明輝國際控股有限公司*
Ming Fai International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03828)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS FOR THE YEAR 2019

- Revenue decreased 0.5% to approximately HK$2,043.1 million (2018: approximately HK$2,052.7 million).
- Gross profit increased 6.6% to approximately HK$496.3 million (2018: approximately HK$465.3 million).
- Gross profit margin increased 1.6 percentage points to 24.3% (2018: 22.7%).
- Operating profit is approximately HK$126.4 million (2018: approximately HK$128.7 million) and the profit attributable to owners of the Company is approximately HK$97.9 million (2018: approximately HK$100.2 million).
- A proposed final dividend in respect of the year ended 31 December 2019 of HK3.0 cents per share of the Company (the "Share") was recommended, together with the interim dividend of HK1.5 cents per Share, representing a total of HK4.5 cents per Share (2018: HK7.0 cents per Share) and the dividend payout ratio of 33.3% (2018: 50.4%).

* *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 2019 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**2,043,095**	2,052,708
Cost of sales	*4*	**(1,546,839)**	(1,587,373)
Gross profit		**496,256**	465,335
Other income	*5*	**11,114**	6,056
Distribution costs	*4*	**(243,468)**	(231,181)
Administrative expenses	*4*	**(127,813)**	(122,817)
Net (impairment losses)/reversal of impairment losses on financial assets	*4*	**(9,701)**	11,351
Operating profit		**126,388**	128,744
Finance income		**1,515**	877
Finance costs		**(1,754)**	(1,206)
Share of profit of an associated company		**897**	1,948
Share of profit of a joint venture		**56**	95
Fair value gain on an investment property		**–**	473
Profit before income tax		**127,102**	130,931
Income tax expenses	*6*	**(35,022)**	(34,850)
Profit for the year		**92,080**	96,081
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		**(6,894)**	(12,358)
Realisation of exchange reserve upon dissolution of subsidiaries		**(1,280)**	–
Total comprehensive income for the year		**83,906**	83,723
Profit/(loss) attributable to:			
Owners of the Company		**97,936**	100,249
Non-controlling interests		**(5,856)**	(4,168)
		92,080	96,081
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**89,469**	87,426
Non-controlling interests		**(5,563)**	(3,703)
		83,906	83,723
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic	*13(a)*	**13.5**	13.9
Diluted	*13(b)*	**13.4**	13.8

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Goodwill		**10,354**	5,413
Land use rights		**–**	67,716
Property, plant and equipment		**400,631**	351,093
Right-of-use assets		**108,692**	–
Investment property		**13,707**	14,005
Intangible assets		**1,512**	2,598
Deferred income tax assets		**3,850**	3,610
Other non-current assets		**24,146**	16,923
Investment in an associated company		**5,869**	5,408
Investments in joint ventures		**363**	307
Other financial assets at amortised cost		**425**	371
Total non-current assets		**569,549**	467,444
Current assets			
Inventories		**271,064**	243,817
Other current assets		**39,801**	35,030
Tax recoverable		**194**	4,100
Other financial assets at amortised cost		**12,363**	11,863
Amounts due from joint ventures		**35**	265
Amount due from an associated company	*8*	**5,046**	3,125
Trade and bills receivables	*7*	**591,749**	666,408
Short-term bank deposits		**295**	521
Cash and cash equivalents	*9*	**348,849**	272,478
Total current assets		**1,269,396**	1,237,607
Total assets		**1,838,945**	1,705,051
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**7,343**	7,282
Reserves		**1,139,045**	1,078,847
Final dividend proposed	*14*	**22,028**	36,428
		1,168,416	1,122,557
Non-controlling interests		**(37,510)**	(32,027)
Total equity		**1,130,906**	1,090,530

		As at 31 December	
		2019	2018
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**7,361**	7,460
Other non-current payables		**6,495**	2,879
Borrowings	*11*	**1,120**	–
Lease liabilities		**2,929**	–
Total non-current liabilities		**17,905**	10,339
Current liabilities			
Trade payables	*10*	**226,430**	226,516
Accruals and other payables		**332,166**	299,246
Current income tax liabilities		**43,395**	28,164
Borrowings	*11*	**65,303**	34,588
Lease liabilities		**5,208**	–
Loans from non-controlling interests		**17,446**	15,492
Dividends payable		**186**	176
Total current liabilities		**690,134**	604,182
Total liabilities		**708,039**	614,521
Total equity and liabilities		**1,838,945**	1,705,051

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with 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 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.

