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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3828)

## 2016 INTERIM RESULTS ANNOUNCEMENT

### HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

- Revenue decreased 8.3% to HK\$771.8 million (2015: HK\$841.5 million).
- Gross profit increased 0.7% to HK\$204.8 million (2015: HK\$203.3 million).
- Gross profit margin increased 2.3 percentage point to 26.5% (2015: 24.2%).
- Operating profit is HK\$56.6 million (2015: HK\$59.3 million) and the profit for the six months ended 30 June 2016 is HK\$96.8 million (2015: HK\$43.4 million). These have included a one-off item of fair value gains on investment properties (“Fair Value Gains”) of HK\$55.4 million recognised in the interim condensed consolidated statement of comprehensive income. To provide better information to the readers of the financial statements, additional financial information is presented below:

	(Unaudited)		
	Six months ended 30 June		
	2016		2015
	Including Fair Value Gains	Excluding <sup>#</sup> Fair Value Gains	
	HK\$ million	HK\$ million	HK\$ million
Operating profit	56.6	56.6	59.3
Profit for the period	96.8	41.3	43.4
Profit for the period attributable to owners of the Company	100.5	45.1	44.9
Basic earnings per share attributable to owners of the Company (HK cents)	14.2	6.4	6.4

<sup>#</sup> This non-GAAP (general accepted accounting principles) financial information is presented as additional information to reader.

- An interim dividend of HK2.0 cents (2015: HK2.0 cents) per share was declared.

The board (the “Board”) of directors (the “Director(s)”) 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 2016 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited)	
		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	771,798	841,521
Cost of sales	4	<u>(566,991)</u>	<u>(638,201)</u>
<b>Gross profit</b>		<b>204,807</b>	203,320
Distribution costs	4	(86,904)	(91,982)
Administrative expenses	4	(66,516)	(56,220)
Other income	5	<u>5,251</u>	<u>4,170</u>
<b>Operating profit</b>		<b>56,638</b>	59,288
Finance income		310	596
Finance costs		(489)	(193)
Fair value gains on investment properties	14	55,413	—
Share of profit of an associated company		100	56
Share of losses of joint ventures		<u>(80)</u>	<u>(80)</u>
<b>Profit before income tax</b>		<b>111,892</b>	59,667
Income tax expenses	6	<u>(15,134)</u>	<u>(16,288)</u>
<b>Profit for the period</b>		<b><u>96,758</u></b>	<u>43,379</u>
<b>Other comprehensive loss, net of tax</b>			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(3,887)</u>	<u>(1,281)</u>
<b>Total comprehensive income for the period</b>		<b><u><u>92,871</u></u></b>	<b><u><u>42,098</u></u></b>

		<b>(Unaudited)</b>	
		<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>100,524</b>	44,893
Non-controlling interests		<u><b>(3,766)</b></u>	<u>(1,514)</u>
		<u><b>96,758</b></u>	<u>43,379</u>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		<b>96,603</b>	43,610
Non-controlling interests		<u><b>(3,732)</b></u>	<u>(1,512)</u>
		<u><b>92,871</b></u>	<u>42,098</u>
<b>Earnings per share attributable to owners of the Company (expressed in HK cents)</b>			
Basic	<i>16</i>	<b>14.2</b>	6.4
Diluted	<i>16</i>	<u><b>14.1</b></u>	<u>6.3</u>
<b>Proposed interim dividend per share (HK cents)</b>	<i>17</i>	<u><b>2.0</b></u>	<u>2.0</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 June 2016 <i>HK\$'000</i>	(Audited) 31 December 2015 <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		40,329	41,740
Property, plant and equipment		275,873	279,663
Investment properties	14	12,273	207,104
Intangible assets		2,203	2,805
Investment in an associated company		1,211	1,111
Investments in joint ventures		119	213
Long-term prepayments		5,268	6,366
Deferred income tax assets		<u>7,435</u>	<u>7,602</u>
<b>Total non-current assets</b>		<u><b>344,711</b></u>	<u>546,604</u>
<b>Current assets</b>			
Assets classified as held-for-sale	13	251,453	—
Prepaid tax		17	17
Inventories		199,091	209,439
Amount due from an associated company	8	7,585	8,627
Amounts due from joint ventures		49	35
Deposits, prepayments and other receivables		40,188	46,756
Trade and bills receivables	7	423,907	478,655
Restricted cash	9	—	35,819
Cash and cash equivalents	10	<u>327,429</u>	<u>295,693</u>
<b>Total current assets</b>		<u><b>1,249,719</b></u>	<u>1,075,041</u>
<b>Total assets</b>		<u><b>1,594,430</b></u>	<u>1,621,645</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	7,057	7,054
Share premium	15	595,862	595,679
Other reserves		489,567	407,108
Proposed interim/final dividend	17	<u>14,144</u>	<u>21,173</u>
		<u><b>1,106,630</b></u>	<u>1,031,014</u>
Non-controlling interests		<u>(23,368)</u>	<u>(19,636)</u>
<b>Total equity</b>		<u><b>1,083,262</b></u>	<u>1,011,378</u>

