明輝國際控股有限公司*
Ming Fai International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03828)

2019 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

- Revenue increased 1.9% to approximately HK$951.9 million (for the six months ended 30 June 2018: approximately HK$933.9 million).

- Gross profit decreased 0.7% to approximately HK$214.7 million (for the six months ended 30 June 2018: approximately HK$216.2 million).

- Gross profit margin decreased 0.5 percentage point to 22.6% (for the six months ended 30 June 2018: 23.1%).

- Operating profit is approximately HK$51.3 million (for the six months ended 30 June 2018: approximately HK$56.4 million) and the profit attributable to owners of the Company is approximately HK$37.5 million (for the six months ended 30 June 2018: approximately HK$46.6 million).

- An interim dividend for the six months ended 30 June 2019 of HK1.5 cents per share of the Company (the "Share") (for the six months ended 30 June 2018: 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 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited)	
		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**951,852**	933,935
Cost of sales	*4*	**(737,105)**	(717,744)
Gross profit		**214,747**	216,191
Distribution costs	*4*	**(115,307)**	(105,077)
Administrative expenses	*4*	**(53,855)**	(63,582)
Net (impairment losses)/reversal of impairment losses on financial assets	*4*	**(694)**	4,713
Other income	*5*	**6,408**	4,144
Operating profit		**51,299**	56,389
Finance income	*6*	**505**	392
Finance costs	*6*	**(907)**	(595)
Share of (loss)/profit of an associated company		**(63)**	1,363
Share of losses of joint ventures		**(90)**	(98)
Profit before income tax		**50,744**	57,451
Income tax expenses	*7*	**(16,041)**	(12,619)
Profit for the period		**34,703**	44,832
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**371**	(2,701)
Realisation of exchange reserve upon dissolution of a subsidiary		**67**	–
Total comprehensive income for the period		**35,141**	42,131

	Note	(Unaudited) Six months ended 30 June 2019 HK$'000	2018 HK$'000
Profit/(loss) for the period attributable to:			
Owners of the Company		**37,457**	46,630
Non-controlling interests		**(2,754)**	(1,798)
		34,703	44,832
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**37,959**	43,740
Non-controlling interests		**(2,818)**	(1,609)
		35,141	42,131
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic	*14(a)*	**5.2**	6.4
Diluted	*14(b)*	**5.1**	6.4

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
ASSETS			
Non-current assets			
Goodwill		**10,375**	5,413
Land use rights		**–**	67,716
Property, plant and equipment		**359,393**	351,093
Right-of-use assets		**108,022**	–
Investment property		**13,993**	14,005
Intangible assets		**2,084**	2,598
Deferred income tax assets		**3,607**	3,610
Other non-current assets		**13,630**	16,923
Investment in an associated company		**5,503**	5,408
Investments in joint ventures		**217**	307
Other financial assets at amortised cost		**453**	371
Total non-current assets		**517,277**	467,444
Current assets			
Inventories		**212,035**	243,817
Other current assets		**34,575**	35,030
Tax recoverable		**4,527**	4,100
Other financial assets at amortised cost		**11,535**	11,863
Amounts due from joint ventures		**517**	265
Amount due from an associated company	*9*	**4,839**	3,125
Trade and bills receivables	*8*	**545,536**	666,408
Short-term bank deposits		**529**	521
Cash and cash equivalents	*10*	**332,611**	272,478
Total current assets		**1,146,704**	1,237,607
Total assets		**1,663,981**	1,705,051
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**7,343**	7,282
Reserves		**1,109,491**	1,078,847
Interim/final dividend proposed	*15*	**11,014**	36,428
		1,127,848	1,122,557
Non-controlling interests		**(34,765)**	(32,027)
Total equity		**1,093,083**	1,090,530

	Note	(Unaudited) 30 June 2019 HK$'000	(Audited) 31 December 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**7,448**	7,460
Borrowings	*12*	**1,350**	–
Lease liabilities		**4,721**	–
Other non-current payables		**4,657**	2,879
Total non-current liabilities		**18,176**	10,339
Current liabilities			
Trade payables	*11*	**160,523**	226,516
Accruals and other payables		**260,945**	299,246
Current income tax liabilities		**33,452**	28,164
Borrowings	*12*	**74,196**	34,588
Lease liabilities		**6,210**	–
Loans from non-controlling interests		**17,064**	15,492
Dividends payable		**332**	176
Total current liabilities		**552,722**	604,182
Total liabilities		**570,898**	614,521
Total equity and liabilities		**1,663,981**	1,705,051

