cash generated from operations was HK$100,783,000 in FY2017. Cash and cash equivalents at the end of FY2017 was HK$263,777,000 (HK$38,960,000 of which were dividend paid out during FY2017) as compared with HK$251,634,000 at the beginning of FY2017. 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 continue to invest excess cash in research and development ("**R&D**"), new technology and automation equipment. Consequently, in December 2017, the Group was qualified to become a High Technology Venture in the People's Republic of China (the "**PRC**").

In FY2017, the Group invested HK$38,486,000 (compared with HK$22,728,000 in 2016) to set up new semi-automated production lines for a series of new products, purchased injection moulding machines and laboratory testing equipment to strengthen our R&D capabilities. 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 2018. 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. However, investors should be cautious that increasing R&D expenses today to develop more new products may result in sacrificing short-term profits for higher medium term sales and profits according to product life-cycle theory.

The Group's net profit in FY2017 was HK$36,462,000, representing basic earnings per share of 7.54 Hong Kong cents (net profit in FY2016 was HK$51,011,000, with basic earnings per share of 10.66 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 2017. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on Wednesday, 13 June 2018 to the shareholders whose names appear on the register of members of the Company on Wednesday, 6 June 2018.

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, 25 May 2018 (the "**2018 AGM**"), the register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both days inclusive. In order to be qualified for attending and voting at the 2018 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, 18 May 2018.

(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 Monday, 4 June 2018 to Wednesday, 6 June 2018, 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 Friday, 1 June 2018.

FINANCIAL POSITION

The liquidity position of the Group was satisfactory. Its current ratio was 3.10 as of 31 December 2017, compared with 3.20 as of 31 December 2016. The gearing ratio was 0.33 as of 31 December 2017 (31 December 2016: 0.30) and it was computed by the total liabilities over the net assets.

During FY2017, the Group's trade receivables turnover stood at 71 days, compared with 77 days in FY2016. The inventory turnover in FY2017 was 60 days, compared with 49 days in FY2016.

Bank balances and cash were HK$263,777,000 as of 31 December 2017 (2016: HK$251,634,000), representing an increase of HK$12,143,000 as compared to the figures in the same period in FY2016, which was mainly due to stronger cash flow generated from operations.

There were no bank borrowings as of 31 December 2017, and the Group's debt to equity ratio was 33% as of 31 December 2017 (2016: 30%).

The Group had no contingent liabilities as of 31 December 2017 (2016: Nil).

CHARGES ON ASSETS

The Group had no charges on assets as of 31 December 2017 (2016: Nil).

FUTURE PROSPECTS

The Group experienced a very challenging year in FY2017. However, the Group hopes that with increased R&D investment in 2017 and 2018, many new innovative products will be launched successfully in FY2018 and the sales generated from these new products will contribute to both revenue and profits. The Group will continue to find a balanced strategy to develop both the export overseas market and the sales of the PRC domestic market at the same time. Nevertheless, with the depreciating US dollars experienced in early 2018, and the uncertain amount of R&D and marketing expenses required to introduce new products into the market, investors should be cautious about short-term financial impact due to these factors of uncertainty.

In order to attain the High Technology Venture status, the Group had increased investment in new technology and R&D programs in FY2017. In FY2018, the Group expects to place even more resources in R&D and will have several joint development programs with our customers and higher educational institutions and research centers. After we successfully received the High Technology Venture recognition from PRC government, management of the Group will seek new opportunities with existing and new customers at the same time, as well as forming even stronger partnerships with key strategic customers to increase the turnover of the Group.

During FY2017, the Group successfully launched several new air purifiers, a series of successful new grooming products, as well as a series of men shavers with innovative cutting system in the US and Europe and PRC markets. The Group also launched a series of new products in India in FY2017. The Group believes that India is a fast growing country with great potential to rapidly grow their consumer market. The Group will continue to seek similar cooperation opportunities with more customers and launch more innovative products in the emerging market. We expect to have cooperation with one of our customers to launch a new product in Africa in FY2018.

In order to speed up the launch of products, the Group invested in upgrading the remote access of web-based operating systems, including a new bar code inventory tracking system; "Smart" robotic system in facilitating injection moulding and paint spraying processes; a custom-built injection moulding monitoring system to keep track of moulding cycles, moulding history and tooling life; and a remote access monitoring system that top management can watch and monitor operations at the manufacturing facilities.

