

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHLIGHTS FOR THE YEAR 2018

- Revenue increased 10.1% to approximately HK\$2,052.7 million (2017: approximately HK\$1,863.6 million).
- Gross profit increased 5.3% to approximately HK\$465.3 million (2017: approximately HK\$442.0 million).
- Gross profit margin decreased 1.0 percentage point to 22.7% (2017: 23.7%).
- Operating profit is approximately HK\$128.7 million (2017: approximately HK\$141.7 million) and the profit attributable to owners of the Company is approximately HK\$100.2 million (2017: approximately HK\$108.9 million).
- A proposed final dividend in respect of the year ended 31 December 2018 of HK5.0 cents per share of the Company (the “Share”) was recommended, together with the interim dividend of HK2.0 cents per Share, representing a total of HK7.0 cents per Share (2017: HK7.0 cents per Share) and the dividend payout ratio of 50.4% (2017: 46.4%).

* *For identification purpose only*

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 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	Note	2018 HK\$'000	2017 HK\$'000
Revenue	3	2,052,708	1,863,559
Cost of sales	4	<u>(1,587,373)</u>	<u>(1,421,565)</u>
Gross profit		465,335	441,994
Distribution costs	4	(231,181)	(207,567)
Administrative expenses	4	(122,817)	(97,434)
Net reversal of impairment losses on financial assets	4	11,351	214
Other income	5	<u>6,056</u>	<u>4,474</u>
Operating profit		128,744	141,681
Finance income		877	834
Finance costs	11	(1,206)	(613)
Share of profit of an associated company		1,948	1,344
Share of profit of a joint venture		95	2
Fair value gain on an investment property		<u>473</u>	<u>–</u>
Profit before income tax		130,931	143,248
Income tax expenses	6	<u>(34,850)</u>	<u>(34,408)</u>
Profit for the year		96,081	108,840
Other comprehensive (loss)/income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(12,358)</u>	<u>19,385</u>
Total comprehensive income for the year		<u>83,723</u>	<u>128,225</u>
Profit/(loss) attributable to:			
Owners of the Company		100,249	108,923
Non-controlling interests		<u>(4,168)</u>	<u>(83)</u>
		<u>96,081</u>	<u>108,840</u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		87,426	128,879
Non-controlling interests		<u>(3,703)</u>	<u>(654)</u>
		<u>83,723</u>	<u>128,225</u>
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic	13(a)	13.9	15.1
Diluted	13(b)	<u>13.8</u>	<u>14.9</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Goodwill		5,413	–
Land use rights		67,716	39,888
Property, plant and equipment		351,093	269,492
Investment property		14,005	14,289
Intangible assets		2,598	1,886
Deferred income tax assets		3,610	6,111
Other non-current assets		16,923	6,317
Investment in an associated company		5,408	3,602
Investments in joint ventures		307	212
Other financial assets at amortised cost		371	38,383
Total non-current assets		467,444	380,180
Current assets			
Inventories		243,817	261,695
Other current assets		35,030	26,348
Tax recoverable		4,100	1,722
Other financial assets at amortised cost		11,863	23,278
Amounts due from joint ventures		265	59
Amount due from an associated company	8	3,125	8,138
Trade and bills receivables	7	666,408	580,573
Short-term bank deposits		521	78
Cash and cash equivalents	9	272,478	367,759
Total current assets		1,237,607	1,269,650
Total assets		1,705,051	1,649,830
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	7,282	7,265
Reserves		1,078,847	1,045,149
Final dividend proposed	14	36,428	36,350
		1,122,557	1,088,764
Non-controlling interests		(32,027)	(28,324)
Total equity		1,090,530	1,060,440

		As at 31 December	
		2018	2017
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		7,460	2,792
Other non-current payables		2,879	–
		<u>10,339</u>	<u>2,792</u>
Total non-current liabilities		10,339	2,792
Current liabilities			
Trade payables	10	226,516	230,530
Accruals and other payables		299,246	289,969
Current income tax liabilities		28,164	29,335
Bank borrowings	11	34,588	22,170
Loans from non-controlling interests		15,492	14,492
Dividends payable		176	102
		<u>604,182</u>	<u>586,598</u>
Total current liabilities		604,182	586,598
Total liabilities		614,521	589,390
		<u><u>1,705,051</u></u>	<u><u>1,649,830</u></u>
Total equity and liabilities		1,705,051	1,649,830