2 ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

– Annual Improvements to HKFRS Standards 2015 – 2017 Cycle;

– Amendments to HKAS 19 Plan Amendment, Curtailment or Settlement;

– Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures;

– Amendments to HKFRS 9 Prepayment Features with Negative Compensation;

– HKFRS 16 Leases ("HKFRS 16"); and

– Interpretation 23 Uncertainty over Income Tax Treatments.

The below explains the impact of adoption of HKFRS 16 on the Group's consolidated financial statements and discloses the new accounting policies that have been applied from 1 January 2019. The other standards did not have any material impact on the Group's accounting policies and did not require any adjustment.

(i) Accounting policies applied from 1 January 2019

Accounting for leases as lessee from 1 January 2019

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

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

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

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

– the amount of the initial measurement of lease liability;

– prepayment;

– any initial direct costs; and

– restoration costs.

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

Accounting for leases as lessor from 1 January 2019

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

(ii) Impact of adoption of HKFRS 16

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

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

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

– relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019; and

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

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

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

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

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in the consolidated statement of comprehensive income in the period in the which the condition that triggers those payments occurs. During the year ended 31 December 2019, no variable lease payment was recognised in the consolidated statement of comprehensive income.

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

Lease liabilities of HK$5,224,000 was recognised on 1 January 2019 as a result of adoption of HKFRS 16. It represents the net present value of the operating lease commitment as at 31 December 2018, discounted using the lessee's incremental borrowing rate on the date of initial application, excluding short term lease payments of HK$3,945,000.

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

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

	1 January 2019 *HK$'000*
Office premises	89,771
Factory buildings	11,617
Warehouse	2,506
Total right-of-use assets	103,894

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

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

(c) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 2019 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

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

The Group is principally engaged in manufacturing and trading of hospitality supplies products and trading of operating supplies and equipment. From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. Altogether, the Group has two reportable segments: (a) Hospitality Supplies Business and (b) Operating Supplies and Equipment ("OS&E") Business.

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	
	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	Total HK$'000
Year ended 31 December 2019													
Segment revenue	393,011	232,250	616,189	303,393	39,597	285,302	3,937	1,873,679	111,392	69,054	180,446	6,395	2,060,520
Inter-segment revenue	–	–	(2,057)	(3,234)	–	–	–	(5,291)	(9,291)	(2,746)	(12,037)	(97)	(17,425)
Revenue from external customers	393,011	232,250	614,132	300,159	39,597	285,302	3,937	1,868,388	102,101	66,308	168,409	6,298	2,043,095
Earnings before interest, taxes, depreciation, amortisation and fair value gain on an investment property	43,512	27,519	44,653	25,765	5,899	21,747	961	170,056	5,099	3,671	8,770	4,425	183,251
Depreciation	(11,390)	(6,731)	(17,799)	(8,700)	(1,148)	(8,269)	(114)	(54,151)	(83)	(54)	(137)	(391)	(54,679)
Amortisation	(429)	(254)	(671)	(328)	(43)	(312)	(4)	(2,041)	–	–	–	(143)	(2,184)
Finance income	–	–	378	1,061	–	69	4	1,512	–	–	–	3	1,515
Finance costs	–	–	(377)	(1,320)	(5)	(38)	–	(1,740)	–	–	–	(14)	(1,754)
Segment profit before income tax	31,693	20,534	26,184	16,478	4,703	13,197	847	113,636	5,016	3,617	8,633	3,880	126,149
Share of profit of an associated company													897
Share of profit of a joint venture													56
Income tax expenses													(35,022)
Profit for the year													92,080

