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## **2023 INTERIM RESULTS ANNOUNCEMENT**

### **HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

- Revenue increased 3.6% to approximately HK\$922.8 million (for the six months ended 30 June 2022: approximately HK\$890.6 million).
- Gross profit increased 12.3% to approximately HK\$222.9 million (for the six months ended 30 June 2022: approximately HK\$198.4 million).
- Gross profit margin increased 1.9 percentage points to 24.2% (for the six months ended 30 June 2022: 22.3%).
- Operating profit was approximately HK\$56.3 million (for the six months ended 30 June 2022: approximately HK\$39.1 million).
- Profit attributable to owners of the Company was approximately HK\$38.5 million (for the six months ended 30 June 2022: approximately HK\$28.1 million).
- An interim dividend for the six months ended 30 June 2023 of HK2.0 cents per share of the Company (the “Share”) (for the six months ended 30 June 2022: HK1.0 cent 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 2023 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	(Unaudited)	
		Six months ended 30 June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	3	922,791	890,552
Cost of sales	4	(699,919)	(692,159)
<b>Gross profit</b>		<b>222,872</b>	<b>198,393</b>
Other income	5	4,469	7,854
Distribution costs	4	(108,271)	(106,781)
Administrative expenses	4	(63,189)	(55,441)
Net reversal of impairment losses/(impairment losses) on financial assets	4	381	(4,885)
<b>Operating profit</b>		<b>56,262</b>	<b>39,140</b>
Finance income	6	1,787	168
Finance costs	6	(3,489)	(1,679)
Share of profit of an associated company		49	55
Share of loss of a joint venture		(31)	(19)
<b>Profit before income tax</b>		<b>54,578</b>	<b>37,665</b>
Income tax expenses	7	(22,887)	(11,600)
<b>Profit for the period</b>		<b>31,691</b>	<b>26,065</b>
<b>Other comprehensive (loss)/income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(16,740)	(11,839)
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Revaluation gain upon transfer from property, plant and equipment to investment properties		11,730	–
<b>Total comprehensive income for the period</b>		<b>26,681</b>	<b>14,226</b>

		(Unaudited)	
		Six months ended 30 June	
		2023	2022
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit/(loss) for the period attributable to:</b>			
	Owners of the Company	38,497	28,066
	Non-controlling interests	<u>(6,806)</u>	<u>(2,001)</u>
		<u><b>31,691</b></u>	<u><b>26,065</b></u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
	Owners of the Company	33,046	14,331
	Non-controlling interests	<u>(6,365)</u>	<u>(105)</u>
		<u><b>26,681</b></u>	<u><b>14,226</b></u>
<b>Earnings per Share attributable to owners of the Company (expressed in HK cents)</b>			
	Basic	15(a) 5.3	3.9
	Diluted	15(b) <u>5.3</u>	<u>3.9</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 30 June 2023 HK\$'000	(Audited) As at 31 December 2022 HK\$'000
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		5,418	5,398
Property, plant and equipment		401,387	405,964
Right-of-use assets		92,278	101,155
Investment properties		34,052	16,638
Intangible assets		637	483
Deferred income tax assets		2,803	3,205
Other non-current assets		9,377	6,684
Investment in an associated company		5,204	5,463
Investments in joint ventures		85	116
Other financial assets at amortised cost		11	25
		551,252	545,131
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		255,768	260,176
Other current assets		49,072	50,405
Tax recoverable		372	370
Other financial assets at amortised cost		8,992	14,101
Amounts due from joint ventures		685	522
Amount due from an associated company	9	799	2,848
Trade and bills receivables	8	568,017	558,835
Pledged bank deposit	10	11,802	11,717
Cash and cash equivalents	11	356,570	305,356
		1,252,077	1,204,330
<b>Total current assets</b>			
		1,803,329	1,749,461
<b>Total assets</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	7,343	7,343
Reserves		1,170,436	1,151,762
Interim/final dividend proposed	16	14,685	22,028
		1,192,464	1,181,133
Non-controlling interests		(56,017)	(49,652)
		1,136,447	1,131,481
<b>Total equity</b>			

		(Unaudited) As at 30 June 2023 HK\$'000	(Audited) As at 31 December 2022 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		9,734	5,602
Other non-current payables		9,588	9,967
Borrowings	13	1,869	2,206
Lease liabilities		2,153	3,834
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>23,344</b>	21,609
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current liabilities</b>			
Trade payables	12	200,735	168,318
Accruals and other payables		294,102	277,273
Current income tax liabilities		34,446	19,390
Borrowings	13	92,930	108,547
Lease liabilities		3,905	5,166
Loans from non-controlling interests		17,183	17,486
Dividends payable		237	191
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>643,538</b>	596,371
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total liabilities</b>		<b>666,882</b>	617,980
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Total equity and liabilities</b>		<b>1,803,329</b>	1,749,461
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# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

