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

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 3828)

2011 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended 30 June	
			(Restated) *Note 2(c)*
		2011	2010
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**706,776**	458,654
Cost of sales	*4*	**(522,372)**	(333,723)
Gross profit		**184,404**	124,931
Distribution costs	*4*	**(73,368)**	(44,553)
Administrative expenses	*4*	**(35,281)**	(31,831)
Other income		**2,347**	2,227
Operating profit		**78,102**	50,774
Finance income		**143**	354
Finance cost		**(1,047)**	(264)
Share of profit of an associated company		**58**	124
Fair value gain on investment properties		**6,000**	6,000
Profit before income tax		**83,256**	56,988
Income tax expenses	*5*	**(18,580)**	(12,492)
Profit for the period		**64,676**	44,496

	Note	(Unaudited) Six months ended 30 June 2011 HK$'000	(Restated) Note 2(c) 2010 HK$'000
Other comprehensive income			
Currency translation differences		**10,762**	2,133
Total comprehensive income for the period		**75,438**	46,629
Profit/(loss) attributable to:			
Equity holders of the Company		**66,944**	48,051
Non-controlling interests		**(2,268)**	(3,555)
		64,676	44,496
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**77,768**	50,216
Non-controlling interests		**(2,330)**	(3,587)
		75,438	46,629
Earnings per share attributable to equity holders of the Company (HK cents)			
– Basic	*12*	**10.5**	8.0
– Diluted	*12*	**10.2**	7.9
Proposed interim dividends (HK cents)	*13*	**1.5**	3.5

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	(Unaudited) 30 June 2011 HK$'000	(Audited) 31 December 2010 HK$'000
ASSETS			
Non-current assets			
Goodwill		**334,336**	328,713
Land use rights		**26,095**	25,966
Property, plant and equipment		**327,647**	281,276
Investment properties		**110,584**	104,423
Intangible assets		**17,393**	18,214
Long-term prepayments and receivables		**34,439**	27,560
Investment in an associated company		**619**	561
Deferred income tax assets		**2,440**	2,981
Total non-current assets		**853,553**	789,694
Current assets			
Inventories		**168,192**	148,192
Trade and bills receivables	*6*	**300,920**	247,884
Amount due from an associated company		**952**	764
Prepaid tax		**4,297**	5,864
Deposits, prepayments and other receivables		**65,382**	70,474
Restricted cash	*7*	**1,204**	2,544
Cash and cash equivalents	*8*	**147,437**	158,846
Total current assets		**688,384**	634,568
Total assets		**1,541,937**	1,424,262
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**6,682**	6,371
Share premium		**559,314**	495,591
Other reserves		**521,204**	447,906
Proposed interim/final dividend	*13*	**10,023**	28,671
		1,097,223	978,539
Non-controlling interests		**(6,512)**	(4,182)
Total equity		**1,090,711**	974,357

	Note	(Unaudited) 30 June 2011 HK$'000	(Audited) 31 December 2010 HK$'000
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	*10*	**48,332**	51,497
Long-term payables		**10,997**	10,471
Deferred income tax liabilities		**10,897**	11,053
Total non-current liabilities		**70,226**	73,021
Current liabilities			
Current portion of long-term bank borrowings	*10*	**6,261**	6,207
Short-term bank borrowings	*10*	**31,920**	11,719
Trade payables	*9*	**128,023**	149,640
Accruals and other payables		**171,712**	178,007
Current income tax liabilities		**36,878**	25,971
Loan from non-controlling interests		**4,710**	4,682
Dividends payable		**1,496**	658
Total current liabilities		**381,000**	376,884
Total liabilities		**451,226**	449,905
Total equity and liabilities		**1,541,937**	1,424,262
Net current assets		**307,384**	257,684
Total assets less current liabilities		**1,160,937**	1,047,378

