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: 3828)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS FOR THE YEAR 2015

- Revenue increased 5.2% to HK$1,710.9 million (2014: HK$1,626.0 million)
- Gross profit increased 7.0% to HK$417.9 million (2014: HK$390.5 million)
- Gross profit margin increased 0.4 percentage point to 24.4% (2014: 24.0%)
- Operating loss is HK$199.3 million (2014: profit of HK$75.9 million) and the loss for the year 2015 is HK$226.1 million (2014: profit of HK$58.7 million). These have included several significant non-recurring items recognised in the consolidated statement of comprehensive income:
  - — Impairment of goodwill: HK$331.5 million (expense)
  - — Reversal of net provision for legal compensation: HK$34.9 million (income)
  - — Impairment of intangible asset: HK$7.8 million (expense) and corresponding reversal of deferred tax liability: HK$1.9 million (income)
  - — Impairment of property, plant and equipment: HK$4.2 million (expense)

  Excluding these one-off items, there is an operating profit of HK$109.3 million. To provide better information to the readers of the financial statements, the following financial information before and after recognition of the above mentioned significant non-recurring items is presented below:

	2015		2014
	BEFORE recognition of significant non-recurring items	**AFTER recognition of significant non-recurring items**	
	HK$ million	*HK$ million*	*HK$ million*
Operating profit/(loss)	109.3	(199.3)	75.9
Profit/(loss) for the year	80.6	(226.1)	58.7
Basic earnings/(loss) per share attributable to owners of the Company (HK cents)	11.5	(31.6)	9.1

- A proposed final dividend of HK3.0 cents was recommended, together with the interim dividend of HK2.0 cents, representing a total annual dividend of HK5.0 cents per share (2014: HK4.5 cents), with a dividend payout ratio of 43.5% (before recognition of significant non-recurring items).

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") hereby announces the consolidated audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,710,885**	1,626,016
Cost of sales	*4*	**(1,293,015)**	(1,235,497)
Gross profit		**417,870**	390,519
Distribution costs	*4*	**(185,248)**	(196,900)
Administrative expenses	*4*	**(138,138)**	(125,742)
Other income	*5*	**10,583**	8,035
Reversal of net provision for legal compensation	*17*	**34,905**	—
Impairment of intangible asset		**(7,764)**	—
Impairment of goodwill	*18*	**(331,545)**	—
Operating (loss)/profit		**(199,337)**	75,912
Finance income		**832**	2,239
Finance costs	*12*	**(507)**	(408)
Share of profit of an associated company		**149**	255
Share of losses of joint ventures		**(436)**	(382)
Fair value gains on investment properties		**—**	600
(Loss)/profit before income tax		**(199,299)**	78,216
Income tax expenses	*6*	**(26,839)**	(19,483)
(Loss)/profit for the year		**(226,138)**	58,733
Other comprehensive (loss)/income			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Currency translation differences		**(27,413)**	(13,539)
Realisation of exchange reserve upon disposal and dissolution of subsidiaries		**4**	(210)
Total comprehensive (loss)/income for the year		**(253,547)**	44,984

	Note	For the year ended 31 December	
		2015	2014
		HK$'000	*HK$'000*
(Loss)/profit attributable to:			
Owners of the Company		**(221,864)**	63,264
Non-controlling interests		**(4,274)**	(4,531)
		(226,138)	58,733
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(249,350)**	49,578
Non-controlling interests		**(4,197)**	(4,594)
		(253,547)	44,984
(Loss)/earnings per share attributable to owners of the Company (expressed in HK cents)			
— Basic	*14*	**(31.6)**	9.1
— Diluted	*14*	**(31.6)**	9.0
Dividends			
Interim dividend paid	*15*	**14,100**	10,474
Proposed final dividend	*15*	**21,173**	20,958
		35,273	31,432

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2015** *HK$'000*	 2014 *HK$'000*
ASSETS			
Non-current assets			
Goodwill	*18*	**—**	347,248
Land use rights		**41,740**	18,365
Property, plant and equipment		**279,663**	209,744
Investment properties		**207,104**	207,554
Intangible assets		**2,805**	13,283
Long-term prepayments		**6,366**	22,393
Investment in an associated company		**1,111**	982
Investments in joint ventures		**213**	649
Deferred income tax assets		**7,602**	8,192
Total non-current assets		**546,604**	828,410
Current assets			
Inventories		**209,439**	213,028
Trade and bills receivables	*7*	**478,655**	448,732
Amount due from an associated company	*8*	**8,627**	4,286
Amounts due from joint ventures		**35**	30
Prepaid tax		**17**	436
Deposits, prepayments and other receivables		**46,756**	62,464
Restricted cash	*9*	**35,819**	37,515
Cash and cash equivalents	*10*	**295,693**	328,410
Total current assets		**1,075,041**	1,094,901
Total assets		**1,621,645**	1,923,311
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*13*	**7,054**	6,986
Share premium	*13*	**595,679**	591,499
Other reserves		**407,108**	691,874
Proposed final dividend	*15*	**21,173**	20,958
		1,031,014	1,311,317
Non-controlling interests		**(19,636)**	(14,925)
Total equity		**1,011,378**	1,296,392