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Shares held for the share award scheme (the "Scheme")	Share premium	Other reserves	Sub-total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2017	7,238	(1,038)	606,905	389,601	1,002,706	(27,670)	975,036	
Comprehensive income/(loss)								
Profit/(loss) for the year	–	–	–	108,923	108,923	(83)	108,840	
Other comprehensive income/(loss)								
Currency translation differences	–	–	–	19,956	19,956	(571)	19,385	
Total comprehensive income/(loss)	–	–	–	128,879	128,879	(654)	128,225	
Exercise of share options (<i>Note 12</i>)	27	–	1,633	–	1,660	–	1,660	
Purchase of shares for the Scheme	–	(1,051)	–	–	(1,051)	–	(1,051)	
Final dividend relating to 2016	–	–	–	(28,930)	(28,930)	–	(28,930)	
Interim dividend relating to 2017	–	–	–	(14,500)	(14,500)	–	(14,500)	
Balance at 31 December 2017	<u>7,265</u>	<u>(2,089)</u>	<u>608,538</u>	<u>475,050</u>	<u>1,088,764</u>	<u>(28,324)</u>	<u>1,060,440</u>	

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Shares held for the Scheme <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2018	7,265	(2,089)	608,538	475,050	1,088,764	(28,324)	1,060,440
Comprehensive income/(loss)							
Profit/(loss) for the year	-	-	-	100,249	100,249	(4,168)	96,081
Other comprehensive (loss)/income							
Currency translation differences	-	-	-	(12,823)	(12,823)	465	(12,358)
Total comprehensive income/(loss)	-	-	-	87,426	87,426	(3,703)	83,723
Exercise of share options (<i>Note 12</i>)	17	-	1,010	-	1,027	-	1,027
Purchase of shares for the Scheme	-	(3,962)	-	-	(3,962)	-	(3,962)
Final dividend relating to 2017 (<i>Note 14</i>)	-	-	-	(36,206)	(36,206)	-	(36,206)
Interim dividend relating to 2018 (<i>Note 14</i>)	-	-	-	(14,492)	(14,492)	-	(14,492)
Balance at 31 December 2018	<u>7,282</u>	<u>(6,051)</u>	<u>609,548</u>	<u>511,778</u>	<u>1,122,557</u>	<u>(32,027)</u>	<u>1,090,530</u>

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 (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of an investment property, which is carried at fair value.

The preparation of financial statements in conformity with HKFRSs 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.

Significant events and transactions

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

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

2 ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

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

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

The other standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 9 Financial instruments (“HKFRS 9”) and HKFRS 15 Revenue from contracts with customers (“HKFRS 15”) on the Group’s consolidated financial statements.

The adoption of HKFRS 15 did not have any material impact on the Group’s consolidated financial statements.

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

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

Classification and measurement of financial instruments

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

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

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

Impairment of financial assets

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

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

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

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

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit losses for all trade and bills receivables, amount due from an associated company and amounts due from joint ventures. To measure the expected credit losses, receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

Expected credit losses are also estimated by grouping the remaining receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category and applying expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are determined based on the historical credit losses experienced of up to past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

Management has closely monitored the credit qualities and the collectability of the trade and bills receivables, amount due from an associated company and amounts due from joint ventures. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade and bills receivables, amount due from an associated company and amounts due from joint ventures as at 1 January 2018.

(ii) Other financial assets carried at amortised cost

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

(b) New standards and interpretations not yet adopted

HKFRS 16, “Leases”

HKFRS 16 Leases (“HKFRS 16”) was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group’s operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK\$11,316,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows.

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

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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

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

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

The Board assesses the performance of the operating segments based on a measure of profit before income tax, share of profit of an associated company, share of profit of a joint venture and fair value gain on an investment property.