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company (Unaudited)									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Share-based compensation reserve HK$'000	Statutory reserve fund HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000 (Restated) *(Note 2(c))*	Sub-total HK$'000 (Restated) *(Note 2(c))*	Non-controlling interests HK$'000	Total HK$'000 (Restated) *(Note 2(c))*
Balance at 1 January 2010	6,000	408,242	61,510	2,857	9,593	12,241	293,248	793,691	2,044	795,735
Total comprehensive income/(loss) for the period ended 30 June 2010, as previously reported	–	–	–	–	–	2,165	47,061	49,226	(3,587)	45,639
Effect of early adoption of amendments to HKAS 12 *(Note 2(c))*	–	–	–	–	–	–	990	990	–	990
Total comprehensive income/(loss) for the period ended 30 June 2010, as restated	–	–	–	–	–	2,165	48,051	50,216	(3,587)	46,629
Transactions with equity holders:										
Capital injection from a non-controlling interest	–	–	–	–	–	–	–	–	200	200
Share-based compensation	–	–	–	3,240	–	–	–	3,240	–	3,240
Dividends relating to 2009 paid in 2010	–	–	–	–	–	–	(30,000)	(30,000)	–	(30,000)
Total transactions with equity holders	–	–	–	3,240	–	–	(30,000)	(26,760)	200	(26,560)
Balance at 30 June 2010	6,000	408,242	61,510	6,097	9,593	14,406	311,299	817,147	(1,343)	815,804
Representing:										
Share capital and reserves										796,147
Proposed interim dividends *(Note 13)*										21,000
										817,147
Non-controlling interests										(1,343)
Balance at 30 June 2010										815,804

	Attributable to equity holders of the Company (Unaudited)										
	Share capital	Share premium	Merger reserve	Share-based compensation reserve	Statutory reserve fund	Exchange reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2011	6,371	495,591	61,510	11,493	11,887	31,605	5,300	354,782	978,539	(4,182)	974,357
Total comprehensive income/(loss) for the period ended 30 June 2011	–	–	–	–	–	10,824	–	66,944	77,768	(2,330)	75,438
Transactions with equity holders:											
Ordinary share issuance *(Note 11)*	300	62,530	–	–	–	–	–	–	62,830	–	62,830
Exercise of share options	11	1,193	–	(461)	–	–	–	461	1,204	–	1,204
Share-based compensation	–	–	–	5,553	–	–	–	–	5,553	–	5,553
Dividends relating to 2010 paid in 2011	–	–	–	–	–	–	–	(28,671)	(28,671)	–	(28,671)
Total transactions with equity holders	311	63,723	–	5,092	–	–	–	(28,210)	40,916	–	40,916
Balance at 30 June 2011	6,682	559,314	61,510	16,585	11,887	42,429	5,300	393,516	1,097,223	(6,512)	1,090,711
Representing:											
Share capital and reserves											1,087,200
Proposed interim dividends *(Note 13)*											10,023
											1,097,223
Non-controlling interests											(6,512)
Balance at 30 June 2011											1,090,711

NOTES:

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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

These condensed consolidated interim financial information has not been audited.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in the annual report for the year ended 31 December 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amendment to existing standards adopted by the Group

Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphases the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Standards, amendments and interpretations to existing standards effective in 2011 but do not have material financial impacts to the Group

HKAS 24 (revised)	Related party disclosures
HKAS 32 (amendment)	Classification of rights issues
HK(IFRIC) – Int 14 (amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

Improvements to HKFRS published by HKICPA in May 2010:

HKAS 1 (amendment)	Presentation of financial statements
HKAS 27 (amendment)	Consolidated and separate financial statements
HKFRS 1 (amendment)	First time adoption of HKFRS
HKFRS 3 (revised)	Business combinations
HKFRS 7 (amendment)	Financial instruments: disclosures
HK(IFRIC) – Int 13 (amendment)	Customer loyalty programmes

(c) Restatement of 30 June 2010 condensed consolidated interim financial information

The Group has early adopted the amendments to HKAS 12, "Deferred tax: recovery of underlying assets" ("HKAS 12 (amendment)") in the second half of 2010. The amendments provide an exception to this measurement principle in respect of investment property measured using the fair value model in accordance with HKAS 40, "Investment property". The purpose of the exception is to reflect the entity's expectation of recovery of the investment property in a practical manner that involves little subjectivity. In particular, there is a rebuttable presumption that investment property measured at fair value is recovered entirely by sale, and therefore, no deferred taxation needed to be recognised from revaluation of the investment properties in Hong Kong.