		(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	12	—	19,439
Deferred income tax liabilities		<u>2,275</u>	<u>2,740</u>
<b>Total non-current liabilities</b>		<u>2,275</u>	<u>22,179</u>
<b>Current liabilities</b>			
Liabilities classified as held-for-sale	13	24,909	—
Current portion of long-term bank borrowings	12	28,055	36,539
Dividends payable		67	44
Current income tax liabilities		15,791	9,917
Loans from non-controlling interests		13,137	12,587
Amount due to a joint venture		—	14
Amount due to a related party		1,250	—
Accruals and other payables		236,975	288,447
Trade payables	11	<u>188,709</u>	<u>240,540</u>
<b>Total current liabilities</b>		<u>508,893</u>	<u>588,088</u>
<b>Total liabilities</b>		<u>511,168</u>	<u>610,267</u>
<b>Total equity and liabilities</b>		<u>1,594,430</u>	<u>1,621,645</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company (Unaudited)				Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Sub-total HK\$'000		
	<b>Balance at 1 January 2015</b>	6,986	591,499	712,832		
<b>Total comprehensive income/(loss) for the period</b>	—	—	43,610	43,610	(1,512)	42,098
<b>Transactions with owners, recognised directly in equity:</b>						
Exercise of share options (Note 15)	59	3,577	—	3,636	—	3,636
Dividends relating to 2014 paid in 2015	—	—	(21,101)	(21,101)	—	(21,101)
Dividends paid to non- controlling interests	—	—	—	—	(322)	(322)
<b>Total transactions with owners, recognised directly in equity</b>	59	3,577	(21,101)	(17,465)	(322)	(17,787)
<b>Balance at 30 June 2015</b>	<u>7,045</u>	<u>595,076</u>	<u>735,341</u>	<u>1,337,462</u>	<u>(16,759)</u>	<u>1,320,703</u>

**Attributable to owners of  
the Company (Unaudited)**

	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Sub-total</b>	<b>Non- controlling interests</b>	<b>Total Equity</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Balance at 1 January 2016</b>	<u>7,054</u>	<u>595,679</u>	<u>428,281</u>	<u>1,031,014</u>	<u>(19,636)</u>	<u>1,011,378</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>—</u>	<u>—</u>	<u>96,603</u>	<u>96,603</u>	<u>(3,732)</u>	<u>92,871</u>
<b>Transactions with owners, recognised directly in equity:</b>						
Exercise of share options <i>(Note 15)</i>	3	183	—	186	—	186
Dividends relating to 2015 paid in 2016	<u>—</u>	<u>—</u>	<u>(21,173)</u>	<u>(21,173)</u>	<u>—</u>	<u>(21,173)</u>
<b>Total transactions with owners, recognised directly in equity</b>	<u>3</u>	<u>183</u>	<u>(21,173)</u>	<u>(20,987)</u>	<u>—</u>	<u>(20,987)</u>
<b>Balance at 30 June 2016</b>	<u><u>7,057</u></u>	<u><u>595,862</u></u>	<u><u>503,711</u></u>	<u><u>1,106,630</u></u>	<u><u>(23,368)</u></u>	<u><u>1,083,262</u></u>
<b>Representing:</b>						
Share capital, share premium and other reserves						1,092,486
Proposed interim dividend <i>(Note 17)</i>						<u>14,144</u>
						1,106,630
Non-controlling interests						<u>(23,368)</u>
<b>Balance at 30 June 2016</b>						<u><u>1,083,262</u></u>

## **NOTES:**

### **1 BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2016 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”). This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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

This condensed consolidated interim financial information has not been audited.

#### **Key event**

During the period, the Directors announced its intention to dispose of certain investment properties held by Chartered Properties Limited (“Chartered Properties”), a wholly-owned subsidiary of the Company. The assets and liabilities are classified as held-for-sale as at 30 June 2016 accordingly. Further details are given in Notes 13 and 14.

### **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 2015, as described in those annual financial statements. The accounting policy for non-current assets held-for-sale which is relevant to this condensed consolidated interim financial information is as follows:

Disposal group is classified as held-for-sale when its carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets (except for certain assets as explained below) of the disposal group are stated at the lower of carrying amount and fair value less costs to sell. Investment properties which are classified as held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in the annual financial statements for the year ended 31 December 2015.

- (a) Amendments to HKFRS effective for the financial year ending 31 December 2016 do not have a material impact on the Group.**

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



**(b) Impact of standards issued but not yet applied by the entity**

**(i) *HKFRS 15 Revenue from contracts with customers***

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

At this stage, the Group is not able to estimate the effect of the new standards on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to early adopt any of the new standards.

**(ii) *HKFRS 16 Lease***

The accounting for leases under HKAS 17 requires a lease to be classified as either finance lease or operating lease. Finance leases are recognised on the balance sheet whereas operating leases are not recognised on the balance sheet. Users of financial statements have criticised the dual-model lease accounting because it did not always provide a faithful representation of leasing transactions.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. The standard replaces HKAS 17 "Leases", and related interpretations.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019.

At this stage, the Group is not able to estimate the effect of the new standards on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to early adopt any of the new standards.

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

### 3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal 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. The Group is also engaged in the distribution and retail business of cosmetics and fashion accessories in the People's Republic of China (the "PRC") through retail chain outlets and cosmetic counters. Altogether, the Group has two reportable segments: (a) manufacturing and distribution business of amenity products and (b) distribution and retail business of cosmetics and fashion accessories.

