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2018 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

- Revenue increased 10.6% to approximately HK\$933.9 million (for the six months ended 30 June 2017: approximately HK\$844.3 million).
- Gross profit increased 2.1% to approximately HK\$216.2 million (for the six months ended 30 June 2017: approximately HK\$211.7 million).
- Gross profit margin decreased 2.0 percentage points to 23.1% (for the six months ended 30 June 2017: 25.1%).
- Operating profit is approximately HK\$56.4 million (for the six months ended 30 June 2017: approximately HK\$72.2 million) and profit for the six months ended 30 June 2018 is approximately HK\$44.8 million (for the six months ended 30 June 2017: approximately HK\$54.2 million).
- An interim dividend for the six months ended 30 June 2018 of HK2.0 cents (for the six months ended 30 June 2017: HK2.0 cents) per share was declared.

* For identification purpose only

The board of directors (the “Board”) of Ming Fai International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2018 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited)	
		Six months ended 30 June	
		2018	2017
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	933,935	844,276
Cost of sales	4	(717,744)	(632,572)
Gross profit		216,191	211,704
Distribution costs	4	(105,077)	(91,275)
Administrative expenses	4	(63,582)	(40,976)
Net reversal of impairment losses/ (impairment losses) on financial assets	4	4,713	(8,230)
Other income	5	4,144	967
Operating profit		56,389	72,190
Finance income		392	307
Finance costs	11	(595)	(325)
Share of profit of an associated company		1,363	600
Share of (losses)/profit of joint ventures		(98)	45
Profit before income tax		57,451	72,817
Income tax expenses	6	(12,619)	(18,640)
Profit for the period		44,832	54,177
Other comprehensive (loss)/income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(2,701)	6,042
Total comprehensive income for the period		42,131	60,219

		(Unaudited)	
		Six months ended 30 June	
		2018	2017
<i>Note</i>		HK\$'000	HK\$'000
Profit/(loss) for the period attributable to:			
	Owners of the Company	46,630	54,860
	Non-controlling interests	(1,798)	(683)
		<u>44,832</u>	<u>54,177</u>
Total comprehensive income/(loss)			
for the period attributable to:			
	Owners of the Company	43,740	61,253
	Non-controlling interests	(1,609)	(1,034)
		<u>42,131</u>	<u>60,219</u>
Earnings per share attributable to			
owners of the Company			
(expressed in HK cents)			
	Basic	6.4	7.6
	Diluted	6.4	7.5
		<u>6.4</u>	<u>7.5</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Goodwill		5,423	–
Land use rights		71,486	39,888
Property, plant and equipment		317,325	269,492
Investment property		14,107	14,289
Intangible assets		3,230	1,886
Deferred income tax assets		6,049	6,111
Other non-current assets		23,712	6,317
Investment in an associated company		4,955	3,602
Investment in joint ventures		114	212
Other financial assets at amortised cost		266	38,383
		446,667	380,180
Total non-current assets		446,667	380,180
Current assets			
Inventories		246,451	261,695
Other current assets		21,223	16,879
Tax recoverable		243	1,722
Other financial assets at amortised cost		44,883	32,747
Amounts due from joint ventures		206	59
Amount due from an associated company	8	4,163	8,138
Trade and bills receivables	7	538,642	580,573
Short-term bank deposit		75	78
Cash and cash equivalents	9	303,279	367,759
		1,159,165	1,269,650
Total current assets		1,159,165	1,269,650
Total assets		1,605,832	1,649,830
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	7,278	7,265
Reserves		1,072,843	1,045,149
Interim/final dividend proposed	14	14,556	36,350
		1,094,677	1,088,764
Non-controlling interests		(29,933)	(28,324)
Total equity		1,064,744	1,060,440