The HKAS 12 (amendment) was early adopted in the second half of 2010. The comparative figures for the six months ended 30 June 2010 has been restated to reflect the impact of this early adoption. The effect is as follows:

Decrease in deferred tax liabilities as at 30 June 2010 (HK$'000)	2,903
Decrease in income tax expense for the six months ended 30 June 2010 (HK$'000)	990
Increase in beginning retained earnings as at 1 January 2010 (HK$'000)	1,913
Increase in basic earnings per share attributable to equity holders of the Company (HK cents)	0.2
Increase in diluted earnings per share attributable to equity holders of the Company (HK cents)	0.2

3 SEGMENT INFORMATION

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

The Group is principally engaged in the manufacturing and distribution of amenity products. From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. During the second half of 2010, the Group acquired All Team Group Limited and it subsidiaries ("All Team Group") which are principally engaged in the distribution and retail business of cosmetics products and fashion accessories in the People's Republic of China (the "PRC") with the brand "7 Magic" through franchisees. Subsequent to the acquisition, the Group has two reportable segments: (a) manufacturing and distribution business of amenity products and (b) distribution and retail business of cosmetics and fashion accessories.

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

Turnover for the period represents revenue recognised from the sale of goods and services in the ordinary course of the Group's activities is shown net of value-added tax and discounts.

Depreciation and amortisation charges are apportioned with reference to respective segment revenue.

Sales between segments are carried out at normal commercial terms. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated interim financial information.

Geographical

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific countries *(note i)* *HK$'000*	Others *(note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *HK$'000*
Six months ended 30 June 2011 (Unaudited)													
Segment revenue	**195,166**	**92,392**	**158,460**	**42,388**	**14,778**	**69,827**	**8,322**	**581,333**	**126,529**	**2,963**	**129,492**	**4,628**	**715,453**
Inter-segment revenue	**–**	**–**	**(7,610)**	**(860)**	**–**	**–**	**–**	**(8,470)**	**–**	**–**	**–**	**(207)**	**(8,677)**
Revenue from external customers	**195,166**	**92,392**	**150,850**	**41,528**	**14,778**	**69,827**	**8,322**	**572,863**	**126,529**	**2,963**	**129,492**	**4,421**	**706,776**
Segment profit/(loss) before income tax	**22,488**	**8,906**	**12,900**	**5,378**	**464**	**6,225**	**364**	**56,725**	**34,440**	**(4,156)**	**30,284**	**(3,811)**	**83,198**
Share of profit of an associated company													**58**
Income tax expenses													**(18,580)**
Profit for the period													**64,676**

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific countries *(note i)* *HK$'000*	Others *(note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *HK$'000* (Restated) *(Note 2(c))*
Six months ended 30 June 2010 (Unaudited)													
Segment revenue	165,126	62,612	106,886	40,084	17,107	60,394	5,534	457,743	–	1,475	1,475	–	459,218
Inter-segment revenue	–	–	–	(503)	–	–	–	(503)	–	(61)	(61)	–	(564)
Revenue from external customers	165,126	62,612	106,886	39,581	17,107	60,394	5,534	457,240	–	1,414	1,414	–	458,654
Segment profit/(loss) before income tax	24,766	6,128	12,366	4,783	89	6,877	97	55,106	–	(5,342)	(5,342)	7,100	56,864
Share of profit of an associated company													124
Income tax expenses, as restated *(Note 2(c))*													(12,492)
Profit for the period													44,496

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC	**Hong Kong**	**Australia**	**Other locations** *(note iii)*	**Sub-total**	**The PRC**	**Hong Kong**	**Sub-total**		**Inter-segment elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2011 (Unaudited)											
Total assets	503,938	475,441	1,173	17,974	998,526	453,754	7,125	460,879	271,541	(189,009)	1,541,937
As at 31 December 2010 (Audited)											
Total assets	470,199	442,498	1,761	20,041	934,499	404,122	7,684	411,806	248,625	(170,668)	1,424,262

Notes:

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

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

(iii) Other locations mainly include Singapore.