		As at 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	*12*	**19,439**	25,971
Deferred income tax liabilities		**2,740**	5,555
Total non-current liabilities		**22,179**	31,526
Current liabilities			
Current portion of long-term bank borrowings	*12*	**36,539**	6,473
Trade payables	*11*	**240,540**	252,563
Accruals and other payables		**288,447**	304,955
Current income tax liabilities		**9,917**	20,837
Loans from non-controlling interests		**12,587**	10,526
Amount due to a joint venture		**14**	—
Dividends payable		**44**	39
Total current liabilities		**588,088**	595,393
Total liabilities		**610,267**	626,919
Total equity and liabilities		**1,621,645**	1,923,311

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *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 2014	6,977	590,935	687,618	1,285,530	(12,662)	1,272,868
Comprehensive income						
Profit/(loss) for the year	—	—	63,264	63,264	(4,531)	58,733
Other comprehensive income						
Currency translation differences	—	—	(13,550)	(13,550)	11	(13,539)
Realisation of exchange reserve upon disposal and dissolution of subsidiaries	—	—	(136)	(136)	(74)	(210)
Total comprehensive income/(loss)	—	—	49,578	49,578	(4,594)	44,984
Final dividend relating to 2013	—	—	(13,955)	(13,955)	—	(13,955)
Interim dividend relating to 2014	—	—	(10,474)	(10,474)	—	(10,474)
Capital injection from non-controlling interests	—	—	—	—	100	100
Disposal of a subsidiary	—	—	—	—	2,231	2,231
Exercise of share options *(Note 13)*	9	564	—	573	—	573
Share-based compensation	—	—	65	65	—	65
Balance at 31 December 2014	6,986	591,499	712,832	1,311,317	(14,925)	1,296,392
Balance at 1 January 2015	**6,986**	**591,499**	**712,832**	**1,311,317**	**(14,925)**	**1,296,392**
Comprehensive loss						
Loss for the year	**—**	**—**	**(221,864)**	**(221,864)**	**(4,274)**	**(226,138)**
Other comprehensive loss						
Currency translation differences	**—**	**—**	**(27,490)**	**(27,490)**	**77**	**(27,413)**
Realisation of exchange reserve upon dissolution of a subsidiary	**—**	**—**	**4**	**4**	**—**	**4**
Total comprehensive loss	**—**	**—**	**(249,350)**	**(249,350)**	**(4,197)**	**(253,547)**
Final dividend relating to 2014 *(Note 15)*	**—**	**—**	**(21,101)**	**(21,101)**	**—**	**(21,101)**
Interim dividend relating to 2015 *(Note 15)*	**—**	**—**	**(14,100)**	**(14,100)**	**—**	**(14,100)**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**(340)**	**(340)**
Exercise of share options *(Note 13)*	**68**	**4,180**	**—**	**4,248**	**—**	**4,248**
Dissolution of a subsidiary	**—**	**—**	**—**	**—**	**(174)**	**(174)**
Balance at 31 December 2015	**7,054**	**595,679**	**428,281**	**1,031,014**	**(19,636)**	**1,011,378**

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

This consolidated financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2 ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to HKAS 19 "Employee benefits" on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs — 2010-2012 Cycle, on HKFRS 8, "Operating segments", HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets" and HKAS 24, "Related party disclosures".

Amendments from annual improvements to HKFRSs — 2011-2013 Cycle, on HKFRS 3, "Business combinations", HKFRS 13, "Fair value measurement" and HKAS 40, "Investment property".

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirement of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

There are no other HKFRSs or Hong Kong (International Financial Reporting Interpretations Committee ("HK(IFRIC)") interpretations that are not yet effective that would be expected to have a material impact on the Group.

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

The Board assesses the performance of the operating segments based on a measure of (loss)/profit before income tax, share of profit of an associated company, share of losses of joint ventures, reversal of net provision for legal compensation, impairment of intangible asset and impairment of goodwill.