The Board assesses the performance of the operating segments based on a measure of profit before income tax, fair value gains on investment properties, share of profit of an associated company and share of losses of joint ventures.

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

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

#### Geographical

	Manufacturing and distribution business of amenity products							Distribution and retail business of cosmetics and fashion accessories			Others	Total HK\$'000	
	North America HK\$'000	Europe HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Australia HK\$'000	Other Asia Pacific countries	Others	Sub-total HK\$'000	The PRC HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000		HK\$'000
						(Note (i)) HK\$'000	(Note (ii)) HK\$'000						
Six months ended 30 June 2016 (Unaudited)													
Segment revenue	186,609	85,203	215,572	118,311	24,888	120,270	2,724	753,577	18,293	71	18,364	—	771,941
Inter-segment revenue	—	—	—	(1)	—	—	—	(1)	(142)	—	(142)	—	(143)
Revenue from external customers	186,609	85,203	215,572	118,310	24,888	120,270	2,724	753,576	18,151	71	18,222	—	771,798
Segment profit/(loss) before income tax	25,580	7,176	12,157	9,828	1,222	12,687	290	68,940	(12,785)	(1,274)	(14,059)	1,578	56,459
Fair value gains on investment properties													55,413
Share of profit of an associated company													100
Share of losses of joint ventures													(80)
Income tax expenses													(15,134)
Profit for the period													<u>96,758</u>

	Manufacturing and distribution business of amenity products							Distribution and retail business of cosmetics and fashion accessories				Others	Total
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific countries	Others	Sub-total	The PRC	Hong Kong	Sub-total	HK\$'000	
						(Note (i))	(Note (ii))						
Six months ended 30 June 2015 (Unaudited)													
Segment revenue	217,424	100,045	253,812	105,337	20,732	123,316	2,688	823,354	24,419	212	24,631	—	847,985
Inter-segment revenue	—	—	(6,147)	(67)	—	—	—	(6,214)	(249)	(1)	(250)	—	(6,464)
Revenue from external customers	217,424	100,045	247,665	105,270	20,732	123,316	2,688	817,140	24,170	211	24,381	—	841,521
Segment profit/(loss) before income tax	32,423	9,645	13,284	9,733	800	12,306	383	78,574	(15,973)	(2,480)	(18,453)	(430)	59,691
Share of profit of an associated company													56
Share of losses of joint ventures													(80)
Income tax expenses													(16,288)
Profit for the period													<u>43,379</u>

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories				Others	Inter-segment elimination	Total
	The PRC	Hong Kong	Australia	Other locations	Sub-total	The PRC	Hong Kong	Sub-total	HK\$'000			
				(Note (iii))						HK\$'000		
As at 30 June 2016 (Unaudited)												
Total assets	<u>801,393</u>	<u>700,448</u>	<u>1,069</u>	<u>50,956</u>	<u>1,553,866</u>	<u>66,099</u>	<u>3,232</u>	<u>69,331</u>	<u>364,894</u>	<u>(393,661)</u>	<u>1,594,430</u>	
As at 31 December 2015 (Audited)												
Total assets	<u>948,916</u>	<u>634,252</u>	<u>1,589</u>	<u>34,383</u>	<u>1,619,140</u>	<u>67,192</u>	<u>8,599</u>	<u>75,791</u>	<u>319,902</u>	<u>(393,188)</u>	<u>1,621,645</u>	

*Notes:*

- (i) Other Asia Pacific countries mainly include Japan, United Arab Emirates, Thailand, the Philippines, Malaysia, Singapore, Dubai and India.
- (ii) Others mainly include South Africa and Morocco.
- (iii) Other locations mainly include Singapore and India.

#### 4 EXPENSES BY NATURE

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Changes in inventories	<b>411,191</b>	461,175
Auditor's remuneration	<b>1,650</b>	1,650
Amortisation of land use rights	<b>543</b>	249
Depreciation of property, plant and equipment	<b>17,333</b>	17,496
Amortisation of intangible assets	<b>621</b>	1,623
Operating lease rental in respect of buildings	<b>10,586</b>	10,972
Loss/(gain) on disposal of property, plant and equipment	<b>14</b>	(88)
Provision for obsolete inventories	<b>1,311</b>	314
Direct written off for obsolete inventories	<b>1,446</b>	2,311
Provision for impairment of trade and bills receivables	<b>9,498</b>	8,706
Provision for impairment of other receivables	<b>—</b>	509
Employee benefit expenses	<b>167,467</b>	164,170
Transportation expenses	<b>27,730</b>	30,569
Exchange loss/(gain), net	<b>2,609</b>	(3,388)
Advertising costs	<b>6,166</b>	6,455

#### 5 OTHER INCOME

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Income from sales of scrap materials	<b>636</b>	816
Rental income	<b>3,812</b>	2,983
Others	<b>803</b>	371
	<b>5,251</b>	4,170

## 6 INCOME TAX EXPENSES

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax:		
— Hong Kong profits tax	<b>13,260</b>	13,742
— PRC enterprise income tax	<b>2,459</b>	1,826
— Singapore income tax	<b>(716)</b>	611
	<b>15,003</b>	16,179
Deferred income tax	<b>131</b>	109
	<b>15,134</b>	16,288

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

Hong Kong profits tax, PRC enterprise income tax and Singapore income tax were calculated at 16.5% (for the six months ended 30 June 2015: 16.5%), 25% (for the six months ended 30 June 2015: 25%) and 17% (for the six months ended 30 June 2015: 17%), respectively on the estimated assessable profits for the six months ended 30 June 2016.