The condensed consolidated interim financial information is for the Group consisting of the Company and its subsidiaries. This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. 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 2022, 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 2022, 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. Income tax expenses for the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### **Amended standards adopted by the Group**

A number of amended standards became applicable for the current reporting period and they did not have material impacts on the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

### **Impact of new and amended standards issued but not yet applied by the Group**

Certain new and amended standards have been issued but are not mandatory for application in the current reporting period. The Group did not early adopt these new and amended standards in the current reporting period and they are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### **3 SEGMENT INFORMATION**

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reports 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 ("Hospitality Supplies Business"), trading of operating supplies and equipment ("OS&E Business"), and manufacturing and trading of health care and hygienic products ("Health Care and Hygienic Products Business"). From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. There are three reporting segments: (i) Hospitality Supplies Business; (ii) OS&E Business; and (iii) Health Care and Hygienic Products Business.

The Board assesses the performance of the operating segments based on a measure of segment profit before income tax, share of profit of an associated company and share of loss of a joint venture.

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				Health Care and Hygienic Products Business				Others				
	North America HK\$'000	Europe HK\$'000	The People's Republic of China (the "PRC") (Note (i)) ("Hong Kong") HK\$'000	The Hong Kong Special Administrative Region of the PRC (Note (ii)) ("Hong Kong") HK\$'000	Australia HK\$'000	Other Asia Pacific regions (Note (iii)) HK\$'000	Others (Note (iv)) HK\$'000	Sub-total HK\$'000	The PRC (Note (i)) HK\$'000	Others (Note (v)) HK\$'000	Sub-total HK\$'000	North America HK\$'000		Hong Kong HK\$'000	Others (Note (vi)) HK\$'000	Sub-total HK\$'000	Total HK\$'000
Six months ended 30 June 2023																	
(Unaudited)																	
Segment revenue	121,898	119,441	237,202	81,844	35,591	153,883	2,307	752,166	45,724	20,762	66,486	95,792	3,453	6,167	105,412	924,064	
Inter-segment revenue	-	-	(776)	(426)	-	-	-	(1,202)	-	-	-	-	(1)	(70)	(71)	(1,273)	
Revenue from external customers	121,898	119,441	236,426	81,418	35,591	153,883	2,307	750,964	45,724	20,762	66,486	95,792	3,452	6,097	105,341	922,791	
Segment profit before income tax	15,328	5,007	2,788	5,803	3,690	6,270	446	39,332	1,434	3,959	5,393	7,596	372	1,223	9,191	644	
Share of profit of an associated company																	49
Share of loss of a joint venture																	(31)
Income tax expenses																	(22,887)
Profit for the period																	31,691



	Hospitality Supplies Business					OS&E Business					Health Care and Hygienic Products Business					Others	
	North America HK\$'000	Europe HK\$'000	The PRC (Note (i)) HK\$'000	Hong Kong HK\$'000	Australia HK\$'000	Other Asia Pacific regions (Note (iii)) HK\$'000		Sub-total HK\$'000	The PRC (Note (i)) HK\$'000	Others (Note (iv)) HK\$'000	Sub-total HK\$'000	North America HK\$'000	Hong Kong HK\$'000	Others (Note (vi)) HK\$'000	Sub-total HK\$'000		Total HK\$'000
						Others (Note (iii)) HK\$'000	Others (Note (iv)) HK\$'000										
<b>Six months ended</b>																	
<b>30 June 2022</b>																	
(Unaudited)																	
Segment revenue	91,605	111,763	143,439	91,629	87,018	130,227	1,478	657,159	50,353	20,281	70,634	72,930	72,039	20,727	165,696	-	893,489
Inter-segment revenue	-	-	(2,635)	(300)	-	-	-	(2,935)	-	-	-	-	-	(2)	(2)	-	(2,937)
Revenue from external customers	91,605	111,763	140,804	91,329	87,018	130,227	1,478	654,224	50,353	20,281	70,634	72,930	72,039	20,725	165,694	-	890,552
Segment profit/(loss) before income tax	10,288	3,219	(2,885)	13,314	8,027	6,228	363	38,554	(9,370)	2,383	(6,987)	111	7,325	(2,270)	5,366	696	37,629
Share of profit of an associated company																	55
Share of loss of a joint venture																	(19)
Income tax expenses																	(11,600)
Profit for the period																	26,065