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

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

Geographical

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific countries *(Note i)* *HK$'000*	Others *(Note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *HK$'000*
Year ended 31 December 2015													
Segment revenue	**416,009**	**204,021**	**530,240**	**221,254**	**43,581**	**257,768**	**5,411**	**1,678,284**	**53,556**	**501**	**54,057**	**–**	**1,732,341**
Inter-segment revenue	**–**	**–**	**(16,521)**	**(88)**	**–**	**–**	**–**	**(16,609)**	**(4,660)**	**(187)**	**(4,847)**	**–**	**(21,456)**
Revenue from external customers	**416,009**	**204,021**	**513,719**	**221,166**	**43,581**	**257,768**	**5,411**	**1,661,675**	**48,896**	**314**	**49,210**	**–**	**1,710,885**
Earnings/(loss) before interest, taxes, depreciation, amortisation and impairment of intangible asset, impairment of goodwill, reversal of net provision for legal compensation and impairment of property, plant and equipment	**61,699**	**20,936**	**26,167**	**23,938**	**1,370**	**29,733**	**769**	**164,612**	**(19,233)**	**(3,605)**	**(22,838)**	**6,685**	**148,459**
Impairment of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,214)**	**(4,214)**
Depreciation	**(6,803)**	**(3,337)**	**(8,402)**	**(3,617)**	**(713)**	**(4,215)**	**(88)**	**(27,175)**	**(1,880)**	**(348)**	**(2,228)**	**(5,958)**	**(35,361)**
Amortisation	**(421)**	**(206)**	**(519)**	**(224)**	**(44)**	**(261)**	**(5)**	**(1,680)**	**(1,955)**	**(78)**	**(2,033)**	**(104)**	**(3,817)**
Finance income	**–**	**–**	**668**	**144**	**–**	**1**	**–**	**813**	**2**	**–**	**2**	**17**	**832**
Finance costs	**–**	**–**	**(34)**	**(52)**	**–**	**(39)**	**–**	**(125)**	**–**	**–**	**–**	**(382)**	**(507)**
Segment profit/(loss) before income tax	**54,475**	**17,393**	**17,880**	**20,189**	**613**	**25,219**	**676**	**136,445**	**(23,066)**	**(4,031)**	**(27,097)**	**(3,956)**	**105,392**
Share of profit of an associated company													**149**
Share of losses of joint ventures													**(436)**
Reversal of net provision for legal compensation													**34,905**
Impairment of intangible asset													**(7,764)**
Impairment of goodwill													**(331,545)**
Income tax expenses													**(26,839)**
Loss for the year													**(226,138)**

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC *HK$'000*	**Hong Kong** *HK$'000*	**Australia** *HK$'000*	**Other locations** *(Note iii)* *HK$'000*	**Sub-total** *HK$'000*	**The PRC** *HK$'000*	**Hong Kong** *HK$'000*	**Sub-total** *HK$'000*	*HK$'000*	**Inter-segment elimination** *HK$'000*	**Total** *HK$'000*
As at 31 December 2015											
Total assets	**948,916**	**634,252**	**1,589**	**34,383**	**1,619,140**	**67,192**	**8,599**	**75,791**	**319,902**	**(393,188)**	**1,621,645**
Include:											
Investment in an associated company	**—**	**1,111**	**—**	**—**	**1,111**	**—**	**—**	**—**	**—**	**—**	**1,111**
Investments in joint ventures	**—**	**—**	**—**	**213**	**213**	**—**	**—**	**—**	**—**	**—**	**213**
Additions to non-current assets (other than deferred income tax assets)	**85,901**	**590**	**—**	**847**	**87,338**	**3,291**	**—**	**3,291**	**57,601**	**—**	**148,230**
Total liabilities	**403,305**	**158,800**	**36**	**3,399**	**565,540**	**118,836**	**58,167**	**177,003**	**260,912**	**(393,188)**	**610,267**

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific countries *(Note i)* *HK$'000*	Others *(Note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *HK$'000*
Year ended 31 December 2014													
Segment revenue	396,636	192,539	492,501	178,289	41,831	227,975	6,798	1,536,569	85,731	1,899	87,630	7,817	1,632,016
Inter-segment revenue	—	—	(5,293)	(688)	—	—	—	(5,981)	(7)	(12)	(19)	—	(6,000)
Revenue from external customers	396,636	192,539	487,208	177,601	41,831	227,975	6,798	1,530,588	85,724	1,887	87,611	7,817	1,626,016
Earnings/(loss) before interest, taxes, depreciation, amortisation and fair value gains on investment properties	56,505	18,343	37,174	13,018	1,601	27,626	871	155,138	(33,373)	(4,975)	(38,348)	(1,659)	115,131
Fair value gains on investment properties	—	—	—	—	—	—	—	—	—	—	—	600	600
Depreciation	(6,904)	(3,352)	(8,481)	(3,092)	(728)	(3,968)	(118)	(26,643)	(2,301)	(399)	(2,700)	(6,307)	(35,650)
Amortisation	(422)	(205)	(518)	(189)	(44)	(242)	(7)	(1,627)	(1,758)	(78)	(1,836)	(106)	(3,569)
Finance income	—	—	1,850	372	—	2	—	2,224	4	—	4	11	2,239
Finance costs	—	—	(18)	(2)	—	(42)	—	(62)	—	—	—	(346)	(408)
Segment profit/(loss) before income tax	49,179	14,786	30,007	10,107	829	23,376	746	129,030	(37,428)	(5,452)	(42,880)	(7,807)	78,343
Share of profit of an associated company													255
Share of losses of joint ventures													(382)
Income tax expenses													(19,483)
Profit for the year													58,733

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC	Hong Kong	Australia	Other locations *(Note iii)*	Sub-total	The PRC	Hong Kong	Sub-total		Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014											
Total assets	871,269	588,102	841	37,462	1,497,674	440,420	3,400	443,820	280,561	(298,744)	1,923,311
Include:											
Investment in an associated company	—	982	—	—	982	—	—	—	—	—	982
Investments in joint ventures	—	—	—	649	649	—	—	—	—	—	649
Additions to non-current assets (other than deferred income tax assets)	34,189	1,681	15	—	35,885	7,826	469	8,295	14	—	44,194
Total liabilities	374,157	146,943	30	5,057	526,187	162,476	35,920	198,396	201,080	(298,744)	626,919

Notes:

(i) Other Asia Pacific countries mainly include Japan, United Arab Emirates, Thailand, the Philippines, Malaysia, Singapore, Dubai and India.