	Hospitality Supplies Business						OS&E Business				Others		
	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	HK$'000	Inter-segment elimination HK$'000	Total HK$'000
As at 31 December 2019													
Total assets	933,112	653,064	2,378	233,915	70,888	1,893,357	79,952	39,076	391	119,419	31,210	(205,041)	1,838,945
Include:													
Investment in an associated company	–	5,869	–	–	–	5,869	–	–	–	–	–	–	5,869
Investments in joint ventures	–	363	–	–	–	363	–	–	–	–	–	–	363
Additions to non-current assets (other than deferred income tax assets and other financial assets at amortised cost)	35,504	12,136	2	100,289	2,845	150,776	156	–	–	156	–	–	150,932
Total liabilities	(410,358)	(209,956)	(179)	(31,200)	(50,671)	(702,364)	(15,305)	(34,668)	–	(49,973)	(160,743)	205,041	(708,039)

	Hospitality Supplies Business								OS&E Business			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific regions *(Note i)* *HK$'000*	Others *(Note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	*Others* *(Note iii)* *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *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													96,081

	Hospitality Supplies Business						OS&E Business				Others		
	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*	*HK$'000*	Inter-segment elimination *HK$'000*	Total *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 and other financial assets at amortised cost)	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)

Notes:

i Other Asia Pacific regions mainly include the Macau Special Administrative Region of the People's Republic of China (the "PRC"), Japan, United Arab Emirates, Thailand, the Philippines, Malaysia, Singapore, Dubai and India.

ii Others mainly include South Africa, Morocco and Algeria.

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

iv Other locations mainly include Singapore, India and Japan.

Additions to non-current assets mainly comprise additions to goodwill, right-of-use assets, property, plant and equipment, intangible assets and other non-current assets including additions due to business combination (2018: additions to non-current assets comprise additions to goodwill, land use rights, property, plant and equipment, intangible assets and other non-current assets including additions due to business combination).

4 EXPENSES BY NATURE

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

	2019	2018
	HK$'000	*HK$'000*
Changes in inventories	**1,082,056**	1,135,305
Auditor's remuneration		
– Audit services	**2,680**	2,680
– Non-audit services	**320**	381
Amortisation of land use rights	**–**	1,970
Depreciation of property, plant and equipment	**45,915**	40,932
Depreciation of right-of-use assets	**8,764**	–
Amortisation of intangible assets	**2,184**	1,635
Operating lease rental in respect of buildings	**–**	14,603
Other lease expenses*	**9,779**	–
Provision for obsolete inventories	**6,572**	7,484
Direct written off of obsolete inventories	**1,132**	2,760
Net impairment losses/(reversal of impairment losses) on financial assets	**9,701**	(11,351)
Employee benefit expenses	**481,495**	437,939
Transportation expenses	**86,547**	79,544
Exchange loss, net	**8,057**	17,096
Advertising costs	**15,814**	14,857
Loss on disposal of property, plant and equipment	**180**	532
Direct operating expenses arising from an investment property that generates rental income	**49**	50
Utilities expenses	**25,314**	24,416

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

5 OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Rental income	**313**	310
Income from sales of scrap materials	**1,820**	1,778
Government grant	**7,052**	2,898
Gain on dissolution of subsidiaries	**1,280**	–
Others	**649**	1,070
	11,114	6,056

6 INCOME TAX EXPENSES

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

	2019	2018
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**20,546**	18,588
– PRC enterprise income tax	**12,995**	12,783
– Other overseas profits tax	**906**	1,404
Adjustments in respect of prior year	**920**	(100)
	35,367	32,675
Deferred income tax	**(345)**	2,175
	35,022	34,850

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% (2018: 16.5%), 25% (2018: 25%), 17% (2018: 17%) and 20% (2018: 20%) on the estimated assessable profits for the year ended 31 December 2019 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

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**613,655**	684,716
Bills receivables	**4,624**	4,687
	618,279	689,403
Less: provision for impairment of receivables	**(26,530)**	(22,995)
Trade and bills receivables, net	**591,749**	666,408