		(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liability			
Deferred income tax liabilities		<u>7,541</u>	<u>2,792</u>
Total non-current liability		<u>7,541</u>	<u>2,792</u>
Current liabilities			
Trade payables	<i>10</i>	197,611	230,530
Accruals and other payables		254,145	289,969
Current income tax liabilities		28,164	29,335
Bank borrowings	<i>11</i>	38,540	22,170
Loans from non-controlling interests		14,892	14,492
Dividends payable		<u>195</u>	<u>102</u>
Total current liabilities		<u>533,547</u>	<u>586,598</u>
Total liabilities		<u>541,088</u>	<u>589,390</u>
Total equity and liabilities		<u>1,605,832</u>	<u>1,649,830</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company (Unaudited)						
	Share capital <i>HK\$'000</i>	Shares held for the share award scheme (the "Scheme") <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2017	7,238	(1,038)	606,905	389,601	1,002,706	(27,670)	975,036
Total comprehensive income/ (loss) for the period	—	—	—	61,253	61,253	(1,034)	60,219
Transactions with owners, in their capacity as owners							
Exercise of share options	14	—	839	—	853	—	853
Purchases of shares for the Scheme	—	(1,050)	—	—	(1,050)	—	(1,050)
Dividends relating to 2016 paid in 2017	—	—	—	(28,930)	(28,930)	—	(28,930)
	14	(1,050)	839	(28,930)	(29,127)	—	(29,127)
Balance at 30 June 2017	<u>7,252</u>	<u>(2,088)</u>	<u>607,744</u>	<u>421,924</u>	<u>1,034,832</u>	<u>(28,704)</u>	<u>1,006,128</u>

Attributable to owners of the Company
(Unaudited)

	Share capital <i>HK\$'000</i>	Shares held for the Scheme <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2018	7,265	(2,089)	608,538	475,050	1,088,764	(28,324)	1,060,440
Total comprehensive income/ (loss) for the period	-	-	-	43,740	43,740	(1,609)	42,131
Transactions with owners, in their capacity as owners							
Exercise of share options	13	-	773	-	786	-	786
Purchase of shares for the Scheme	-	(2,407)	-	-	(2,407)	-	(2,407)
Dividends relating to 2017 paid in 2018	-	-	-	(36,206)	(36,206)	-	(36,206)
	13	(2,407)	773	(36,206)	(37,827)	-	(37,827)
Balance at 30 June 2018	7,278	(4,496)	609,311	482,584	1,094,677	(29,933)	1,064,744
Representing:							
Share capital, shares held for the Scheme, share premium and other reserves							1,080,121
Interim dividend proposed (Note 14)							14,556
Non-controlling interests							1,094,677 (29,933)
Balance at 30 June 2018							1,064,744

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

Significant events and transactions

Acquisition of 100% equity interest in Teng Xun Limited and land and properties in Cambodia

On 21 October 2017, the Group entered into agreements in relation to the acquisition of 100% equity interest in Teng Xun Limited, a private limited company registered under the law of Cambodia, and land and properties, at a consideration of approximately US\$7,017,000 (equivalent to approximately HK\$54,977,000 at transaction date). Teng Xun Limited was principally engaged in the manufacturing of handbags business on the acquired land and properties. This transaction was completed on 27 April 2018 (Note 16).

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2017, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. Of these, the following are relevant to the Group’s condensed consolidated interim financial information.

- HKFRS 9 Financial instruments, and
- HKFRS 15 Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 9 *Financial instruments* ("HKFRS 9") and HKFRS 15 *Revenue from contracts with customers* ("HKFRS 15") on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior period.

(i) *Accounting policies applied from 1 January 2018*

The changes in the accounting policies and the effects of the resulting changes are summarised below:

(a) *HKFRS 9, 'Financial instruments'*

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories to classify the debt instruments:

(1) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the interim condensed consolidated statement of comprehensive income.

(2) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in the interim condensed consolidated statement of comprehensive income.

- (3) Fair value through profit or loss
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and bill receivables, amount due from an associated company and amounts due from joint ventures, the Group applies the simplified approach permitted by HKFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(b) *HKFRS 15, 'Revenue from contracts with customers'*

The Group is engaged in the manufacturing and sales of amenity products and accessories and the distribution and retail business of cosmetics and fashion accessories in the People's Republic of China (the "PRC"). Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognises its contract liabilities under the accruals and other payables, as receipts in advance from customers in the interim condensed consolidated balance sheet.

(ii) *Impact of adoption*

The adoption of HKFRS 15 did not have any material impact on the Group's condensed consolidated interim financial information.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies as described below.

Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The financial assets held by the Group mainly represent debt instruments previously classified as loans and receivables and measured at amortised cost, meet the conditions for classification at amortised cost under HKFRS 9. Accordingly, there is no impact on the Group's accounting for financial assets.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Impairment of financial assets

The Group has the following types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade and bills receivables, amount due from an associated company and amounts due from joint ventures
- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each class of assets.

