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

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

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
			(Restated) *Note 2(a)*
		2010	2009
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,085,933**	811,336
Cost of sales	*4*	**(782,562)**	(576,768)
Gross profit		**303,371**	234,568
Distribution costs	*4*	**(112,998)**	(73,135)
Administrative expenses	*4*	**(73,722)**	(56,258)
Other income		**4,892**	1,480
Operating profit		**121,543**	106,655
Finance income		**950**	1,848
Finance costs		**(791)**	(505)
Share of profit of an associated company		**220**	118
Fair value gains on investment properties		**14,000**	11,597
Profit before income tax		**135,922**	119,713
Income tax expenses	*5*	**(26,178)**	(23,444)
Profit for the year		**109,744**	96,269

	Note	For the year ended 31 December 2010 HK$'000	(Restated) Note 2(a) 2009 HK$'000
Other comprehensive income			
Currency translation differences		**19,322**	315
Total comprehensive income for the year		**129,066**	96,584
Profit/(loss) attributable to:			
Equity holders of the Company		**116,128**	97,982
Non-controlling interests		**(6,384)**	(1,713)
		109,744	96,269
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**135,492**	98,300
Non-controlling interests		**(6,426)**	(1,716)
		129,066	96,584
Earnings per share attributable to equity holders of the Company (Expressed in HK cents)			
– Basic	*10*	**19.0**	16.3
– Diluted	*10*	**18.4**	16.3
Dividends declared	*11*	**52,300**	18,000

CONSOLIDATED BALANCE SHEET

		As at 31 December		
			(Restated)	(Restated)
			Note 2(a)	*Note 2(a)*
		2010	2009	2008
	Note	***HK$'000***	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Goodwill		**328,713**	–	–
Land use rights		**25,966**	12,863	11,855
Property, plant and equipment		**281,276**	207,960	138,240
Investment properties		**104,423**	82,640	–
Intangible assets		**18,214**	583	523
Long-term prepayments		**27,560**	–	–
Investment in an associated company		**561**	396	278
Deferred income tax assets		**2,981**	4,040	6,214
Total non-current assets		**789,694**	308,482	157,110
Current assets				
Inventories		**148,192**	78,520	84,795
Trade and bills receivables	*6*	**247,884**	188,189	181,602
Amount due from an associated company		**764**	1,292	1,037
Prepaid tax		**5,864**	1,806	6,666
Deposits, prepayments and other receivables		**70,474**	28,653	31,360
Restricted cash		**2,544**	–	65,888
Cash and cash equivalents	*7*	**158,846**	455,015	482,704
Total current assets		**634,568**	753,475	854,052
Total assets		**1,424,262**	1,061,957	1,011,162
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital		**6,371**	6,000	6,000
Share premium		**495,591**	408,242	408,242
Reserves		**447,906**	349,449	296,292
Proposed final dividend	*11*	**28,671**	30,000	50,400
		978,539	793,691	760,934
Non-controlling interests		**(4,182)**	2,044	–
Total equity		**974,357**	795,735	760,934

		As at 31 December		
			(Restated) *Note 2(a)*	(Restated) *Note 2(a)*
		2010	2009	2008
	Note	***HK$'000***	*HK$'000*	*HK$'000*
LIABILITIES				
Non-current liabilities				
Long-term bank borrowings	*9*	**51,497**	57,677	–
Long-term payables		**10,471**	–	–
Deferred income tax liabilities		**11,053**	242	343
Total non-current liabilities		**73,021**	57,919	343
Current liabilities				
Current portion of long-term bank borrowings	*9*	**6,207**	6,207	–
Short-term bank borrowings	*9*	**11,719**	–	63,460
Trade payables	*8*	**149,640**	89,785	82,968
Accruals and other payables		**178,007**	97,960	95,667
Current income tax liabilities		**25,971**	13,690	7,022
Loans from non-controlling interests		**4,682**	661	495
Dividends payable		**658**	–	–
Derivative financial instruments		**–**	–	273
Total current liabilities		**376,884**	208,303	249,885
Total liabilities		**449,905**	266,222	250,228
Total equity and liabilities		**1,424,262**	1,061,957	1,011,162
Net current assets		**257,684**	545,172	604,167
Total assets less current liabilities		**1,047,378**	853,654	761,277