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

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

	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**324,893**	399,708
31 – 60 days	**121,237**	121,691
61 – 90 days	**69,635**	76,875
91 – 180 days	**49,675**	67,633
Over 180 days	**52,839**	23,496
	618,279	689,403

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 unsecured, interest-free and mainly denominated in HK$. The credit period granted is 90 days. The ageing analysis of amount by invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**2,123**	3,103
31 – 60 days	**1,691**	22
61 – 90 days	**1,232**	–
	5,046	3,125

9 CASH AND CASH EQUIVALENTS

	2019	2018
	HK$'000	*HK$'000*
Cash at banks and on hand	**308,169**	272,478
Short-term bank deposits (original maturities of less than three months)	**40,680**	–
	348,849	272,478

The Group's cash and bank balances and short-term bank deposits with banks in the PRC and India as at 31 December 2019 amounted to approximately HK$105,489,000 (31 December 2018: approximately HK$101,656,000) and approximately HK$1,447,000 (31 December 2018: approximately HK$1,113,000) 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:

	2019	2018
	HK$'000	*HK$'000*
1 – 30 days	**211,455**	192,197
31 – 60 days	**8,037**	15,088
61 – 90 days	**5,172**	15,778
Over 90 days	**1,766**	3,453
	226,430	226,516

11 BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Non-current:		
Secured bank borrowings without repayable on demand clause	**405**	–
Secured other borrowing without repayable on demand clause	**715**	–
	1,120	–
Current:		
Secured bank borrowings with repayable on demand clauses	**64,779**	34,588
Secured bank borrowings without repayable on demand clause	**292**	–
Secured other borrowing without repayable on demand clause	**232**	–
	65,303	34,588
	66,423	34,588

At 31 December 2019, the borrowings are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**26,644**	34,588
United States Dollars ("US$")	**38,135**	–
Japanese Yen ("JPY")	**1,644**	–
	66,423	34,588

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

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2019 and 2018.

Except for bank and other borrowings of approximately HK$1,644,000 as at 31 December 2019, which was secured by personal guarantee of a non-controlling interest of the Group, borrowings were secured by certain land use rights, property, plant and equipment and right-of-use assets.

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

	2019	2018
	HK$'000	*HK$'000*
Land use rights	**–**	1,673
Property, plant and equipment	**27,678**	62,111
Right-of-use assets	**31,233**	–
Total carrying amount of assets pledged as security	**58,911**	63,784

12 SHARE CAPITAL

	Number of shares	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**10,000,000,000**	**100,000**
Issued and fully paid:		
At 1 January 2018	726,519,697	7,265
Exercise of share options	1,656,000	17
At 31 December 2018	728,175,697	7,282
Exercise of share options	6,087,000	61
At 31 December 2019	**734,262,697**	**7,343**

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.

	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**97,936**	100,249
Weighted average number of ordinary shares in issue *(thousands)*	**726,910**	723,477
Basic earnings per share attributable to owners of the Company *(HK cents)*	**13.5**	13.9

(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.

	2019	2018
Profit attributable to owners of the Company *(HK$'000)*	**97,936**	100,249
Weighted average number of ordinary shares in issue *(thousands)*	**726,910**	723,477
Adjustment for:		
– Share options *(thousands)*	**2,009**	4,886
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**728,919**	728,363
Diluted earnings per share attributable to owners of the Company *(HK cents)*	**13.4**	13.8

14 DIVIDENDS

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

On 28 August 2019, the Board resolved to approve an interim dividend of HK1.5 cents per share for the six months ended 30 June 2019. Total dividend of approximately HK$11,014,000 was paid out, including dividend paid to the shares held for the Scheme.

The final dividend in respect of the year ended 31 December 2019 of HK3.0 cents per share, amounting to a total dividend of approximately HK$22,028,000 was resolved by the Board to propose on 25 March 2020, which is subject to approval at the annual general meeting of the Company to be held on 27 May 2020. 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 2019.