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

	Hospitality Supplies Business							OS&E Business			Others		Total
	North America HK\$'000	Europe HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Australia HK\$'000	Other Asia Pacific regions (Note i) HK\$'000	Others (Note ii) HK\$'000	Sub-total HK\$'000	The PRC HK\$'000	Others (Note iii) HK\$'000	Sub-total HK\$'000	HK\$'000	
Year ended 31 December 2018													
Segment revenue	411,280	240,488	633,828	280,898	48,614	277,368	3,947	1,896,423	104,547	49,763	154,310	5,908	2,056,641
Inter-segment revenue	-	-	(3,494)	-	-	-	-	(3,494)	-	-	-	(439)	(3,933)
Revenue from external customers	411,280	240,488	630,334	280,898	48,614	277,368	3,947	1,892,929	104,547	49,763	154,310	5,469	2,052,708
Earnings before interest, taxes, depreciation, amortisation and fair value gain on an investment property	39,860	19,824	50,391	22,139	1,998	23,984	727	158,923	5,447	3,350	8,797	5,561	173,281
Depreciation	(8,859)	(5,180)	(13,577)	(6,052)	(1,047)	(5,975)	(85)	(40,775)	(24)	(11)	(35)	(122)	(40,932)
Amortisation	(747)	(437)	(1,143)	(509)	(88)	(504)	(7)	(3,435)	-	-	-	(170)	(3,605)
Finance income	-	-	388	472	-	13	1	874	-	-	-	3	877
Finance costs	-	-	(13)	(1,154)	-	(11)	-	(1,178)	-	-	-	(28)	(1,206)
Segment profit before income tax	30,254	14,207	36,046	14,896	863	17,507	636	114,409	5,423	3,339	8,762	5,244	128,415
Share of profit of an associated company													1,948
Share of profit of a joint venture													95
Fair value gain on an investment property													473
Income tax expenses													(34,850)
Profit for the year													<u>96,081</u>

	Hospitality Supplies Business						OS&E Business			Others		Total	
	The PRC HK\$'000	Hong Kong HK\$'000	Australia HK\$'000	Cambodia HK\$'000	Other locations (Note iv) HK\$'000	Sub-total HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Other locations HK\$'000	Sub-total HK\$'000	Inter-segment elimination HK\$'000		HK\$'000
As at 31 December 2018													
Total assets	1,009,945	615,478	1,224	116,295	48,342	1,791,284	50,122	13,817	378	64,317	36,636	(187,186)	1,705,051
Include:													
Investment in an associated company	-	5,408	-	-	-	5,408	-	-	-	-	-	-	5,408
Investments in joint ventures	-	307	-	-	-	307	-	-	-	-	-	-	307
Additions to non-current assets (other than deferred income tax assets)	68,145	2,539	8	104,349	384	175,425	46	-	-	46	28	-	175,499
Total liabilities	(421,194)	(141,258)	(18)	(12,639)	(43,721)	(618,830)	(12,547)	(2,327)	-	(14,874)	(168,003)	187,186	(614,521)

	Hospitality Supplies Business							OS&E Business			Others		Total
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific regions (Note i)	Others (Note ii)	Sub-total	The PRC	Others (Note iii)	Sub-total	HK\$'000	
Year ended 31 December 2017													
Segment revenue	399,705	193,923	529,651	287,774	49,871	266,955	3,309	1,731,188	73,640	43,628	117,268	16,334	1,864,790
Inter-segment revenue	-	-	(863)	-	-	-	-	(863)	-	-	-	(368)	(1,231)
Revenue from external customers	399,705	193,923	528,788	287,774	49,871	266,955	3,309	1,730,325	73,640	43,628	117,268	15,966	1,863,559
Earnings before interest, taxes, depreciation and amortisation	47,323	21,139	35,346	26,537	4,080	37,411	191	172,027	1,584	5,037	6,621	2,393	181,041
Depreciation	(8,275)	(4,015)	(10,948)	(5,958)	(1,033)	(5,527)	(69)	(35,825)	(250)	(148)	(398)	(514)	(36,737)
Amortisation	(528)	(256)	(699)	(380)	(66)	(353)	(4)	(2,286)	-	-	-	(337)	(2,623)
Finance income	-	-	366	462	-	3	-	831	-	-	-	3	834
Finance costs	-	-	(27)	(557)	-	(29)	-	(613)	-	-	-	-	(613)
Segment profit before income tax	38,520	16,868	24,038	20,104	2,981	31,505	118	134,134	1,334	4,889	6,223	1,545	141,902
Share of profit of an associated company													1,344
Share of profit of a joint venture													2
Income tax expenses													(34,408)
Profit for the year													<u>108,840</u>

	Hospitality Supplies Business					OS&E Business			Others		Inter-segment elimination	Total
	The PRC	Hong Kong	Australia	Other locations (Note iv)	Sub-total	The PRC	Hong Kong	Other locations	Sub-total	HK\$'000		
As at 31 December 2017												
Total assets	965,229	680,234	1,484	99,311	1,746,258	43,999	11,115	77	55,191	56,136	(207,755)	1,649,830
Include:												
Investment in an associated company	-	3,602	-	-	3,602	-	-	-	-	-	-	3,602
Investments in joint ventures	-	212	-	-	212	-	-	-	-	-	-	212
Additions to non-current assets (other than deferred income tax assets)	24,509	2,915	-	39,459	66,883	7	-	-	7	20	-	66,910
Total liabilities	(395,348)	(139,639)	(160)	(51,814)	(586,961)	(9,311)	(2,195)	-	(11,506)	(198,678)	207,755	(589,390)

Notes:

- i Other Asia Pacific regions mainly include the Macau Special Administrative Region of the People's Republic of China ("PRC"), Japan, United Arab Emirates, Thailand, the Philippines, Malaysia, Singapore, Dubai and India.
- ii Others mainly include South Africa, Morocco and Algeria.
- iii Others mainly include the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and the United States of America.
- iv Other locations mainly include Singapore and India.