Assets of the Group are allocated by reference to the principal markets in which the Group operates.

4 EXPENSES BY NATURE

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

	(Unaudited) Six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Changes in inventories	**395,986**	249,488
Auditor's remuneration	**1,000**	650
Amortisation of land use rights	**311**	204
Depreciation of property, plant and equipment	**17,220**	13,869
Amortisation of intangible assets	**1,086**	79
Operating lease rental in respect of buildings	**7,708**	6,048
Provision/(write-back of provision) for obsolete inventories	**378**	(1,605)
(Write-back of provision)/provision for impairment of trade and bills receivables	**(2,253)**	1,345
Employee benefit expenses	**117,920**	66,455
Transportation expenses	**23,485**	18,713
Exchange gains, net	**(1,548)**	(341)
Advertising costs	**10,340**	1,713

5 INCOME TAX EXPENSES

The amount of income tax charged to the interim condensed consolidated statement of comprehensive income represents:

	(Unaudited) Six months ended 30 June	
		(Restated) *Note 2(c)*
	2011	2010
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**4,652**	5,347
– PRC enterprise income tax	**13,490**	4,643
– Singapore income tax	**187**	291
	18,329	10,281
Deferred income tax	**251**	2,211
	18,580	12,492

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the period.

The new Corporate Income Tax Law in the PRC became effective since 1 January 2008 with standard income tax rate of 25%. The tax rate applicable to a subsidiary in Shenzhen is 24% from 1 January 2011 onwards (2010: 22%) for the period ended 30 June 2011.

The applicable corporate income tax rate of Luoding Quality Amenities Company Limited, a subsidiary of the Group, is 25%. Luoding Quality Amenities Company Limited is eligible for corporate tax exemption for two years in 2008 and 2009, followed by a 50% reduction in corporate income tax rate in the following three years from 2010 to 2012. Luoding Quality Amenities Company Limited did not have assessable profit for the six months ended 30 June 2011 and 2010.

Overseas tax is calculated based on the estimated taxable income and the income tax rates prevailing in their respective countries of operation.

6 TRADE AND BILLS RECEIVABLES

	(Unaudited) **30 June** **2011** ***HK$'000***	(Audited) 31 December 2010 *HK$'000*
Trade receivables	**290,176**	248,328
Bills receivables	**15,298**	6,309
Receivable from a non-controlling shareholder	**82**	136
	305,556	254,773
Less: provision for impairment of receivables	**(4,636)**	(6,889)
Trade and bills receivables, net	**300,920**	247,884

Ageing analysis of the gross trade and bills receivables as at 30 June 2011 and 31 December 2010 is as follows:

	(Unaudited) **30 June** **2011** ***HK$'000***	(Audited) 31 December 2010 *HK$'000*
Current	**168,185**	126,721
1 – 30 days	**70,283**	51,929
31 – 60 days	**21,089**	28,013
61 – 90 days	**10,525**	15,380
91– 180 days	**23,341**	22,607
Over 180 days	**12,133**	10,123
	305,556	254,773

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

7 RESTRICTED CASH

As at 30 June 2011, there is a Renminbi ("RMB") denominated deposit of RMB1,000,000 (approximately HK$1,204,000) (2010: RMB2,149,000 (approximately HK$2,544,000)) placed with a commercial bank in the PRC in relation to the construction of a laundry plant in Changshu city, Jiangsu province, the PRC. Under the rules promulgated by the local government of Changshu city, Jiangsu province, the PRC, a mandatory deposit of approximately 5% of the total construction costs is required to be placed with a local bank as a restricted deposit, which was subsequently released in July 2011.