15 CAPITAL COMMITMENTS

As at 31 December 2019, the capital commitments contracted but not provided for in the consolidated financial information of the Group were approximately HK$45,406,000 (31 December 2018: HK$38,298,000).

16 BUSINESS COMBINATION

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

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

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

The goodwill of approximately HK$4,974,000 represents the synergy attributable to the Group's business, including the workforce and synergies expected to arise after the Group's acquisition of the new subsidiary. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

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

The revenue and loss included in the consolidated statement of comprehensive income since 31 May 2019 contributed by Wayoutokushin were approximately HK$1,203,000 and approximately HK$1,985,000 respectively. Had Wayoutokushin been consolidated from 1 January 2019, the consolidated pro-forma revenue and profit for the year ended 31 December 2019 of the Group would have been approximately HK$2,043,421,000 and approximately HK$91,863,000 respectively.

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

17 EVENT OCCURRING AFTER THE REPORTING PERIOD

Following the COVID-19 outbreak, the People's Government of Guangdong Province of the PRC has postponed the time for resumption of work after the Chinese New Year holiday. The Group's production base in the PRC has resumed to work immediately follow the extended Chinese New Year holiday. The production base in Cambodia was not affected. It is expected that the Group's hospitality supplies business and OS&E business would be inevitably affected due to the unplanned deferments of orders as the epidemic has continued to spread and impacted global business and economic activities.

The Group has implemented a series of precautionary and control measures to combat the impacts brought by the epidemic, such as switching some of the production lines to produce anti-epidemic products such as alcoholic instant hand sanitizers in the PRC and Hong Kong. The Group has also installed face mask production equipment at its production base in the PRC which commenced production in March 2020.

As at the date on which this set of consolidated financial information were issued, the impacts of the COVID-19 outbreak on the Group's customers' financial positions and the macro-economic conditions as a whole are still uncertain, thus the Group is unable to quantify the related financial effects. However, it is noted that the purchase orders of the Group's hospitality supplies business and OS&E business has dropped as compared with the corresponding period of 2019. The Group will pay close attention to the development of the COVID-19 and perform further assessment on its impact and take relevant measures.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2019, the total revenue of the Group recorded a mere decrease of 0.5% to approximately HK$2,043.1 million compared with approximately HK$2,052.7 million in 2018. The revenue of the hospitality supplies business was approximately HK$1,868.4 million for the year under review, which represented 91.4% of the Group's total revenue. The revenue of OS&E business was approximately HK$168.4 million, comprising 8.2% of the Group's total revenue.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2019 increased 6.6% to approximately HK$496.3 million, compared with approximately HK$465.3 million for the year ended 31 December 2018. Gross profit margin increased 1.6 percentage points to 24.3% from 22.7% as compared with the prior year, benefiting from the depreciation of Renminbi ("RMB") and the cost efficiency brought by production expansion in Cambodia.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2019 was approximately HK$97.9 million (for the year ended 31 December 2018: approximately HK$100.2 million).

Earnings per Share

Basic earnings per Share attributable to owners of the Company for the year ended 31 December 2019 was HK13.5 cents (for the year ended 31 December 2018: HK13.9 cents).

Final dividend

The Board has resolved to propose a final dividend of HK3.0 cents per Share for the year ended 31 December 2019. A sum of the interim and final dividends is expected to be HK4.5 cents per Share (2018: 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 27 May 2020 ("AGM").

Set out below are the consolidated key financial highlights of the Group for the year ended 31 December 2019:

	Year ended 31 December		
	2019	**2018**	
	HK$ million	*HK$ million*	*% Change*
Revenue	2,043.1	2,052.7	(0.5)%
Gross Profit	496.3	465.3	6.6%
Profit attributable to owners of the Company	97.9	100.2	(2.3)%
Net asset value	1,130.9	1,090.5	3.7%
Basic earnings per Share attributable to owners of the Company *(HK cents)*	13.5	13.9	(2.9)%
Diluted earnings per Share attributable to owners of the Company *(HK cents)*	13.4	13.8	(2.9)%

Liquidity and financial resources

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

Cash and cash equivalents

As at 31 December 2019, the Group's cash and cash equivalents amounted to approximately HK$348.8 million (as at 31 December 2018: approximately HK$272.5 million).