Additions to non-current assets comprise additions to goodwill, land use rights, property, plant and equipment, intangible assets, other non-current assets and other non-current financial assets at amortised cost including additions due to business combination (2017: additions to non-current assets comprise additions to land use rights, property, plant and equipment, intangible assets, other non-current assets and other non-current financial assets at amortised cost).

4 EXPENSES BY NATURE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Changes in inventories	1,135,305	1,044,838
Auditor's remuneration		
– Audit services	2,680	2,680
– Non-audit services	381	761
Amortisation of land use rights	1,970	1,059
Depreciation of property, plant and equipment	40,932	36,737
Amortisation of intangible assets	1,635	1,564
Operating lease rental in respect of buildings	14,603	14,101
Provision for obsolete inventories	7,484	2,473
Direct written off of obsolete inventories	2,760	2,979
Net reversal of impairment losses on financial assets	(11,351)	(214)
Employee benefit expenses	437,939	378,633
Transportation expenses	79,544	70,985
Exchange loss/(gain), net	17,096	(18,594)
Advertising costs	14,857	11,885
Loss on disposal of property, plant and equipment	532	22
Direct operating expenses arising from an investment property that generates rental income	50	48
Utilities expenses	24,416	23,024
	<u>24,416</u>	<u>23,024</u>

5 OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Rental income	310	278
Income from sales of scrap materials	1,778	1,359
Government grant	2,898	1,777
Others	1,070	1,060
	<u>6,056</u>	<u>4,474</u>

6 INCOME TAX EXPENSES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current income tax:		
– Hong Kong profits tax	18,588	17,551
– PRC enterprise income tax	12,783	17,867
– Other overseas profits tax	1,404	656
Adjustments in respect of prior year	<u>(100)</u>	<u>(2,062)</u>
	32,675	34,012
Deferred income tax	<u>2,175</u>	<u>396</u>
	<u>34,850</u>	<u>34,408</u>

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

Hong Kong profits tax, PRC enterprise income tax, Singapore corporate income tax and Cambodia corporate income tax are calculated at 16.5% (2017: 16.5%), 25% (2017: 25%), 17% (2017: 17%) and 20% on the estimated assessable profits for the year ended 31 December 2018 respectively.

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.

7 TRADE AND BILLS RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	684,716	616,689
Bills receivables	<u>4,687</u>	<u>2,619</u>
	689,403	619,308
Less: provision for impairment of receivables	<u>(22,995)</u>	<u>(38,735)</u>
Trade and bills receivables, net	<u>666,408</u>	<u>580,573</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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 – 30 days	399,708	322,842
31 – 60 days	121,691	136,471
61 – 90 days	76,875	50,667
91 – 180 days	67,633	62,853
Over 180 days	<u>23,496</u>	<u>46,475</u>
	<u>689,403</u>	<u>619,308</u>

8 AMOUNT DUE FROM AN ASSOCIATED COMPANY

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 – 30 days	3,103	3,006
31 – 60 days	22	2,107
61 – 90 days	–	1,266
Over 90 days	–	1,759
	3,125	8,138

9 CASH AND CASH EQUIVALENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cash at banks and on hand	272,478	262,615
Short-term bank deposits (original maturities of less than three months)	–	105,144
	272,478	367,759

The Group's cash and bank balances and short-term bank deposits as at 31 December 2018 amounted to approximately HK\$101,656,000 (31 December 2017: approximately HK\$108,237,000) and approximately HK\$1,113,000 (31 December 2017: approximately HK\$1,419,000) are deposited with banks in the PRC and India respectively, where the remittance of funds is subject to foreign exchange control.