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company (Unaudited)						
	Share capital *HK$'000*	Shares held for the share award scheme (the "Scheme") *HK$'000*	Share premium *HK$'000*	Other reserves *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
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 *(Note 13)*	13	–	773	–	786	–	786
Purchase of shares for the Scheme	–	(2,407)	–	–	(2,407)	–	(2,407)
Dividend 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

	Attributable to owners of the Company (Unaudited)						
	Share capital *HK$'000*	Shares held for the Scheme *HK$'000*	Share premium *HK$'000*	Other reserves *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2019	**7,282**	**(6,051)**	**609,548**	**511,778**	**1,122,557**	**(32,027)**	**1,090,530**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**37,959**	**37,959**	**(2,818)**	**35,141**
Transactions with owners, in their capacity as owners							
Exercise of share options *(Note 13)*	**61**	**–**	**3,713**	**–**	**3,774**	**–**	**3,774**
Dividends relating to 2018 paid in 2019 *(Note 15)*	**–**	**–**	**–**	**(36,442)**	**(36,442)**	**–**	**(36,442)**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**80**	**80**
	61	**–**	**3,713**	**(36,442)**	**(32,668)**	**80**	**(32,588)**
Balance at 30 June 2019	**7,343**	**(6,051)**	**613,261**	**513,295**	**1,127,848**	**(34,765)**	**1,093,083**
Representing:							
Share capital, shares held for the Scheme, share premium and other reserves							**1,116,834**
Interim dividend proposed *(Note 15)*							**11,014**
							1,127,848
Non-controlling interests							**(34,765)**
Balance at 30 June 2019							**1,093,083**

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 2019 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 2018, 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.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, 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.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 Leases ("HKFRS 16"). The other standards did not have any material impact on the Group's accounting policies and did not require any adjustment.

The below explains the impact of adoption of HKFRS 16 on the Group's condensed consolidated interim financial information and discloses the new accounting policies that have been applied from 1 January 2019.

(a) Accounting policies applied from 1 January 2019

Accounting for leases as lessee from 1 January 2019

From 1 January 2019, a lease is recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the interim condensed consolidated statement of comprehensive income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments and variable lease payments that are based on an index or rate.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability,

– prepayment,

– any initial direct costs, and

– restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim condensed consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Accounting for leases as lessor from 1 January 2019

The lessor accounting under HKFRS 16 did not have any significant impact on the Group's accounting policies.

(b) Impact of adoption of HKFRS 16

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening interim condensed consolidated balance sheet on 1 January 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

– the use of a single discount rate to a portfolio of lease with reasonably similar characteristics; and

– the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases ("HKAS 17"). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.77%.

For leases previously classified as finance leases, the Group recognised the carrying amounts of the lease assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs. During the six months ended 30 June 2019, no variable lease payment was recognised in the interim condensed consolidated statement of comprehensive income.

On adoption of HKFRS 16, the Group did not need to make any adjustment to the accounting for investment property held as lessor as a result of adopting the new leasing standard.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 December 2018 and the lease liabilities recognised in the interim condensed consolidated balance sheet as at 1 January 2019 (date of initial application of HKFRS 16) is as follows:

	(Unaudited) ***HK$'000***
Operating lease commitments disclosed as at 31 December 2018	**11,316**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**9,169**
Short-term leases recognised on a straight-line basis as expense	**(3,945)**
Lease liabilities recognised as at 1 January 2019	**5,224**
Of which are:	
Current lease liabilities	**3,277**
Non-current lease liabilities	**1,947**
	5,224

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	(Unaudited) **30 June 2019** ***HK$'000***	1 January 2019 *HK$'000*
Leasehold land	**30,377**	30,920
Land use rights	**66,710**	67,716
Properties	**10,935**	5,258
Total right-of-use assets	**108,022**	103,894

The change in accounting policy resulted in the recognition of right-of-use assets and lease liabilities approximated to HK$103,894,000 and HK$5,224,000 in the opening of the interim condensed consolidated balance sheet on 1 January 2019 respectively. Among the right-of-use assets recognised on 1 January 2019, balances approximated to HK$30,920,000, HK$67,716,000 and HK$34,000 were reclassified from property, plant and equipment, land use rights and other current assets respectively.

The change in accounting policy did not have any impact on the Group's retained earnings as at 1 January 2019.

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 manufacturing and trading of hospitality supplies products and trading of operating supplies and equipment. From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located.