While short-term bank deposits and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade and bills receivables, amount due from an associated company and amounts due from joint ventures

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade and bills receivables, amount due from an associated company and amounts due from joint ventures. To measure the expected credit losses, trade and bills receivables, amount due from an associated company and amounts due from joint ventures have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade and bills receivables. Trade and bills receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including deposits and other receivables in the interim condensed consolidated balance sheet, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(b) Impact of standards issued but not yet applied by the Group

HKFRS 16, 'Leases'

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK\$13,476,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's condensed consolidated interim financial information.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Group is principally engaged in the manufacturing and distribution of amenity products. From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. The Group is also engaged in the distribution and retail business of cosmetics products and fashion accessories in the PRC through retail chain outlets. Altogether, the Group has two reportable segments: (a) manufacturing and distribution business of amenity products and (b) distribution and retail business of cosmetics and fashion accessories.

The Board assesses the performance of the operating segments based on a measure of profit/(loss) before income tax, share of profit of an associated company and share of (losses)/profit of joint ventures.

Information provided to the Board is measured in a manner consistent with that of the condensed consolidated interim financial information.

Sales between segments are carried out at normal commercial terms. Depreciation and amortisation charges are apportioned with reference to respective segment revenue from external customers. Assets and liabilities of the Group are allocated by reference to the principal markets in which the Group operates.

Geographical

	Manufacturing and distribution business of amenity products							Distribution and retail business of cosmetics and fashion accessories			Others		
	North America HK\$'000	Europe HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Australia HK\$'000	Other Asia Pacific regions (Note (i)) HK\$'000	Others (Note (ii)) HK\$'000	Sub-total HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000	HK\$'000	Total HK\$'000
Six months ended 30 June 2018 (Unaudited)													
Segment revenue	184,303	122,329	325,804	137,385	24,751	137,051	1,805	933,428	3,073	144	3,217	-	936,645
Inter-segment revenue	-	-	(2,406)	(6)	-	-	-	(2,412)	(298)	-	(298)	-	(2,710)
Revenue from external customers	184,303	122,329	323,398	137,379	24,751	137,051	1,805	931,016	2,775	144	2,919	-	933,935
Segment profit/ (loss) before income tax	15,348	7,278	17,545	7,102	990	9,981	213	58,457	22	(225)	(203)	(2,068)	56,186
Share of profit of an associated company													1,363
Share of losses of joint ventures													(98)
Income tax expenses													(12,619)
Profit for the period													<u>44,832</u>

	Manufacturing and distribution business of amenity products							Distribution and retail business of cosmetics and fashion accessories			Others		
	North America HK\$'000	Europe HK\$'000	The PRC		Australia HK\$'000	Other Asia Pacific regions (Note (i))	Others (Note (ii))	Sub-total HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000	HK\$'000	Total HK\$'000
			Hong Kong HK\$'000										
Six months ended 30 June 2017 (Unaudited)													
Segment revenue	185,646	91,612	239,128	156,896	25,202	136,139	2,398	837,021	7,548	47	7,595	-	844,616
Inter-segment revenue	-	-	(207)	-	-	-	-	(207)	(133)	-	(133)	-	(340)
Revenue from external customers	185,646	91,612	238,921	156,896	25,202	136,139	2,398	836,814	7,415	47	7,462	-	844,276
Segment profit/ (loss) before income tax	22,688	10,715	10,953	12,994	2,162	17,258	378	77,148	(1,639)	(616)	(2,255)	(2,721)	72,172
Share of profit of an associated company													600
Share of profit of a joint venture													45
Income tax expenses													(18,640)
Profit for the period													<u>54,177</u>

	Manufacturing and distribution business of amenity products						Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC	Hong Kong	Australia	Cambodia	Other locations (Note (iii))	Sub-total	The PRC	Hong Kong	Sub-total	Inter-segment elimination	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 30 June 2018 (Unaudited)												
Total assets	<u>977,852</u>	<u>630,908</u>	<u>1,778</u>	<u>85,329</u>	<u>77,839</u>	<u>1,773,706</u>	<u>49,156</u>	<u>372</u>	<u>49,528</u>	<u>45,272</u>	<u>(262,674)</u>	<u>1,605,832</u>
As at 31 December 2017 (Audited)												
Total assets	<u>1,001,271</u>	<u>691,349</u>	<u>1,484</u>	<u>-</u>	<u>99,388</u>	<u>1,793,492</u>	<u>49,764</u>	<u>1,843</u>	<u>51,607</u>	<u>47,088</u>	<u>(242,357)</u>	<u>1,649,830</u>

Notes:

- (i) Other Asia Pacific regions mainly include the Macau Special Administrative Region of the PRC, Japan, United Arab Emirates, Thailand, the Philippines, Malaysia, Singapore, Dubai, India and Cambodia.
- (ii) Others mainly include South Africa, Morocco and Algeria.
- (iii) Other locations mainly include Singapore and India.

