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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 2016

HIGHLIGHTS FOR THE YEAR 2016

- Revenue decreased 0.8% to HK$1,698.0 million (2015: HK$1,710.9 million)
- Gross profit increased 8.7% to HK$454.2 million (2015: HK$417.9 million)
- Gross profit margin increased 2.4 percentage points to 26.8% (2015: 24.4%)
- Operating profit is HK$123.1 million (2015: operating loss of HK$199.3 million) and the profit for the year 2016 is HK$149.1 million (2015: loss of HK$226.1 million). These have included several significant non-recurring items recognised in the consolidated statement of comprehensive income:

  For the year of 2016:

  — Fair value gains on investment properties in Hong Kong: HK$62.4 million (income)

  For the year of 2015:

  — Impairment of goodwill: HK$331.5 million (expense)

  — Reversal of net provision for legal compensation: HK$34.9 million (income)

  — Impairment of intangible asset: HK$7.8 million (expense) and corresponding reversal of deferred tax liability: HK$1.9 million (income)

  — Impairment of property, plant and equipment: HK$4.2 million (expense)

  Excluding the one-off items, the profit for the year 2016 is HK$86.7 million (2015: HK$80.6 million).

To provide better information to the readers of the financial statements, the following financial information before and after recognition of the above mentioned significant non-recurring items is presented below:

	2016		2015	
	BEFORE recognition of significant non-recurring items	**AFTER recognition of significant non-recurring items**	BEFORE recognition of significant non-recurring items	AFTER recognition of significant non-recurring items
	HK$ million	***HK$ million***	*HK$ million*	*HK$ million*
Operating profit/(loss)	**123.1**	**123.1**	109.3	(199.3)
Profit/(loss) for the year	**86.7**	**149.1**	80.6	(226.1)
Profit/(loss) attributable to owners of the Company	**95.1**	**157.4**	84.9	(221.9)
Basic earnings/(loss) per share attributable to owners of the Company (HK cents)	**13.4**	**22.2**	11.5	(31.6)

- A proposed final dividend in respect of the year ended 31 December 2016 of HK4.0 cents was recommended, together with the interim dividend of HK2.0 cents, representing a total of HK6.0 cents per share (2015: HK5.0 cents) and the dividend payout ratio of 44.8% (2015: 43.5%) (before recognition of significant non-recurring items). In addition, a special dividend of HK20.0 cents was declared during the year.

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") hereby announces the consolidated audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2016	2015
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**1,698,005**	1,710,885
Cost of sales	*4*	**(1,243,783)**	(1,293,015)
Gross profit		**454,222**	417,870
Distribution costs	*4*	**(186,065)**	(185,248)
Administrative expenses	*4*	**(157,223)**	(138,138)
Other income	*5*	**12,177**	10,583
Reversal of net provision for legal compensation		**—**	34,905
Impairment of intangible asset		**—**	(7,764)
Impairment of goodwill		**—**	(331,545)
Operating profit/(loss)		**123,111**	(199,337)
Finance income		**750**	832
Finance costs	*12*	**(905)**	(507)
Share of profit of an associated company		**1,476**	149
Share of profit/(losses) of joint ventures		**11**	(436)
Fair value gains on investment properties		**66,996**	—
Profit/(loss) before income tax		**191,439**	(199,299)
Income tax expenses	*6*	**(42,355)**	(26,839)
Profit/(loss) for the year		**149,084**	(226,138)
Other comprehensive (loss)/income			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Currency translation differences		**(15,828)**	(27,413)
Realisation of exchange reserve upon dissolution of a subsidiary		**—**	4
Total comprehensive income/(loss) for the year		**133,256**	(253,547)

	Note	For the year ended 31 December 2016 HK$'000	2015 HK$'000
Profit/(loss) attributable to:			
Owners of the Company		**157,443**	(221,864)
Non-controlling interests		**(8,359)**	(4,274)
		149,084	(226,138)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**141,290**	(249,350)
Non-controlling interests		**(8,034)**	(4,197)
		133,256	(253,547)
Earnings/(loss) per share attributable to owners of the Company (expressed in HK cents per share)			
— Basic	*14(a)*	**22.2**	(31.6)
— Diluted	*14(b)*	**21.9**	(31.6)
Dividends			
Interim dividend paid	*15*	**14,200**	14,100
Special dividend payable	*15*	**144,597**	—
Final dividend proposed	*15*	**28,985**	21,173
		187,782	35,273