Due to continual development of the Group, management has reviewed its internal organisational structure to align more closely with the Group's strategic decision and market dynamics to better serve customers. Among others, the Operating Supplies and Equipment ("OS&E") Business has been separately disclosed in the management reporting. The Group has adopted the new reporting format effective for the year ended 31 December 2018 which includes (i) Hospitality Supplies Business (formerly known as "Manufacturing and distribution business of amenity products"); (ii) OS&E Business; and (iii) Others. The comparative segment information has been restated to reflect the current organisational structure.

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

	Hospitality Supplies Business								OS&E Business			Others	
	North America	Europe	The People's Republic of China (the "PRC")	Hong Kong	Australia	Other Asia Pacific regions *(Note (i))*	Others *(Note (ii))*	Sub-total	The PRC	Others *(Note (iii))*	Sub-total		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2019 (Unaudited)													
Segment revenue	185,352	116,183	268,408	162,507	18,977	128,181	1,359	880,967	41,052	28,149	69,201	2,688	952,856
Inter-segment revenue	–	–	(834)	(89)	–	–	–	(923)	–	–	–	(81)	(1,004)
Revenue from external customers	185,352	116,183	267,574	162,418	18,977	128,181	1,359	880,044	41,052	28,149	69,201	2,607	951,852
Segment profit before income tax	12,581	9,404	11,909	8,539	1,669	5,364	250	49,716	107	423	530	651	50,897
Share of loss of an associated company													(63)
Share of losses of joint ventures													(90)
Income tax expenses													(16,041)
Profit for the period													34,703

	Hospitality Supplies Business								OS&E Business			Others	
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific regions *(Note (i))*	Others *(Note (ii))*	Sub-total	The PRC	Others *(Note (iii))*	Sub-total		Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2018 (Unaudited)													
Segment revenue	180,306	120,763	287,479	131,990	24,270	129,169	1,739	875,716	38,325	19,387	57,712	3,217	936,645
Inter-segment revenue	–	–	(2,406)	(6)	–	–	–	(2,412)	–	–	–	(298)	(2,710)
Revenue from external customers	180,306	120,763	285,073	131,984	24,270	129,169	1,739	873,304	38,325	19,387	57,712	2,919	933,935
Segment profit/(loss) before income tax	15,238	6,839	16,707	6,025	919	9,650	173	55,551	15	823	838	(203)	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													44,832

	Hospitality Supplies Business						**OS&E Business**				**Others**		
	The PRC	**Hong Kong**	**Australia**	**Cambodia**	**Other locations *(Note (iv))***	**Sub-total**	**The PRC**	**Hong Kong**	**Other locations *(Note (iv))***	**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$'000***	***HK$'000***	***HK$'000***
As at 30 June 2019 (Unaudited)													
Total assets	**883,697**	**620,717**	**1,186**	**167,936**	**73,402**	**1,746,938**	**57,651**	**16,208**	**433**	**74,292**	**30,937**	**(188,186)**	**1,663,981**
As at 31 December 2018 (Audited)													
Total assets	1,009,945	615,478	1,224	116,295	48,342	1,791,284	50,122	13,817	378	64,317	36,636	(187,186)	1,705,051

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 and India.

(ii) Others mainly include South Africa, Morocco and Algeria.

(iii) Others mainly include the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and the United States of America.

(iv) Other locations mainly include Singapore and India.

4 EXPENSES BY NATURE

The following expenses/(gains) are included in cost of sales, distribution costs, administrative expenses and net impairment losses/(reversal of impairment losses) on financial assets:

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Changes in inventories	**513,349**	512,454
Auditor's remuneration	**1,650**	1,650
Amortisation of land use rights	**–**	1,022
Depreciation of property, plant and equipment	**21,863**	20,253
Depreciation of right-of-use assets	**4,019**	–
Amortisation of intangible assets	**1,078**	593
Operating lease rental in respect of buildings	**–**	8,408
Other lease expenses*	**6,036**	–
Provision for obsolete inventories	**7,596**	2,420
Direct written off of obsolete inventories	**442**	1,010
Net impairment losses/(reversal of impairment losses) on financial assets	**694**	(4,713)
Employee benefit expenses	**219,217**	191,285
Transportation expenses	**37,668**	34,438
Exchange loss, net	**5,531**	7,435
Advertising costs	**8,108**	7,210
Loss on disposal of property, plant and equipment	**124**	256

* These expenses relate to short-term leases. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

5 OTHER INCOME

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Rental income	**191**	147
Income from sales of scrap materials	**893**	812
Government grant	**5,163**	2,766
Loss on dissolution of a subsidiary	**(67)**	–
Others	**228**	419
	6,408	4,144