(ii) Others mainly include South Africa and Morocco.

(iii) Other locations mainly include Singapore.

Additions to non-current assets comprise additions to land use rights, property, plant and equipment, intangible assets and long-term prepayments.

4 EXPENSES BY NATURE

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

	2015	2014
	HK$'000	*HK$'000*
Changes in inventories	**927,804**	881,671
Auditor's remuneration		
— Audit services	**2,900**	3,300
— Non-audit services	**161**	155
Amortisation of land use rights	**711**	488
Depreciation of property, plant and equipment	**35,361**	35,650
Amortisation of intangible assets	**3,106**	3,081
Operating lease rental in respect of buildings	**20,191**	21,621
Provision/(write-back of provision) for obsolete inventories	**2,663**	(206)
Provision for impairment of trade and bills receivables	**10,828**	6,957
Provision for impairment of property, plant and equipment	**4,214**	—
Direct written off for obsolete inventories	**5,614**	3,496
Employee benefit expenses	**364,096**	337,184
Transportation expenses	**60,666**	54,289
Exchange loss, net	**4,981**	6,121
Advertising costs	**13,402**	16,951
(Gain)/loss on disposal of property, plant and equipment	**(274)**	213
Direct operating expenses arising from investment properties that generate rental income	**114**	397
Utilities expenses	**24,985**	26,166

5 OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Rental income	**6,934**	4,961
Income from sales of scrap materials	**1,607**	1,922
Others	**2,042**	1,152
	10,583	8,035

6 INCOME TAX EXPENSES

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

	2015	2014
	HK$'000	*HK$'000*
Current income tax:		
— Hong Kong profits tax	**21,579**	17,510
— PRC enterprise income tax	**6,982**	745
— Singapore income tax	**653**	1,408
	29,214	19,663
Deferred income tax	**(2,375)**	(180)
	26,839	19,483

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

Hong Kong profits tax, PRC enterprise income tax and Singapore income tax are calculated at 16.5% (2014: 16.5%), 25% (2014: 25%) and 17% (2014: 17%) respectively on the estimated assessable profits for the year ended 31 December 2015.

7 TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**506,413**	470,822
Bills receivables	**8,579**	4,006
	514,992	474,828
Less: provision for impairment of receivables	**(36,337)**	(26,096)
Trade and bills receivables, net	**478,655**	448,732

Ageing analysis of trade and bills receivables by invoice date as at 31 December 2015 is as follows:

	2015	2014
	HK$'000	*HK$'000*
1–30 days	**276,482**	264,028
31–60 days	**83,437**	88,901
61–90 days	**49,214**	41,976
91–180 days	**49,510**	39,681
Over 180 days	**56,349**	40,242
	514,992	474,828

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

Ageing analysis of trade and bills receivables by due date as at 31 December 2015 is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**260,920**	252,804
1–30 days	**78,093**	78,770
31–60 days	**43,175**	45,891
61–90 days	**24,580**	21,149
91–180 days	**36,116**	31,874
Over 180 days	**72,108**	44,340
	514,992	474,828

8 AMOUNT DUE FROM AN ASSOCIATED COMPANY

The amount represents trade receivables from an associated company. The carrying value of the amount approximates its fair value. The amount is mainly denominated in Hong Kong dollars ("HK$"). The credit period granted is 30 days. The ageing analysis of amount is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**2,444**	957
1–30 days	**1,236**	666
31–60 days	**924**	473
61–90 days	**1,902**	380
Over 90 days	**2,121**	1,810
	8,627	4,286

9 RESTRICTED CASH

	2015	2014
	HK$'000	*HK$'000*
Restricted cash	**35,819**	37,515

As at 31 December 2015, the restricted cash of Renminbi ("RMB") 30,000,000 (equivalent to approximately HK$35,819,000) (31 December 2014: RMB30,000,000 (equivalent to approximately HK$37,515,000) was placed as collateral for an irrevocable letter of guarantee that provides financial assurance that the Group would fulfil its obligation with respect to a litigation as disclosed in Note 17. The judgement had been finalised on 13 November 2015 and the restricted cash has been subsequently released on 25 February 2016.