4 EXPENSES BY NATURE

The following expenses/(gains) are included in cost of sales, distribution costs and administrative expenses:

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Changes in inventories	512,454	466,413
Auditor's remuneration	1,650	1,650
Amortisation of land use rights	1,022	519
Depreciation of property, plant and equipment	20,253	18,396
Amortisation of intangible assets	593	821
Operating lease rental in respect of buildings	8,408	7,031
Provision/(reversal of provision) for obsolete inventories	2,420	(1,778)
Direct written off of obsolete inventories	1,010	1,016
Net (reversal of impairment losses)/ impairment losses on financial assets	(4,713)	8,230
Employee benefit expenses	191,285	165,910
Transportation expenses	34,438	30,971
Exchange loss/(gain), net	7,435	(11,066)
Advertising costs	7,210	6,423
Loss/(gain) on disposal of property, plant and equipment	256	(29)
	=====	=====

5 OTHER INCOME

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Rental income	147	341
Income from sales of scrap materials	812	585
Government grant	2,766	–
Others	419	41
	=====	=====
	4,144	967

6 INCOME TAX EXPENSES

The amount of income tax charged/(credited) to the interim condensed consolidated statement of comprehensive income represents:

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
Current income tax:		
– Hong Kong profits tax	9,148	12,140
– PRC enterprise income tax	3,068	6,169
– Singapore income tax	516	409
	12,732	18,718
Deferred income tax	(113)	(78)
	12,619	18,640

Taxation has been provided at the appropriate rates prevailing in the countries in which the Group operates.

Hong Kong profits tax, PRC enterprise income tax and Singapore income tax were calculated at 16.5% (for the six months ended 30 June 2017: 16.5%), 25% (for the six months ended 30 June 2017: 25%) and 17% (for the six months ended 30 June 2017: 17%), respectively on the estimated assessable profits for the six months ended 30 June 2018.

7 TRADE AND BILLS RECEIVABLES

	(Unaudited)	(Audited)
	30 June	31 December
	2018	2017
	HK\$'000	HK\$'000
Trade receivables	568,756	616,689
Bills receivables	1,944	2,619
	570,700	619,308
Less: provision for impairment of receivables	(32,058)	(38,735)
Trade and bills receivables, net	538,642	580,573

The credit period granted by the Group ranges from 15 days to 120 days.

Ageing analysis of trade and bills receivables by invoice date as at 30 June 2018 and 31 December 2017 is as follows:

	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
1 – 30 days	240,716	322,842
31 – 60 days	98,844	136,471
61 – 90 days	128,161	50,667
91 – 180 days	60,435	62,853
Over 180 days	42,544	46,475
	<u>570,700</u>	<u>619,308</u>

8 AMOUNT DUE FROM AN ASSOCIATED COMPANY

The amount represents trade receivables from an associated company. The carrying value of the amount approximates its fair value. The amount is mainly denominated in Hong Kong dollars (“HK\$”). The credit period granted is 90 days. The ageing analysis of amount by invoice date is as follows:

	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
1 – 30 days	812	3,006
31 – 60 days	1,047	2,107
61 – 90 days	2,304	1,266
Over 90 days	–	1,759
	<u>4,163</u>	<u>8,138</u>

9 CASH AND CASH EQUIVALENTS

	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
Cash at banks and on hand	243,169	262,615
Short-term bank deposits (original maturities of less than three months)	<u>60,110</u>	<u>105,144</u>
	<u><u>303,279</u></u>	<u><u>367,759</u></u>

The Group's cash and bank balances and short-term bank deposit as at 30 June 2018 amounted to approximately HK\$89,110,000 (31 December 2017: approximately HK\$108,237,000) and approximately HK\$1,883,000 (31 December 2017: approximately HK\$1,419,000) are deposited with banks in the PRC and India respectively, where the remittance of funds is subject to foreign exchange control.