6 FINANCE INCOME AND FINANCE COSTS

	(Unaudited) Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Finance costs on borrowings	**(1,349)**	(595)
Less: amount capitalised on qualifying assets	**686**	–
	(663)	(595)
Interest expenses on lease liabilities	**(244)**	–
Finance costs	**(907)**	(595)
Finance income	**505**	392
Finance costs, net	**(402)**	(203)

7 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	
	2019	2018
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**8,922**	9,148
– PRC enterprise income tax	**6,848**	3,068
– Other overseas profits tax	**271**	516
	16,041	12,732
Deferred income tax	**–**	(113)
	16,041	12,619

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, Singapore corporate income tax and Cambodia corporate income tax were calculated at 16.5% (for the six months ended 30 June 2018: 16.5%), 25% (for the six months ended 30 June 2018: 25%), 17% (for the six months ended 30 June 2018: 17%) and 20% (for the six months ended 30 June 2018: 20%), respectively on the estimated assessable profits for the six months ended 30 June 2019.

Taxes on other overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8 TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
Trade receivables	**562,634**	684,716
Bills receivables	**3,101**	4,687
	565,735	689,403
Less: provision for impairment of receivables	**(20,199)**	(22,995)
Trade and bills receivables, net	**545,536**	666,408

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 2019 and 31 December 2018 is as follows:

	(Unaudited) 30 June 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
1 – 30 days	**247,182**	399,708
31 – 60 days	**104,329**	121,691
61 – 90 days	**85,166**	76,875
91 – 180 days	**96,031**	67,633
Over 180 days	**33,027**	23,496
	565,735	689,403

9 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 2019 *HK$'000*	(Audited) 31 December 2018 *HK$'000*
1 – 30 days	**2,407**	3,103
31 – 60 days	**968**	22
61 – 90 days	**1,464**	–
	4,839	3,125

10 CASH AND CASH EQUIVALENTS

	(Unaudited) 30 June 2019 ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Cash at banks and on hand	**266,612**	272,478
Short-term bank deposits (original maturities of less than three months)	**65,999**	–
	332,611	272,478

The Group's cash and bank balances and short-term bank deposits as at 30 June 2019 amounted to approximately HK$83,668,000 (31 December 2018: approximately HK$101,656,000) and approximately HK$1,269,000 (31 December 2018: approximately HK$1,113,000) are deposited with banks in the PRC and India respectively, where the remittance of funds is subject to foreign exchange control.

11 TRADE PAYABLES

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

	(Unaudited) 30 June 2019 ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
1 – 30 days	**147,846**	192,197
31 – 60 days	**6,601**	15,088
61 – 90 days	**532**	15,778
Over 90 days	**5,544**	3,453
	160,523	226,516

12 BORROWINGS

	(Unaudited) 30 June 2019 ***HK$'000***	(Audited) 31 December 2018 *HK$'000*
Non-current		
Secured bank borrowings without repayable on demand clause	**518**	–
Secured other borrowing without repayable on demand clause	**832**	–
	1,350	–
Current		
Secured bank borrowings with repayable on demand clauses	**73,556**	34,588
Secured bank borrowings without repayable on demand clause	**405**	–
Secured other borrowing without repayable on demand clause	**235**	–
	74,196	34,588
	75,546	34,588

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. In January 2019, the Group further drew down US$3,000,000 (equivalent to approximately HK$23,485,000) from the banking facility for its working capital, which bore interest at the higher rate of 1.7% per annum over one-month London Inter-bank Offered Rate ("LIBOR") or the cost to the bank of funding the facility. As at 30 June 2019, the outstanding bank borrowings of these mortgage loans and banking facilities amounted to approximately HK$35,087,000 (31 December 2018: approximately HK$14,589,000). As at 30 June 2019, these properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment and right-of-use assets in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK$21,083,000 (31 December 2018: approximately HK$50,144,000) and approximately HK$27,914,000 respectively.

In October 2015, the Group obtained another HK$ denominated loan from a banking facility which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018 and 2019, the Group further drew down HK$20,000,000 and US$3,000,000 (equivalent to approximately HK$23,485,000), respectively for its working capital. These borrowings are from the banking facility which bore interest at 1.7% per annum over one-month HIBOR and LIBOR respectively for its working capital. As at 30 June 2019, the outstanding bank borrowings of this facility amounted to approximately HK$38,469,000 (31 December 2018: approximately HK$19,999,000). As at 30 June 2019, the banking facilities were secured by property, plant and equipment and right-of-use assets in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK$872,000 (31 December 2018: approximately HK$3,425,000) and approximately HK$2,273,000 respectively.