	Hospitality Supplies Business				OS&E Business				Health Care and Hygienic Products Business				Others			
	The PRC (Note (i)) HK\$'000	Hong Kong HK\$'000	Australia ("Cambodia") HK\$'000	Kingdom of Cambodia HK\$'000	Other locations (Note (v)) HK\$'000	Sub-total HK\$'000	The PRC (Note (i)) HK\$'000	Hong Kong HK\$'000	Other locations (Note (vii)) HK\$'000	Sub-total HK\$'000	The PRC (Note (i)) HK\$'000	Hong Kong HK\$'000	Other locations (Note (viii)) HK\$'000	Sub-total HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
As at 30 June 2023 (Unaudited)																
Total assets	633,999	706,799	1,777	364,507	60,635	1,767,717	152,421	51,531	536	204,488	13,590	97,294	316	111,200	50,457	1,803,329
As at 31 December 2022 (Audited)																
Total assets	630,057	696,935	2,299	344,887	53,602	1,727,780	155,634	42,059	359	198,052	15,969	80,749	167	96,885	51,108	1,749,461

**Notes:**

- (i) For the purpose of this segment information disclosure, the PRC excludes Hong Kong, the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan (2022: same).
- (ii) Other Asia Pacific regions mainly include Macau, United Arab Emirates, Singapore, Japan and the Philippines (for the six months ended 30 June 2022: mainly include Singapore, Macau, Qatar, India, United Arab Emirates and Cambodia).
- (iii) Others mainly include Kenya, Benin and Algeria (for the six months ended 30 June 2022: mainly include Ivory Coast, Morocco and Democratic Republic of the Congo).
- (iv) Others mainly include Hong Kong, Macau and the Philippines (for the six months ended 30 June 2022: mainly include Hong Kong, Qatar and Macau).
- (v) Other locations mainly include Macau and Singapore (as at 31 December 2022: mainly include Macau and India).
- (vi) Others mainly include the PRC (*note (i)*), Macau and United Kingdom (for the six months ended 30 June 2022: mainly include the PRC (*note (i)*), Cambodia and Germany).
- (vii) Other locations mainly include Cambodia (as at 31 December 2022: mainly include Cambodia and Japan).

#### 4 EXPENSES BY NATURE

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	484,975	493,375
Auditor's remuneration	1,350	1,250
Depreciation of property, plant and equipment	26,933	28,095
Depreciation of right-of-use assets	4,425	4,595
Amortisation of intangible assets	315	365
Other lease expenses*	3,258	2,885
Provision/(reversal of provision) for obsolete inventories	2,931	(7,816)
Direct written off of obsolete inventories	1,609	802
Net (reversal of impairment losses)/impairment losses on financial assets	(381)	4,885
Employee benefit expenses	226,586	207,106
Transportation expenses	35,438	42,685
Exchange (gain)/loss, net	(3,801)	1,993
Advertising costs	8,460	9,319
Loss/(gain) on disposal of property, plant and equipment	394	(292)
	<u>484,975</u>	<u>493,375</u>

Notes:

- \* 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	–	139
Income from sales of scrap materials	387	253
Government grants ( <i>Note (i)</i> )	3,195	5,768
Others	887	1,694
	<u>4,469</u>	<u>7,854</u>

Note:

- (i) For the six months ended 30 June 2023, government grants represents subsidies from the PRC Government in relation to certain capital investments and production enhancement of the Group (for the six months ended 30 June 2022: government grants represents subsidies from the PRC Government in relation to certain capital investments of the Group and subsidies from the Hong Kong Government under the Anti-epidemic fund). There were no unfulfilled conditions and other contingencies attached to the receipts of these grants.

## 6 FINANCE INCOME AND FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on borrowings	(3,260)	(1,393)
Interest expenses on lease liabilities	(229)	(286)
	<hr/>	<hr/>
Finance costs	(3,489)	(1,679)
Finance income	1,787	168
	<hr/>	<hr/>
Finance costs, net	<u>(1,702)</u>	<u>(1,511)</u>

## 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	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax:		
– Hong Kong profits tax	9,595	10,425
– PRC enterprise income tax	11,853	1,105
– Other overseas profits tax	848	250
	<hr/>	<hr/>
	22,296	11,780
Deferred income tax credit	591	(180)
	<hr/>	<hr/>
	<u>22,887</u>	<u>11,600</u>

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

Hong Kong profits tax, PRC enterprise income tax, Macau profits tax and Cambodia corporate income tax were calculated at 16.5% (for the six months ended 30 June 2022: 16.5%), 25% (for the six months ended 30 June 2022: 25%), 12% (for the six months ended 30 June 2022: 12%) and 20% (for the six months ended 30 June 2022: 20%), respectively on the estimated assessable profits in respective region for the six months ended 30 June 2023.

No Singapore corporate income tax (for the six months ended 30 June 2022: same) has been provided as there were no assessable profits in Singapore during the six months ended 30 June 2023.