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2016** *HK$'000*	2015 *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**38,006**	41,740
Property, plant and equipment		**265,164**	279,663
Investment properties		**13,285**	207,104
Intangible assets		**1,852**	2,805
Long-term prepayments and deposits		**4,272**	6,366
Investment in an associated company		**2,256**	1,111
Investments in joint ventures		**210**	213
Deferred income tax assets		**6,019**	7,602
Total non-current assets		**331,064**	546,604
Current assets			
Inventories		**238,296**	209,439
Trade and bills receivables	*7*	**533,381**	478,655
Amount due from an associated company	*8*	**5,175**	8,627
Amounts due from joint ventures		**54**	35
Tax recoverable		**3,909**	17
Deposits, prepayments and other receivables		**33,432**	46,756
Restricted cash	*9*	**—**	35,819
Short-term bank deposit		**68**	—
Cash and cash equivalents	*10*	**508,616**	295,693
Total current assets		**1,322,931**	1,075,041
Total assets		**1,653,995**	1,621,645
EQUITY			
Equity attributable to owners of the Company			
Share capital	*13*	**7,238**	7,054
Reserves		**966,483**	1,002,787
Final dividend proposed	*15*	**28,985**	21,173
		1,002,706	1,031,014
Non-controlling interests		**(27,670)**	(19,636)
Total equity		**975,036**	1,011,378

	Note	As at 31 December 2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings	*12*	**—**	19,439
Deferred income tax liabilities		**2,612**	2,740
Total non-current liabilities		**2,612**	22,179
Current liabilities			
Current portion of long-term bank borrowings	*12*	**26,244**	36,539
Trade payables	*11*	**208,895**	240,540
Accruals and other payables		**263,427**	288,447
Current income tax liabilities		**19,514**	9,917
Loans from non-controlling interests		**13,592**	12,587
Amount due to a joint venture		**—**	14
Dividends payable		**144,675**	44
Total current liabilities		**676,347**	588,088
Total liabilities		**678,959**	610,267
Total equity and liabilities		**1,653,995**	1,621,645

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *HK$'000*	Share premium *HK$'000*	Other reserves *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2015	6,986	591,499	712,832	1,311,317	(14,925)	1,296,392
Comprehensive loss						
Loss for the year	—	—	(221,864)	(221,864)	(4,274)	(226,138)
Other comprehensive (loss)/income						
Currency translation differences	—	—	(27,490)	(27,490)	77	(27,413)
Realisation of exchange reserve upon dissolution of a subsidiary	—	—	4	4	—	4
Total comprehensive loss	—	—	(249,350)	(249,350)	(4,197)	(253,547)
Exercise of share options *(Note 13)*	68	4,180	—	4,248	—	4,248
Final dividend relating to 2014	—	—	(21,101)	(21,101)	—	(21,101)
Interim dividend relating to 2015	—	—	(14,100)	(14,100)	—	(14,100)
Dividends paid to non-controlling interests	—	—	—	—	(340)	(340)
Dissolution of a subsidiary	—	—	—	—	(174)	(174)
Balance at 31 December 2015	7,054	595,679	428,281	1,031,014	(19,636)	1,011,378

	Attributable to owners of the Company						
	Share capital	Shares held under the share award scheme (the "Scheme")	Share premium	Other reserves	Sub-total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2016	**7,054**	**—**	**595,679**	**428,281**	**1,031,014**	**(19,636)**	**1,011,378**
Comprehensive income/(loss)							
Profit/(loss) for the year	**—**	**—**	**—**	**157,443**	**157,443**	**(8,359)**	**149,084**
Other comprehensive (loss)/income							
Currency translation differences	**—**	**—**	**—**	**(16,153)**	**(16,153)**	**325**	**(15,828)**
Total comprehensive income/(loss)	**—**	**—**	**—**	**141,290**	**141,290**	**(8,034)**	**133,256**
Exercise of share options *(Note 13)*	**184**	**—**	**11,226**	**—**	**11,410**	**—**	**11,410**
Purchase of shares held under the Scheme	**—**	**(1,038)**	**—**	**—**	**(1,038)**	**—**	**(1,038)**
Final dividend relating to 2015 *(Note 15)*	**—**	**—**	**—**	**(21,173)**	**(21,173)**	**—**	**(21,173)**
Interim dividend relating to 2016 *(Note 15)*	**—**	**—**	**—**	**(14,200)**	**(14,200)**	**—**	**(14,200)**
Special dividend in 2016 *(Note 15)*	**—**	**—**	**—**	**(144,597)**	**(144,597)**	**—**	**(144,597)**
Balance at 31 December 2016	**7,238**	**(1,038)**	**606,905**	**389,601**	**1,002,706**	**(27,670)**	**975,036**

NOTES:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair values.

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 amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- Accounting for acquisitions of interests in joint operations — Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortisation — Amendments to Hong Kong Accounting Standard ("HKAS") 16 and HKAS 38
- Annual improvements to HKFRSs 2012–2014 cycle, and
- Disclosure initiative — Amendments to HKAS 1.