Finally, in order to better manage risk, the management had completed implementation of a risk management system to calculate certain key performance indicators ("**KPIs**") in FY2017 to focus on lowering financial and operating risks in important areas (such as weekly and monthly graphical KPIs to keep track of price trend of certain critical components in the supply chain). In addition, the Group has completed the installation of new firewalls and tightened Cloud security to lower cyber risks and will continue to upgrade the Group's IT systems to avoid risks caused by the use of invalid softwares and hardwares.

CORPORATE SOCIAL RESPONSIBILITIES AND COMMITMENT

WORKPLACE QUALITY

The Group focused on 4 areas to enhance workplace quality:

(i) Working conditions: The Group's labour policies were in full compliance with the labour laws of the PRC and Hong Kong as applicable to the staff in the corresponding locations. The working hours, benefits and welfares of all staff and workers were also in compliance with the corresponding local labour laws and fulfilled the working condition requirements from the Group's major customers and US/European retail stores who conducted regular audits throughout the year by third parties such as ITS and SGS.

(ii) Health and Safety: The Group was in full compliance with the labour laws of the PRC and Hong Kong applicable to the staff in the corresponding locations. Occupational health and safety KPIs were illustrated in the chart below:

	FY 2017	**FY 2016**	**FY 2017 vs FY 2016 (%)**
Number of work injuries	**22**	24	**-8.33%**
Medical Expenses due to work injuries (HKD)	**15,516.74**	149,911.47	**-89.65%**

The management of the Group is proud that they could provide staff with a safer work place which led to fewer work injuries in FY2017. The medical expenses incurred were also much lower in FY2017 than in FY2016 due to better safety awareness at the factory. The Group will try to replace hazardous processes with more automation in FY2018 to lower the number of work injuries.

(iii) Development and Training: The Group provides directors and senior executives with latest Listing Rules training. The Group also provides middle management, regular employees and production line workers with various relevant training. The KPIs in the development and training of the Group are illustrated in the chart below:

	No. of Employees	Average Training Hours per Employee (hrs)
Middle management	438	40
Regular employees	343	53
Production line workers	1,832	100

(iv) Labour Standard: The Group adopts recruitment policies that prevent child labour and forced labour in compliance with the applicable laws and regulations. The Group also encourages workers to form labour unions. A labour union was formed at the Group's Nansha, Panyu factory and union representatives would hold regular meetings throughout the year to communicate issues that could improve workers' morale, upgrade the living quarters and working environment, and report workers/management disputes to the management of the Group.

ENVIRONMENTAL PERFORMANCE

The Group focused on aspects that would enhance environmental protection and adopted policies that would lower CO_2 emissions during the manufacturing processes, minimize excessive use of resources such as electricity, diesel, water and paper.

(i) Carbon dioxide (CO_2), Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) emissions

The two charts below illustrate the types of emissions and their respective emission data. The Group will continue to strive for measures to lower CO_2, NO_x and SO_x emissions and other air pollutants.

	FY 2017	FY 2016	FY 2017 vs FY 2016 (%)
Electricity (kilotonnes CO_2)	**18.58**	17.60	**5.60%**
Oil (kilotonnes CO_2)	**0.08**	0.13	**-34.92%**
Gas (kilotonnes CO_2)	**0.02**	0.02	**12.32%**
Total CO_2 emission (kilotonnes)	**18.68**	17.75	**5.24%**

Emission data from the vehicle owned by the Group are set out as follows:

Vehicle Type	Nitrogen Oxides (NO_x) (g)	Sulphur Oxides (SO_x) (g)	Particulate Matter (PM) (g)
Private Car	8,579.15	127.17	631.66
Goods Vehicles	746,125.99	817.68	56,196.82
Total emission	**754,705.13**	**944.85**	**56,828.48**

Additional explanation: Regarding other Greenhouse gas emissions, such as methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, since the Group did not adopt manufacturing processes that would generate other Greenhouse gas, the management of the Group believes our manufacturing processes fully comply with PRC China environmental laws, and we received certification from PRC EPA (Environmental Protection Administration) department and maintained our ISO14001 status.

Furthermore, the management of the Group, in collaboration with our customers and suppliers, has successfully built a supply chain that fully complied with RoHS (Restriction of Hazardous Substances)and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) standards. Any non-compliant supplier and their materials would be rejected immediately and will not be used in the manufacturing of finished goods to mitigate any potential non-compliance risk. Our RoHS and REACH test lab has also been ISO 17025 certified. All the sourced materials and finished goods have been sampling checked for RoHS and REACH compliance to ensure that no hazardous waste nor non-hazardous waste were produced during any manufacturing processes at our factory. However, there are 13.46 tonnes of hazardous waste and 701.21 tonnes of non-hazardous waste from parts produced by our suppliers in FY2017.