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and certain financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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

2 ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures' are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard was applied to the acquisition of the entire equity interest in All Team Group Limited and its subsidiaries (the "All Team Group") on 31 August 2010. Acquisition-related costs of HK$1,833,000 have been recognised in the consolidated statement of comprehensive income, which previously would have been included in the consideration for the business combination.

HKAS 27 (revised) specifies that total comprehensive income is attributed to the owners of the parent and to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to this revision, non-controlling interests will only share losses up to the non-controlling interests in the subsidiary's equity, except when the non-controlling interests has a binding obligation and is able to make an additional investment to cover the losses.

HKAS 27 (revised) has been applied prospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the revision.

The effect of the adoption of this revision is as below:

	For the year ended 31 December 2010 *HK$'000*
Increase in total comprehensive loss attributable to non-controlling interests	5,554
Decrease in non-controlling interests	(5,554)
Increase in basic earnings per share attributable to equity holders of the Company (HK cents)	0.91
Increase in diluted earnings per share attributable to equity holders of the Company (HK cents)	0.88

Amendments to HKAS 17, 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

Amendments to HKAS 17 has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land as finance lease instead of operating lease.

The effect of the adoption of this amendment is as below:

	31 December 2010 ***HK$'000***	31 December 2009 *HK$'000*	1 January 2009 *HK$'000*
Decrease in land use rights	**(55,388)**	(55,382)	(3,390)
Increase in property, plant and equipment	**55,388**	55,382	3,390

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Decrease in amortisation expenses	**(1,514)**	(320)
Increase in depreciation expenses	**1,514**	320

The Group has also early adopted the amendments to HKAS 12, 'Deferred tax: recovery of underlying assets' in the current year. As a result of the amendments, HK(SIC)-Int 12, 'Income taxes – recovery of revalued non-depreciable assets' would no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK(SIC)-Int 21, which is accordingly withdrawn. 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.

This change in accounting policy had been applied retrospectively and the comparative financial information had been restated accordingly. Since the Group does not have any investment properties as at 1 January 2009, the adoption of this amendment does not have any impact on the opening balance sheet of the earliest comparative period.

The effect of the adoption of the amendment is as follows:

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Decrease in income tax expenses	**(2,310)**	(1,913)
Decrease in deferred income tax liabilities	**(4,223)**	(1,913)
Increase in beginning retained earnings	**1,913**	–
Increase in basic earnings per share attributable to equity holders of the Company (HK cents)	**0.38**	0.32
Increase in diluted earnings per share attributable to equity holders of the Company (HK cents)	**0.37**	0.32

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKFRS 1 (revised)	First-time adoption of HKFRS
HKFRS 1 (amendment)	First-time adoption of HKFRS
HKFRS 2 (amendment)	Share-based payment
HKAS 36 (amendment)	Impairment of assets
HKAS 38 (amendment)	Intangible assets
HKAS 39 (amendment)	Financial instruments: recognition and measurement
HK (IFRIC) – Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause
HK(IFRIC) – Int 17	Distribution of non-cash assets to owners
HK(IFRIC) – Int 18	Transfer of assets from customers

Improvements to HKFRS published by HKICPA in November 2008:

HKFRS 5 (amendment)	Non-current assets held for sale and discontinued operations

Improvements to HKFRS published by HKICPA in May 2009:

HKAS 1 (amendment)	Presentation of financial statements
HKAS 7 (amendment)	Statement of cash flows
HKAS 18 (amendment)	Revenue
HKAS 39 (amendment)	Financial instruments: recognition and measurement
HKFRS 2 (amendment)	Share-based payment
HKFRS 5 (amendment)	Non-current assets held for sale and discontinued operations
HKFRS 8 (amendment)	Operating segments
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation

(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted

		Effective for annual periods beginning on or after
HKAS 24 (revised)	Related party disclosures	1 January 2011
HKAS 32 (amendment)	Financial instruments: presentation	1 February 2010
HKFRS 1 (amendment)	First-time adoption of HKFRS	1 July 2010
HKFRS 9	Financial instruments	1 January 2013
HK(IFIRC) – Int 14 (amendment)	HKAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010

Improvements to HKFRS published by HKICPA in May 2010:

		Effective for annual periods beginning on or after
HKAS 1 (amendment)	Presentation of financial statements	1 January 2011
HKAS 27 (amendment)	Consolidated and separate financial statements	1 July 2010
HKAS 34 (amendment)	Interim financial reporting	1 January 2011
HKFRS 1 (amendment)	First time adoption of HKFRS	1 January 2011
HKFRS 3 (revised)	Business combinations	1 July 2010
HKFRS 7 (amendment)	Financial instruments: disclosures	1 January 2011
HK(IFIRC) – Int 13 (amendment)	Customer loyalty programmes	1 January 2011

3 SEGMENT INFORMATION

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

The Group is principally engaged in the manufacturing and distribution of amenity products. From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. During the year, the Group acquired All Team Group which is 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 from an associated company.

Depreciation and amortisation charges are apportioned with reference to respective segment revenue. 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			
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific countries *(Note i)*	Others *(Note ii)*	Sub-total	The PRC	Hong Kong	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2010												
Segment revenue	357,405	144,296	250,740	85,684	36,008	117,057	11,293	1,002,483	81,429	3,433	84,862	1,087,345
Inter-segment revenue	–	–	(1,339)	–	–	–	–	(1,339)	–	(73)	(73)	(1,412)
Revenue from external customers	357,405	144,296	249,401	85,684	36,008	117,057	11,293	1,001,144	81,429	3,360	84,789	1,085,933
Earnings/(loss) before interest, taxes, fair value gains on investment properties, depreciation and amortisation	58,996	13,595	31,741	12,861	2,533	19,742	1,247	140,715	20,764	(9,966)	10,798	151,513
Fair value gains on investment properties	–	–	–	14,000	–	–	–	14,000	–	–	–	14,000
Depreciation	(9,540)	(3,852)	(6,657)	(2,377)	(961)	(3,125)	(301)	(26,813)	(1,030)	(797)	(1,827)	(28,640)
Amortisation	(254)	(103)	(177)	(63)	(26)	(83)	(8)	(714)	(608)	(8)	(616)	(1,330)
Finance income	–	–	204	712	–	16	–	932	18	–	18	950
Finance costs	–	–	–	(563)	–	–	–	(563)	(228)	–	(228)	(791)
Segment profit/(loss) before income tax	49,202	9,640	25,111	24,570	1,546	16,550	938	127,557	18,916	(10,771)	8,145	135,702
Share of profit from an associated company												220
Income tax expenses												(26,178)
Profit for the year												109,744

	Manufacturing and distribution business of amenity products (Restated)							
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific countries *(Note i)*	Others *(Note ii)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2009								
Segment revenue	314,478	127,665	169,821	81,025	23,160	91,531	3,656	811,336
Earnings before interest, taxes, fair value gains on investment properties, depreciation and amortisation	59,993	15,173	28,204	11,731	306	16,099	547	132,053
Fair value gains on investment properties	–	–	–	11,597	–	–	–	11,597
Depreciation	(9,687)	(3,932)	(5,231)	(2,496)	(713)	(2,819)	(113)	(24,991)
Amortisation	(158)	(64)	(85)	(41)	(12)	(46)	(1)	(407)
Finance income	–	–	1,028	818	–	2	–	1,848
Finance costs	–	–	(462)	(43)	–	–	–	(505)
Segment profit/(loss) before income tax	50,148	11,177	23,454	21,566	(419)	13,236	433	119,595
Share of profit from an associated company								118
Income tax expenses								(23,444)
Profit for the year								96,269