10 TRADE PAYABLES

The ageing analysis of trade payables by invoice date is as follows:

	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
1 – 30 days	165,754	218,017
31 – 60 days	6,823	6,632
61 – 90 days	9,255	4,251
Over 90 days	<u>15,779</u>	<u>1,630</u>
	<u><u>197,611</u></u>	<u><u>230,530</u></u>

11 BANK BORROWINGS

	(Unaudited) 30 June 2018 <i>HK\$'000</i>	(Audited) 31 December 2017 <i>HK\$'000</i>
Bank borrowings, secured		
Current		
– With repayment on demand clause	<u><u>38,540</u></u>	<u><u>22,170</u></u>

In September and October 2015, the Group obtained two HK\$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month Hong Kong Inter-bank Offered Rate (“HIBOR”) or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. As at 30 June 2018, the outstanding bank borrowings of these mortgage loans and facilities amounted to approximately HK\$15,541,000 (31 December 2017: approximately HK\$16,504,000). These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK\$51,291,000 as at 30 June 2018 (31 December 2017: approximately HK\$52,438,000).

In October 2015, the Group obtained a HK\$ denominated loan which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018, the Group further drew down a HK\$ denominated loan of HK\$20,000,000 which bore interest at 1.7% per annum over one-month HIBOR for its working capital. As at 30 June 2018, the outstanding bank borrowings of this facilities amounted to approximately HK\$22,999,000 (31 December 2017: approximately HK\$5,666,000). The banking facilities were secured by property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK\$3,332,000 as at 30 June 2018 (31 December 2017: approximately HK\$3,630,000).

Save as disclosed above, the banking facilities were secured by land use rights and property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK\$1,765,000 (31 December 2017: approximately HK\$1,820,000) and approximately HK\$9,919,000 (31 December 2017: approximately HK\$11,086,000), respectively as at 30 June 2018.

Interest expenses on bank borrowings for the six months ended 30 June 2018 was approximately HK\$595,000 (for the six months ended 30 June 2017: approximately HK\$325,000).

As at 30 June 2018, the undrawn banking facilities of the Group amounted to approximately HK\$362,561,000 (31 December 2017: approximately HK\$242,660,000).

12 SHARE CAPITAL

	Number of Shares	HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2018	726,519,697	7,265
Exercise of share options	<u>1,268,000</u>	<u>13</u>
At 30 June 2018	<u>727,787,697</u>	<u>7,278</u>
At 1 January 2017	723,843,697	7,238
Exercise of share options	<u>1,376,000</u>	<u>14</u>
At 30 June 2017	<u>725,219,697</u>	<u>7,252</u>

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share attributable to owners of the Company is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
Profit for the period attributable to owners of the Company (HK\$'000)	<u>46,630</u>	<u>54,860</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>724,355</u>	<u>722,845</u>
Basic earnings per share attributable to owners of the Company (HK cents)	<u>6.4</u>	<u>7.6</u>

(b) Diluted

Diluted earnings per share attributable to owners of the Company is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential shares. A calculation was done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise of the share options.

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
Profit for the period attributable to owners of the Company (<i>HK\$'000</i>)	46,630	54,860
Weighted average number of ordinary shares in issue (<i>thousands</i>)	724,355	722,845
Adjustments for:		
– Share options (<i>thousands</i>)	5,579	6,346
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	729,934	729,191
Diluted earnings per share attributable to owners of the Company (<i>HK cents</i>)	6.4	7.5

14 DIVIDENDS

On 30 May 2018, a final dividend of HK5.0 cents per share for the year ended 31 December 2017 was approved by the Company's shareholders. Total dividend of approximately HK\$36,390,000, including dividend to the shares held for the Scheme, was paid out during the six months ended 30 June 2018.

The Board has resolved to pay an interim dividend of HK2.0 cents per share, amounting to a total dividend of approximately HK\$14,556,000, in respect of the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK2.0 cents per share, amounting to a total dividend of approximately HK\$14,531,000).

15 CAPITAL COMMITMENTS AND OPERATING LEASE COMMITMENTS

As at 30 June 2018, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were approximately HK\$25,798,000 (31 December 2017: approximately HK\$24,810,000).

As at 30 June 2018, the operating lease commitments of the Group were approximately HK\$13,476,000 (31 December 2017: approximately HK\$18,578,000).

16 BUSINESS COMBINATION

On 27 April 2018, the Group acquired 100% equity interest in Teng Xun Limited and land and properties located in Cambodia at a total cash consideration of approximately US\$7,017,000 (approximately HK\$54,977,000). Teng Xun Limited was principally engaged in the manufacturing of handbags business on the acquired land and properties.

According to the sale and purchase agreements signed among the Group and the vendors, the acquisitions of Teng Xun Limited and the land and properties are inter-dependent on each other, and therefore, they are accounted for as one transaction under business combination.