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) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
Trade receivables	640,438	635,667
Bills receivables	16,582	17,362
	<u>657,020</u>	<u>653,029</u>
Less: provision for impairment of receivables	(89,003)	(94,194)
Trade and bills receivables, net	<u><u>568,017</u></u>	<u><u>558,835</u></u>

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

Ageing analysis of trade and bills receivables by invoice date is as follows:

	(Unaudited) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
1 – 30 days	279,312	229,694
31 – 60 days	108,477	121,733
61 – 90 days	65,082	70,779
91 – 180 days	103,768	118,273
Over 180 days	100,381	112,550
	<u>657,020</u>	<u>653,029</u>

## 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 credit period granted is 90 days. The ageing analysis of the amount by invoice date is as follows:

	(Unaudited) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
1 – 30 days	743	2,682
31 – 60 days	4	–
61 – 90 days	–	–
Over 90 days	52	166
	<u>799</u>	<u>2,848</u>

## 10 PLEDGED BANK DEPOSIT

	(Unaudited) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
Pledged bank deposit	<u>11,802</u>	<u>11,717</u>

As at 30 June 2023, a bank deposit of United States dollars (“US\$”) 1,507,000 (equivalent to approximately HK\$11,802,000) (as at 31 December 2022: US\$1,500,000 (equivalent to approximately HK\$11,717,000)) was pledged as collateral for the grant of a letter of banking facility in Hong Kong.

## 11 CASH AND CASH EQUIVALENTS

	(Unaudited) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
Cash at banks and on hand	263,970	264,143
Short-term bank deposits (original maturities of less than three months)	<u>92,600</u>	<u>41,213</u>
	<u>356,570</u>	<u>305,356</u>

The Group’s cash and bank balances with banks in the PRC and India as at 30 June 2023 amounted to approximately HK\$84,654,000 (as at 31 December 2022: approximately HK\$67,253,000) and approximately HK\$2,020,000 (as at 31 December 2022: approximately HK\$2,363,000) respectively, where the remittance of funds was subject to foreign exchange control.

## 12 TRADE PAYABLES

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

	(Unaudited) As at 30 June 2023 <i>HK\$'000</i>	(Audited) As at 31 December 2022 <i>HK\$'000</i>
1 – 30 days	193,889	166,130
31 – 60 days	2,210	400
61 – 90 days	2,433	152
Over 90 days	<u>2,203</u>	<u>1,636</u>
	<u>200,735</u>	<u>168,318</u>

## 13 BORROWINGS

	(Unaudited) As at 30 June 2023 HK\$'000	(Audited) As at 31 December 2022 HK\$'000
Non-current:		
Secured other borrowings without repayable on demand clauses	<u>1,869</u>	<u>2,206</u>
Current:		
Secured bank borrowings with repayable on demand clauses	92,683	108,323
Secured bank borrowings without repayable on demand clauses	–	10
Secured other borrowings without repayable on demand clauses	<u>247</u>	<u>214</u>
	<u>92,930</u>	<u>108,547</u>
	<u>94,799</u>	<u>110,753</u>

Except for bank borrowings and other borrowings of approximately HK\$2,116,000 as at 30 June 2023 (as at 31 December 2022: approximately HK\$2,430,000), which were secured by personal guarantee of a non-controlling interest of the Group, other bank borrowings were secured by certain property, plant and equipment, right-of-use assets and a bank deposit of the Group.

The carrying amounts of assets pledged as security for borrowings are as follow:

	(Unaudited) As at 30 June 2023 HK\$'000	(Audited) As at 31 December 2022 HK\$'000
Property, plant and equipment	17,230	18,960
Right-of-use assets	27,230	27,860
Bank deposit	<u>11,802</u>	<u>11,717</u>
Total carrying amount of assets pledged as security	<u>56,262</u>	<u>58,537</u>

As at 30 June 2023, the undrawn banking facilities of the Group amounted to approximately HK\$320,525,000 (as at 31 December 2022: approximately HK\$280,473,000).

## 14 SHARE CAPITAL

	Number of Shares	<i>HK\$'000</i>
<b>Ordinary Shares of HK\$0.01 each</b>		
Authorised:		
As at 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	<u>734,262,697</u>	<u>7,343</u>

## 15 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.

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
Profit for the period attributable to owners of the Company ( <i>HK\$'000</i> )	<u>38,497</u>	<u>28,066</u>
Weighted average number of ordinary Shares in issue ( <i>thousands</i> )	<u>723,839</u>	<u>727,589</u>
<b>Basic earnings per Share attributable to owners of the Company (<i>HK cents</i>)</b>	<u>5.3</u>	<u>3.9</u>



## **(b) Diluted**

Diluted earnings per Share attributed 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.

Diluted earnings per Share attributable to owners of the Company for the six months ended 30 June 2023 was the same as basic earnings per Share attributable to owners of the Company as there were no potential dilutive ordinary Shares outstanding as at 30 June 2023.