Indebtedness and gearing ratio

In September and October 2015, the Group obtained two HK$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month Hong Kong Inter-bank Offered Rate ("HIBOR") or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. In January 2019, the Group further drew down US$3 million (equivalent to approximately HK$23.5 million) from the banking facility for its working capital, which bore interest at the higher rate of 1.7% per annum over one-month London Inter-bank Offered Rate ("LIBOR") or the cost to the bank of funding the facility. As at 31 December 2019, the outstanding bank borrowings of these mortgage loans and banking facilities amounted to approximately HK$33.1 million (31 December 2018: approximately HK$14.6 million). As at 31 December 2019, these properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment and right-of-use assets in the consolidated financial statements of the Group, with net carrying values of approximately HK$20.4 million (31 December 2018: approximately HK$50.1 million) and approximately HK$27.4 million respectively.

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 and January 2019, the Group further drew down HK$20 million and US$3 million (equivalent to approximately HK$23.5 million), respectively for its working capital. These bank borrowings are from the banking facility which bore interest at 1.7% per annum over one-month HIBOR and LIBOR respectively. As at 31 December 2019, the outstanding bank borrowings of this facility amounted to approximately HK$31.7 million (31 December 2018: approximately HK$20.0 million). This banking facility was secured by property, plant and equipment and right-of-use assets in the consolidated financial statements of the Group, with net carrying values of approximately HK$0.8 million (31 December 2018: approximately HK$3.4 million) and approximately HK$2.2 million respectively.

On 31 May 2019, the Group completed an acquisition of a subsidiary, Wayoutokushin. As a result, the Group assumed three secured bank borrowings of approximately JPY12.7 million (equivalent to approximately HK$0.9 million). As at 31 December 2019, the outstanding secured bank borrowings amounted to approximately HK$0.7 million, and bore interest rates of 1.3%, 1.3% and 1.4% per annum respectively. These bank borrowings were secured by personal guarantee of a non-controlling interest of Wayoutokushin.

As a result of the acquisition, the Group also assumed a secured other borrowing of approximately JPY14.8 million (equivalent to approximately HK$1.1 million) at interest rate of 1.16% per annum for the working capital of Wayoutokushin on 31 May 2019. As at 31 December 2019, the outstanding secured other borrowing amounted to approximately HK$0.9 million. This borrowing was secured by personal guarantee of a non-controlling interest of Wayoutokushin.

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

The gearing ratio as at 31 December 2019, calculated on the basis of borrowings over total equity, was 5.9% as compared with 3.2% as at 31 December 2018.

Foreign currency exposure

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

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

Charges on Group assets

As at 31 December 2019, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK$50.8 million (as at 31 December 2018: approximately HK$53.6 million) to secure drawn bank borrowings.

Capital commitments and contingent liabilities

Details of the capital commitments is set out in Note 15 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2019.

BUSINESS REVIEW

Hospitality Supplies Business

According to the recent publication by UNWTO, there were 1.5 billion international tourist arrivals globally in 2019, which was a 4% increase compared to arrivals in 2018. Despite all regions seeing a rise in total tourist arrivals, growth in 2019 was still low compared with the exceptionally high rates from 2017 and 2018. The advanced economies were the most affected by the slowdown of tourism, particularly in Europe, Asia and the Pacific, together with the continuing geopolitical tensions, including uncertainty surrounding the China-U.S. trade war, Brexit, protests in second half of 2019 in Hong Kong, and the riding trend of environmental protection and "plastic free" driving the changes in related laws and regulations around the world, the revenue from the Group's hospitality supplies business for the year ended 31 December 2019 decreased 1.3% to approximately HK$1,868.4 million (for the year ended 31 December 2018: approximately HK$1,892.9 million), which contributed 91.4% (2018: 92.2%) to the Group's total revenue. Gross profit from the hospitality supplies business increased 7.1% to approximately HK$450.8 million for the year ended 31 December 2019 (for the year ended 31 December 2018: approximately HK$420.9 million). The segment's gross profit margin increased 1.9 percentage points to 24.1%, compared with 22.2% for the year ended 31 December 2018.