	Manufacturing and distribution business of amenity products					**Distribution and retail business of cosmetics and fashion accessories**				
	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***
As at 31 December 2010										
Total assets	549,080	459,666	1,761	20,045	1,030,552	451,263	7,684	458,947	(65,237)	1,424,262
Include:										
Investment in an associated company	–	561	–	–	561	–	–	–	–	561
Additions to non-current assets (other than financial instruments and deferred income tax assets)	79,318	8,945	–	394	88,657	383,855	554	384,409	–	473,066
Total liabilities	192,053	137,464	862	1,338	331,717	168,927	14,498	183,425	(65,237)	449,905

	Manufacturing and distribution business of amenity products (Restated)				
	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other locations *(Note iii)* *HK$'000*	Total *HK$'000*
As at 31 December 2009					
Total assets	320,427	723,610	2,697	15,223	1,061,957
Include:					
Investment in an associated company	–	396	–	–	396
Additions to non-current assets (other than financial instruments and deferred income tax assets)	30,846	136,176	117	15	167,154
Total liabilities	144,230	119,690	1,050	1,252	266,222

	Manufacturing and distribution business of amenity products				
	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other locations *(Note iii)* *HK$'000*	Total *HK$'000*
As at 31 December 2008					
Total assets	374,224	623,739	859	12,340	1,011,162
Include:					
Investment in an associated company	–	278	–	–	278
Additions to non-current assets (other than financial instruments and deferred income tax assets)	20,744	3,159	619	376	24,898
Total liabilities	205,718	43,409	508	593	250,228

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.

Additions to non-current assets comprises additions to goodwill, land use rights, property, plant and equipment, investment properties, intangible assets and long-term prepayments including additions resulting from acquisition through business combination.

The amounts provided to the Board with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

4 EXPENSES BY NATURE

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

	2010	(Restated) 2009
	HK$'000	*HK$'000*
Changes in inventories	**592,330**	418,907
Auditor's remuneration	**3,220**	1,880
Amortisation of land use rights	**476**	290
Depreciation of property, plant and equipment	**28,640**	24,991
Amortisation of intangible assets	**854**	117
Operating lease rental in respect of buildings	**13,772**	3,607
(Write-back of)/provision for obsolete inventories	**(3,670)**	2,624
Provision for/(write-back of) impairment of trade and bills receivables	**2,296**	(1,612)
Employee benefit expenses	**181,101**	135,937
Transportation expenses	**45,806**	34,033
Exchange (gains)/losses	**(3,648)**	502
Advertising costs	**6,701**	3,312
Loss on disposal of property, plant and equipment	**7**	82
Direct operating expenses arising from investment properties that generate rental income	**95**	115
Utilities	**22,723**	15,681

5 INCOME TAX EXPENSES

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

	2010	(Restated) 2009
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**8,214**	16,754
– PRC enterprise income tax	**16,178**	3,948
– Singapore income tax	**645**	663
	25,037	21,365
Deferred income tax	**1,141**	2,079
	26,178	23,444

Taxation has been provided at the appropriate rates prevailing in the countries in which the Group operates. Hong Kong profits tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profits for the year ended 31 December 2010.

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 certain subsidiaries in Shenzhen and Guangzhou, established prior to 16 March 2007, is 22% (2009: 20%) for the year ended 31 December 2010. This will be gradually increased to 25% in 2012 over a 5-year transition period.

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 next three years from 2010 to 2012. Luoding Quality Amenities Company Limited did not have assessable profit for the years ended 31 December 2010 and 2009.

Corporate tax in Singapore has been provided at the rate of 17% (2009: 17%) on the estimated assessable profit for the year ended 31 December 2010.