## 7 TRADE AND BILLS RECEIVABLES

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Trade receivables	461,228	506,413
Bills receivables	<u>8,514</u>	<u>8,579</u>
	469,742	514,992
Less: provision for impairment of receivables	<u>(45,835)</u>	<u>(36,337)</u>
Trade and bills receivables, net	<u><u>423,907</u></u>	<u><u>478,655</u></u>

Ageing analysis of the gross trade and bills receivables by invoice date as at 30 June 2016 and 31 December 2015 is as follows:

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
1–30 days	229,089	276,482
31–60 days	78,599	83,437
61–90 days	59,683	49,214
91–180 days	40,913	49,510
Over 180 days	<u>61,458</u>	<u>56,349</u>
	<u><u>469,742</u></u>	<u><u>514,992</u></u>

Ageing analysis of the gross trade and bills receivables by due date as at 30 June 2016 and 31 December 2015 is as follows:

	(Unaudited) 30 June 2016 HK\$'000	(Audited) 31 December 2015 HK\$'000
Current	215,662	260,920
1–30 days	79,659	78,093
31–60 days	29,796	43,175
61–90 days	11,813	24,580
91–180 days	63,069	36,116
Over 180 days	<u>69,743</u>	<u>72,108</u>
	<u><u>469,742</u></u>	<u><u>514,992</u></u>

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

## 8 AMOUNT DUE FROM AN ASSOCIATED COMPANY

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

	(Unaudited) 30 June 2016 <i>HK\$'000</i>	(Audited) 31 December 2015 <i>HK\$'000</i>
Current	570	2,444
1–30 days	146	1,236
31–60 days	2,300	924
61–90 days	2,152	1,902
Over 90 days	<u>2,417</u>	<u>2,121</u>
	<u><u>7,585</u></u>	<u><u>8,627</u></u>

## 9 RESTRICTED CASH

	(Unaudited) 30 June 2016 <i>HK\$'000</i>	(Audited) 31 December 2015 <i>HK\$'000</i>
Restricted cash	<u>—</u>	<u>35,819</u>

As at 31 December 2015, the restricted cash of Renminbi (“RMB”) 30,000,000 (equivalent to approximately HK\$35,819,000) was placed as collateral for an irrevocable letter of guarantee that provided financial assurance that the Group would fulfil its obligation with respect to a litigation with a competitor. The judgement was finalised on 13 November 2015 and the restricted cash was released on 25 February 2016.

## 10 CASH AND CASH EQUIVALENTS

	(Unaudited)	(Audited)
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Cash at banks and on hand	265,495	263,103
Short-term bank deposits	<u>62,725</u>	<u>32,590</u>
	328,220	295,693
Less: Transferred assets classified as held-for-sale ( <i>Note 13</i> )	<u>(791)</u>	<u>—</u>
	<u><u>327,429</u></u>	<u><u>295,693</u></u>

The Group's cash and bank balances as at 30 June 2016 amounted to approximately HK\$89,018,000 (31 December 2015: HK\$139,370,000) and approximately HK\$2,192,000 (31 December 2015: HK\$207,000) are deposited with banks in the PRC and India respectively, where the remittance of funds is subject to foreign exchange control.

## 11 TRADE PAYABLES

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

	(Unaudited)	(Audited)
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
1–30 days	143,496	177,997
31–60 days	12,667	26,700
61–90 days	27,848	31,904
Over 90 days	<u>4,698</u>	<u>3,939</u>
	<u><u>188,709</u></u>	<u><u>240,540</u></u>



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

	(Unaudited)	(Audited)
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Current	150,769	206,004
1–30 days	19,302	16,143
31–60 days	6,480	7,948
61–90 days	5,251	4,025
Over 90 days	<u>6,907</u>	<u>6,420</u>
	<u><b>188,709</b></u>	<u><b>240,540</b></u>

## 12 BORROWINGS

	(Unaudited)	(Audited)
	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
Long-term borrowings		
— Non-current portion	—	19,439
— Current portion	<u>28,055</u>	<u>36,539</u>
	<u><b>28,055</b></u>	<u><b>55,978</b></u>

In November 2009, the Group obtained a HK\$ denominated mortgage loan, which bore interest at the lower of one month Hong Kong Inter-bank Offered Rate (“HIBOR”) plus 0.75% per annum and HK\$ Prime Rate less 1.75% per annum, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and were included in investment properties in the interim condensed consolidated balance sheet of the Group, with net carrying values of HK\$197,600,000 as at 31 December 2015. As at 30 June 2016, these properties with net carrying values of HK\$250,000,000 and relevant mortgage loan of HK\$22,713,000 were classified as assets and liabilities held-for-sale respectively in the interim condensed consolidated balance sheet of the Group (Note 13).