The adoption of these amendments do not have any material impact to the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, 'Financial instruments'

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets and financial liabilities. Further, the new rules introduced for hedge accounting is not relevant as the Group currently does not apply hedge accounting.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income ("FVOCI"), contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

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 contracts for goods and 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.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- revenue from service — the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return — HKFRS 15 requires separate presentation on the consolidated balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, 'Leases'

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$23,005,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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. The Group is also engaged in the distribution and retail business of cosmetics products and fashion accessories in the People's Republic of China (the "PRC") through retail chain outlets. 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/(loss) before income tax, share of profit of an associated company, share of profit/(losses) of joint ventures and fair value gains on investment properties.

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

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

Geographical

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America	Europe	The PRC	Hong Kong	Australia	Other Asia Pacific regions *(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*	*HK$'000*
Year ended 31 December 2016													
Segment revenue	402,317	174,442	521,249	262,730	49,787	251,791	4,929	1,667,245	32,187	300	32,487	–	1,699,732
Inter-segment revenue	–	–	(1,208)	(118)	–	–	–	(1,326)	(401)	–	(401)	–	(1,727)
Revenue from external customers	402,317	174,442	520,041	262,612	49,787	251,791	4,929	1,665,919	31,786	300	32,086	–	1,698,005
Earnings/(loss) before interest, taxes, depreciation, amortisation and fair value gains on investment properties	60,211	18,990	39,735	33,626	3,361	32,679	810	189,412	(33,652)	(1,757)	(35,409)	7,651	161,654
Depreciation	(7,038)	(3,052)	(9,098)	(4,594)	(871)	(4,405)	(86)	(29,144)	(1,555)	(146)	(1,701)	(5,314)	(36,159)
Amortisation	(468)	(203)	(605)	(305)	(58)	(293)	(6)	(1,938)	(270)	(78)	(348)	(98)	(2,384)
Finance income	–	–	623	124	–	–	–	747	3	–	3	–	750
Finance costs	–	–	(21)	(605)	–	(39)	–	(665)	–	–	–	(240)	(905)
Segment profit/(loss) before income tax	52,705	15,735	30,634	28,246	2,432	27,942	718	158,412	(35,474)	(1,981)	(37,455)	1,999	122,956
Share of profit of an associated company													1,476
Share of profit of joint ventures													11
Fair value gains on investment properties													66,996
Income tax expenses													(42,355)
Profit for the year													149,084

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC	Hong Kong	Australia	Other locations *(Note iii)*	Sub-total	The PRC	Hong Kong	Sub-total		Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2016											
Total assets	895,131	818,990	1,558	54,872	1,770,551	56,532	1,796	58,328	113,851	(288,735)	1,653,995
Include:											
Investment in an associated company	–	2,256	–	–	2,256	–	–	–	–	–	2,256
Investments in joint ventures	–	–	–	210	210	–	–	–	–	–	210
Additions to non-current assets (other than deferred income tax assets)	25,245	8,638	10	6,636	40,529	836	–	836	–	–	41,365
Total liabilities	339,281	313,300	16	8,414	661,011	122,686	53,655	176,341	130,342	(288,735)	678,959

	Manufacturing and distribution business of amenity products								Distribution and retail business of cosmetics and fashion accessories			Others	
	North America *HK$'000*	Europe *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other Asia Pacific regions *(Note i)* *HK$'000*	Others *(Note ii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Total *HK$'000*
Year ended 31 December 2015													
Segment revenue	416,009	204,021	530,240	221,254	43,581	257,768	5,411	1,678,284	53,556	501	54,057	–	1,732,341
Inter-segment revenue	–	–	(16,521)	(88)	–	–	–	(16,609)	(4,660)	(187)	(4,847)	–	(21,456)
Revenue from external customers	416,009	204,021	513,719	221,166	43,581	257,768	5,411	1,661,675	48,896	314	49,210	–	1,710,885
Earnings/(loss) before interest, taxes, depreciation, amortisation and impairment of intangible assets, impairment of goodwill, reversal of net provision for legal compensation and impairment of property, plant and equipment	61,699	20,936	26,167	23,938	1,370	29,733	769	164,612	(19,233)	(3,605)	(22,838)	6,685	148,459
Impairment of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	(4,214)	(4,214)
Depreciation	(6,803)	(3,337)	(8,402)	(3,617)	(713)	(4,215)	(88)	(27,175)	(1,880)	(348)	(2,228)	(5,958)	(35,361)
Amortisation	(421)	(206)	(519)	(224)	(44)	(261)	(5)	(1,680)	(1,955)	(78)	(2,033)	(104)	(3,817)
Finance income	–	–	668	144	–	1	–	813	2	–	2	17	832
Finance costs	–	–	(34)	(52)	–	(39)	–	(125)	–	–	–	(382)	(507)
Segment profit/(loss) before income tax	54,475	17,393	17,880	20,189	613	25,219	676	136,445	(23,066)	(4,031)	(27,097)	(3,956)	105,392
Share of profit of an associated company													149
Share of losses of joint ventures													(436)
Reversal of net provision for legal compensation													34,905
Impairment of intangible asset													(7,764)
Impairment of goodwill													(331,545)
Income tax expenses													(26,839)
Loss for the year													(226,138)