6 TRADE AND BILLS RECEIVABLES

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**248,328**	182,912	180,778
Bills receivables	**6,309**	9,394	6,508
Receivable from a non-controlling interest	**136**	476	521
	254,773	192,782	187,807
Less: provision for impairment of receivables	**(6,889)**	(4,593)	(6,205)
Trade and bills receivables, net	**247,884**	188,189	181,602

Ageing analysis of trade and bills receivables as at 31 December 2010 is as follows:

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Current	**126,721**	112,592	99,379
1 – 30 days	**51,929**	42,860	43,570
31 – 60 days	**28,013**	15,400	18,745
61 – 90 days	**15,380**	11,463	9,305
91 – 180 days	**22,607**	5,438	9,699
Over 180 days	**10,123**	5,029	7,109
	254,773	192,782	187,807

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

7 CASH AND CASH EQUIVALENTS

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks and on hand	**87,108**	278,546	99,361
Bank deposits	**71,738**	176,469	383,343
	158,846	455,015	482,704

The Group's cash and bank balances denominated in Renminbi ("RMB") 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.

8 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Current	**85,061**	55,474	51,372
1 – 30 days	**46,310**	27,194	25,035
31 – 60 days	**9,693**	2,789	2,828
61 – 90 days	**3,864**	2,349	379
Over 90 days	**4,712**	1,979	3,354
	149,640	89,785	82,968

9 BORROWINGS

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Non-current:			
Long-term bank borrowings	**51,497**	57,677	–
Current:			
Short-term bank borrowings	**11,719**	–	63,460
Current portion of long-term bank borrowings	**6,207**	6,207	–
	69,423	63,884	63,460
Representing:			
Secured	**69,423**	63,884	63,460

The Group's borrowings are denominated in HK$, RMB and United States Dollars ("US$") and repayable as follows:

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Non-current:			
– HK$	**51,497**	57,677	–
Representing:			
Later than one year and no later than five years	**25,484**	25,358	–
Over five years	**26,013**	32,319	–
	51,497	57,677	–

	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*
Current:			
– HK$	**6,207**	6,207	–
– RMB	**11,719**	–	–
– US$	**–**	–	63,460

The weighted average effective interest rate per annum of the Group's borrowings at 31 December 2010 and 31 December 2009 are set out as follows:

	2010	2009
Total borrowings:		
– HK$ *(Note a)*	**0.93%**	0.81%
– RMB *(Note b)*	**6.11%**	–

Note a

In November 2009, the Group has obtained a 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$63,128,000 and HK$95,000,000, respectively, as at 31 December 2010 (2009: HK$63,495,000 and HK$82,640,000, respectively).

Note b

In August 2010, the Group has obtained a RMB denominated revolving loan, which bears interest at the three months lending rate of The People's Bank of China times 1.15 for working capital. A property was pledged against the revolving loan and was included in land use rights and property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of HK$9,514,000 & HK$23,325,000, respectively, as at 31 December 2010.

10 EARNINGS PER SHARE

(a) Basic

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

	2010	(Restated) 2009
Profit attributable to equity holders of the Company (HK$'000)	**116,128**	97,982
Weighted average number of ordinary shares in issue (thousands)	**612,377**	600,000
Basic earnings per share attributable to equity holders of the Company (HK cents)	**19.0**	16.3

(b) Diluted

Diluted earnings per share attributable to equity holders 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.

	2010	(Restated) 2009
Earnings		
Profit attributable to equity holders of the Company (HK$'000)	**116,128**	97,982
Weighted average number of ordinary shares in issue (thousands)	**612,377**	600,000
Adjustments for:		
– Share options (thousands)	**17,210**	1,324
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**629,587**	601,324
Diluted earnings per share attributable to equity holders of the Company (HK cents)	**18.4**	16.3

11 DIVIDENDS

On 3 September 2009, the Board resolved to pay an interim dividend on HK3.0 cents per share, amounting to a total dividend of HK$18,000,000, which was paid on 8 October 2009.