8 CASH AND CASH EQUIVALENTS

	(Unaudited) 30 June 2011 *HK$'000*	(Audited) 31 December 2010 *HK$'000*
Cash at banks and on hand	**85,437**	87,108
Short-term bank deposits	**62,000**	71,738
	147,437	158,846

The Group's cash and bank balances denominated in RMB amounted to approximately HK$43,592,000 (2010: approximately HK$39,406,000) are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

9 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	(Unaudited) 30 June 2011 *HK$'000*	(Audited) 31 December 2010 *HK$'000*
Current	**84,763**	85,061
1– 30 days	**35,204**	46,310
31 – 60 days	**3,742**	9,693
61 – 90 days	**1,820**	3,864
Over 90 days	**2,494**	4,712
	128,023	149,640

10 BORROWINGS

	(Unaudited) 30 June 2011 *HK$'000*	(Audited) 31 December 2010 *HK$'000*
Non-current:		
Long-term bank borrowings	**48,332**	51,497
Current:		
Short-term bank borrowings	**31,920**	11,719
Current portion of long-term bank borrowings	**6,261**	6,207
	86,513	69,423

In November 2009, the Group has obtained a Hong Kong dollar ("HK$") denominated mortgage loan, which bears interest at the lower of one month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 0.75% and HK$ Prime rate less 1.75%, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and included in property, plant and equipment and investment properties in the consolidated financial statements of the Group, with net carrying values of HK$62,123,000 and HK$101,000,000, respectively, as at 30 June 2011 (2010: HK$63,128,000 and HK$95,000,000, respectively).

As part of the acquisition of All Team Group, there was a RMB denominated revolving loan acquired for working capital, which bears interest at the three months lending rate of The People's Bank of China times 1.15. A property and related land use rights were pledged against the revolving loan and were included in land use rights and property, plant and equipment in the consolidated financial statements of the Group with net carrying values of HK$9,564,000 and HK$22,829,000, respectively, as at 30 June 2011 (2010: HK$9,514,000 and HK$23,325,000).

Another subsidiary of the Group had entered into the banking facilities which were secured by land use rights and property, plant and equipment with net carrying values of approximately HK$2,190,000 (2010: HK$2,181,000) and HK$24,664,000 (2010: HK$25,275,000), respectively.

Interest expense on borrowings for the six months ended 30 June 2011 is approximately HK$703,000 (for the six months ended 30 June 2010: approximately HK$264,000).

11 SHARE CAPITAL

	Number of shares	Share capital *HK$'000*	Share premium *HK$'000*	Total *HK$'000*
Balance at 1 January 2010 and 30 June 2010	600,000,000	6,000	408,242	414,242
Balance at 1 January 2011	637,130,293	6,371	495,591	501,962
Ordinary share issuance	30,000,000	300	62,530	62,830
Exercise of share options	1,075,000	11	1,193	1,204
Balance at 30 June 2011	668,205,293	6,682	559,314	565,996

On 9 June 2011, the Company allotted 30,000,000 ordinary shares, at a price of HK$2.124 per share. Net proceeds for the ordinary share issuance approximated HK$62,830,000 after deduction of transaction costs.

12 EARNINGS PER SHARE

	(Unaudited) Six months ended 30 June	
		(Restated) *Note 2(c)*
	2011	2010
Earnings		
Profit attributable to equity holders of the Company (HK$'000)	**66,944**	48,051
Weighted average number of ordinary shares in issue (thousands)	**640,838**	600,000
Adjustments for:		
– Share options (thousands)	**17,246**	10,557
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**658,084**	610,557
Basic earnings per share attributable to equity holders of the Company (HK cents)	**10.5**	8.0
Diluted earnings per share attributable to equity holders of the Company (HK cents)	**10.2**	7.9

13 DIVIDENDS

The Board has resolved to pay an interim dividend of HK1.5 cents per share, amounting to a total dividend of approximately HK$10,023,000, in respect of the six months ended 30 June 2011 (for the six months ended 30 June 2010: HK3.5 cents per share).