	Manufacturing and distribution business of amenity products					Distribution and retail business of cosmetics and fashion accessories			Others		
	The PRC *HK$'000*	Hong Kong *HK$'000*	Australia *HK$'000*	Other locations *(Note iii)* *HK$'000*	Sub-total *HK$'000*	The PRC *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	*HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
As at 31 December 2015											
Total assets	948,916	634,252	1,589	34,383	1,619,140	67,192	8,599	75,791	319,902	(393,188)	1,621,645
Include:											
Investment in an associated company	—	1,111	—	—	1,111	—	—	—	—	—	1,111
Investments in joint ventures	—	—	—	213	213	—	—	—	—	—	213
Additions to non-current assets (other than deferred income tax assets)	85,901	590	—	847	87,338	3,291	—	3,291	57,601	—	148,230
Total liabilities	403,305	158,800	36	3,399	565,540	118,836	58,167	177,003	260,912	(393,188)	610,267

Notes:

(i) Other Asia Pacific regions mainly include the Macau Special Administrative Region of the PRC, 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.

Additions to non-current assets comprise additions to land use rights, property, plant and equipment, intangible assets and long-term prepayments and deposits.

4 EXPENSES BY NATURE

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

	2016	2015
	HK$'000	*HK$'000*
Changes in inventories	**900,472**	927,804
Auditor's remuneration		
— Audit services	**2,600**	2,900
— Non-audit services	**661**	161
Amortisation of land use rights	**1,068**	711
Depreciation of property, plant and equipment	**36,159**	35,361
Amortisation of intangible assets	**1,316**	3,106
Operating lease rental in respect of buildings	**17,282**	20,191
Provision for obsolete inventories	**10,943**	2,663
Direct written off for obsolete inventories	**5,800**	5,614
Provision for impairment of trade and bills receivables	**18,331**	10,828
Provision for impairment of property, plant and equipment	**—**	4,214
Employee benefit expenses	**346,582**	364,096
Transportation expenses	**63,089**	60,666
Exchange loss, net	**12,164**	4,981
Advertising costs	**12,990**	13,402
Loss/(gain) on disposal of property, plant and equipment	**247**	(274)
Direct operating expenses arising from investment properties that generate rental income	**31**	114
Utilities expenses	**22,365**	24,985

5 OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Rental income	**6,848**	6,934
Income from sales of scrap materials	**1,301**	1,607
Gain on disposal and dissolution of subsidiaries	**11**	4
Others	**4,017**	2,038
	12,177	10,583

6 INCOME TAX EXPENSES

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

	2016	2015
	HK$'000	*HK$'000*
Current income tax:		
— Hong Kong profits tax	**16,753**	21,579
— PRC enterprise income tax	**24,388**	6,982
— Singapore income tax	**839**	653
Adjustments in respect of prior year	**(1,499)**	—
	40,481	29,214
Deferred income tax	**1,874**	(2,375)
	42,355	26,839

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 are calculated at 16.5% (2015: 16.5%), 25% (2015: 25%) and 17% (2015: 17%) on the estimated assessable profits for the year ended 31 December 2016, respectively.

7 TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**582,444**	506,413
Bills receivables	**2,466**	8,579
	584,910	514,992
Less: provision for impairment of receivables	**(51,529)**	(36,337)
Trade and bills receivables, net	**533,381**	478,655

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

	2016	2015
	HK$'000	*HK$'000*
1–30 days	**309,669**	276,482
31–60 days	**99,866**	83,437
61–90 days	**50,008**	49,214
91–180 days	**59,525**	49,510
Over 180 days	**65,842**	56,349
	584,910	514,992

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 was changed on 23 August 2016 from 30 days to 90 days. The ageing analysis of amount is as follows:

	2016	2015
	HK$'000	*HK$'000*
Current	**1,604**	2,444
1–30 days	**604**	1,236
31–60 days	**907**	924
61–90 days	**312**	1,902
Over 90 days	**1,748**	2,121
	5,175	8,627

9 RESTRICTED CASH

	2016	2015
	HK$'000	*HK$'000*
Restricted cash	**—**	35,819

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 accordingly.

10 CASH AND CASH EQUIVALENTS

	2016	2015
	HK$'000	*HK$'000*
Cash at banks and on hand	**253,601**	263,103
Short term bank deposits (original maturities of less than three months)	**255,015**	32,590
	508,616	295,693

The Group's cash and bank balances as at 31 December 2016 amounted to approximately HK$86,936,000 (31 December 2015: HK$139,370,000) and approximately HK$1,184,000 (including short-term bank deposit of approximately HK$68,000) (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:

	2016	2015
	HK$'000	*HK$'000*
1–30 days	**196,712**	177,997
31–60 days	**2,258**	26,700
61–90 days	**1,284**	31,904
Over 90 days	**8,641**	3,939
	208,895	240,540

12 BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Bank borrowings, secured		
Non-current	**—**	19,439
Current		
— with repayment on demand clause	**26,244**	30,006
— without repayment on demand clause	**—**	6,533
	26,244	55,978

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%, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loan and included in investment properties in the consolidated financial statements of the Group for the year ended 31 December 2015. During the year, the mortgage loan was settled when the Group disposed of an indirect wholly-owned subsidiary, Chartered Properties Limited, which held these investment properties.