10 CASH AND CASH EQUIVALENTS

	2015	2014
	HK$'000	*HK$'000*
Cash at banks and on hand	**263,103**	223,397
Short term bank deposits	**32,590**	105,013
	295,693	328,410

The Group's cash and bank balances of approximately HK$139,370,000 (31 December 2014: approximately HK$138,185,000) are deposited with banks in the PRC, 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:

	2015	2014
	HK$'000	*HK$'000*
1–30 days	**177,997**	178,630
31–60 days	**26,700**	25,171
61–90 days	**31,904**	45,571
Over 90 days	**3,939**	3,191
	240,540	252,563

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

	2015	2014
	HK$'000	*HK$'000*
Current	**206,004**	176,764
1–30 days	**16,143**	56,236
31–60 days	**7,948**	10,785
61–90 days	**4,025**	3,372
Over 90 days	**6,420**	5,406
	240,540	252,563

12 BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Non-current:		
Long-term bank borrowings	**19,439**	25,971
Current:		
Current portion of long-term bank borrowings	**36,539**	6,473
	55,978	32,444
Representing:		
Secured	**55,978**	32,444

In November 2009, the Group obtained a HK$ denominated mortgage loan, which bore interest at the lower of one month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 0.75% per annum and HK$ Prime Rate less 1.75%, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and included in investment properties in the consolidated financial statements of the Group, with net carrying values of HK$197,600,000 as at 31 December 2015 (31 December 2014: HK$197,600,000).

In September 2015, the Group obtained a HK$ denominated mortgage loan and certain banking facilities, which bore interest at the higher of 1.7% per annum over 1 month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of HK$57,027,000 as at 31 December 2015.

The Group also entered into banking facilities which were secured by land use rights and property, plant and equipment, with net carrying values of approximately HK$1,921,000 (31 December 2014: HK$2,071,000) and HK$19,470,000 (31 December 2014: HK$18,040,000) respectively as at 31 December 2015.

The interest expenses on borrowings for the year ended 31 December 2015 was approximately HK$507,000 (for the year ended 31 December 2014: HK$408,000).

13 SHARE CAPITAL AND SHARE PREMIUM

	Share capital	Share premium	Total
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 January 2014	**6,977**	**590,935**	**597,912**
Exercise of share options	9	564	573
Balance at 31 December 2014	**6,986**	**591,499**	**598,485**
Exercise of share options	68	4,180	4,248
Balance at 31 December 2015	**7,054**	**595,679**	**602,733**

14 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share attributable to owners of the Company is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
(Loss)/profit attributable to owners of the Company (HK$'000)	**(221,864)**	63,264
Weighted average number of ordinary shares in issue (thousands)	**702,836**	697,968
Basic (loss)/earnings per share attributable to owners of the Company (HK cents)	**(31.6)**	9.1

(b) Diluted

Diluted (loss)/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.

Diluted loss per share attributable to owners of the Company for the year ended 31 December 2015 is the same as basic loss per share attributable to owners of the Company as the exercise of the outstanding share options would have an anti-dilutive effect which results in a reduction in loss per share for the year ended 31 December 2015.

Diluted earnings per share attributable to owners of the Company for the year ended 31 December 2014 is as below:

	2014
Earnings	
Profit attributable to owners of the Company (HK$'000)	63,264
Weighted average number of ordinary shares in issue (thousands)	697,968
Adjustments for:	
— Share options (thousands)	8,412
Weighted average number of ordinary shares for diluted earnings per share (thousands)	706,380
Diluted earnings per share attributable to owners of the Company (HK cents)	9.0

15 DIVIDENDS

On 21 May 2015, a final dividend of HK3.0 cents per share for the year ended 31 December 2014 was approved by the Company's shareholders. Total dividend of approximately HK$21,101,000 was paid out.

On 9 October 2015, the Board resolved to pay an interim dividend of HK2.0 cents per share for the six months ended 30 June 2015. Total dividend of approximately HK$14,100,000 was paid out.

The final dividend in respect of the year ended 31 December 2015 of HK3.0 cents per share, amounting to a total dividend of approximately HK$21,173,000 is proposed on 29 March 2016, which is subject to approval at the annual general meeting (the "AGM") to be held on 26 May 2016. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2015.

16 CAPITAL COMMITMENTS

As at 31 December 2015, the capital commitments of the Group were HK$5,705,000 (31 December 2014: HK$9,927,000).

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements	**5,705**	9,927

17 REVERSAL OF NET PROVISION FOR LEGAL COMPENSATION

In 2012, a competitor (the "Plaintiff") alleged that certain subsidiaries of the Group, including 廣州七色花投資顧問有限公司, 深圳輝華倉儲服務有限公司 and 明輝實業(深圳)有限公司 (collectively, the "Defendants"), had infringed trademarks and sought damages of RMB100,000,000 (equivalent to approximately HK$127,890,000). In January 2014, the Group received the judgement (the "Judgement") made by the Higher People's Court of Fujian Province against the Defendant that, amongst other things, the Defendants should pay to the Plaintiff a total amount of RMB30,000,000 (equivalent to approximately HK$38,367,000) as damages. As a result, the Group accrued provision for legal compensation and other related costs of RMB31,000,000 (equivalent to approximately HK$39,138,000) in its consolidated financial statements as at 31 December 2013. The Group lodged formal appeal against the Judgement in January 2014 and the first court of hearing was held in the Supreme People's Court in Beijing in June 2014.