Revenue of the hospitality supplies business from the PRC decreased 2.6% to approximately HK$614.1 million for the year ended 31 December 2019 (for the year ended 31 December 2018: approximately HK$630.3 million), representing 32.9% (2018: 33.3%) of the hospitality supplies business segment revenue. Revenue from Hong Kong increased 6.9% to approximately HK$300.2 million (for the year ended 31 December 2018: approximately HK$280.9 million), which accounted for 16.1% (2018: 14.8%) of the hospitality supplies business segment revenue.

For the year ended 31 December 2019, revenue from North America was approximately HK$393.0 million (for the year ended 31 December 2018: approximately HK$411.3 million), and accounted for 21.0% (2018: 21.7%) of the hospitality supplies business segment revenue. Revenue from the European market was approximately HK$232.3 million (for the year ended 31 December 2018: approximately HK$240.5 million) and accounted for 12.4% (2018: 12.7%) of the hospitality supplies business segment revenue. Revenue from the other Asia Pacific regions was approximately HK$285.3 million (for the year ended 31 December 2018: approximately HK$277.4 million), which comprised 15.3% (2018: 14.7%) of the hospitality supplies business segment revenue. Revenue from Australia was approximately HK$39.6 million (for the year ended 31 December 2018: approximately HK$48.6 million), contributing 2.1% (2018: 2.6%) of the hospitality supplies business segment revenue.

During the year ended 31 December 2019, the Group expanded the scale of its production in Cambodia to lessen the impact of the China-U.S. trade war and stabilise the performance of its hospitality supplies business. The Group believes that extending new hospitality supplies production lines in Cambodia in future will reduce overall production costs, as well as increase the Group's market share in Cambodia and other Southeast Asian countries.

Operating Supplies and Equipment Business

Benefiting from the growing number of hotel projects in the other markets, revenue from the Group's OS&E business increased to approximately HK$168.4 million for the year ended 31 December 2019, representing an increase of 9.1% as compared with approximately HK$154.3 million for the year ended 31 December 2018, and contributing 8.2% (2018: 7.5%) to the Group's total revenue. Gross profit from the OS&E business increased by 10.7% to approximately HK$40.3 million for the year ended 31 December 2019, compared with approximately HK$36.4 million for the year ended 31 December 2018. The segment's gross profit margin slightly increased 0.3 percentage point to 23.9% for the year ended 31 December 2019 (for the year ended 31 December 2018: 23.6%).

For the year ended 31 December 2019, OS&E business revenue from the PRC decreased 2.3% to approximately HK$102.1 million (for the year ended 31 December 2018: approximately HK$104.5 million), representing 60.6% (2018: 67.8%) of the OS&E business segment revenue. Revenue from the other markets was approximately HK$66.3 million (for the year ended 31 December 2018: approximately HK$49.8 million), accounted for 39.4% (2018: 32.2%) of the OS&E business segment revenue.

The re-order frequency from long-term customers will be a key revenue factor for OS&E business, as such, the Group will continue to focus on building long-term cooperative relationships with its customers by providing vertically-integrated services for hotel products purchasing in a long run. Additionally, the Group will also continue to grow its customer base among newly established, high-end and mid-level hotels in China and other Southeast Asian countries.

OUTLOOK

Proactive monitoring of external risks and weakened global markets

In addition to pressure from the ongoing China-U.S. trade war, the protests in the second half of 2019 in Hong Kong, and further with the outbreak of COVID-19, the tourism, hospitality and aviation industries were seriously affected. With an even greater decline in both the global and domestic economies, and in international tourist arrivals ahead in 2020, we expect that there will be certain impact on the Group's hospitality supplies and OS&E businesses from 2020 onwards. We will continue to assess the Group's financial performance and operations and closely monitor the Group's exposure to risks and uncertainties in this connection.