The consideration paid and the provisional fair values of assets acquired and liabilities assumed at the acquisition date are summarised in the table below:

	<i>HK\$'000</i>
Consideration	
Cash paid	54,977

	<i>HK\$'000</i>
Provisional fair value of recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	435
Amounts due from fellow subsidiaries	167
Property, plant and equipment - Land and buildings	45,312
Property, plant and equipment - Others	12,607
Intangible asset	1,728
Amount due to a fellow subsidiary	(3,629)
Trade payables	(1,231)
Accruals and other payables	(912)
Deferred tax liabilities	(4,871)
	<hr/>
Total identifiable net assets	49,606
	<hr/>
Goodwill	5,371
	<hr/>
	54,977
	<hr/> <hr/>
Cash consideration paid	54,977
Deposit paid	(38,252)
Cash and cash equivalents acquired	(435)
	<hr/>
Net cash outflow on acquisition during the period	16,290
	<hr/> <hr/>
Acquisition related costs included in administrative expenses in the interim condensed consolidated statement of comprehensive income for the period	1,447
	<hr/> <hr/>

The goodwill of approximately HK\$5,371,000 is attributable to a number of elements, which cannot individually be quantified. Most significant amongst these is the synergy attributable to the Group's business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The gross contractual amount for amounts due from fellow subsidiaries is approximately HK\$167,000 of which none is expected to be uncollectible.

The revenue and loss included in the interim condensed consolidated statement of comprehensive income since 27 April 2018 contributed by Teng Xun Limited were nil and approximately HK\$5,353,000 respectively. Had Teng Xun Limited been consolidated from 1 January 2018, there are no material impact on the interim condensed consolidated statement of comprehensive income of the Group.

The fair value of the acquired identifiable assets is provisional pending receipt of the final valuations for those relevant assets. Deferred income tax liabilities of approximately HK\$4,871,000 have been provided in relation to the fair value adjustments of property, plant and equipment and intangible asset arising from the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Set out below are the unaudited interim consolidated key financial highlights of the Group:

	Six months ended 30 June		Change %
	2018 <i>HK\$ million</i>	2017 <i>HK\$ million</i>	
Revenue	933.9	844.3	10.6%
Gross profit	216.2	211.7	2.1%
Profit for the period attributable to owners of the Company	46.6	54.9	(15.0%)
Net asset value as at 30 June 2018 and 31 December 2017	1,064.7	1,060.4	0.4%
Basic earnings per share attributable to owners of the Company (<i>HK cents</i>)	6.4	7.6	(15.8%)
Diluted earnings per share attributable to owners of the Company (<i>HK cents</i>)	6.4	7.5	(14.7%)
Dividend per share (<i>HK cents</i>)	2.0	2.0	–

For the six months ended 30 June 2018, the Group's total revenue recorded a growth of 10.6% to approximately HK\$933.9 million compared with approximately HK\$844.3 million in the corresponding period of the prior year. Profit attributable to owners of the Company for the six months ended 30 June 2018 decreased by 15.0% to approximately HK\$46.6 million from approximately HK\$54.9 million in the corresponding period of the prior year.

Basic earnings per share attributable to owners of the Company for the six months ended 30 June 2018 was HK6.4 cents (for the six months ended 30 June 2017: HK7.6 cents).

The gross profit margin for the period under review descended by 2.0 percentage points to 23.1% from 25.1% in the corresponding period of the prior year.

The consolidated net asset value increased to approximately HK\$1,064.7 million as at 30 June 2018 from approximately HK\$1,060.4 million as at 31 December 2017.

The Board has resolved to declare an interim dividend of HK2.0 cents per share for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK2.0 cents per share).

BUSINESS REVIEW

The Group made a good performance in overall revenue for the six months ended 30 June 2018 with the contribution of the hospitality supplies business benefited from the global economy. The global economy started improving since the first half of 2017; according to the “World Economic Situation and Prospects 2018” by the United Nations, the global economic growth rate is expected to stabilise at 3% in 2018 and 2019. The economic recovery brings positive influence to the manufacturing and trading market and increases market confidence. As the second largest economy, China recorded a 6.7% economy growth in the second quarter of 2018.

The total revenue of the Group increased by 10.6% to approximately HK\$933.9 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately HK\$844.3 million) due to the optimistic performances in two major regions of the Group’s business. As the key contributor to the revenue of the Group, the hospitality supplies business recorded a steady increase in revenue, which was fueled by China’s economic growth and the global economic stability, as well as the Group’s market gains from high and mid-level hotels.