On 12 May 2011, a final dividend of HK4.5 cents per share for the year ended 31 December 2010, amounting to a total dividend of approximately HK$28,671,000 was approved by the Company's shareholders.

14 EVENT AFTER BALANCE SHEET DATE

On 15 August 2011, the Group entered into certain sale and purchase agreements with certain directors and senior management of All Team Group ("Receiving Parties") pursuant to which the Group agreed to sell a total of 14% of the issued share capital of All Team Group at a total consideration of RMB35,000,000 (approximately HK$42,959,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

	2011	2010	Change
	HK$ million	*HK$ million*	in %
		(Restated)	
Revenue	**706.8**	458.7	54.1%
Gross profit	**184.4**	124.9	47.6%
Profit attributable to equity holders of the Company	**66.9**	48.1	39.3%
Net asset value as at 30 June 2011 and 31 December 2010	**1,090.7**	974.4	11.9%
Basic earnings per share attributable to equity holders of the Company (HK cents)	**10.5**	8.0	31.3%
Diluted earnings per share attributable to equity holders of the Company (HK cents)	**10.2**	7.9	29.1%
Dividend per share (HK cents)	**1.5**	3.5	

Total consolidated revenue for the six months ended 30 June 2011 was HK$706.8 million, an increase of HK$248.1 million or 54.1%, as compared with the same period last year, reflecting sales growth in most of the Group's geographic areas. Profit attributable to equity holders of the Company was HK$66.9 million for the six months ended 30 June 2011, an increase of 39.3%, compared with HK$48.1 million (as restated) in the corresponding period.

Basic earnings per share was HK10.5 cents (2010: HK8.0 cents (as restated)).

The overall gross profit margin for the period decreased to 26.1% for the six months ended 30 June 2011 from 27.2% for the six months ended 30 June 2010 which was mainly due to higher labour costs.

The consolidated net asset value increased to HK$1,090.7 million as at 30 June 2011 from HK$974.4 million (as restated) as at 31 December 2010.

The Board has resolved to pay interim dividend of HK1.5 cents per share for the six months ended 30 June 2011 (2010: HK3.5 cents per share).

The Group's profit for the six months ended 30 June 2011 included the following items:

- Increase in the fair value of investment properties of HK$6.0 million (2010: HK$6.0 million);
- Compensation expenses for the fair value of share options granted to the eligible employees (including directors) of HK$5.6 million (2010: HK$3.2 million);
- Amortisation of intangible assets of HK$1.1 million (2010: HK$0.1 million);
- A loss of HK$6.3 million in respect of its operation in laundry plant in Jiangsu Province, the PRC (100% owned by the Group) which has just commenced operation in March 2011 (2010: HK$0.2 million);
- A loss of HK$4.2 million in respect of its 51% held retail business under a brand "everyBody Labo" (2010: HK$5.3 million);

BUSINESS REVIEW

With the continuous recovery of the emerging markets in APAC region, especially high domestic demand in the Mainland China, the Group has again recorded a significant sales growth in the first half of 2011. Total consolidated revenue of HK$706.8 million was 54.1% higher than the first half of 2010.

The results of the core operations of the Group (the manufacturing and distribution business of hotel amenities) in the first half of 2011 showed a dramatic growth as compared to the same period of 2010. This was mainly due to the continuous strong demand from emerging Asia, particularly in the PRC. In the first six months of 2011, North America remained as the Group's largest market, contributing 34.1% of total revenue for hotel amenities segment. The Greater China region (including the PRC and Hong Kong) became the second largest revenue contributor which contributed 33.6% of total revenue for hotel amenities segment, reflecting the insights of the Group's strategic planning on focusing in the emerging markets. Europe and other Asia Pacific countries (excluding Australia), Australia and others accounted for 28.3%, 2.6% and 1.4% of total revenue for hotel amenities segment, respectively. With the rapid growth in demand in the PRC, the Group believes that the Greater China region will become the largest revenue contributor in the foreseeable future.