On 13 November 2015, the Company received the judgment (the "Final Judgment") made by the Supreme People's Court of the PRC (中華人民共和國最高人民法院) upon the Defendants' appeal against the Judgment. Amongst other things, the Group is prohibited to use the identifier "七色花", a term in its entirety and independently on its merchandise, website and in its marketing activities. Further, the Group would have to pay the Plaintiff a total amount of RMB1,200,000 (equivalent to approximately HK$1,479,000) as damages and reasonable expenditure and to bear the legal costs in the total amount of RMB46,100 (equivalent to approximately HK$57,000). Other than the above as mentioned in the Final Judgment, the Group has incurred additional legal costs of RMB1,424,600 (equivalent to approximately HK$1,755,000) in the court case.

Accordingly, the net provision of legal compensation of RMB28,329,300 (equivalent to approximately HK$34,905,000) was written back. In addition, since the brandname "七色花" recognised at the time when the Group acquired All Team Group Limited ("All Team Group") cannot be used solely and independently in the future as a result of the Final Judgement, management considered it is not probable that future economic benefit would be attributable by this brandname to the retail business. As such, a provision of impairment for the relevant brandname of RMB6,503,000 (equivalent to approximately HK$7,764,000) was recognised in the consolidated financial statements for the year ended 31 December 2015.

18 IMPAIRMENT OF GOODWILL

The Group recognised goodwill of RMB277,688,000 (equivalent to approximately HK$318,869,000) during the year ended 31 December 2010 as a result of the acquisition of the equity interest of All Team Group, which is principally engaged in the distribution and retail business of cosmetics and fashion accessories in the PRC (the "PRC retail business").

As a result of the slow down of the retail business in the PRC, the continuous growth of the online trading business, the change of consumer spending habit of the younger generation in the PRC, which is the Group's targeted customer, the prospect of the PRC retail business was significantly challenged. During the year, the PRC retail business continued to suffer from a loss and the number of PRC retail chain outlets significantly dropped from 805 as at 31 December 2014 to 543 as at 31 December 2015. In view of the above, the Group decided to revise its business strategies and would not significantly invest to expand this business segment at this stage.

The Group revised its cash flow forecasts of this cash-generating unit for the year ended 31 December 2015. Based on the expected future market conditions and management's latest business plans, a full impairment of goodwill of RMB277,688,000 (equivalent to approximately HK$331,545,000) was recognised during the year ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The total revenue for the year ended 31 December 2015 remained solid at approximately HK$1,710.9 million compared with HK$1,626.0 million in 2014. The hospitality supplies business, the core business of the Group, maintained its top position as revenue contributor with revenue of HK$1,661.7 million, comprising 97.1% of total revenue. The retail business revenue accounted for HK$49.2 million, or 2.9% of the total revenue.

Loss attributable to owners of the Company during the year was HK$221.9 million (profit for the year ended 31 December 2014: HK$63.3 million).

Basic loss per share attributable to owners of the Company for the year ended 31 December 2015 was HK31.6 cents (Basic earnings per share for the year ended 31 December 2014: HK9.1 cents).

The overall gross profit margin remained stable at 24.4% for the year (2014: 24.0%), as a result of the Group's continuous efforts in reducing production costs under the environment of increasing labor costs and other overheads.

The Board has resolved to propose a final dividend of HK3.0 cents per share for the year ended 31 December 2015. A sum of the interim and final dividends is expected to be HK5.0 cents per share (2014: HK4.5 cents per share). The proposed dividend is subject to approval at the forthcoming AGM on 26 May 2016.

Set out below are the consolidated key financial highlights of the Group for the year ended 31 December 2015:

	Year ended 31 December		
	2015	2014	
	HK$ million	*HK$ million*	*% Change*
Revenue	**1,710.9**	1,626.0	5.2%
Gross profit	**417.9**	390.5	7.0%
(Loss)/profit attributable to owners of the Company	**(221.9)**	63.3	(450.6%)
Net asset value	**1,011.4**	1,296.4	(22.0%)
Basic (loss)/earnings per share attributable to owners of the Company (HK cents)	**(31.6)**	9.1	(447.3%)
Diluted (loss)/earnings per share attributable to owners of the Company (HK cents)	**(31.6)**	9.0	(451.1%)

BUSINESS REVIEW

The global economy recorded a growth of 2.4% in 2015, decreased by 0.2 percentage point from 2.6% in 2014, thus once again falling short of expectations. The slipped gross domestic product ("GDP") growth of China, the second largest economy in the world, was one of the reasons to the overall deceleration. Nevertheless, the Group precisely followed its strategies and maintained a positive business performance in 2015. The annual revenue in 2015 stood at HK$1,710.9 million (for the year ended 31 December 2014: HK$1,626.0 million).

The hospitality supplies business experienced a relatively stable performance during this year whereas the retail business went through a rather tough year. In terms of the hospitality supplies business, the segment remained as the key contributor to the overall revenue of the Group. With regard to the financial returns of the retail business, the downward trend eased as a result of the stringent business strategies practiced by the Group.