Disposable Infection Control Products and Personal Health Care Products Business

We have been producing the disposable infection control products, such as the medical equipment cover, and the personal health care products under our self-labeled brands "Pasion" and "everybody LABO". After the outbreak of COVID-19, the Group has switched some of the production lines to produce anti-epidemic products and has commenced the production of alcoholic instant hand sanitizers and face masks. In response to the increasing worldwide market demand and consciousness of personal hygiene of the general public, the Group will further expand its product lines and contribute resources to cover more disposable infection control products and personal health care related products.

Strategic diversification of manufacturing footprint

In order to reduce further potential impacts of the China-U.S. trade war, the Group will continue to develop its production base in Cambodia to reinforce its overall competitiveness through reducing labour costs and increase manufacturing efficiencies.

Continued focus on margin improvement

By increasing production efficiencies and adopting prudent and flexible business strategies to enhance the performance, the Group will continue to work on improving its margins to face the uncertainties ahead. Furthermore, the Group will continue to improve the performance of its hospitality supplies and OS&E businesses, and expand its manufacturing facilities in Cambodia.

Continued exploration of new business opportunities

By capitalising on the Group's existing partnerships and closely and cautiously monitoring potential new business streams and strategies, the Group will continue to put effort on expanding the market shares of its hospitality supplies and OS&E businesses to reduce the impact from the China-U.S. trade war, the outbreak of COVID-19 and other geopolitical incidents.

New environmental protection laws and regulations

On the other hand, the Group's hospitality supplies business is expected to face additional challenges due to new environmental protection laws and regulations and the rising "plastic free" trend around the world. Some of the countries and cities, especially in Europe and the PRC, are adjusting their regulations and practices to encourage businesses and hotels to eliminate plastic and disposable products, including single-use plastic bottles, plastic drink stirrers and many more items. In response, the Group will allocate resources to research and development of new eco-friendly hospitality supplies products appropriately, and keep abreast of market trends and strengthen its core competitiveness.

The impacts of COVID-19 outbreak

The impacts of the COVID-19 outbreak on the Group's customers' financial positions and the macro-economic conditions as a whole are still uncertain, thus the Group is unable to quantify the related financial effects. However, it is noted that the purchase orders of the Group's hospitality supplies and OS&E businesses has dropped as compared with the corresponding period of 2019. The Group will pay close attention to the development of the COVID-19 and perform further assessment on its impact and take relevant measures.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group, including short-term contract workers, was approximately 5,200 as at 31 December 2019. The employee benefit expenses including Directors' emoluments were approximately HK$481.5 million for the year ended 31 December 2019. The remuneration of employees (including the Directors) of the Group are generally structured by reference to market terms and individual merits, which is reviewed on a regular basis. The Group also provides various other benefits to designated staff, including discretionary bonus, social insurance or medical insurance, share option scheme, share award scheme, continuing education and training programmes. The Group also launched key performance indicators assessment scheme and commendation annual award scheme to boost individual performance and operational efficiency.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

CORPORATE GOVERNANCE CODE

The Group has complied with all the code provisions as set out in the "Corporate Governance Code" (the "CG Code") during the year ended 31 December 2019, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), except the deviation of code provision A.2.1 of the CG Code that the Board has not appointed an individual to the post of chief executive officer up to the date of this announcement and the role of the chief executive officer has been performed collectively by all 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 2019.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as its 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 as set out in the Model Code for the year ended 31 December 2019.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company will be held on Wednesday, 27 May 2020. 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 HK3.0 cents per Share for the year ended 31 December 2019. Subject to the approval by the Shareholders at the AGM, the final dividend will be paid on or around 12 June 2020 to the Shareholders whose names appear on the register of members of the Company on 4 June 2020.

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, 22 May 2020 to Wednesday, 27 May 2020 (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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 May 2020.

For ascertaining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 2 June 2020 to Thursday, 4 June 2020 (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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 1 June 2020.

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 2019 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, 25 March 2020

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 Eric Yung Tson.