During the first six months of 2011, a total amount of HK$130.1 million of revenue was recorded for All Team Group which mainly comprised the "7 Magic" retail business, representing 18.4% of the total revenue for the Group. Sales growth was mainly driven by newly opened stores in the first half year, most of them were opened in the second quarter. Both gross margin and net margin were fairly stable.

The key information of All Team Group are set out below:

	As at 30 June 2011	As at 31 December 2010
Number of outlets		
– Shops under franchise contracts	**1,150**	1,013
– Dealers	**359**	366
– Self-owned shops	**3**	2
	1,512	1,381

	Six months ended 30 June 2011	Year ended 31 December 2010
Gross profit margin	**33.7%**	32.9%
Net profit margin	**18.0%**	18.3%

Core Operation – Continuous strong growth

Results of the core operation in the first half of 2011 reflected a continuous high demand in emerging Asia following by the rebound effects in 2010, particularly high domestic demand in the PRC. During the period under review, the Group continued to obtain new contracts from global chain and individual hotels, the Group also saw a significant high growth in the PRC and expansions of international hotels chains. Asian market takes the lead on economy recovery. During the period, the raw material prices were relatively stable. However, the increasing labour cost in the PRC has become a major pressure on profit margin following the introduction of new regulations on minimum wages and Housing Fund in 2011. Despite the impact of increasing costs, the Group has maintained a competitive pricing strategy to gain market share. The Group will strive to maintain the leading position in the hotel amenities industry by providing wide range of high quality hotel amenities to customers together with our well established and highly diversified worldwide distribution networks. We are very confident that the Group will continue increasing its market share with more focus on the Asia Pacific region. Besides, by adopting appropriate operating strategies, the Group will strive to maximise its shareholders value in this very challenging business environment.

New Retail Business – 7 Magic

In the first six months of 2011, retail environment in the PRC remained strong due to increasing consumption. The "7 Magic" business generated turnover of HK$126.5 million representing 17.9% of total revenue of the Group for the first half of 2011. Revenue was increased as a result of increased number of outlets. In March 2011, 8 new series of cosmetic and skin care products with 170 stock keeping units (SKUs) were developed by our in-house research and development team and 5 of them (with 110 SKUs) were launched to the market providing a wider range of choices for our target customers.

For the period under review, we continued to focus on the fast growing consumption demand from the second and third-tier cities in China. We believe that the sustainability of our success is built on the foundation of excellent franchise management control and system. Riding on the booming younger female fashion accessories and cosmetic market in China, the "7 Magic" business has become one of the major revenue generators for the Group. With the synergies brought to the Group, the "7 Magic" business will play a more important role in the foreseeable future.

Retail Brand – everyBody Labo

The Group's first own personal body care retail brand "everyBody Labo" has started developing its brand awareness through putting its products on the shelves of "Mannings" in Hong Kong and directly opening counters in "Harvey Nichols Hong Kong" in late 2010. The total points of sales added up to over 180 in the region. In the PRC, the products were sold through distributors to counters in cosmetics shops. In this early developing stage, a loss of HK$4.2 million (2010: HK$5.3 million) was recorded for the period under review. The amount of loss was decreased as the self-owned store in Causeway Bay was closed in December 2010, thus lowering the cost of rental expenses. The Mongkok store is scheduled to close down in November 2011 upon termination of its lease agreement. The Group targets to achieve breakeven before the end of 2011.

Laundry services – Commenced operation in March 2011

In March 2011, the Group's newly constructed laundry plant in Jiangsu Province has commenced its operation mainly to provide laundry services for hotels customers around the area. The Group believes that commercial laundry is not only a key element of total solution services to hotels but further enhances the Group's presence in the hotel related industries and boosts the Group's profits in the long run. During the first four months of operation, the Group has secured five new contracts. In this investing stage, a loss of HK$6.3 million was incurred for the period under review. The Group expects that more contracts will be secured in the second half of the year and targets to become break-even by the end of 2011.