Regarding the litigation of trademark infringement, the Company received the Final Judgment made by the Supreme People's Court of the PRC on 13 November 2015 regarding the Defendants' appeal against the Judgment received on 3 January 2014. The Final Judgment sentenced that the Group had to stop using the identifier "七色花", a term in its entirety and independently on its merchandise, website and in its marketing activities. Besides, the Group had to pay the plaintiff a total amount of RMB1.2 million (equivalent to approximately HK$1.5 million) as damages and reasonable expenditure. Meanwhile, the Group had to bear legal costs totaling RMB46,100 (equivalent to approximately HK$57,000). Other than the above as mentioned in the Final Judgment, the Group incurred additional legal costs of RMB1.4 million (equivalent to approximately HK$1.8 million) in the court case. Accordingly, the net provisions for compensation and other related costs of approximately RMB28.3 million (equivalent to approximately HK$34.9 million) recognised during the year ended 31 December 2013 with reference to the Judgment was written back into the consolidated financial statements of the Group for the year ending 31 December 2015 with regard to the Final Judgment.

On 30 June 2015, the Group entered into seven provisional agreements to acquire six properties and a car parking space in Tsuen Wan area of Hong Kong at an aggregate consideration, excluding stamp duty, of HK$52.0 million and intends to use it as its head office. Management considered this acquisition would enable the Group to achieve rental savings, broaden the fixed asset base of the Group and provide capital appreciation potential for the Group. The transactions of the six properties and the car parking space were completed on 30 September 2015 and 15 October 2015 respectively.

Hospitality Supplies Business

According to the latest report from UN World Tourism Organisation ("UNWTO") World Tourism Barometer, the global tourism industry reached a new height in 2015, rising 4.4% to 1,184 million arrivals in 2015, representing 50 million more overnight tourists comparing to 2014. Regionally, tourist arrivals in Europe, the Americas and the Asia Pacific reported a growth of approximately 5%, followed by the Middle East which increased by 3%.

The hospitality supplies business of the Group benefited from the clear growth. In 2015, the segment achieved a revenue of HK$1,661.7 million, representing an increase of 8.6% compared to 2014. As a result of the further enhancement of cost saving strategies, the gross profit margin of this segment maintained a forward momentum. The China market remained as the key focus market and its client base was enlarged, while the hospitality business in other areas executed solid results as well.

Breaking things down, revenue from the PRC and Hong Kong were HK$513.7 million and HK$221.2 million respectively for the year ended 31 December 2015 (for the year ended 31 December 2014: HK$487.2 million and HK$177.6 million respectively), accounting for 30.9% and 13.3% of the total segment revenue respectively with respective growth rates of 5.4% and 24.5% compared to 2014, and mainly attributable to the strong sales growth in individual regions as well as orders contributed by newly developed clients and new hotels. The Operating Supplies and Equipment ("OS&E") business, cultivated by the Group in the second half of 2014, is another financial contributor to the revenue growth in the PRC. With the existing hospitality supplies business, OS&E is positioned as an additional value added service to existing clients and it will be further introduced to clients in other regions in the future, which is expected to generate an increasing level of financial returns to the Group.

North America was valued as the second largest regional contributor to the revenue of the Group during the year 2015, with a revenue of HK$416.0 million for the year ended 31 December 2015 (for the year ended 31 December 2014: HK$396.6 million). It accounted for 25.0% of the total segment revenue, maintaining a year-on-year growth of 4.9% due to the stable clientele in this region.

Because of the different economic situations in countries in Europe, the Group registered a moderate performance from Europe, and recorded a revenue of HK$204.0 million for the year 2015 (for the year ended 31 December 2014: HK$192.5 million), accounting for 12.3% of the total segment revenue with a 6.0% growth rate compared to 2014.

Since the Group enhanced its expansion strategy and had put more efforts in Asia Pacific and Australia market, the total revenue of these two geographical segments increased from HK$269.8 million for the year ended 31 December 2014 to HK$301.3 million for the year ended 31 December 2015, accounting for 18.1% of the total segment revenue with a 11.7% growth rate compared to 2014.

Retail business

Continuously challenged by e-commerce, the traditional retail business sector in China experienced another struggling year in 2015. Impacted by the stagnant market atmosphere, the Group continued practicing cost saving policies and stopped further extension of its retail business. During the year under review, revenue from the PRC retail segment stood at HK$48.9 million (2014: HK$85.7 million). The number of retail chain outlets was further cut to 543 (as at 31 December 2014: 805).

Besides, as announced on 2 March 2016, the Group recorded a significant loss attributable to the owners of the Company for the year ended 31 December 2015, which is mainly due to an impairment loss on goodwill of approximately HK$331.5 million. However, the loss is a one-off charge which has no impact on the Group's daily operations and cash flow. Therefore at the operating level of the Group, there was a profit for the year ended 31 December 2015 before recognition of the impairment loss on goodwill, due to the momentum increase recorded by the hospitality supplies business in 2015.

