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

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 03828)

# FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

## HIGHLIGHTS FOR THE YEAR 2017

- Revenue increased 9.8% to HK$1,863.6 million (2016: HK$1,698.0 million).
- Gross profit decreased 2.7% to HK$442.0 million (2016: HK$454.2 million).
- Gross profit margin decreased 3.1 percentage points to 23.7% (2016: 26.8%).
- Operating profit is HK$141.7 million (2016: HK$123.1 million) and the profit for the year is HK$108.8 million (2016: HK$149.1 million).

  To provide better information to the readers of the financial statements, additional financial information is presented below:

| | **2017** | 2016 | |
|---|---|---|---|
| | | Including fair value gains | Excluding# fair value gains |
| | ***HK$ million*** | *HK$ million* | *HK$ million* |
| Operating profit | **141.7** | 123.1 | 123.1 |
| Profit for the year | **108.8** | 149.1 | 82.1 |
| Profit attributable to owners of the Company | **108.9** | 157.4 | 90.4 |
| Basic earnings per share attributable to owners of the Company (HK cents) | **15.1** | 22.2 | 12.8 |

  # This non-GAAP (generally accepted accounting principles) financial information is presented as additional information to readers.

- A proposed final dividend in respect of the year ended 31 December 2017 of HK5.0 cents was recommended, together with the interim dividend of HK2.0 cents, representing a total of HK7.0 cents per share (2016: HK6.0 cents per share) and the dividend payout ratio of 46.4% (2016: 46.9% (excluding fair value gains)).

* *For identification purpose only*

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") hereby announces the consolidated audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | **For the year ended 31 December 2017** *HK$'000* | 2016 *HK$'000* |
|---|---|---|---|
| Revenue | *3* | **1,863,559** | 1,698,005 |
| Cost of sales | *4* | **(1,421,565)** | (1,243,783) |
| **Gross profit** | | **441,994** | 454,222 |
| Distribution costs | *4* | **(207,567)** | (186,065) |
| Administrative expenses | *4* | **(97,220)** | (157,223) |
| Other income | *5* | **4,474** | 12,177 |
| **Operating profit** | | **141,681** | 123,111 |
| Finance income | | **834** | 750 |
| Finance costs | *11* | **(613)** | (905) |
| Share of profit of an associated company | | **1,344** | 1,476 |
| Share of profit of joint ventures | | **2** | 11 |
| Fair value gains on investment properties | | **—** | 66,996 |
| **Profit before income tax** | | **143,248** | 191,439 |
| Income tax expenses | *6* | **(34,408)** | (42,355) |
| **Profit for the year** | | **108,840** | 149,084 |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | **19,385** | (15,828) |
| **Total comprehensive income for the year** | | **128,225** | 133,256 |
| **Profit/(loss) attributable to:** | | | |
| Owners of the Company | | **108,923** | 157,443 |
| Non-controlling interests | | **(83)** | (8,359) |
| | | **108,840** | 149,084 |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Owners of the Company | | **128,879** | 141,290 |
| Non-controlling interests | | **(654)** | (8,034) |
| | | **128,225** | 133,256 |
| **Earnings per share attributable to owners of the Company (expressed in HK cents)** | | | |
| Basic | *13(a)* | **15.1** | 22.2 |
| Diluted | *13(b)* | **14.9** | 21.9 |