On 13 May 2010, a final dividend of HK5.0 cents per share, amounting to a total dividend of HK$30,000,000 was approved by the Company's shareholders, which was paid on 27 May 2010.

On 26 August 2010, the Board resolved to pay an interim dividend of HK3.5 cents per share, amounting to a total dividend of HK$22,300,000, which was paid on 8 October 2010.

A dividend in respect of the year ended 31 December 2010 of HK4.5 cents (2009: HK5.0 cents per share) per share, amounting to a total dividend of approximately HK$28,671,000 (2009: HK$30,000,000), is proposed on 29 March 2011, which is subject to approval at the Annual General Meeting (the "AGM") to be held on 12 May 2011. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Total consolidated revenue for the year ended 31 December 2010 increased by 33.8% to HK$1,085.9 million, with HK$1,001.1 million contributed by the manufacturing and distribution business of amenity products and HK$84.8 million contributed by the distribution and retail business of cosmetics and fashion accessories which is a new operating segment of the Group. Compared with the same period last year, it reflects sales growth in all the Group's geographic areas. Profit attributable to equity holders of the Company was HK$116.1 million for the year ended 31 December 2010, an increase of 18.5%, compared with HK$98.0 million for the year ended 31 December 2009.

Basic earnings per share attributable to equity holders of the Company was HK19.0 cents (2009: HK16.3 cents).

The overall gross profit margin for the year decreased by 1.0% to 27.9% from 28.9% for the year ended 31 December 2009 which was mainly due to rising raw material prices.

The consolidated net asset value increased to HK$974.4 million as at 31 December 2010 from HK$795.7 million as at 31 December 2009.

The Board has resolved to propose a final dividend of HK4.5 cents per share for the year ended 31 December 2010 making a total annual dividend of HK8.0 cents per share (2009: HK8.0 cents per share). The proposed dividend is subject to approval at the forthcoming AGM on 12 May 2011.

The Group's profit for the year included the following items:

- Increase in fair value of investment properties in Hong Kong of HK$14.0 million;

- A loss of HK$2.8 million in respect of its operation in laundry plant in Jiangsu Province, the PRC which is 100% owned by the Group;

- Compensation expense for fair value of share options granted to the eligible employees (including the directors) of HK$8.6 million;

- A loss of HK$2.0 million in respect of its operation in towels manufacturing plant in Guangxi Province, the PRC which is 51% owned by the Group; and

- A loss of HK$10.7 million in respect of its 51% held retail business under a brand "everyBody Labo".

Set out below are the consolidated financial highlights of the Group for the year ended 31 December 2010:

	2010 ***HK$ million***	(Restated) 2009 *HK$ million*
Revenue	**1,085.9**	811.3
Gross profit	**303.4**	234.6
Profit attributable to equity holders of the Company	**116.1**	98.0
Net asset value	**974.4**	795.7
Basic earnings per share attributable to equity holders of the Company (HK cents)	**19.0**	16.3
Diluted earnings per share attributable to equity holders of the Company (HK cents)	**18.4**	16.3

BUSINESS REVIEW

Benefited from the strong global recovery momentum leading by Asia regions, especially the continuous high domestic demand of the emerging markets across the region, the Group has recorded a significant sales growth in the period of 2010. Total consolidated revenue of HK$1,085.9 million was 33.8% higher than 2009, with a profit attributable to equity holders of HK$116.1 million. The Board has also proposed a dividend of HK4.5 cents per share, with an aggregate amount of HK$28.7 million.

Core operations (the manufacturing and distribution business of amenity products) for the Group continued to grow due to the strong market forces of emerging Asia, particularly in the PRC. In 2010, the PRC became one of the Group's major market focuses which has contributed 24.9% of total revenue for the core business segment, representing the success of the Group's long-term strategy on capturing the opportunity of emerging markets. North America remains to be the Group's core profit contribution, which has contributed 35.7% of total revenue for the core business segment during the year. Other areas such as Europe, other Asia Pacific countries (excluding Australia), Hong Kong, Australia and others accounted for 14.4%, 11.7%, 8.6%, 3.6% and 1.1% of total revenue for the core business segment, respectively.