On 31 May 2019, the Group completed an acquisition of a subsidiary, Wayoutokushin Co., Ltd. ("Wayoutokushin") (see Note 17 for details). As a result, the Group assumed three secured bank borrowings of Japanese Yen ("JPY") 12,737,000 (equivalent to approximately HK$914,000). As at 30 June 2019, the outstanding secured bank borrowings amounted to approximately HK$923,000, and bore interest rates of 1.3%, 1.3% and 1.4% per annum respectively. These bank borrowings were secured by personal guarantee of a non-controlling interest of Wayoutokushin.

As a result of the acquisition, the Group also assumed a secured other borrowing of JPY14,750,000 (equivalent to approximately HK$1,058,000) at interest rate of 1.16% per annum for the working capital of Wayoutokushin on 31 May 2019. As at 30 June 2019, the outstanding secured other borrowing amounted to approximately HK$1,067,000. This borrowing was secured by personal guarantee of a non-controlling interest of Wayoutokushin.

Save as disclosed above, other banking facilities of the Group were secured by right-of-use assets and property, plant and equipment in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK$1,645,000 (31 December 2018: land use rights with net carrying values of approximately HK$1,673,000) and approximately HK$7,550,000 (31 December 2018: approximately HK$8,542,000), respectively as at 30 June 2019. As at 30 June 2019, the Group did not utilise any of these other banking facilities (31 December 2018: same).

As at 30 June 2019, the undrawn banking facilities of the Group amounted to approximately HK$417,884,000 (31 December 2018: approximately HK$358,947,000).

13 SHARE CAPITAL

	Number of Shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 January 2019	728,175,697	7,282
Exercise of share options	6,087,000	61
At 30 June 2019	734,262,697	7,343
At 1 January 2018	726,519,697	7,265
Exercise of share options	1,268,000	13
At 30 June 2018	727,787,697	7,278

14 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	
	2019	2018
Profit for the period attributable to owners of the Company *(HK$'000)*	**37,457**	46,630
Weighted average number of ordinary shares in issue *(thousands)*	**724,949**	724,355
Basic earnings per share attributable to owners of the Company *(HK cents)*	**5.2**	6.4

(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	
	2019	2018
Profit for the period attributable to owners of the Company *(HK$'000)*	**37,457**	46,630
Weighted average number of ordinary shares in issue *(thousands)*	**724,949**	724,355
Adjustments for:		
– Share options *(thousands)*	**3,372**	5,579
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**728,321**	729,934
Diluted earnings per share attributable to owners of the Company *(HK cents)*	**5.1**	6.4

15 DIVIDENDS

On 29 May 2019, a final dividend of HK5.0 cents per share for the year ended 31 December 2018 was approved by the Company's shareholders. Total dividend of approximately HK$36,713,000, including dividend to the shares held for the Scheme, was paid out during the six months ended 30 June 2019.

The Board has resolved to pay an interim dividend of HK1.5 cents per share, amounting to a total dividend of approximately HK$11,014,000, in respect of the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK2.0 cents per share, amounting to a total dividend of approximately HK$14,556,000).

16 CAPITAL COMMITMENTS AND LEASE COMMITMENTS

As at 30 June 2019, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were approximately HK$41,447,000 (31 December 2018: HK$38,298,000).

As at 30 June 2019, the lease commitments for short-term leases of the Group were approximately HK$2,218,000. As at 31 December 2018, the operating lease commitments for the lease of the Group were approximately HK$11,316,000.

17 BUSINESS COMBINATION

On 31 May 2019, the Group completed the acquisition of 51% equity interest in Wayoutokushin in Japan by allotment of new shares at a total cash consideration of JPY71,400,000 (equivalent to approximately HK$5,057,000). Pursuant to the share allotment agreement, the purpose of the acquisition is for the development of hospitality supplies business and personal care products development in Japan. Wayoutokushin was principally engaged in product development and trading of body care products.

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

	HK$'000
Consideration	
Cash paid	5,057
Provisional fair value of recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	4,101
Other financial assets at amortised cost	103
Inventories	408
Property, plant and equipment	341
Intangible asset	37
Right-of-use assets	435
Lease liabilities	(435)
Borrowings	(1,972)
Loan from a non-controlling interest	(1,460)
Accruals and other payables	(1,395)
Total net identifiable assets	163
Share of net identifiable assets of the Group	83
Goodwill	4,974
	5,057
Cash consideration paid	5,057
Cash and cash equivalents acquired	(4,101)
Net cash outflow on acquisition during the period	956

The goodwill of approximately HK$4,974,000 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 Group recognises non-controlling interests in an acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The Group elected to recognise the non-controlling interest in Wayoutokushin at its proportionate share of the acquired net identifiable assets.