In September and October 2015, the Group obtained two HK$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over 1 month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying value of approximately HK$54,733,000 as at 31 December 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 for its working capital. The banking facilities were secured by property, plant and equipment in the consolidated financial statements of the Group, with net carrying value of approximately HK$4,076,000 as at 31 December 2016 (31 December 2015: HK$4,312,000).

Other than the above mentioned, the Group also entered into banking facilities which were secured by land use rights and property, plant and equipment in the consolidated financial statements of the Group, with net carrying values of approximately HK$1,744,000 (31 December 2015: HK$1,921,000) and HK$12,240,000 (31 December 2015: HK$15,158,000) respectively as at 31 December 2016.

Interest expenses on borrowings for the year ended 31 December 2016 was approximately HK$905,000 (for the year ended 31 December 2015: HK$507,000).

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

13 SHARE CAPITAL

	Number of issued shares	**Issued share capital** *HK$'000*
At 1 January 2015	698,587,697	6,986
Exercise of share options	6,852,000	68
At 31 December 2015	705,439,697	7,054
Exercise of share options	18,404,000	184
At 31 December 2016	**723,843,697**	**7,238**

14 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2016	2015
Profit/(loss) attributable to owners of the Company (HK$'000)	**157,443**	(221,864)
Weighted average number of ordinary shares in issue (thousands)	**708,509**	702,836
Basic earnings/(loss) per share attributable to owners of the Company (HK cents)	**22.2**	(31.6)

(b) Diluted

Diluted earnings/(loss) 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.

Diluted loss per share attributable to owners of the Company for the year ended 31 December 2015 is the same as basic loss per share attributable to owners of the Company as the exercise of the outstanding share options would have an anti-dilutive effect which results in a reduction in loss per share for the year ended 31 December 2015.

Diluted earnings per share attributable to owners of the Company for the year ended 31 December 2016 is as below:

	2016
Earnings	
Profit attributable to owners of the Company (HK$'000)	157,443
Weighted average number of ordinary shares in issue (thousands)	708,509
Adjustment for:	
— Share options (thousands)	10,576
Weighted average number of ordinary shares for diluted earnings per share (thousands)	719,085
Diluted earnings per share attributable to owners of the Company (HK cents)	21.9

15 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.

On 7 October 2016, the Board resolved to pay an interim dividend of HK2.0 cents per share for the six months ended 30 June 2016. Total dividend of approximately HK$14,200,000 was paid out.

On 16 December 2016, a special dividend of HK20.0 cents per share was approved by the Board. As at 31 December 2016, this special dividend payable was reflected in the consolidated financial statements. Total dividend of approximately HK$144,597,000 was paid out subsequently on 20 January 2017.

The final dividend in respect of the year ended 31 December 2016 of HK4.0 cents per share, amounting to a total dividend of approximately HK$28,985,000 was resolved by the Board to propose on 30 March 2017, which is subject to approval at the annual general meeting (the "AGM") to be held on 25 May 2017. 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 2016.

	2016	2015
	HK$'000	*HK$'000*
Interim dividend of HK2.0 cents (2015: HK2.0 cents) per ordinary share	**14,200**	14,100
Special dividend of HK20.0 cents (2015: Nil) per ordinary share	**144,597**	—
Final dividend proposed of HK4.0 cents (2015: HK3.0 cents) per ordinary share	**28,985**	21,173
	187,782	35,273

16 CAPITAL COMMITMENTS

As at 31 December 2016, the capital commitments of the Group were approximately HK$4,317,000 (31 December 2015: HK$5,705,000).

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements	**4,317**	5,705

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2016, the total revenue recorded a slightly decrease of 0.8% to approximately HK$1,698.0 million compared with HK$1,710.9 million in 2015 as a result of the prolonged economy downturn. The hospitality supplies business, the core business of the Group, displayed prominent contribution with a revenue of HK$1,665.9 million for the year under review, which represented 98.1% of the Group's total revenue. The retail business revenue stood at HK$32.1 million, comprising 1.9% of the total revenue.

Profit attributable to owners of the Company for the year ended 31 December 2016 leaped from loss of HK$221.9 million in 2015 to profit of HK$157.4 million, which highlighted the Group's consistent efforts in adding more values for customers while retrenching production costs.

Basic earnings per share attributable to owners of the Company for the year ended 31 December 2016 was HK22.2 cents (basic loss per share for the year ended 31 December 2015: HK31.6 cents).