(ii) Use of Resources

The chart below illustrates the consumption of resources by type throughout FY2017 and show comparative data with that of FY2016:

	FY 2017	FY 2016	FY 2017 vs FY 2016 (%)
Electricity (GWh)	**24.05**	22.42	**7.23%**
Oil (tonnes)	**26.56**	40.81	**-34.92%**
Gas (kgs)	**9,417.25**	8,387.45	**12.28%**
Water (000m3)	**257.35**	268.58	**-4.18%**
Packaging Materials Used for Finished Goods (tonnes)	**2,322.55**	2,331,53	**-0.39%**

The Group was particularly pleased with the environmental performance as our operating team achieved lower CO_2 emissions and used less non-renewable resources in FY2017.

Additional explanation: From the chart on the Use of Resources above, water consumption decreased by approximately 4.18% in FY2017 compared with that in FY2016 because of better awareness of water conservation and the recycling of more industrial use water. Also, oil usage was significantly reduced by approximately 34.92% as the management of the Group customized most of diesel/gas based fork-lifts to electric fork-lifts for internal transportation of parts and materials. Unfortunately, electricity and gas consumption increased by approximately 7.23% and 12.28% respectively as a result of molding new products of larger size and transporting larger molded parts within the factory. We will continue to find effective measures in FY 2018 to control the gas and electricity consumption. Total packaging materials used for finished goods depends on the product mix, and the Group, as a responsible OEM manufacturer, continues to discuss with our customers on ways to minimize use of packaging materials; and total packaging materials used in FY2017 as compared with FY2016, decreased slightly by 0.4%.

(iii) The environment and natural resources

Apart from the efforts shown above to minimize emissions and use of resources, the Group has also initiated energy savings projects since FY2012 and FY2013. During these two years, the Group invested in solar energy panel to heat up water for our workers and installed LED lightings in our offices (both in Hong Kong and in the PRC) and in our manufacturing facilities in the PRC. Both energy savings initiatives not only generated savings for the Group, but also fostered a strong corporate culture to promote sustainability from workers to top management. Such culture enabled the Group to meet the ESG reporting requirements early since FY2012, and invested early to build up supply chain loyalty, customer loyalty and enhanced our Group's reputation and image in Guangzhou, the PRC.

OPERATING PRACTICES

The Group focused on key areas to enhance management and formulate some operating best practice procedures by tightening corporate governance policies and setting out guidelines for preventing staff and workers from committing frauds and engaging in illegal activities.

(i) Anti-corruption policy was straightly enforced among all management personnel and all suppliers in the Group's supply chain. The Group was not aware of any legal cases regarding corruption of the Group's management and employees. The Group also has an independent internal audit department reporting directly to the chairman of the Group's audit committee (the "**Audit Committee**") and has a whistleblowing system to notify the audit committee of any potential fraud and malpractices.

(ii) Product Safety: The Group has a policy to work closely with customers to cooperate on any recalls and safety/health related issue; and the Group has a quality control system that handles customers (and related products) complaints. Root cause analysis would be conducted on each major customer complaint to avoid re-occurrence of product defects.

(iii) Risk Management: The Group has updated the policy on risk management, and the Board, the Audit Committee, and the management will work with outside consultants and auditors to identify potential risks not previously identified. At the end of FY2017, because of changes in environmental regulation in the PRC, a number of paper mills were forced to shut down, leading to temporary shortage of packaging related materials. The Group's management has already implemented counter measures to mitigate such risk that might lead to disruption of production.

COMMUNITY INVOLVEMENT

The Group focused on key areas to enhance management in order to create a better community by implementing programs that built a better society through a wide range of activities and initiatives:

(i) Encourage the use of recycled paper: The Group has begun a program to use more recycled paper in operations including printing interim & annual report booklets; and working with customers to print product instruction books by using recycled paper materials.

(ii) Investment in new talents: The Group continued to sponsor programs at Hong Kong Polytechnic University and members of the Group gave guest lectures at Hong Kong Polytechnic University during FY2017. Members of the Group also sponsored the Music Alive! programme at the Hong Kong University of Science and Technology; and acted as an independent manager at the TWGHs Wong Fut Nam College.

(iii) Education involvement: Members of the Group's management participated in fundraising charity concert organized by the Hong Kong Philharmonic Society to support community programmes for young musicians from less privileged families; and participated in Intimacy of Creativity, an international music composer symposium organized by Hong Kong University of Science and Technology.