The gross contractual amount for other financial assets at amortised cost is approximately HK$103,000 of which none is expected to be uncollectible.

The revenue and loss included in the interim condensed consolidated statement of comprehensive income since 31 May 2019 contributed by Wayoutokushin were approximately HK$279,000 and approximately HK$156,000 respectively. Had Wayoutokushin been consolidated from 1 January 2019, the consolidated pro-forma revenue and profit for the six months ended 30 June 2019 of the Group would have been approximately HK$952,179,000 and approximately HK$31,466,000 respectively.

The fair value of the acquired net identifiable assets is provisional pending receipt of the final valuations for those relevant assets.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

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

	Six months ended 30 June		
	2019	2018	Change
	HK$ million	*HK$ million*	%
Revenue	**951.9**	933.9	1.9%
Gross profit	**214.7**	216.2	(0.7)%
Profit attributable to owners of the Company	**37.5**	46.6	(19.7)%
Net asset value as at 30 June 2019 and 31 December 2018	**1,093.1**	1,090.5	0.2%
Basic earnings per Share attributable to owners of the Company *(HK cents)*	**5.2**	6.4	(18.8)%
Diluted earnings per Share attributable to owners of the Company *(HK cents)*	**5.1**	6.4	(20.3)%
Dividend per Share *(HK cents)*	**1.5**	2.0	(25.0)%

For the six months ended 30 June 2019, the Group's total revenue recorded an increase of 1.9% to approximately HK$951.9 million compared with approximately HK$933.9 million in the corresponding period of the prior year. Profit attributable to owners of the Company for the six months ended 30 June 2019 decreased by 19.7% to approximately HK$37.5 million from approximately HK$46.6 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 2019 was HK5.2 cents (for the six months ended 30 June 2018: HK6.4 cents).

The gross profit margin for the six months ended 30 June 2019 descended by 0.5 percentage point to 22.6% from 23.1% in the corresponding period of the prior year.

The consolidated net asset value increased to approximately HK$1,093.1 million as at 30 June 2019 from approximately HK$1,090.5 million as at 31 December 2018.

The Board has resolved to declare an interim dividend of HK1.5 cents per Share for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK2.0 cents per Share).

BUSINESS REVIEW

Global economic activities remained subdue in the first half of 2019 as the trade war between China and the United States of America ("U.S.") further intensified and uncertainties brought by Brexit persisted. According to the World Economic Outlook (WEO) report, global growth for 2019 is forecasted at 3.2%. Despite the difficult backdrop, with our continuous efforts, the Group's total revenue slightly increased at 1.9% to approximately HK$951.9 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately HK$933.9 million). The revenue of the hospitality supplies business had a slight increase compared with the corresponding period of 2018, whereas the OS&E business was a key contributor to the revenue increase of the Group for the first half of 2019.

Gross profit margin of the Group slightly decreased by 0.5 percentage point to 22.6%, compared with 23.1% for the six months ended 30 June 2018. Gross profit of the Group decreased 0.7% to approximately HK$214.7 million, compared with approximately HK$216.2 million for the six months ended 30 June 2018. Profit attributable to owners of the Company for the six months ended on 30 June 2019 decreased 19.7% to approximately HK$37.5 million, compared with approximately HK$46.6 million for the six months ended 30 June 2018.

Hospitality Supplies Business

Due to the keen competition in hospitality supplies business and the uncertainties of economic growth, the Group resulted in a barely stable revenue in the hospitality supplies business of HK$880.0 million with an increase of 0.8% compared with approximately HK$873.3 million for the six months ended 30 June 2018. Gross profit of the hospitality supplies business was approximately HK$197.8 million, a decrease of 2.8% compared with the six months ended 30 June 2018 (for the six months ended 30 June 2018: approximately HK$203.4 million). The gross profit margin of hospitality supplies business decreased 0.8 percentage point to 22.5%, compared with 23.3% for the six months ended 30 June 2018.