Gross profit margin enhanced by 2.4 percentage points to 26.8% from 24.4% in the prior year. This was also attributable to optimising product mix with higher proportion of higher gross margin products and consistent cost control strategy.

The Board has resolved to propose a final dividend of HK4.0 cents per share for the year ended 31 December 2016. A sum of the interim and year-end dividends is expected to be HK6.0 cents per share (2015: HK5.0 cents per share). In addition, a special dividend of HK20.0 cents was declared during the year. The proposed final dividend is subject to approval at the forthcoming AGM on 25 May 2017.

Set out below are the consolidated key financial highlights of the Group for the year ended 31 December 2016:

	Year ended 31 December		
	2016	2015	
	HK$ million	*HK$ million*	% Change
Revenue	**1,698.0**	1,710.9	(0.8)%
Gross profit	**454.2**	417.9	8.7%
Profit/(loss) attributable to owners of the Company	**157.4**	(221.9)	170.9%
Net asset value	**975.0**	1,011.4	(3.6)%
Basic earnings/(loss) per share attributable to owners of the Company (HK cents)	**22.2**	(31.6)	170.3%
Diluted earnings/(loss) per share attributable to owners of the Company (HK cents)	**21.9**	(31.6)	169.3%

BUSINESS REVIEW

Global economic growth slumped to 2.3% in 2016, hitting the weakest record since the global financial crisis, as a result of stagnant global trade, subdued investment, and heightened policy uncertainties around the world. As the second largest economy, China also experienced a decreasing growth rate of 0.2 percentage point to 6.7% in 2016. Under this strong headwind, the Group demonstrated a relatively static performance with revenue decreased by 0.8% to HK$1,698.0 million in 2016 (for the year ended 31 December 2015: HK$1,710.9 million) and gross profit increased by 8.7% to HK$454.2 million (for the year ended 31 December 2015: HK$417.9 million).

The hospitality supplies business remained as the key contributor to the overall revenue of the Group, but recorded a relatively unsatisfactory performance during the year under review due to the soft demand of global tourism. On the other hand, the retail business suffered from a prolonged financial loss during the review year.

Hospitality Supplies Business

According to the latest UN World Tourism Organisation ("UNWTO") World Tourism Barometer, international tourist arrivals grew by 3.9% and reached a total of 1,235 million in 2016. However, that growth is less than the increase of 4.4% in 2015. Tourist arrivals in Western European stood at 179.6 million in 2016, down from 180.3 million in 2015 which could be partly attributable to the multiple terrorist attacks that happened in Brussels, Paris, Nice, Berlin, etc. In fact, the whole tourism industry was confronted with various challenges, particularly those related to security.

The hospitality supplies business of the Group was adversely affected by the subdued travel sentiments as well as the increasing competition among hospitality industry. The segment registered a revenue of HK$1,665.9 million, reflecting a slightly increase of less than 1.0% compared to 2015 (for the year ended 31 December 2015: HK$1,661.7 million). During the year under review, the Company struggled with maintaining solid business relationship with distributors. Some of the distributors ceased their relationship with the Group or reduced the number of purchases. The Group has been facing difficulties in obtaining replacement orders.

On the other hand, stablised raw material price and depreciation of RMB contributed to an increase in the gross profit margin for the segment. Although the market prices for some raw materials went up in 2016, some of the Group's raw materials used for production were held over from 2015 and purchased before the market price rose. In addition, the depreciation of RMB lowered the cost pressure and thus benefited the Group's hospitality supplies business. For the year ended 31 December 2016, the gross profit of the hospitality supplies business achieved HK$456.4 million, representing a 12.9% growth compared to 2015 (for the year ended 31 December 2015: HK$404.1 million). The gross profit margin of this segment also increased 3.1 percentage points to 27.4% (for the year ended 31 December 2015: 24.3%) on a year-on-year basis.

The Operating Supplies and Equipment ("OS&E") business was another promising contributor to the revenue growth for the year under review. While it is still at an initial stage, OS&E business generated remarkable financial returns to the Group by recording a double digit growth in revenue. It recorded a revenue of HK$89.8 million for the year of 2016 (for the year ended 31 December 2015: HK$71.8 million), accounting for 5.4% of the total segment revenue. Though it only accounted for a small proportion of the segment's revenue in current year, the OS&E business is expected to grow with greater momentum and swifter pace in the future.

The regional revenue from the hospitality supplies business experienced a downturn on a year-on-year basis. However, revenue from the PRC and Hong Kong, as the Group's key focus markets, recorded an increase of 1.2% and 18.7% respectively to HK$520.0 million and HK$262.6 million for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$513.7 million and HK$221.2 million respectively). Revenues of these two segments comprised 31.2% and 15.8% of the total hospitality supplies business segment revenue respectively.