Diluted earnings per Share attributable to owners of the Company for the six months ended 30 June 2022 was the same as basic earnings per Share attributable to owners of the Company as the share options had no dilutive effect on ordinary Shares because the exercise price of the share options was higher than the average market price of the Shares for the six months ended 30 June 2022.

## **16 DIVIDENDS**

On 24 May 2023, a final dividend of HK3.0 cents per Share for the year ended 31 December 2022 was approved by the Company's shareholders. Total dividend of approximately HK\$22,028,000 was paid out during the six months ended 30 June 2023, including dividend paid to the Shares held for the share award scheme of the Company.

The Board has resolved to pay an interim dividend of HK2.0 cents per Share, amounting to a total dividend of approximately HK\$14,685,000, in respect of the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK1.0 cent per Share, amounting to a total dividend of approximately HK\$7,343,000).

## **17 CAPITAL COMMITMENTS**

As at 30 June 2023, the capital commitments contracted but not provided for in the condensed consolidated interim financial information of the Group were approximately HK\$18,246,000 (as at 31 December 2022: approximately HK\$19,183,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Key Financial Highlights

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

	Six months ended 30 June		Change %
	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>	
Revenue	922.8	890.6	3.6%
Gross Profit	222.9	198.4	12.3%
Profit attributable to owners of the Company	38.5	28.1	37.0%
Basic earnings per Share attributable to owners of the Company ( <i>HK cents</i> )	5.3	3.9	35.9%
Diluted earnings per Share attributable to owners of the Company ( <i>HK cents</i> )	5.3	3.9	35.9%
Dividend per Share ( <i>HK cents</i> )	2.0	1.0	100%

#### Revenue

For the six months ended 30 June 2023, the total revenue of the Group recorded an increase of 3.6% to approximately HK\$922.8 million compared with approximately HK\$890.6 million in the corresponding period of prior year. For the six months ended 30 June 2023, the revenue of the hospitality supplies business, operating supplies and equipment (“OS&E”) business and health care and hygienic products business were approximately HK\$751.0 million, HK\$66.5 million and HK\$105.3 million (for the six months ended 30 June 2022: approximately HK\$654.2 million, HK\$70.6 million and HK\$165.8 million) respectively, which represented 81.4%, 7.2% and 11.4% (for the six months ended 30 June 2022: 73.5%, 7.9% and 18.6%) of the Group’s total revenue respectively.

#### Gross profit and gross profit margin

The Group’s gross profit for the six months ended 30 June 2023 increased 12.3% to approximately HK\$222.9 million, compared with approximately HK\$198.4 million in the corresponding period of prior year. Gross profit margin increased 1.9 percentage points to 24.2% from 22.3% as compared with the corresponding period of prior year, as a result of the depreciation of Renminbi (“RMB”) and various measures taken by the Group including tightening cost control.

## **Profit attributable to owners of the Company**

Profit attributable to owners of the Company for the six months ended 30 June 2023 was approximately HK\$38.5 million (for the six months ended 30 June 2022: approximately HK\$28.1 million).

## **Earnings per Share**

Basic and diluted earnings per Share attributable to owners of the Company for the six months ended 30 June 2023 were HK5.3 cents and HK5.3 cents (for the six months ended 30 June 2022: HK3.9 cents and HK3.9 cents) respectively.

## **Interim dividend**

The Board has resolved to declare an interim dividend of HK2.0 cents per Share for the six months ended 30 June 2023 (for the six months ended 30 June 2022: HK1.0 cent per Share).

## **Liquidity and financial resources**

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with standby banking facilities to cope with daily operation and potential capital demands for future development.

## ***Cash and cash equivalents***

As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately HK\$356.6 million (as at 31 December 2022: approximately HK\$305.4 million).

## ***Net assets***

As at 30 June 2023, the Group's net assets was approximately HK\$1,136.4 million (as at 31 December 2022: approximately HK\$1,131.5 million).

## ***Borrowings***

The borrowing structure, maturity profile and currency denomination of the Group's borrowings are as follows:

### *Borrowing structure:*

	<b>As at 30 June 2023</b>		<b>As at 31 December 2022</b>	
	<b>Effective interest rate</b>	<b>HK\$ million</b>	<b>Effective interest rate</b>	<b>HK\$ million</b>
Secured bank borrowings with repayable on demand clauses	<b>Floating rate of 1.7% per annum over 1-month Hong Kong Inter-bank Offered Rate ("HIBOR")</b>	<b>3.7</b>	Floating rate of 1.7% per annum over 1-month HIBOR	4.5
	<b>Floating rate of the higher of 1.7% per annum over 1-month HIBOR or the cost to the bank of funding the borrowing</b>	<b>5.2</b>	Floating rate of the higher of 1.7% per annum over 1-month HIBOR or the cost to the bank of funding the borrowing	6.3
	<b>Floating rates ranging from 1.67%-2.02% per annum over 1-month Term Secured Overnight Financing Rate ("SOFR")</b>	<b>83.8</b>	Floating rates ranging from 1.67%-1.82% per annum over 1-month Term SOFR	69.8
	<b>Floating rate of the higher of 1.7% per annum over 1-month London Inter-bank Offered Rate ("LIBOR") or the cost to the bank of funding the borrowing</b>	<b>–</b>	Floating rate of the higher of 1.7% per annum over 1-month LIBOR or the cost to the bank of funding the borrowing	27.8
Secured bank borrowings without repayable on demand clauses	<b>Fixed rate of 1.4% per annum</b>	<b>–</b>	Fixed rates of 1.4% per annum	–
Secured other borrowings without repayable on demand clauses	<b>Fixed rates ranging from 0.36%-1.38% per annum</b>	<b>2.1</b>	Fixed rates ranging from 0.36%-1.38% per annum	2.4
		<b>94.8</b>		<b>110.8</b>

*Maturity profile:*

The repayment terms of the borrowings without taking into consideration the effect of repayable on demand clauses are as follows:

	<b>As at 30 June 2023 HK\$ million</b>	<b>As at 31 December 2022 HK\$ million</b>
Within 1 year	57.5	61.4
Between 1 and 2 years	20.0	23.1
Between 2 and 5 years	16.3	25.1
Over 5 years	1.0	1.2
	<u>94.8</u>	<u>110.8</u>

*Currency denomination:*

	<b>As at 30 June 2023 HK\$ million</b>	<b>As at 31 December 2022 HK\$ million</b>
Hong Kong dollars	8.9	10.8
United States dollars	83.8	97.5
Japanese Yen	2.1	2.5
	<u>94.8</u>	<u>110.8</u>

*Charges on Group assets*

Except for bank borrowings and other borrowings of approximately HK\$2.1 million as at 30 June 2023 (as at 31 December 2022: approximately HK\$2.5 million), which was secured by personal guarantee of a non-controlling interest of the Group, other bank borrowings were secured by certain property, plant and equipment, right-of-use assets and a bank deposit of the Group.

The carrying amounts of assets pledged as security for borrowings are as follow:

	<b>As at 30 June 2023 HK\$ million</b>	<b>As at 31 December 2022 HK\$ million</b>
Property, plant and equipment	17.2	19.0
Right-of-use assets	27.2	27.9
Bank deposit	11.8	11.7
	<u>56.2</u>	<u>58.6</u>

### ***Gearing ratio***

The gearing ratio was calculated as net debt (i.e. borrowings less cash and cash equivalents) divided by total equity. The gearing ratio was not applicable to the Group as at 30 June 2023 and as at 31 December 2022.

### ***Foreign currency exposure***

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to 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 revenue denominated in the same currency.

### **Capital commitments and contingent liabilities**

Details of the capital commitments as at 30 June 2023 is set out in Note 17 to the condensed consolidated interim financial information. The Group has no material contingent liabilities as at 30 June 2023 (as at 31 December 2022: same).

## **BUSINESS REVIEW**

In the first half of 2023, with the full reopening of the world, the travel, tourism and aviation industries were on the track of recovery, which brought positive momentum to the Group's businesses. However, the global economy is still slowing down due to the factors of high inflation, interest rate hike cycle and rising costs, resulting in weak consumer demand in the market. The business environment was full of uncertainties and challenges. During the six months ended 30 June 2023, the Group maintained a steady growth in overall performance.

### **Hospitality Supplies Business**

According to statistics recently released by the United Nations World Tourism Organization ("UNWTO"), international arrivals reached 80% of pre-pandemic levels in the first quarter of 2023. An estimated 235 million tourists travelled internationally in the first three months, which was more than double the number in the same period of 2022. According to the data, the Middle East saw the strongest performance as the only region exceeding 15% of arrivals from 2019 levels and the first to recover pre-pandemic numbers in a full quarter. Europe, Africa, the Americas, Asia and the Pacific reached 90%, 88%, 85%, and 54% of pre-pandemic levels respectively. Therefore, the demand for hospitality supplies products has increased under the recovery of global tourism.

Revenue from the Group's hospitality supplies business for the six months ended 30 June 2023 increased 14.8% to approximately HK\$ 751.0 million (for the six months ended 30 June 2022: approximately HK\$654.2 million), which contributed 81.4% (for the six months ended 30 June 2022: 73.5%) to the Group's total revenue. Gross profit from the hospitality supplies business increased 22.7% to approximately HK\$179.9 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$146.6 million). The segment's gross profit margin increased 1.6 percentage points to 24.0% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 22.4%).