Due to the intensive competition in the hospitality sector and the Group’s relatively aggressive price strategy, the gross profit increased by 2.1% to approximately HK\$216.2 million (2017: approximately HK\$211.7 million) and the gross profit margin retreated by 2.0 percentage points to 23.1% (for the six months ended 30 June 2017: 25.1%). With the hospitality supplies market becoming saturated, the Group has strategically adjusted some products’ prices as a way to maintain market share. Profit attributable to owners of the Company for the first half of 2018 recorded approximately HK\$46.6 million (for the six months ended 30 June 2017: approximately HK\$54.9 million).

Hospitality Supplies Business

According to the latest UN World Tourism Organisation (“UNWTO”) World Tourism Barometer, international tourist arrivals worldwide grew by 6% during the first four months of 2018. International arrivals in Asia and the Pacific grew by 8% through January to April 2018, while international arrivals in the Americas grew by 3%. Referring to “Travel & Tourism Economic Impact 2018 WORLD” by the World Travel and Tourism Council, it states that the visitor exports is expected to grow by 3.9% in 2018. The revenue of the Group’s hospitality supplies business for the six months ended 30 June 2018 stood at approximately HK\$931.0 million, representing an increase of 11.3% as compared to the same period in 2017 (for the six months ended 30 June 2017: approximately HK\$836.8 million). This was mainly attributed to the distinguished performance in the PRC and Europe.

The gross profit of the hospitality supplies business for the six months ended 30 June 2018 achieved approximately HK\$215.2 million, representing a 3.8% increase as compared to the same period last year (for the six months ended 30 June 2017: approximately HK\$207.4 million). The gross profit margin of the segment maintained stable with a slight fluctuation of 1.7 percentage points to 23.1% (for the six months ended 30 June 2017: 24.8%). This fluctuation of both gross profit and profit margin was mainly attributable to the intensive competition among global hospitality supplies business, and a more aggressive pricing strategy adopted by the Group to extend their market share. Furthermore, the Operating Supplies and Equipment (“OS&E”) business continued its significant expansion by achieving a growth of 18.9% in revenue for the first half of 2018. Although it is still accounting for a small proportion of the hospitality segment, the OS&E business expanded its market among both high and mid-level hotels. The global economic stability also stimulated the travel sentiment, which resulted in an increasing demand for the Group’s OS&E business.

Revenue from the PRC and Hong Kong, which are the Group’s key focus markets, increased by 35.4% and decreased by 12.4% respectively to approximately HK\$323.4 million and approximately HK\$137.4 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately HK\$238.9 million and approximately HK\$156.9 million respectively). Revenues of these two regions accounted for 34.7% and 14.8% of the total hospitality supplies business respectively. The economic growth in the PRC brings an incremental trend of China inbound travel and uplifting disposable income.

To boost up the growth of the hospitality supplies business, the Group has acquired a manufacturing company and land and properties for production in Cambodia. The Group believes that the new production line in Cambodia will reduce the cost on manpower and manufacturing, which can benefit the productivity and cost efficiency of the Group’s hospitality supplies business.

The new production line in Cambodia specialises in the manufacturing of various products for airline operators and hotels to upgrade the Group’s efficiency and strengthen potential capacity. The Group will try its very best to pursue the chances to enlarge the market in Cambodia and the countries nearby.

Retail business

During the first six months of 2018, the PRC retail market still struggled along due to the competitive online sales. Younger generation in the PRC shifted their consuming priorities from offline to online. The Group’s retail business recorded a segment loss before income tax of approximately HK\$0.2 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately HK\$2.3 million). The number of the PRC retail chain outlets was 12 as at 30 June 2018 (as at 31 December 2017: 42).

PROSPECTS

According to “Travel & Tourism Economic Impact 2018 WORLD” by the World Travel and Tourism Council, the visitor exports is expected to grow at 3.9% in 2018. The global economic stability led a flourishing of international tourism industry.

Looking ahead, the Group’s management also expects the global travel market to enjoy its growth momentum, and thus focuses on the business in Asia, especially in the PRC and Hong Kong. However, the recent trade war between the United States (“U.S.”) and China has raised our concerns on our business in the U.S. market. Management will closely monitor the development of the trade war and apply necessary cautious measures and strategic adjustments, including but not limited to accelerating the pace of developments outside China, in order to reduce the potential impact, if any, to the Group.