10 TRADE PAYABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 – 30 days	192,197	218,017
31 – 60 days	15,088	6,632
61 – 90 days	15,778	4,251
Over 90 days	3,453	1,630
	226,516	230,530

11 BANK BORROWINGS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Bank borrowings, secured		
Current		
– With repayment on demand clauses	<u>34,588</u>	<u>22,170</u>

In September and October 2015, the Group obtained two HK\$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month Hong Kong Inter-bank Offered Rate (“HIBOR”) or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. As at 31 December 2018, the outstanding bank borrowings of these mortgage loans and banking facilities amounted to approximately HK\$14,589,000 (31 December 2017: approximately HK\$16,504,000). These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK\$50,144,000 as at 31 December 2018 (31 December 2017: approximately HK\$52,438,000).

In October 2015, the Group obtained a HK\$ denominated loan from a banking facility which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018, the Group further drew down HK\$20,000,000 from this banking facility for its working capital. As at 31 December 2018, the outstanding bank borrowings of this facility amounted to approximately HK\$19,999,000 (31 December 2017: approximately HK\$5,666,000). This banking facility was secured by property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK\$3,425,000 as at 31 December 2018 (31 December 2017: approximately HK\$3,630,000).

Save as disclosed above, other banking facilities of the Group were secured by land use rights and property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK\$1,673,000 (31 December 2017: approximately HK\$1,820,000) and approximately HK\$8,542,000 (31 December 2017: approximately HK\$11,086,000), respectively as at 31 December 2018.

Interest expenses on bank borrowings for the year ended 31 December 2018 was approximately HK\$1,206,000 (for the year ended 31 December 2017: approximately HK\$613,000).

The carrying amounts of bank borrowings approximate their fair values as the impact of discounting is not significant.

12 SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2017	723,843,697	7,238
Exercise of share options	<u>2,676,000</u>	<u>27</u>
At 31 December 2017	726,519,697	7,265
Exercise of share options	<u>1,656,000</u>	<u>17</u>
At 31 December 2018	<u>728,175,697</u>	<u>7,282</u>

13 EARNINGS PER SHARE

(a) Basic

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

	2018	2017
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>100,249</u>	<u>108,923</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>723,477</u>	<u>723,696</u>
Basic earnings per share attributable to owners of the Company (<i>HK cents</i>)	<u>13.9</u>	<u>15.1</u>

(b) Diluted

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

	2018	2017
Profit attributable to owners of the Company (<i>HK\$'000</i>)	100,249	108,923
Weighted average number of ordinary shares in issue (<i>thousands</i>)	723,477	723,696
Adjustment for: – Share options (<i>thousands</i>)	4,886	5,984
Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>)	728,363	729,680
Diluted earnings per share attributable to owners of the Company (<i>HK cents</i>)	13.8	14.9

14 DIVIDENDS

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

On 29 August 2018, the Board resolved to approve an interim dividend of HK2.0 cents per share for the six months ended 30 June 2018. Total dividend of approximately HK\$14,556,000 was paid out, including dividend paid to the shares held for the Scheme.

The final dividend in respect of the year ended 31 December 2018 of HK5.0 cents per share, amounting to a total dividend of approximately HK\$36,428,000 was resolved by the Board to propose on 27 March 2019, which is subject to approval at the annual general meeting of the Company to be held on 29 May 2019. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2018.

15 CAPITAL COMMITMENTS

As at 31 December 2018, the capital commitments of the Group were approximately HK\$38,298,000 (31 December 2017: approximately HK\$24,810,000).

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Contracted but not provided for in the consolidated financial statements	38,298	24,810

16 BUSINESS COMBINATION

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

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

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

	<i>HK\$'000</i>
Consideration	
Cash paid	54,977
	<u>54,977</u>
Provisional fair value of recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	435
Amounts due from fellow subsidiaries	167
Property, plant and equipment - Land	10,422
Property, plant and equipment - Buildings	34,890
Property, plant and equipment - Others	12,607
Intangible asset	1,728
Amount due to a fellow subsidiary	(3,629)
Trade payables	(1,231)
Accruals and other payables	(912)
Deferred tax liabilities	(4,871)
	<u>49,606</u>
Total identifiable net assets	49,606
Goodwill	5,371
	<u>54,977</u>
	<u>54,977</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2018, the total revenue recorded an increase of 10.1% to approximately HK\$2,052.7 million compared with approximately HK\$1,863.6 million in 2017. The hospitality supplies business, the core business of the Group, displayed satisfactory performance with a revenue of approximately HK\$1,892.9 million for the year under review, which represented 92.2% of the Group's total revenue. The revenue of operating supplies and equipment ("OS&E") business stood at approximately HK\$154.3 million, comprising 7.5% of the Group's total revenue.