North America, positioned as the second largest region of the Group's hospitality supplies business, recorded a revenue of HK$402.3 million for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$416.0 million) and contributed 24.1% to the total segment revenue, down 3.3% compared to the same period in 2015 due to the intensified competition in this region. With traditional hospitality sector becoming increasingly competitive and dynamic, the Company is facing a saturated market and demanding clients with high standards while pursuing a reputation for excellence.

The same factor also applied to the Europe market. The Group registered an unsatisfactory revenue of HK$174.4 million for the year under review (for the year ended 31 December 2015: HK$204.0 million) which accounted for 10.5% of the total segment revenue, down 14.5% compared to 2015.

In terms of other Asia Pacific and Australia market, the total segment revenue of these two geographical segments recorded HK$301.6 million for the year ended 31 December 2016 (for the year ended 31 December 2015: HK$301.3), accounting for 18.1% of the total segment revenue.

Retail Business

During the year under review, the retail business of the Group in the PRC went on a scaling down period, as a result of the sluggish physical retail market in China, the aggressive expansion of online trading business, as well as the new consuming habit of younger generation ("Generation Z").

Despite the fact that China's economy is still going through a slow growth, online shopping has penetrated into the retail market at a remarkably strong pace, creating a threat to the traditional physical retail business. According to China's National Bureau of Statistics, online retail sales in China reached 5.16 trillion yuan in 2016, indicating a significant increase of 26.2% from 2015 — more than double of the growth rate of the overall retail sales of consumer goods. Moreover, with easier access to internet nowadays, Generation Z in China has flooded into online shopping instead of purchasing through traditional retail shops.

Excluding the reversal of net provision for legal compensation, recognition of the impairment of goodwill and intangible asset and corresponding reversal of deferred tax liability in 2015, the segment loss before income tax for the Group's retail business in 2016 compared with the same period in 2015 was widened by 38.2% to HK$37.5 million due to the impairment and direct written off of obsolete inventories and the expenses for relocation of the office of the retail business from Guangzhou to Shenzhen, the PRC, amounted to approximately HK$19.7 million. The number of the PRC retail chain outlets further plummeted from 543 as at 31 December 2015 to 387 as at 31 December 2016.

During the review year, the Group rolled out a budget-limiting strategy to pare overall retail business for the overall benefit of the Group. The Group strictly curtailed the related budget expenditure such as operations and promotion costs. The Group also trimmed down physical retail stores and relocated the office of its retail business from Guangzhou to Shenzhen, the PRC, which is closer to the Group's headquarter, in order to better manage costs. In addition, the Group retrenched the manpower of the retail business to further alleviate high staff costs.

Meanwhile, the self-labeled brand "everybody Labo" maintained stable performance as prior year due to the Group's cautious and steady operation strategy.

PROSPECTS

According to the World Bank, global growth is projected to advance to 2.7% in 2017. Growth in China is projected to slow down to 6.5% in 2017 and to 6.3% in 2018 to 2019, reflecting a soft external demand, heightened uncertainties about global trade prospects and slower private investments. UNWTO also projects international tourist arrivals worldwide to up to 4% in 2017.

Looking forward, management of the Group holds conservative attitude towards the entire business conditions of the coming year. The uncertainty arisen from the United States (the "US") new administration and the Europe intertwined economy after Britain's Exit from the European Union are expected to loom large. For example, UNWTO has already warned that the US travel ban on citizens of several Muslim-majority countries in January 2017 could affect demand for travel to the US. Moreover, the US new president has displayed a tougher stance towards China including trade tariffs and currency manipulating issues. Concerns over the relationship between China and the US have rung the alarm of a more cautious strategy adjustment from the Group.

In terms of hospitality supplies business, the Group will keep consolidating existing clients and enlarging the clientele worldwide. Apart from its existing production line in Shenzhen, the PRC, the Group plans to launch additional production lines including but not limited to the PRC, in order to cope with the future expansion of the Group, particularly the middle tier hotel customers and the Asia Pacific markets which the Group had not yet well developed. As an additional value added service, the OS&E business is anticipated to develop a more extensive clientele base while generating a continuous and steady growth in 2017.

Regarding the pessimistic forecast of traditional retail market in the PRC, the retail business of the Group is expected to proceed with a downtrend. Management predicts physical retail growth will remain sluggish while online business gains popularity among Generation Z in the PRC. The Group decides to follow the strategy of scaling down operation of retail business. While securing basic operations, the Group will limit the operating expenditures on this segment including operations, advertisements and promotions. The Group will also apply strict evaluations to existing franchisees and actively trim down inventory levels of cosmetics and fashion accessories.

To sum up, the Group will put ceaseless effort to fuel continual momentum of the hospitality supplies business in 2017 to guarantee the entire Group's steady growth. The hospitality supplies business will continue to be positioned as the core contributor of the Group's revenue. On the other hand, the retail business will slow down accordingly to leave space for resource to use on the hospitality supplies business.