Hospitality supplies business revenues for the six months ended 30 June 2023 from the PRC, Hong Kong, the North America, Europe, other Asia Pacific regions and Australia were approximately HK\$236.4 million, HK\$81.4 million, HK\$121.9 million, HK\$119.4 million, HK\$153.9 million and HK\$35.6 million (for the six months ended 30 June 2022: approximately HK\$140.8 million, HK\$91.3 million, HK\$91.6 million, HK\$111.8 million, HK\$130.2 million and HK\$87.0 million) respectively, accounted for 31.5%, 10.8%, 16.2%, 15.9%, 20.5% and 4.7% (for the six months ended 30 June 2022: 21.5%, 14.0%, 14.0%, 17.1%, 19.9% and 13.3%) of the total hospitality supplies business segment revenue respectively.

### **Operating Supplies and Equipment Business**

According to the recently released reports from Lodging Econometrics, hotel construction pipeline picked up with the return of travel in various regions, such as the Middle East, Europe, and the Asia Pacific Region. However, the hotel construction pipeline in China have slightly declined relative to other regions in the first quarter of 2023. Revenue from the Group's OS&E business was approximately HK\$66.5 million for the six months ended 30 June 2023, representing a decrease of 5.8% as compared with approximately HK\$70.6 million for the six months ended 30 June 2022, and representing 7.2% (for the six months ended 30 June 2022: 7.9%) of the Group's total revenue. Gross profit from the OS&E business increased by 9.9% to approximately HK\$17.7 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$16.1 million). The segment's gross profit margin increased 3.8 percentage points to 26.6% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 22.8%).

For the six months ended 30 June 2023, OS&E business revenues from the PRC and other markets were approximately HK\$45.7 million and HK\$20.8 million (for the six months ended 30 June 2022: approximately HK\$50.3 million and HK\$20.3 million) respectively, representing 68.7% and 31.3% (for the six months ended 30 June 2022: 71.2% and 28.8%) of the total OS&E business segment revenue respectively.

The Group actively follows the market trend and explores the demand for operating supplies and equipment in various markets. By continuously optimising product categories and quality to meet different customers' needs and enhance long-term customers' reliance, the Group further consolidates and expands business coverage. In addition, the Group is also committed to establishing long-term relationships with customers to promote sustainable development of business.

### **Health Care and Hygienic Products Business**

Besides producing disposable infection control products (such as medical equipment covers), the Group continued to deepen and optimise high-quality health care and hygienic products to meet the market demand. As the increasing public attention to health, the Group actively enriches product categories to lay out the potential market growth space. As the effect of COVID-19 pandemic has gradually subsided, the demand of pandemic prevention related products decreased substantially, resulting in a significant year-on-year decrease in revenue of this business. However, the Group believes that the production of health care and hygienic products is still indispensable in the post-pandemic era with the development potential in the market.

Revenue from the Group's health care and hygienic products business for the six months ended 30 June 2023 was approximately HK\$105.3 million (for the six months ended 30 June 2022: approximately HK\$165.8 million), which contributed 11.4% (for the six months ended 30 June 2022: 18.6%) to the Group's total revenue. Gross profit from the health care and hygienic products business was approximately HK\$25.2 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$35.8 million). The segment's gross profit margin increased 2.4 percentage points to 24.0% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 21.6%).

As the effect of COVID-19 pandemic has gradually subsided, the demand for anti-epidemic supplies in Hong Kong has greatly decreased, which has led to a decline in sales of hygienic products. For the six months ended 30 June 2023, the revenues of health care and hygienic products business from Hong Kong was approximately HK\$3.5 million (for the six months ended 30 June 2022: HK\$72.1 million), representing 3.3% (for the six months ended 30 June 2022: 43.5%) of the total health care and hygienic products business segment revenue. The Group continued to drive the health care and hygienic products business development in other regions. For the six months ended 30 June 2023, the revenues of health care and hygienic products business from the North America and other markets were approximately HK\$95.8 million and HK\$6.0 million (for the six months ended 30 June 2022: approximately HK\$72.9 million and HK\$20.8 million) respectively, representing 91.0% and 5.7% (for the six months ended 30 June 2022: 44.0% and 12.5%) of the total health care and hygienic products business segment revenue respectively.



## **OUTLOOK AND STRATEGIES**

The Group is aiming to become an excellent international corporate brand specialising in hospitality supplies and personal care products, create maximum value for stakeholders, and support ecology for sustainable development.

### **Expected full recovery in global tourism**

Even though the global economy is still facing the risk of sluggish growth, the global tourism industry is accelerating recovery and growing steadily due to the post-pandemic “revenge travel” trend and the implementation of tourists attraction strategies by various regions, which has driven increasing number of global tourist arrivals and the global tourism industry is expected to maintain growth and achieve a full recovery. The UNWTO Panel of Experts survey indicates that almost 70% of experts expect better performance in May to August 2023. The growth momentum of the global tourism industry will further improve the Group’s hospitality supplies and OS&E businesses and these businesses are expected to resume continuous growth.