During the year under review, a total amount of HK$81.4 million of 4 months' revenue (for the period from 1 September 2010 to 31 December 2010) was recorded for the new retail business in the PRC (All Team Group with the brand "7 Magic"), representing 7.5% of the total revenue for the Group. The respective profit attributable to equity holders contributed by this business unit amounted to approximately HK$14.9 million.

The key data of 7 Magic are set out below:

Number of outlets as at 31 December 2010:	
– Shops under franchise contracts	1,013
– Dealers	366
– Self-owned shops	2
	1,381
Gross profit margin for the period	32.9%
Net profit margin for the period	18.3%

Core operation – significant rebound in emerging Asia, particularly in China

With China's strong growth, the Group experienced a significant rebound throughout 2010 in its core operation after the global economic turmoil. During the year under review, all the major business units of the Group recorded a steady growth in both new contracts acquired and new hotels brought in under existing contracts resulting from the organic expansion of worldwide hotel chains in particular Mainland China. Being the leading player in the hotel amenities industry, the Group maintains well established and highly diversified distribution networks worldwide. By utilizing its strong networks and excellent opportunity across China and Asia, the Group strongly believes that it can benefit from the continuous economic rebound across all regions.

Business development – Asia continues to be the growth momentum

Retail brand – everyBody Labo

In October 2010, our own personal care retail brand "everyBody Labo" successfully entered into a Hong Kong health and beauty product retail chain "Mannings" with more than 175 stores in Hong Kong. Two months later, in December 2010, "everyBody Labo" opened a retail counter in "Harvey Nichols Hong Kong". In China, "everybody Labo" further penetrated the retail market through many point-of-sales such as counters. The retail project incurred a start-up loss in the year 2010. This is mainly due to the high rental costs in the opening of two self-owned stores in Causeway Bay and Mongkok, Hong Kong. As diversifying sources of sales channels are expanding, the stores have served our purpose of building brand awareness. The Causeway Bay store had closed down in late 2010. The Mongkok one is also being planned for closure to lower the operating costs. Together with stable sales growth through Hong Kong and China distribution networks, management is confident that the operation will breakeven and hopefully become profitable in 2011.

China retail market – 7 Magic

Capturing the fast economic growth of the PRC's domestic retail market, on 31 August 2010, the Group has completed an acquisition of the entire interest in All Team Group Limited. All Team Group Limited, through its subsidiaries, is principally engaged in the distribution of cosmetic products and fashion accessories in the PRC with the brand "7 Magic". Total consideration was RMB250.0 million, satisfied by cash and consideration shares (please refer to the Company's announcements published on the website of the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 July 2010 and 31 August 2010 respectively). With the acquisition the Group successfully expands its business scope into retail market, focusing fast-growing consumption demand from second- and third-tier cities in the PRC. The strategic move creates synergies and allows the Group to benefit from the booming younger female fashion accessories and cosmetic markets in the PRC. After the acquisition, the Group has been proactively focusing on integration and enhancement in areas of franchise management control, systems and logistics including upgrading the Enterprise Resource Planning ("ERP") and Point of Sales ("POS") systems and relocating to a new centralized warehouse with double storage and logistic handling capacity located at Zhejiang Province, the PRC. We strongly believes the above investment and structural improvement has now put "7 Magic" in a significant better and competitive position in the industry.

Laundry services

In December 2010, the Group's newly constructed laundry plant in Jiangsu Province, the PRC has grandly opened to provide laundry services for hotels. The Group has invested approximately HK$78.0 million in the project to further enhance the Group's presence in the hotel related industry, aiming to support the fast growing needs of the Group's hotel customers in the PRC. The laundry plant has commenced operation in early 2011. As the market rebounds particularly fast in emerging Asia, the Group believes that the commercial laundry would be a total solution to hotels addressing their needs whilst boosting the Group's profit. In addition, it strengthens the long-term relationship with its existing hotel customers.