To maintain the sustainable growth in gross profit, the Group has adopted a new production line in Cambodia to pursue cost efficiency in manpower and manufacturing overheads, besides the existing production line in Shenzhen, Guangdong, the PRC. The Group trusts that it will reinforce the competitiveness of the Group and benefit our hospitality customers as a whole. The OS&E business will continue to be one of the key drivers of the Group’s revenue.

In addition, the Group will continue to reinforce its strategic adjustments to capture more opportunities and enlarge our market proportion in the hospitality supplies business with more efficient allocation of resources in different business segments to create sustainable contribution margins to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group’s cash and cash equivalents amounted to approximately HK\$303.3 million (31 December 2017: approximately HK\$367.8 million).

In September and October 2015, the Group obtained two HK\$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. As at 30 June 2018, the outstanding bank borrowings of these mortgage loan and facilities amounted to approximately HK\$15.5 million (31 December 2017: approximately HK\$16.5 million). These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK\$51.3 million as at 30 June 2018 (31 December 2017: approximately HK\$52.4 million).

In October 2015, the Group obtained a HK\$ denominated loan which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018, the Group further drew down a HK\$ denominated loan of HK\$20 million, which bore interest at 1.7% per annum over one-month HIBOR for its working capital. As at 30 June 2018, the outstanding bank borrowings of this facility amounted to approximately HK\$23.0 million (31 December 2017: approximately HK\$5.7 million). The banking facilities were secured by property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK\$3.3 million as at 30 June 2018 (31 December 2017: approximately HK\$3.6 million).

Details of the bank borrowings are set out in Note 11 to the condensed consolidated interim financial information.

The gearing ratio as at 30 June 2018, calculated on the basis of bank borrowings over total equity, was 3.6% as compared to 2.1% as at 31 December 2017.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi (“RMB”). The Group currently does not deploy a foreign currency hedging policy.

The Group primarily sourced its raw materials in the PRC. The related currency exposure with respect to RMB is managed through increasing sales denominated in the same currency.

With the current level of cash and cash equivalents on hand as well as available banking facilities, the Group’s liquidity position remains strong and has sufficient financial resources to meet its current working capital requirement and future expansion.

CHARGES ON GROUP ASSETS

As at 30 June 2018, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK\$54.6 million (31 December 2017: approximately HK\$56.1 million) to secure drawn bank borrowings.

CAPITAL COMMITMENTS, OPERATING LEASE COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments and operating lease commitments are set out in Note 15 to the condensed consolidated interim financial information. The Group has no material contingent liabilities as at 30 June 2018.

EMPLOYEES

As at 30 June 2018, the total number of employees of the Group was approximately 3,700 and the employee benefit expenses including directors’ emoluments for the six months ended 30 June 2018 were approximately HK\$191.3 million. The Group offers a comprehensive remuneration package which is reviewed by the management on a regular basis. The Group also invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrading their skills and knowledge.

The Group values employees as our most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the customers. The Group also has Commendation Annual Award Scheme to motivate its employees and recognise their outstanding performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company, except that the trustee of the Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) a total of 2,000,000 shares of the Company at a total consideration of approximately HK\$2.4 million.

CORPORATE GOVERNANCE CODE

The Group has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) during the six months ended 30 June 2018 as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except the deviation of code provision A.2.1 of the CG Code that the Board has not appointed an individual to the post of chief executive officer up to the date of this announcement and the role of the chief executive officer has been performed collectively by all the executive directors of the Company, including the Chairman of the Company. The Board considers that this arrangement allows contributions from all executive directors of the Company with different expertise and is beneficial to the continuity of the Company’s policies and strategies.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises four independent non-executive directors of the Company with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2018.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions on 5 October 2007. Having made specific enquiry of all directors of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK2.0 cents per share for the six months ended 30 June 2018 to shareholders whose names appear on the register of members of the Company on Monday, 24 September 2018. It is expected that the interim dividend will be paid on or around Friday, 5 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 21 September 2018 to Monday, 24 September 2018 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all documents in respect of transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 20 September 2018.

By order of the Board
Ming Fai International Holdings Limited
CHING Chi Fai
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. CHING Tsun Wah and Mr. KEUNG Kwok Hung; the non-executive director of the Company is Ms. CHAN Yim Ching; and the independent non-executive directors of the Company are Mr. HUNG Kam Hung Allan, Mr. MA Chun Fung Horace, Mr. NG Bo Kwong and Mr. SUN Yung Tson Eric.