### **Great potential in Southeast Asia market**

As one of the fastest growing regions in the world, Southeast Asia’s abundant labour force and booming tourism have provided strong support for the rapid economic development of Southeast Asian countries. The growing economy and potentially huge consumer demand make the Group optimistic about the development prospects of the Southeast Asian market. In order to seize the huge business opportunities in the Southeast Asia market, the Group will actively utilise and optimise the production lines for liquid products in Cambodia to further enhance the Group’s production efficiency, so as to meet the demand for hospitality supplies products in Southeast Asia and increase our market share in the region. The Group will also leverage its advantages in product portfolio diversification and regional cost, and actively expand product categories and business scope to enhance its competitiveness in the Southeast Asian market. Meanwhile, we will strengthen cooperation with local suppliers to further consolidate our strength in the Southeast Asian market.

### **Development of health care and hygienic products business**

In recent years, the increasing public awareness of health have brought more opportunities to the Group’s health care and hygienic products business. The Group will fully grasp the trends and flexibly adjust and improve our products based on the changing market needs. The Group will continue to strengthen its product research and development and innovation to expand the business scope of health care and hygienic products, to maintain a dominant position in the competitive market. Looking forward, the Group is confident about the prospects of the health care and hygienic products industry. We will continue to strengthen brand promotion and construction through online marketing platforms to expand our market coverage and reach more target customer groups, including individual consumers, commercial institutions, hospitals, etc. Meanwhile, the Group will also actively seek more cooperation and business development opportunities to inject new impetus into the development of health care and hygienic products business.

## **Accelerating the establishment of a green production system**

Environmental, social and governance (“ESG”) is gradually becoming a consensus for enterprises to create sustainable value. In order to meet the green development needs of hotel customers, the Group will adopt different green operational strategies to develop green hospitality supplies products with environmentally friendly materials, so as to establish a long-term and stable cooperative relationship with partners and jointly promote sustainable development practices. The Group is also responding to the development trend of ESG, actively undertaking social and environmental responsibilities, realising energy conservation and emission reduction by optimising the production system and establishing a green industry chain, and further improving the Group’s ESG performance, so as to contribute to the green and low-carbon transformation of the industry.

## **Control cost and increase efficiency to enhance core competitiveness**

Under the current slowdown in global economic growth, significant increases in commodity prices and production costs have undoubtedly increased the difficulties of business operations. The Group will make full use of the resources of the production base in Cambodia and seek for more cost-effective raw material alternatives to reduce production costs and strive for a higher profit margin. With the rapid recovery of the global tourism industry, the demand for hospitality supplies products and operating supplies and equipment will continue to grow steadily and customers’ price sensitivity will be relatively reduced, providing us with more room for better pricing. The Group will strive to enhance its own competitive advantages and operational efficiency, so as to improve our competitiveness and profitability in the market and consolidate the Group’s leading market position. In addition, the Group will continue to optimise the strategies related to operational capital management, business development and cost control, and strengthen the monitoring and management of capital flow to ensure the effective use of funds and maximise returns, so as to help the Group achieve long-term sustainable development.

## **Diversified development to create greater value**

Facing the complex and ever-changing market environment, the Group will pay close attention to the industry trend, flexibly optimise the product portfolio and timely adjust our product strategies. We also strive to launch more competitive products and solutions to provide customers with high-quality products and services, in order to meet the increasingly diversified market demand. Meanwhile, the Group will strengthen corporate cooperation, continue to establish long-term and stable cooperative relationships with customers, promote business expansion in different regions, fields and markets, so as to jointly create greater value, achieve a win-win situation, establish a stable foundation for the Group’s development and bring broader development prospects.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees of the Group was approximately 5,700 as at 30 June 2023. The employee benefit expenses including Directors' emoluments were approximately HK\$226.6 million for the six months ended 30 June 2023. The remuneration of employees (including the Directors and senior management) of the Group are generally structured by reference to market terms and individual merits, which is reviewed on a regular basis. The Group also provides various other benefits to designated staff, including discretionary bonus, social insurance or medical insurance, share award scheme, continuing education and training programmes. The Group also launched key performance indicators assessment scheme and commendation annual award scheme to boost individual performance and operational efficiency.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2023, the Group has complied with all the code provisions in the "Corporate Governance Code" 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 C.2.1 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 2023.

## **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 enquiries to 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 2023.

## **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 2023 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 19 September 2023. It is expected that the interim dividend will be paid on or around Thursday, 28 September 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 18 September 2023 to Tuesday, 19 September 2023 (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, 15 September 2023.

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

Hong Kong, 24 August 2023

*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. NG Bo Kwong, Mr. SUN Eric Yung Tson and Mr. Kwong Tony Wan Kit.*