PROSPECTS

A report issued by the World Bank states that the global economy growth rate will edge up from next year onward, reaching 2.9% in 2016 and is expected to increase to 3.1% during the period from 2017 to 2018. The uptrend is driven by the recovery of economies in major high-income countries, the stabilisation of commodity prices, and the rebalancing GDP growth in China. However, the latent downside risk is still a factor. In terms of the tourism industry, according to UNWTO, global tourism is again expected to show positive growth in 2016, with a 4% increase expected in tourist arrivals worldwide.

In terms of the hospitality supplies business, its core business position will be maintained and China is still considered as the top focus area, followed by other emerging markets in the Asia Pacific area. The Group will make ceaseless efforts to extend its customer base in other regions worldwide while expanding clientele in China. Because of the uncertain economy trend, to guarantee the revenue performance, the Group is planning to put more efforts on the development of mid-level hotel clients and enhance the promotion of orders for standardized products. In addition, the OS&E business will become another key segment and a contributor to the financial revenue of the Group. It is still in the initial stage in current year and will generate an optimistic performance in the coming years.

On one hand, the sluggish economic recovery will impact the retail industry to certain extent; on the other, the continuing rising of e-commerce presents and enhances new retail business models, cultivating and transferring consumers' shopping behaviors, which are challenging the traditional retail industry model. There is no doubt that the retail business of the Group will continue to be affected by this environment. The Group will maintain the basic operation for the retail business while actively brainstorm for possible and sophisticated strategies to improve the situation, such as business transition, merger and acquisition, or divestment plan.

The hospitality supplies business will keep growing and the Group expects that the business is going to experience another momentum of growth in 2016. Even though the growth of the retail business may be restricted and the retail business is under consideration for possible restructuring, the core segment will maintain its current performance. The Group will put more efforts on the hospitality supplies business and it is targeted to pursue a further increase in the coming year as well as continue bringing investment profits to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's cash and cash equivalents amounted to HK$295.7 million (31 December 2014: HK$328.4 million).

In November 2009, the Group entered into a mortgage deed with a leading bank in Hong Kong to raise HK$64.4 million for the completion of acquisition of office premises in Central district. This facility bore interest at one month HIBOR plus 0.75% per annum or 1.75% below HK$ Prime Rate, whichever is the lower. The facility is secured by the office premises with maturity date on 27 November 2019. As at 31 December 2015, the outstanding borrowing of this facility amounted to HK$26.0 million (31 December 2014: HK$32.4 million).

In September 2015, the Group obtained a HK$ denominated mortgage loan and certain banking facilities, which bore interest at the higher of 1.7% per annum over 1 month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of HK$57.0 million as at 31 December 2015. As at 31 December 2015, the outstanding borrowing of this facility amounted to HK$30.0 million.

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

The gearing ratio at 31 December 2015, calculated on the basis of borrowings over total equity, was 5.5% as compared with 2.5% at 31 December 2014.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB. The Group currently does not have a foreign currency hedging policy.

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

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

CHARGES ON GROUP ASSETS

As at 31 December 2015, certain subsidiaries of the Company pledged assets with aggregate carrying value of HK$258.9 million (31 December 2014: HK$197.6 million) to secure drawn bank borrowings.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments are set out in Note 16 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2015.

EMPLOYEES

As at 31 December 2015, the total number of employees of the Group was approximately 4,000 and the employee benefit expenses including directors' emoluments were approximately HK$364.1 million. The Group offers a comprehensive remuneration package which is reviewed by 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 its most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with staff 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 recognize their outstanding performance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries has purchased, redeemed or sold 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 "Code") during the year ended 31 December 2015, 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 following deviation:

- Code provision A.2.1 of the Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of this announcement, the Board has not appointed an individual to the post of chief executive officer. The roles of the chief executive officer have been performed collectively by all the executive Directors, including the chairman of the Company. The Board considers that this arrangement allows contributions from all executive Directors with different expertise and is beneficial to the continuity of the Company's policies and strategies.

AUDIT COMMITTEE

The Group's audited final results for the year ended 31 December 2015 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions on 5 October 2007. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out under the Model Code for the year ended 31 December 2015.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming AGM of the Company will be held on Thursday, 26 May 2016. The notice of AGM will be published and delivered to the shareholders of the Company in due course.

FINAL DIVIDEND

For the year ended 31 December 2015, the Directors recommend a final dividend of HK3.0 cents per share, which is subject to the approval of the shareholders of the Company at the forthcoming AGM. The final dividend will be payable on or around 14 June 2016 to the shareholders of the Company whose names appear in the register of members of the Company as on 3 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 1 June 2016 to Friday, 3 June 2016 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 31 May 2016.

PUBLICATION OF ANNUAL REPORT ON WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

The annual report containing all information required by the Listing Rules will be despatched to the shareholders of Company and published on the websites of the Company (www.mingfaigroup.com) and the Stock Exchange (www.hkexnews.hk) in due course.

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

Hong Kong, 29 March 2016

As at the date of this announcement, the executive Directors 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 is Ms. CHAN Yim Ching, and the independent non-executive Directors are Mr. HUNG Kam Hung Allan, Mr. MA Chun Fung Horace, Mr. NG Bo Kwong and Mr. SUN Yung Tson Eric.

* *For identification purpose only*