In September 2015, the Group obtained a HK\$ denominated mortgage loan which bore interest at the higher of 1.7% per annum over one month HIBOR or the cost to the bank of funding the facility for acquiring certain properties in Hong Kong and certain banking facilities for its working capital. These properties were pledged against the mortgage loan and the banking facility and included in property, plant and equipment in the interim condensed consolidated balance sheet of the Group, with net carrying values of HK\$55,880,000 as at 30 June 2016 (31 December 2015: HK\$57,027,000).

In October 2015, the Group obtained a HK\$ denominated HIBOR loan which bore interest at 1.7% per annum over one month HIBOR and a banking facility for its working capital. The banking facilities were secured by property, plant and equipment in the interim condensed consolidated balance sheet of the Group, with net carrying values of approximately HK\$4,268,000 as at 30 June 2016 (31 December 2015: HK\$4,312,000).

The Group also entered into a banking facility which was secured by land use rights and property, plant and equipment, with net carrying values of approximately HK\$1,854,000 (31 December 2015: HK\$1,921,000) and HK\$13,828,000 (31 December 2015: HK\$15,158,000) respectively as at 30 June 2016.

Interest expenses on borrowings for the six months ended 30 June 2016 was approximately HK\$489,000 (for the six months ended 30 June 2015: approximately HK\$193,000).

### 13 ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to Chartered Properties Limited (“Chartered Properties”), an indirect wholly-owned subsidiary of the Company, have been presented as held-for-sale as management intended to dispose of Chartered Properties (Note 19).

#### (a) Assets classified as held-for-sale

	(Unaudited) 30 June 2016 HK\$'000
Investment properties ( <i>Note 14</i> )	250,000
Deposits, prepayments and other receivables	662
Cash and cash equivalents ( <i>Note 10</i> )	<u>791</u>
Total	<u><u>251,453</u></u>

#### (b) Liabilities classified as held-for-sale

	(Unaudited) 30 June 2016 HK\$'000
Bank borrowings ( <i>Note 12</i> )	22,713
Deferred income tax liabilities	532
Current income tax liabilities	365
Accruals and other payables	<u>1,299</u>
Total	<u><u>24,909</u></u>

## 14 INVESTMENT PROPERTIES

	(Unaudited) 30 June 2016 HK\$'000	(Unaudited) 30 June 2015 HK\$'000
Opening net book amount	207,104	207,554
Fair value gains	55,413	—
Transferred to assets classified as held-for-sale ( <i>Note 13</i> )	(250,000)	—
Exchange differences	(244)	(18)
	<u>12,273</u>	<u>207,536</u>
Closing net book amount	<u>12,273</u>	<u>207,536</u>

- (a) Independent valuation of the Group's investment properties was performed by the valuer, Asset Appraisal Limited, to determine the fair value of the investment properties as at 30 June 2016 and 31 December 2015. The following table gives further information on the investment properties carried at fair value.

The fair value measurement information for these investment properties in accordance with HKFRS 13 is given below.

### Fair value hierarchy

	<u>Fair value measurements at 30 June 2016 using</u>		
	Quoted price in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements:			
Investment properties	—	12,273	—
Investment properties classified as assets held-for-sale	—	250,000	—
	<u>—</u>	<u>250,000</u>	<u>—</u>
	<u>Fair value measurements at 31 December 2015 using</u>		
	Quoted price in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements:			
Investment properties	—	207,104	—
	<u>—</u>	<u>207,104</u>	<u>—</u>

As at 30 June 2016, certain investment properties with an aggregate carrying amount of HK\$250,000,000 were pledged as security for a mortgage loan drawn by the Group (as at 31 December 2015: HK\$197,600,000) (Note 12) and were reclassified as assets held-for-sale (Note 13).

**(b) Details of the investment properties:**

<b>Address of investment property</b>	<b>Existing use</b>	<b>Tenure</b>
Room 101, Chuntian Garden, No. 6, Lane 999, Loushanguan Road, Changning District, Shanghai City, the PRC	30 June 2016: Rental 31 December 2015: Rental	The property is held under long term lease
Assets held for sale as at 30 June 2016:		
Office Units 501, 502, 503, 505 and 506 on the 5th Floor, Low Block, Grand Millennium Plaza, No. 181 Queen's Road Central, Hong Kong	30 June 2016: Rental and held for sale 31 December 2015: Rental	The property is held under medium term lease
Car Parking Spaces Nos. 331 and 332 on the 3rd Floor, High Block, Grand Millennium Plaza, No. 183 Queen's Road Central, Hong Kong	30 June 2016: Rental and held for sale 31 December 2015: Rental	The property is held under medium term lease

**15 SHARE CAPITAL AND SHARE PREMIUM**

**Ordinary shares, issued and fully paid:**

	<b>Number of shares</b>	<b>Share capital HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Total HK\$'000</b>
<b>Opening balance 1 January 2016</b>	<b>705,439,697</b>	<b>7,054</b>	<b>595,679</b>	<b>602,733</b>
<b>Proceeds from shares issued — employee share option scheme</b>	<b>300,000</b>	<b>3</b>	<b>183</b>	<b>186</b>
<b>Balance at 30 June 2016</b>	<b>705,739,697</b>	<b>7,057</b>	<b>595,862</b>	<b>602,919</b>
<b>Opening balance 1 January 2015</b>	698,587,697	6,986	591,499	598,485
Proceeds from shares issued — employee share option scheme	5,864,000	59	3,577	3,636
<b>Balance at 30 June 2015</b>	<b>704,451,697</b>	<b>7,045</b>	<b>595,076</b>	<b>602,121</b>