Profit attributable to owners of the Company for the year ended 31 December 2018 was approximately HK\$100.2 million (for the year ended 31 December 2017: approximately HK\$108.9 million).

Basic earnings per Share attributable to owners of the Company for the year ended 31 December 2018 was HK13.9 cents (for the year ended 31 December 2017: HK15.1 cents).

Gross profit margin decreased 1.0 percentage point to 22.7% from 23.7% in the prior year due to the growing of manufacturing and labour costs, and increasing competition of the hospitality supplies business.

The Board has resolved to propose a final dividend of HK5.0 cents per Share for the year ended 31 December 2018. A sum of the interim and final dividends is expected to be HK7.0 cents per Share (2017: HK7.0 cents per Share). The proposed final dividend is subject to approval at the annual general meeting of the Company to be held on 29 May 2019 ("AGM").

Set out below are the consolidated key financial highlights of the Group for the year ended 31 December 2018:

	Year ended 31 December		% Change
	2018 <i>HK\$ million</i>	2017 <i>HK\$ million</i>	
Revenue	2,052.7	1,863.6	10.1%
Gross profit	465.3	442.0	5.3%
Profit attributable to owners of the Company	100.2	108.9	(8.0)%
Net asset value	1,090.5	1,060.4	2.8%
Basic earnings per Share attributable to owners of the Company (<i>HK cents</i>)	13.9	15.1	(7.9)%
Diluted earnings per Share attributable to owners of the Company (<i>HK cents</i>)	13.8	14.9	(7.4)%

BUSINESS REVIEW

The global economic growth remained robust at 3.1% in 2018. However, as the international trade tensions continued, the manufacturing industry was weakened, some large developing economies experienced pressure in the financial markets. Despite this fact, the Group was still able to demonstrate a relatively optimistic performance on its annual results through prudent planning and execution over the past few years. During the year ended 31 December 2018, the Group's core hospitality supplies business maintained a satisfactory performance, while its OS&E business demonstrated a stable growth.

According to the World Bank, the global economic growth in 2018 was lower than in 2017. Corporations became less confident over the economic outlook due to the influence of trade protectionism, however, the depreciation of the Renminbi ("RMB") and the strong momentum of China's travel industry enabled the Group to result in a relative optimistic performance. The Group's total revenue increased by 10.1% to approximately HK\$2,052.7 million for the year ended 31 December 2018, compared with approximately HK\$1,863.6 million for the year ended 31 December 2017. The Group's hospitality supplies business grew 9.4% as compared to prior year.

Due to the growing of manufacturing and labour costs, and increasing competition of the hospitality supplies business sector, the Group's gross profit margin decreased by 1.0 percentage point to 22.7%, compared with 23.7% for the year ended 31 December 2017. Gross profit increased by 5.3% to approximately HK\$465.3 million, compared with approximately HK\$442.0 million for the year ended 31 December 2017; however, due to a saturated hospitality supplies business market, profit attributable to owners of the Company was approximately HK\$100.2 million, compared with approximately HK\$108.9 million for the year ended 31 December 2017, with a decrease of 8.0%.

As at the date of this announcement, all the PRC retail chain outlets under retail business of the Group were closed down due to the termination of all franchise contracts.

Hospitality Supplies Business

According to the recent UN World Tourism Organization ("UNWTO") statistics, the total international tourist arrivals grew 6% in 2018, followed by Europe and Asia Pacific regions, the international arrivals for these two regions grew 6% respectively over the previous year. Supported by the growth of international tourist arrivals in 2018, the Group's hospitality supplies business contributed heavily to the Group's revenue, bringing in approximately HK\$1,892.9 million, an increase of 9.4% compared to approximately HK\$1,730.3 million for the year ended 31 December 2017. Gross profit from the hospitality supplies business was approximately HK\$420.9 million, a 4.3% increase compared to approximately HK\$403.4 million for the year ended 31 December 2017. The segment's gross profit margin decreased 1.1 percentage point to 22.2%, compared with 23.3% for the year ended 31 December 2017. This was mainly due to fierce competition within the global hospitality supplies sector and rising production costs.