PROSPECTS

Doubt continued to surround the global economy amidst the US national debts and European sovereign debt crisis. Nevertheless, the Group will remain cautiously optimistic for both the short and long term outlook by adopting appropriate strategies to cope with the various challenges.

Though the rising labour and material costs affected the gross margin of the Group's operation in the first half of 2011, the Group will continue to exercise stringent control over production costs and improve its manufacturing processes. Through the backup of the PRC's strong economic growth momentum, together with the central government's 12th Five-Year plan which gives distinctive focus on increasing disposable income and intensifying urbanization, the Group believes that it will continuously benefit from both rising of the nation's income and living standards which will be reflected in the retail and consumption sectors in the long run.

Looking forward, the Group will continue to focus its core business by soliciting orders from existing and new customers as well as to develop its new retail business. Sustainable development and the ability to generate long-term growth for its shareholders are still the Group's priority. Despite in this tough time, the Group will continue to enhance its core values so as to gain more market share, broaden the profit base and diversify its business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group's cash and cash equivalents amounted to HK$147.4 million (2010: HK$158.8 million).

In November 2009, the Group entered into a mortgage deed with a leading bank in Hong Kong to raise HK$64.4 million for the completion of acquisition of an office premise in Central district. This facility bears interest at one month HIBOR plus 0.75% per annum or 1.75% below HK$ Prime Rate, whichever is the lower. The facility is secured by the office premises with the maturity date on 27 November 2019. As at 30 June 2011, the outstanding borrowing of this facility amounted to HK$54.6 million (2010: HK$57.7 million). Details of the borrowings are set out in note 10 to the condensed consolidated interim financial information.

In August 2010, the Group has obtained a Renminbi ("RMB") denominated revolving loan acquired for working capital, which bears interest at the three months lending rate of The People's Bank of China times 1.15. A property and related land use rights were pledged against the revolving loan with the maturity date of 2 August 2011. As at 30 June 2011, the outstanding borrowing of this loan amounted to HK$11.9 million.

The gearing ratio as at 30 June 2011, calculated on the basis of borrowings over total equity attributable to the equity holders of the Company, is 7.9% as compared with 7.1% as at 31 December 2010.

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

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

CHARGES ON GROUP ASSETS

As at 30 June 2011, subsidiaries of the Company pledged assets with aggregate carrying value of HK$195.5 million (2010: HK$190.9 million) to secure drawn bank borrowings.

Certain assets of approximately HK$26.9 million (2010: HK$27.4 million) with aggregate carrying value were pledged to secure undrawn banking facilities.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2011, the capital commitments of the Group were HK$15.8 million (2010: HK$36.4 million). At the balance sheet date, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2011, the total number of employees of the Group was approximately 5,100. 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 to stay on top of their skills and knowledge.

The Group values employees as our most valuable asset 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 SHARES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with all the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2011, except the following deviation:

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

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2011.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions on 5 October 2007. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out under the Model Code for the six months ended 30 June 2011.

CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to pay an interim dividend of HK1.5 cents per share for the six months ended 30 June 2011 to the shareholders whose names appear in the register of member of the Company on 29 September 2011. The interim dividend will be distributed on or about 7 October 2011.

The register of members will be closed from Thursday, 22 September 2011 to Thursday 29 September 2011 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 September 2011.

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

Hong Kong, 30 August 2011

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. LEE King Hay and Ms. CHAN Yim Ching and Mr. LEUNG Ping Shing; the non-executive Director is Mr. NG Bo Kwong; and the independent non-executive Directors are Mr. SUN Kai Lit Cliff, Mr. HUNG Kam Hung Allan and Mr. MA Chun Fung Horace.

* *For identification purpose only*