## 16 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 period.

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
<b>Earnings</b>		
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>100,524</u>	<u>44,893</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<u>705,697</u>	<u>700,531</u>
Basic earnings per share attributable to owners of the Company ( <i>HK cents</i> )	<u>14.2</u>	<u>6.4</u>

### (b) Diluted

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

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
<b>Earnings</b>		
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	<u>100,524</u>	<u>44,893</u>
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	705,697	700,531
Adjustments for:		
— Share options ( <i>thousands</i> )	<u>7,647</u>	<u>12,034</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>thousands</i> )	<u>713,344</u>	<u>712,565</u>
Diluted earnings per share attributable to owners of the Company ( <i>HK cents</i> )	<u>14.1</u>	<u>6.3</u>

## **17 DIVIDENDS**

On 26 May 2016, a final dividend of HK3.0 cents per share for the year ended 31 December 2015 was approved by the Company's shareholders. Total dividend of approximately HK\$21,173,000 was paid out during the six months ended 30 June 2016.

The Board has resolved to pay an interim dividend of HK2.0 cents per share, amounting to a total dividend of approximately HK\$14,144,000, in respect of the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK2.0 cents per share, amounting to a total dividend of approximately HK\$14,089,000).

## **18 CAPITAL COMMITMENTS AND OPERATING LEASE COMMITMENTS**

As at 30 June 2016, the capital commitments contracted for but not provided for in the condensed consolidated interim financial information of the Group were HK\$4,655,000 (31 December 2015: HK\$5,705,000).

As at 30 June 2016, the operating lease commitments of the Group were HK\$27,002,000 (31 December 2015: HK\$32,182,000).

## **19 SUBSEQUENT EVENT**

On 31 May 2016, the Board announced that Chartered Properties, an indirect wholly-owned subsidiary of the Company, was considering to dispose of certain investment properties through appointing Savills (Hong Kong) Limited as its sole and exclusive agent.

On 29 August 2016, the Group entered into a sale and purchase agreement with a purchaser in relation to the disposal of the entire issued shares of Chartered Properties at a consideration of HK\$263,000,000. The transaction is expected to complete on or before 30 November 2016. Accordingly, the assets and liabilities of Chartered Properties were classified as held-for-sale in the condensed consolidated interim financial information as at 30 June 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

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

	Six months ended 30 June		Change in %
	2016 <i>HK\$ million</i>	2015 <i>HK\$ million</i>	
Revenue	<b>771.8</b>	841.5	(8.3)
Gross profit	<b>204.8</b>	203.3	0.7
Profit attributable to owners of the Company	<b>100.5</b>	44.9	123.8
Net asset value as at 30 June 2016 and 31 December 2015	<b>1,083.3</b>	1,011.4	7.1
Basic earnings per share attributable to owners of the Company ( <i>HK cents</i> )	<b>14.2</b>	6.4	121.9
Diluted earnings per share attributable to owners of the Company ( <i>HK cents</i> )	<b>14.1</b>	6.3	123.8
Dividend per share ( <i>HK cents</i> )	<b>2.0</b>	2.0	—

The Group's total consolidated revenue for the six months ended 30 June 2016 decreased by 8.3% to HK\$771.8 million from HK\$841.5 million for the six months ended 30 June 2015. Profit attributable to owners of the Company for period under review increased by 123.8% to HK\$100.5 million from HK\$44.9 million in the corresponding period of the prior year.

Basic earnings per share attributable to owners of the Company for the six months ended 30 June 2016 was HK14.2 cents (for the six months ended 30 June 2015: HK6.4 cents).

The overall gross profit margin for the period under review increased to 26.5% for the six months ended 30 June 2016 from 24.2% in the corresponding period of the prior year.

The consolidated net asset value increased to HK\$1,083.3 million as at 30 June 2016 from HK\$1,011.4 million as at 31 December 2015.

The Board has resolved to pay an interim dividend of HK2.0 cents per share for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK2.0 cents per share).

## **BUSINESS REVIEW**

The global economy is enduring a fragile period right now and once again the World Bank lowered its expectations for worldwide economic gross domestic products (“GDP”) growth to 2.4% this year. A 0.8% year-on-year growth recorded in the first season this year contributed to a weak economy in the United States in the first half. China, as the second largest economy worldwide, maintained its GDP growth at 6.7%, but its economic growth has been decelerating for six years.

The total revenue of the Group recorded a single digit decrease of 8.3% to HK\$771.8 million during the first six months of 2016 (for the six months ended 30 June 2015: HK\$841.5 million) as affected by the economy downturn. However, the gross profit for the review period increased to HK\$204.8 million (for the six months ended 30 June 2015: HK\$203.3 million), a 0.7% year-on-year growth, with an enhanced gross profit margin of 26.5% (for the six months ended 30 June 2015: 24.2%) as a result of stabilized costs of raw materials. Profit attributable to owners of the Company for the first half of 2016 stood at HK\$100.5 million (for the six months ended 30 June 2015: HK\$44.9 million).