Despite China's Gross Domestic Product ("GDP") growth decreased to 6.6% as compared to the prior year, the number of China's domestic tourists rose to 5.5 billion, representing an increase of 10.8% as compared to the prior year according to the 2018 Tourism Economic Operation Summary Report by the China Tourism Academy. Benefiting from the travel industry's strong momentum, the revenue of hospitality supplies business from the PRC increased 19.2% to approximately HK\$630.3 million for the year ended 31 December 2018 (for the year ended 31 December 2017: approximately HK\$528.8 million), representing 33.3% (2017: 30.6%) of the hospitality supplies segment revenue. However, the revenue from Hong Kong decreased 2.4% to approximately HK\$280.9 million (for the year ended 31 December 2017: approximately HK\$287.8 million), accounted for 14.8% (2017: 16.6%) of the hospitality supplies segment revenue.

For the year ended 31 December 2018, the North America market recorded a revenue of approximately HK\$411.3 million (for the year ended 31 December 2017: approximately HK\$399.7 million), accounted for 21.7% (2017: 23.1%) of the hospitality supplies segment revenue. For the European market, it registered a revenue of approximately HK\$240.5 million (for the year ended 31 December 2017: approximately HK\$193.9 million) and 12.7% (2017: 11.2%) of the hospitality supplies segment revenue. The other Asia Pacific regions recorded a revenue of approximately HK\$277.4 million (for the year ended 31 December 2017: approximately HK\$267.0 million), which comprises 14.7% (2017: 15.4%) of the hospitality supplies segment revenue. For Australia market, the revenue was approximately HK\$48.6 million for the year under review (for the year ended 31 December 2017: approximately HK\$49.9 million), representing 2.6% (2017: 2.9%) of the hospitality supplies segment revenue.

In order to sustain the growth of its hospitality supplies business, the Group has gradually expanded its production scale in Cambodia since last year. The Group believes that the new production line in Cambodia will reduce the production costs and is beneficial to the Group's plan in enlarging its market share in Cambodia and other Southeast Asian countries nearby, therefore, the Group will extend the production lines to its core hospitality amenities products in Cambodia. The production lines specialising in manufacturing of products for airline operators and hotels has commenced operation since last year. Leveraging opportunities brought to the Group's business under the China-U.S. trade war, the Group has escalated its production expansion in Cambodia.

Operating Supplies and Equipment Business

Cultivated since the second half of 2014, the OS&E business achieved a growth of approximately HK\$37.0 million in revenue for the year ended 31 December 2018, representing an increase of 31.6% compared with approximately HK\$117.3 million in revenue for the year ended 31 December 2017, and comprising 7.5% (2017: 6.3%) to the Group's total revenue.

Supported by the rising number of new hotel projects in China, the gross profit from the OS&E business increased by 31.0% to approximately HK\$36.4 million for the year ended 31 December 2018, compared to approximately HK\$27.8 million for the year ended 31 December 2017. The segment's gross profit margin decreased 0.1 percentage point to 23.6% for the year ended 31 December 2018 (for the year ended 31 December 2017: 23.7%).

The OS&E business revenue from the PRC increased 42.0% to approximately HK\$104.5 million for the year ended 31 December 2018 (for the year ended 31 December 2017: approximately HK\$73.6 million), representing 67.8% (2017: 62.8%) of the OS&E segment revenue.

For the year ended 31 December 2018, the other markets recorded a revenue of approximately HK\$49.8 million (for the year ended 31 December 2017: approximately HK\$43.6 million), accounted for 32.2% (2017: 37.2%) of the OS&E segment revenue.

Although OS&E business is still accounting for a relatively small proportion of the Group's total revenue, the Group believed that it will benefit to the Group's total revenue through continuously increasing its customer base among those newly established high and mid-level hotels in China.

Moreover, the Group realised that the frequency of re-order by customers is also essential to maintain the growth of OS&E business, therefore, the Group keeps on building a long-term cooperative relationship with its customers by providing them vertically-integrated services on hotel products purchasing.

PROSPECTS

According to a recent report from UNWTO, international arrivals are forecasted to increase by 5% to 6% in 2019. Stable fuel prices, better air connectivity, and strong outbound traffic from emerging markets, will all drive an increase in international tourism in 2019.

Looking forward, the Group will focus on its hospitality supplies and OS&E businesses in any potential markets. The Group will continue to put effort in developing the markets in Southeast Asian countries, including Cambodia, Thailand, Malaysia and Singapore.

The Group's cautious expansion of its production in Cambodia will bring enhancement of manufacturing efficiencies and the reduction of labour costs. The Group believes this will strengthen its competitiveness and bring growth to its gross profit. Most importantly, Cambodia will serve as the gateway for the Group's expansion plans, including but not limited to Southeast Asia markets.

With the increasing "eco-friendly" trend in today's society, the Group will pay more efforts and resources on "eco-friendly" hospitality supply products as well as the related research and development, and capitalised on this growing demand through increasing its investment in eco-friendly products.