Revenue from Hong Kong market increased 23.1% to approximately HK$162.4 million (for the six months ended 30 June 2018: approximately HK$132.0 million), which accounted for 18.5% (for the six months ended 30 June 2018: 15.1%) of the hospitality supplies business segment revenue. Although the tourism market recorded a growth in China in the first half of 2019, the austere global economic environment influenced the tourism industry. Revenue from the PRC market decreased 6.1% to approximately HK$267.6 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: HK$285.1 million), representing 30.4% (for the six months ended 30 June 2018: 32.6%) of the hospitality supplies business segment revenue.

For the six months ended 30 June 2019, revenue from the North American market recorded approximately HK$185.4 million (for the six months ended 30 June 2018: approximately HK$180.3 million), accounted for 21.1% (for the six months ended 30 June 2018: 20.6%) of the hospitality supplies business segment revenue. Revenue from the European market recorded approximately HK$116.2 million (for the six months ended 30 June 2018: approximately HK$120.8 million), which accounted for 13.2% (for the six months ended 30 June 2018: 13.8%) of the hospitality supplies business segment revenue. Revenue from the other Asia Pacific regions recorded approximately HK$128.2 million (for the six months ended 30 June 2018: approximately HK$129.2 million), which was 14.6% (for the six months ended 30 June 2018: 14.8%) of the hospitality supplies business segment revenue. Revenue from the Australia market recorded approximately HK$19.0 million (for the six months ended 30 June 2018: approximately HK$24.3 million), representing 2.2% (for the six months ended 30 June 2018: 2.8%) of the hospitality supplies business segment revenue.

To maintain the stable performance of its hospitality supplies business, the Group expanded its production scale in Cambodia over the past year to mitigate the impact of the China-U.S. trade war. The Group believes that its extension plan of the new production lines in hospitality supplies business will lower the overall production costs and increase the Group's market shares in Cambodia and other Southeast Asian countries.

Operating Supplies and Equipment Business

Lodging Econometrics reported that 795 and 732 new hotels will forecast to be opened in 2019 and 2020 respectively in China. 185 new hotels has been opened in China in the first quarter of 2019. Supported by the rising number of new hotel projects in China, the revenue of the OS&E business increased to approximately HK$69.2 million for the six months ended 30 June 2019, representing an increase of 19.9% as compared with approximately HK$57.7 million for the six months ended 30 June 2018, and comprising 7.3% (for the six months ended 30 June 2018: 6.2%) of the Group's total revenue. The gross profit from the Group's OS&E business increased by 22.9% to approximately HK$14.5 million for the six months ended 30 June 2019, compared to approximately HK$11.8 million for the six months ended 30 June 2018. The segment's gross profit margin slightly increased 0.5 percentage point to 21.0% for the six months ended 30 June 2019 (for the six months ended 30 June 2018: 20.5%).

For the six months ended 30 June 2019, revenue from the PRC market increased 7.1% to approximately HK$41.1 million (for the six months ended 30 June 2018: approximately HK$38.3 million), representing 59.3% (for the six months ended 30 June 2018: 66.4%) of the OS&E business segment revenue. Revenue from the other markets recorded approximately HK$28.1 million (for the six months ended 30 June 2018: approximately HK$19.4 million), accounted for 40.7% (for the six months ended 30 June 2018: 33.6%) of the OS&E business segment revenue.

The Group believes that the frequency of long-term customers' re-orders is essential to sustain growth in the OS&E business, therefore, the Group continues to provide its customers with vertically-integrated services for hotel products purchasing to build long-term cooperative relationships. In addition, continuously widening the customer base in newly opened high-end and mid-level hotels in China from time to time will also contribute to the revenue of the OS&E business.

OUTLOOK

Continued focus on margin improvement

We will continue to prioritize margin improvement in the second half of 2019 by increasing production efficiency and providing more value-added services to our customers. We will focus on improving our performance of hospitality supplies and OS&E businesses, while continuing to ramp up our manufacturing facilities in Cambodia.

Proactive monitoring of external risks

With no foreseeable end to the China-U.S. trade war, in combination with the uncertainties associated with Brexit, and the downward pressure on the economic growth in China, as well as the recent protests in Hong Kong caused the significant drop in tourists arrivals and hotel occupancies. These challenges are all anticipated to continuous dwindle the business confidence domestically and globally. It is expected that the Group's hospitality supplies and OS&E businesses in the second half of 2019 onwards would confront a huge challenge.