### **Hospitality Supplies Business**

Compared to the same period last year, segment revenue of the hospitality supplies business decreased by 7.8% to HK\$753.6 million for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK\$817.1 million) attributable to under-performance of global economy. One of the main cost inputs to this business segment is expenditure on raw materials. Market prices for raw materials rose this year which possibly affected the profit margin of the business. However, some of the raw materials used for production during the period were held over from last year and purchased before the market price increased. Thus, the stabilized raw material price helped contribute an increase in the profit margin for the segment. Another reason for the increase in gross profit is depreciation of RMB. For the first six months of 2016, the gross profit of the hospitality supplies business stayed solid at HK\$199.2 million, representing a 2.0% growth compared to the first six months of 2015 (for the six months ended 30 June 2015: HK\$195.2 million).

The Operating Supplies and Equipment (“OS&E”) segment and the Asia Pacific market were two key focuses of the Group’s hospitality supplies business. Though the number of existing customers decreased as affected by the downtrend of the global economy, we were able to establish connection with new customers and endeavored to expand our customer base of the mid-level hotels, the latter of which is also one of our counteractions for upholding our hospitality supplies business. Overall, the total number of clientele remained balanced as compared to the previous financial year. Moreover, we continued to emphasize in developing the Asia Pacific market (including Australia). With our unreserved effort, the segment revenue remained relatively stable under the slack economic environment.



The regional revenue from the manufacturing and distribution segment remained stable on a year-on-year basis. The PRC, which remains as the largest contributor, together with Hong Kong, contributed a revenue of HK\$215.6 million and HK\$118.3 million respectively to the overall revenue of the Group for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK\$247.7 million and HK\$105.3 million respectively), accounting for 28.6% and 15.7% of the total segment revenue respectively with respective decrease of 13.0% and increase of 12.3% compared to the same period in 2015. The drop of segment revenue was a result of economic slowdown in the PRC, offset by new customers secured for both the regular hospitality supplies business and OS&E business.

North America represented the second largest region of the Group's hospitality supplies business, with a revenue of HK\$186.6 million and contributed 24.8% to total segment revenue, down 14.2% compared to the same period in 2015. In this region, we have been cooperating with our clients for years and they have built a stable relationship as well as loyalty to the Group.

Europe recorded a revenue of HK\$85.2 million, accounted for 11.3% of the total segment revenue, down 14.8% compared to the first half of 2015. Europe is one of the most visited region in the world and stable visitor number was guaranteed in the first half of 2016.

The other Asia Pacific countries and Australia are considered as developing areas with potential opportunities for the Group. Collectively, they recorded a revenue of HK\$145.2 million, accounting for 19.3% of total revenue in the first half of 2016, which showed a 0.8% year-on-year growth. According to UN World Tourism Organization ("UNWTO"), both Southeast Asia and Oceania achieved 10% growth in international arrivals in first four months of 2016, followed by arrivals in Northeast Asia and South Asia, up 8% and 7%, respectively. This guaranteed an optimistic operating environment to develop the business of the Group.

## **Retail Business**

During the period under review, physical retail stores continue to experience downturns in China, the increase in online alternatives kept its momentum but was trending toward saturation. For the purpose of long-term development of the entire Group, management will continue its plan of limiting the operating expenditure of the retail business. During the period under review, the Group decided to relocate the office of its retail business from Guangzhou to Shenzhen, the PRC, close to Group headquarters, in order to better manage operations and costs. The Group also reduced the manpower of retail business to alleviate high staff costs. In addition, a more rigorous evaluation process and higher entry barriers were applied to new franchise stores. The promotion costs of the retail business were reducing from this year onward.

Management expected an eased financial loss as a result of the above executions during the six months ended 30 June 2016. The retail business of the Group recorded a revenue of HK\$18.2 million for the six months ended 30 June 2016 (for the six months ended 30 June 2015: HK\$24.4 million). During the review period, the number of retail chain outlets decreased to 424 (as at 31 December 2015: 543).

The other segment of the retail business is the self-labeled brand “everybody Labo” which maintained its steady performance during the period and will continue expanding in Mainland China. However, due to the sluggish physical retail market in China, the expansion process of self-labeled brand was cautiously assessed by the Group. Management believes that the key to a stable growth of the brand is not only by widely penetrating the brand into new cities, but also by cultivating customers base and brand popularity in them.

## **PROSPECT**

The global economy should continue its slow recovery during the second half of 2016 as the World Bank downgrades its expectations for almost all economies except China in July this year. The GDP growth rate for China also indicated a slowdown due to domestic economic restructuring.

According to a report issued by UNWTO, global tourism recorded 348 million overnight tourists in the first four months of 2016, representing a 5.3% year-on-year increase, and this trend will remain positive in the second half. However, recent terrorist attacks in European countries such as Germany and France may affect their arrivals, where the highest and the most stable number of visitor was consistently recorded.