Finally, the Group will continue to capture more strategic opportunities, and to expand its market share in hospitality supplies and OS&E businesses. The Group will continue to explore different potential new business streams to increase its profit margin and profit attributable to the owners of the Company.

DISCLOSEABLE TRANSACTION

On 21 October 2017, a wholly-owned subsidiary of the Company, Ming Fai Holdings Limited, entered into (i) a share sale and purchase agreement and (ii) a land and building sale and purchase agreement with independent third parties in relation to (i) the acquisition of the entire issued share capital in, and the shareholders' loan due by, the target company, which is registered under the laws of Cambodia (the "Share Acquisition"); and (ii) the acquisition of a land parcel and the properties on that land parcel located in Cambodia (the "Land Acquisition"), respectively. The consideration for the Share Acquisition and the Land Acquisition is US\$3,500,000 and US\$3,500,000 respectively.

Details of the Share Acquisition and the Land Acquisition are set out in the announcements of the Company dated 22 October 2017 and 19 January 2018. The Share Acquisition and the Land Acquisition were completed on 27 April 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group's cash and cash equivalents amounted to approximately HK\$272.5 million (as at 31 December 2017: approximately HK\$367.8 million).

In September and October 2015, the Group obtained two HK\$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. As at 31 December 2018, the outstanding bank borrowings of these mortgage loans and banking facilities amounted to approximately HK\$14.6 million (as at 31 December 2017: approximately HK\$16.5 million). These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK\$50.1 million as at 31 December 2018 (as at 31 December 2017: approximately HK\$52.4 million).

In October 2015, the Group obtained a HK\$ denominated loan from a banking facility which bore interest at 1.7% per annum over one-month HIBOR for its working capital. In January 2018, the Group further drew down HK\$20 million from this banking facility for its working capital. As at 31 December 2018, the outstanding bank borrowings of this facility amounted to approximately HK\$20.0 million (as at 31 December 2017: approximately HK\$5.7 million). This banking facility was secured by property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK\$3.4 million as at 31 December 2018 (as at 31 December 2017: approximately HK\$3.6 million).

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

The gearing ratio as at 31 December 2018, calculated on the basis of bank borrowings over total equity, was 3.2% as compared with 2.1% as at 31 December 2017.

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 sales denominated in the same currency.

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

CHARGES ON GROUP ASSETS

As at 31 December 2018, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK\$53.6 million (as at 31 December 2017: approximately HK\$56.1 million) to secure drawn bank borrowings.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments are set out in Note 15 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2018.

EMPLOYEES

As at 31 December 2018, the total number of employees of the Group was approximately 3,800 and the employee benefit expenses including directors' emoluments were approximately HK\$437.9 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 our most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to the customers. The Group also has Commendation Annual Award Scheme to motivate its employees and recognise their outstanding performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company, except that the trustee of the Scheme, pursuant to the terms of the scheme rules and trust deed of the Scheme, purchased on behalf of the Group on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 3,550,000 Shares at a total consideration of approximately HK\$4.0 million.

CORPORATE GOVERNANCE CODE

The Group has complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) during the year ended 31 December 2018, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except the deviation of code provision A.2.1 of the CG Code that the Board has not appointed an individual to the post of chief executive officer up to the date of this announcement and the role of the chief executive officer has been performed collectively by all the executive directors of the Company, including the chairman of the Company. The Board considers that this arrangement allows contributions from all executive directors of the Company with different expertise and is beneficial to the continuity of the Company’s policies and strategies.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises four independent non-executive directors of the Company with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee has reviewed the Group’s audited final results for the year ended 31 December 2018.

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 of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company will be held on Wednesday, 29 May 2019. The notice of AGM will be published and delivered to the shareholders of the Company (the “Shareholders”) in due course.

FINAL DIVIDEND

The Board recommend a final dividend of HK5.0 cents per Share for the year ended 31 December 2018. Subject to the approval of the Shareholders at the AGM, the final dividend will be paid on or around 17 June 2019 to the Shareholders whose names appear on the register of members of the Company on 6 June 2019.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019 (both dates inclusive), during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, 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 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 23 May 2019.

For ascertaining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 4 June 2019 to Thursday, 6 June 2019 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final 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 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 June 2019.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT ON THE HKEXNEWS WEBSITE OF THE STOCK EXCHANGE AND THE WEBSITE OF THE COMPANY

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

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

Hong Kong, 27 March 2019

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