New environmental protection laws and regulations and focus on research and development

Furthermore, the riding trend of environmental protection and "plastic free" and the recent changes in related laws and regulations or hotel industry practices in some major cities in the PRC, which drives many hotels, especially in European countries and the PRC, targeting to eliminate plastic and disposable products, including single-use plastic bottles, plastic drink stirrers etc. In the coming days, the Group's hospitality supplies business is expected to encounter a hard time. In response to this situation, the Group will continue to increase the pace in its innovation and accumulation of technological solution and adjust its resources allocation strategies to increase the invention of eco-friendly hospitality supplies products and related research and development.

Strategic diversification of manufacturing footprint

The Group will proactively adopt prudent and flexible business strategies, including but not limited to accelerating the pace of developments outside China, in order to reduce the potential impact, if any, to the Group. The Group's efforts in extending its production lines in Cambodia is expected to enhance its overall competitiveness through reducing labour costs and increasing manufacturing efficiencies simultaneously.

Continued exploring of new business opportunities

In addition, the Group's management will closely monitor the development of the markets, and capitalize on new opportunities and expand the market shares of its hospitality supplies and OS&E businesses, while exploring other potential new business stream and strategies to diminishing the influence of the China-U.S. trade war and uncertainties from the global and each respective environment.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group's cash and cash equivalents amounted to approximately HK$332.6 million (31 December 2018: approximately HK$272.5 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. In January 2019, the Group further drew down US$3 million (equivalent to approximately HK$23.5 million) from the banking facility for its working capital, which bore interest at the higher rate of 1.7% per annum over one-month LIBOR or the cost to the bank of funding the facility. As at 30 June 2019, the outstanding bank borrowings of these mortgage loans and banking facilities amounted to approximately HK$35.1 million (31 December 2018: approximately HK$14.6 million). As at 30 June 2019, these properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment and right-of-use assets in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK$21.0 million (31 December 2018: approximately HK$50.1 million) and approximately HK$27.9 million respectively.

In October 2015, the Group obtained another HK$ denominated loan from a banking facility which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018 and 2019, the Group further drew down HK$20 million and US$3 million (equivalent to approximately HK$23.5 million), respectively for its working capital. These borrowings are from the banking facility which bore interest at 1.7% per annum over one-month HIBOR and LIBOR respectively for its working capital. As at 30 June 2019, the outstanding bank borrowings of this facility amounted to approximately HK$38.5 million (31 December 2018: approximately HK$20.0 million). As at 30 June 2019, the banking facilities were secured by property, plant and equipment and right-of-use assets in the condensed consolidated interim financial information of the Group, with net carrying values of approximately HK$0.9 million (31 December 2018: approximately HK$3.4 million) and approximately HK$2.3 million respectively.

On 31 May 2019, the Group completed an acquisition of a subsidiary, Wayoutokushin. As a result, the Group assumed three secured bank borrowings of approximately JPY12.8 million (equivalent to approximately HK$0.9 million). As at 30 June 2019, the outstanding secured bank borrowings amounted to approximately HK$0.9 million, and bore interest rates of 1.3%, 1.3% and 1.4% per annum respectively. These bank borrowings were secured by personal guarantee of a non-controlling interest of Wayoutokushin.

As a result of the acquisition, the Group also assumed a secured other borrowing of approximately JPY14.8 million (equivalent to approximately HK$1.1 million) at interest rate of 1.16% per annum for the working capital of Wayoutokushin on 31 May 2019. As at 30 June 2019, the outstanding secured other borrowing amounted to approximately HK$1.1 million. This borrowing was secured by personal guarantee of a non-controlling interest of Wayoutokushin.

Details of the borrowings are set out in Note 12 to the condensed consolidated interim financial information.

The gearing ratio as at 30 June 2019, calculated on the basis of borrowings over total equity, was 6.9% as compared to 3.2% as at 31 December 2018.

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 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 2019, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK$52.1 million (31 December 2018: approximately HK$53.6 million) to secure drawn bank borrowings.

CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments and lease commitments are set out in Note 16 to the condensed consolidated interim financial information. The Group has no material contingent liabilities as at 30 June 2019.

EMPLOYEES

As at 30 June 2019, the total number of employees of the Group was approximately 3,800 and the employee benefit expenses including directors' emoluments for the six months ended 30 June 2019 were approximately HK$219.2 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 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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 2019, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2019.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as 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 as set out in the Model Code for the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK1.5 cents per Share for the six months ended 30 June 2019 to the shareholders whose names appear on the register of members of the Company on Tuesday, 24 September 2019. It is expected that the interim dividend will be paid on or around Friday, 4 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 September 2019 to Tuesday, 24 September 2019 (both dates inclusive), during which period no transfer of Shares 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 Friday, 20 September 2019.

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

Hong Kong, 28 August 2019

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.