On the other hand, inbound travel to China is expected to increase due to the depreciation of RMB and better air quality. According to statistics from an open source, foreign arrivals to mainland China increased 9% in the first six months this year. Arrivals to the Asia Pacific in 2015 reached to 277 million, accounting for 23.4% of global arrivals. The Group will consistently consider the Asia Pacific market as one of the key areas for expansion, investing and marketing for more clientele.

The retail industry in China will continue to lead the way via e-commerce, and the downtrend to physical stores will stay apace. Thus, the Group will follow the budget-limiting strategy for retail business in order to control and narrow losses. While securing basic operations, the Group is actively exploring possible opportunities and high caliber parties to be partners for retail business and for further revamping.

Looking forward, while the retail business of the Group is experiencing a scaling down period, the hospitality supplies business will be the solid driver and contributor to the overall financial growth of the Group. With years of accumulating a clientele base and industry experience in the field of hospitality supplies, management forecasts a guaranteed stable performance for its key business. The OS&E segment demonstrated a steady growth from launch until now, and the Group believes it will generate a continuous and stable growth and will be another contributor to a stable revenue for this full year.

Besides, on 29 August 2016, the Group entered into a sale and purchase agreement with a purchaser in relation to the disposal of the entire issued shares of Chartered Properties which major asset comprises a Hong Kong property and two car parking spaces (the “Property”) situated in the Central district at a consideration of HK\$263.0 million. It is expected that the disposal can realize cash and unlock the value in its investment in the Property at fair market value. The transaction is subject to, among others, the approval of the Company’s shareholders at the extraordinary general meeting of the Company.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, the Group's cash and cash equivalents amounted to HK\$328.2 million, including HK\$0.8 million held by a subsidiary classified as assets held-for-sale (31 December 2015: HK\$295.7 million).

In November 2009, the Group entered into a mortgage deed with a leading bank in Hong Kong to raise HK\$64.4 million for the completion of acquisition of office premises in Central district. This facility bore interest at one month HIBOR plus 0.75% per annum or 1.75% per annum below Hong Kong dollars Prime Rate, whichever is lower. The facility is secured by the office premises with the maturity date in November 2019. As at 30 June 2016, the outstanding borrowing of this facility amounted to HK\$22.7 million (31 December 2015: HK\$26.0 million), and was classified as liabilities held-for-sale. Details of assets and liabilities held-for-sale are set out in Note 13 to the condensed consolidated interim financial information.

In September 2015, the Group obtained a HK\$ denominated mortgage loan which bore interest at the higher of 1.7% per annum over one month HIBOR or the cost to the bank of funding the facilities for acquiring certain properties in Hong Kong with maturity date in September 2025 and certain banking facilities for its working capital. These properties were pledged against the mortgage loan and the banking facilities and included in property, plant and equipment in the interim condensed consolidated balance sheet of the Group, with net carrying values of HK\$55.9 million as at 30 June 2016 (31 December 2015: HK\$57.0 million). As at 30 June 2016, the outstanding borrowing of these mortgage loan and facilities amounted to HK\$19.4 million (31 December 2015: HK\$20.4 million).

In October 2015, the Group obtained a HK\$ denominated HIBOR loan which bore interest at 1.7% per annum over one month HIBOR with maturity date in September 2020 and a banking facility for its working capital. The bank facilities were secured by property, plant and equipment in the interim condensed consolidated balance sheet of the Group, with net carrying values of approximately HK\$4.3 million as at 30 June 2016 (31 December 2015: HK\$4.3 million). As at 30 June 2016, the outstanding borrowing of these loan and facility amounted to HK\$8.7 million (31 December 2015: HK\$9.7 million).

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

The gearing ratio as at 30 June 2016, calculated on the basis of borrowings over total equity attributable to owners of the Company, was 4.7% as compared to 5.5% as at 31 December 2015.

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.

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 2016, certain subsidiaries of the Company pledged assets with aggregate carrying value of HK\$310.1 million (31 December 2015: HK\$258.9 million) to secure drawn bank borrowings.

## **CAPITAL COMMITMENTS, OPERATING LEASE COMMITMENTS AND CONTINGENT LIABILITIES**

Details of the capital commitments and operating lease commitments are set out in Note 18 to the condensed consolidated interim financial information. The Group does not have other material contingent liabilities as at 30 June 2016.

## **EMPLOYEES**

As at 30 June 2016, the total number of employees of the Group was approximately 3,300 and the employee benefit expenses was approximately HK\$167.5 million. The Group offers a comprehensive remuneration package which is reviewed by the 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 recognize their outstanding performance.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

## **CORPORATE GOVERNANCE CODE**

The Group has complied with all the code provisions set out in the Corporate Governance Code (the “Code”) during the six months ended 30 June 2016 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except the following deviation:

- Code provision A.2.1 of the Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of this announcement, the Board has not appointed an individual to the post of chief executive officer. The role of the chief executive officer has 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 of the Company (the “Audit Committee”) comprises four independent non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2016.

## **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 2016.

## **INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK2.0 cents per share for the six months ended 30 June 2016 to shareholders whose names appear on the register of members of the Company on 26 September 2016. It is expected that the interim dividend will be paid on or around 7 October 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from Friday, 23 September 2016 to Monday, 26 September 2016 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the 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 22 September 2016.

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

Hong Kong, 30 August 2016

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

\* *For identification purpose only*