MAJOR DISPOSAL

On 29 August 2016, an indirect wholly-owned subsidiary of the Company, East Pearl Assets Limited, entered into a sale and purchase agreement with an independent third party to dispose of the entire issued capital and shareholder's loan of Chartered Properties Limited. Chartered Properties Limited is an indirect wholly-owned subsidiary of the Company and owned the entire interest in the commercial properties (the "Property") with gross floor area of approximately 15,451 square feet and two car parking spaces in Hong Kong located at 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 and car parking spaces numbers 331 and 332 on the 3rd Floor, High Block, Grand Millennium Plaza, No. 183 Queen's Road Central, Hong Kong respectively. The principal activity of Chartered Properties Limited is holding of the Property. The consideration for the disposal is HK$263.0 million. The disposal was completed on 30 November 2016. During the year, the fair value gain of the Property is HK$62.4 million and a gain on disposal of HK$11,000 was recognised as a result of the transaction.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group's cash and cash equivalents amounted to HK$508.6 million (31 December 2015: HK$295.7 million).

In November 2009, the Group obtained a HK$ denominated mortgage loan, which bore interest at the lower of one month HIBOR plus 0.75% per annum and HK$ Prime Rate less 1.75%, for acquiring the Property in Hong Kong. The Property were pledged against the mortgage loan and included in investment properties in the consolidated financial statements of the Group for the year ended 31 December 2015. During the year, the mortgage loan was settled when the Group disposed of an indirect wholly-owned subsidiary, Chartered Properties Limited, which held the Property.

In September and October 2015, the Group obtained two HK$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over 1 month HIBOR or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. These properties were pledged against the mortgage loans and certain banking facilities and included in property, plant and equipment in the consolidated financial statements of the Group, with net carrying value of approximately HK$54.7 million as at 31 December 2016 (31 December 2015: HK$57.0 million). As at 31 December 2016, the outstanding borrowings of this facility amounted to HK$18.5 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 for its working capital. The banking facilities were secured by property, plant and equipment in the consolidated financial statements of the Group, with net carrying value of approximately HK$4.1 million as at 31 December 2016 (31 December 2015: HK$4.3 million). As at 31 December 2016, the outstanding borrowing of this facility amounted to HK$7.7 million (31 December 2015: HK$9.7 million).

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

The gearing ratio at 31 December 2016, calculated on the basis of borrowings over total equity, was 2.7% as compared with 5.5% 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 have a foreign currency hedging policy.

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

With the current level of cash and cash equivalents 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 31 December 2016, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK$58.8 million (31 December 2015: HK$258.9 million) to secure drawn bank borrowings.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments are set out in Note 16 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2016.

EMPLOYEES

As at 31 December 2016, the total number of employees of the Group was approximately 3,800 and the employee benefit expenses including directors' emoluments were approximately HK$346.6 million. The Group offers a comprehensive remuneration package which is reviewed by management on a regular basis. The Group also invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrading their skills and knowledge.

The Group values employees as its most valuable assets and believes effective employee engagement is an integral part of business success. In this context, effective communication with staff 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 year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company except that the trustee of the Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 864,000 shares of the Company at a total consideration of approximately HK$1.0 million.

CORPORATE GOVERNANCE CODE

The Group has complied with all the code provisions set out in the Corporate Governance Code (the "Code") during the year ended 31 December 2016, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 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 audited final results for the year ended 31 December 2016 have been reviewed by the members of the Audit Committee before submission to the Board for approval.

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 year ended 31 December 2016, except that Ms. CHAN Yim Ching, the non-executive Director, without notifying the Chairman of the Company for the purpose of acknowledgement of her dealing, disposed of 500,000 shares on 13 September 2016; and Mr. CHING Tsun Wah, the executive Director, without notifying the Chairman of the Company for the purpose of acknowledgement of his dealing, disposed of 100,000 shares and 50,000 shares on 16 and 29 November 2016 respectively. The Company shall reiterate and remind the Directors from time to time in respect of the relevant procedures, rules and requirements in relation to directors' dealing in order to ensure the Directors' compliance.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming AGM of the Company will be held on Thursday, 25 May 2017. The notice of AGM will be published and delivered to the shareholders of the Company in due course.

FINAL DIVIDEND

For the year ended 31 December 2016, the Board recommend a final dividend of HK4.0 cents per share, which is subject to the approval of the shareholders of the Company at the forthcoming AGM. The final dividend will be payable on or around 14 June 2017 to the shareholders of the Company whose names appear in the register of members of the Company as on 5 June 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders to attend and vote at the AGM, the register of members will be closed from Friday, 19 May 2017 to Thursday, 25 May 2017 (both dates inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all 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, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 18 May 2017.

For determining the entitlement of the shareholders to the proposed final dividend, the register of members will be closed from Thursday, 1 June 2017 to Monday, 5 June 2017 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final 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 Shops 1712–16, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 31 May 2017.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT ON WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

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

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

Hong Kong, 30 March 2017

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*