(iv) Corporate Governance: Members of the Group's management founded the HKiNED Association (Hong Kong Independent Non-Executive Directors Association) in October 2015 in Hong Kong, and the Association held the second INED Conference on 22 September 2017 at Hong Kong Exhibition Center to promote better corporate governance practices.

(v) Create a better Society: Members of the Group's management actively participated in fundraising event for the Hong Kong Correctional Services Department to support education programmes for prison inmates on 7 December 2017. Members of the Group's management also participated in the fundraising event for Tung Wah Group of Hospitals held on 2 December 2017.

STAFF

The Group currently employs approximately 35 Hong Kong staff members and provides them with the Mandatory Provident Fund Scheme. Our factory in the PRC employs approximately ranged from 410 to 450 staff members, and workers employed directly or indirectly ranged from 2,200 to 2,700 persons during the year. 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.

PURCHASE, SALE OR REDEMPTION OF OUR SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

Throughout the year, the Company was in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong

Kong Limited (the "**Listing Rules**"), with an exception of a deviation from code provision A.4.1 and A.4.3 of the CG Code in respect of the service term of independent non-executive directors.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to rotation and re-election.

None of the existing non-executive directors (including independent non-executive directors) 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. In addition, the Company has received the annual confirmation of independence from each independent non-executive director and the Board believes that the independent non-executive directors continue to be independent.

Under code provision A.4.3 of the CG Code, independent non-executive directors who serve more than 9 years could be relevant to the determination of a nonexecutive 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.

Save for Mr. Lo Kwong Shun Wilson, all independent non-executive directors have served in the Group for more than 9 years. This constitutes a deviation from code provision A.4.3 of the CG Code. However, all independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association and voting by members is by way of a separate resolution. The Company will state the reason why the relevant independent non-executive director who is subject to rotation and re-election is still independent and should be re-elected in the shareholders' circular.

In view of the above, the Company considers that sufficient measures have been 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.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises two executive directors, namely Mr. Wong, John Ying Man and Mr. Wong, Raymond Man Hin, and four independent non-executive directors, namely Mr. Leung, Michael Kai Hung (chairman); Mr. Fan, Anthony Ren Da; Mr. Ng, Yiu Ming and Mr. Lo, Wilson Kwong Shun.

AUDIT COMMITTEE

The written terms of reference which describes the authority and duties of 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 independent non-executive directors, namely Mr. Leung, Michael Kai Hung (chairman); Mr. Fan, Anthony Ren Da; Mr. Ng, Yiu Ming and Mr. Lo, Wilson Kwong Shun. Two meetings were held during the FY2017.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, financial report process and internal control matters. The annual results of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

NOMINATION COMMITTEE

A Nomination Committee has been established in accordance with the requirements of the CG Code. The Nomination Committee comprises four independent non-executive directors, namely Mr. Ng, Yiu Ming (chairman), Mr. Leung, Michael Kai Hung; Mr. Fan, Anthony Ren Da and Mr. Lo, Wilson Kwong Shun.

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 2017 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 Inter-Continental Grand Stanford Hong Kong, No. 70 Mody Road, Tsimshatsui East, Kowloon, on Friday, 25 May 2018 at 3:00 p.m.. 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.

VOLUNTARY REPORTING OF QUARTERLY FINANCIAL RESULTS

The Board announces that with effect from the first quarter in 2018, the Company will voluntarily prepare, announce and publish the quarterly financial results for the first and third quarters of each financial year ("**Quarterly Reporting**") for the Group. The Board believes that the Quarterly Reporting will allow the shareholders to obtain more up-to-date information and business development of the Group which in turn will enhance the corporate governance of the Group.

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

Executive Directors:
Mr. Wong, Wilson Kin Lae
Mr. Wong, John Ying Man
Mr. Wong, Raymond Man Hin
Mr. Mok, Kin Hing

Non-Executive Directors:
Mr. Wong, David Ying Kit
Mr. Xiong, Zhengfeng

Independent Non-Executive Directors:
Mr. Leung, Michael Kai Hung
Mr. Fan, Anthony Ren Da
Mr. Ng, Yiu Ming
Mr. Lo, Wilson Kwong Shun

Alternate Director:
Mr. Zhang, Yuankun (alternate to Mr. Wong, Wilson Kin Lae)

By Order of the Board
Wong, Wilson Kin Lae
Chairman

Hong Kong, 28 March 2018