The Group will continue to utilize its strong networks and financial position in expanding its new retail business across China while maintaining the core business with its newly added laundry service for hotels to a steady growth.

Prospects

China continues to be the growth driver for global economic recovery in 2011. This is well supported by the International Monetary Fund's major report the "World Economic Outlook" which states Asia would continue its rapid growth over the medium and the long term. However, macroeconomic environment remains challenging. To cope with various upcoming new challenges arising from the fast changing global environment, the Group will continue to undergo business plans to reinforce its leading position in the amenities products market. By adopting distinctive operating strategy and new business models, the Group continues to strengthen its core business growth while seeking new opportunities to develop a more competitive sales network in China. Looking ahead, spurring domestic consumption and ensuring a more equitable distribution of wealth are going to be the two major issues facing China, according to the PRC central government's 12th Five-Year Plan. The policymakers are expected to take steps to raise the nation's income levels and living standards. Riding on the increase of public's purchasing power as well as the effect of urbanization, we expect to see a continuous growth in the retail and consumption sector.

The Group strongly believes that by maximizing synergies and expanding new business scope, the retail business would become a major contribution to the Group's revenue.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group's cash and cash equivalents amounted to HK$158.8 million (2009: HK$455.0 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 Hong Kong. This facility bears interest at one-month Hong Kong Inter-bank Offered Rate ("HIBOR") plus 0.75% per annum or 1.75% below Hong Kong dollars Prime Rate, whichever is the lower. The facility is secured by the office premises with maturity date on 27 November 2019. As at 31 December 2010, the outstanding borrowing of this facility amounted to HK$57.7 million (2009: HK$63.8 million).

In August 2010, the Group has obtained a RMB denominated revolving loan, which bears interest at the three months lending rate of The People's Bank of China plus 15.0% for working capital. A property was pledged against the revolving loan with the maturity date of 2 August 2011. As at 31 December 2010, the outstanding borrowing of this loan amounted to HK$11.7 million.

Details of the borrowings are set out in note 9.

The gearing ratio at 31 December 2010, calculated on the basis of borrowings over total equity, was 7.1% as compared with 8.0% at 31 December 2009.

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 well and has sufficient financial resources to meet its current working capital requirement and future expansion.

CHARGES ON GROUP ASSETS

As at 31 December 2010, certain subsidiaries of the Company pledged assets with aggregate carrying value of HK$190.9 million (2009: 146.1 million) to secure drawn bank borrowings.

Certain assets of approximately HK$21.4 million (2009: HK$28.4 million) with aggregate carrying value were pledged to secure undrawn banking facilities.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2010, the capital commitment of the Group was HK$36.4 million (2009: HK$69.0 million). At the balance sheet date, the Group had no material contingent liabilities.

	2010	2009
	HK$'000	*HK$'000*
Contracted but not provided for in the financial statements	**36,429**	31,582
Authorised but not contracted for	**–**	37,388
	36,429	68,970

The capital commitments mainly relate to the construction of a laundry plant at Changshu City Jiangsu Province of the PRC.

EMPLOYEES

As at 31 December 2010, 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 in order to allow our management staff and other employees to stay on top of their skills and knowledge.

The Group values employees as our most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with employees at all levels is highly valued with the ultimate goal to enhance the efficiency in providing quality service to our customers. The Group also has a Commendation Annual Award Scheme to motivate our employees and recognize their outstanding performance.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "CG Code") 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") for year ended 31 December 2010, except for the following deviation:

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

AUDIT COMMITTEE

The Group's final results for the year ended 31 December 2010 have been reviewed by the members of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has 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. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out under the Model Code for the year ended 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 29 April 2011 to Wednesday, 4 May 2011 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 28 April 2011.

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

Hong Kong, 29 March 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, 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 only*