## CONSOLIDATED BALANCE SHEET

| | | As at 31 December | |
|---|---|---|---|
| | | **2017** | 2016 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | **39,888** | 38,006 |
| Property, plant and equipment | | **269,492** | 265,164 |
| Investment properties | | **14,289** | 13,285 |
| Intangible assets | | **1,886** | 1,852 |
| Long-term prepayments and deposits | | **44,700** | 4,272 |
| Investment in an associated company | | **3,602** | 2,256 |
| Investment in a joint venture | | **212** | 210 |
| Deferred income tax assets | | **6,111** | 6,019 |
| **Total non-current assets** | | **380,180** | 331,064 |
| **Current assets** | | | |
| Inventories | | **261,695** | 238,296 |
| Trade and bills receivables | *7* | **580,573** | 533,381 |
| Amount due from an associated company | *8* | **8,138** | 5,175 |
| Amount due from a joint venture | | **59** | 54 |
| Tax recoverable | | **1,722** | 3,909 |
| Deposits, prepayments and other receivables | | **49,626** | 33,432 |
| Short-term bank deposit | | **78** | 68 |
| Cash and cash equivalents | *9* | **367,759** | 508,616 |
| **Total current assets** | | **1,269,650** | 1,322,931 |
| **Total assets** | | **1,649,830** | 1,653,995 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | *12* | **7,265** | 7,238 |
| Reserves | | **1,045,149** | 966,483 |
| Final dividend proposed | *14* | **36,350** | 28,985 |
| | | **1,088,764** | 1,002,706 |
| Non-controlling interests | | **(28,324)** | (27,670) |
| **Total equity** | | **1,060,440** | 975,036 |

| | Note | As at 31 December 2017 HK$'000 | 2016 HK$'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **2,792** | 2,612 |
| **Total non-current liabilities** | | **2,792** | 2,612 |
| **Current liabilities** | | | |
| Bank borrowings | *11* | **22,170** | 26,244 |
| Trade payables | *10* | **230,530** | 208,895 |
| Accruals and other payables | | **289,969** | 263,427 |
| Current income tax liabilities | | **29,335** | 19,514 |
| Loans from non-controlling interests | | **14,492** | 13,592 |
| Dividends payable | | **102** | 144,675 |
| **Total current liabilities** | | **586,598** | 676,347 |
| **Total liabilities** | | **589,390** | 678,959 |
| **Total equity and liabilities** | | **1,649,830** | 1,653,995 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital *HK$'000* | Shares held for the share award scheme (the "Scheme") *HK$'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 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 12)* | 184 | — | 11,226 | — | 11,410 | — | 11,410 |
| Purchase of shares for the Scheme | — | (1,038) | — | — | (1,038) | — | (1,038) |
| Final dividend relating to 2015 | — | — | — | (21,173) | (21,173) | — | (21,173) |
| Interim dividend relating to 2016 | — | — | — | (14,200) | (14,200) | — | (14,200) |
| Special dividend relating to 2016 | — | — | — | (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 |

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Shares held for the Scheme HK$'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 2017** | **7,238** | **(1,038)** | **606,905** | **389,601** | **1,002,706** | **(27,670)** | **975,036** |
| **Comprehensive income/(loss)** | | | | | | | |
| Profit/(loss) for the year | — | — | — | 108,923 | 108,923 | (83) | 108,840 |
| **Other comprehensive income/(loss)** | | | | | | | |
| Currency translation differences | — | — | — | 19,956 | 19,956 | (571) | 19,385 |
| **Total comprehensive income/(loss)** | — | — | — | 128,879 | 128,879 | (654) | 128,225 |
| Exercise of share options *(Note 12)* | 27 | — | 1,633 | — | 1,660 | — | 1,660 |
| Purchase of shares for the Scheme | — | (1,051) | — | — | (1,051) | — | (1,051) |
| Final dividend relating to 2016 *(Note 14)* | — | — | — | (28,930) | (28,930) | — | (28,930) |
| Interim dividend relating to 2017 *(Note 14)* | — | — | — | (14,500) | (14,500) | — | (14,500) |
| **Balance at 31 December 2017** | **7,265** | **(2,089)** | **608,538** | **475,050** | **1,088,764** | **(28,324)** | **1,060,440** |

*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 Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to HKAS 12,
- Annual improvements to HKFRSs 2014–2016 cycle — Amendments to HKFRS 12, and
- Disclosure initiative — amendments to HKAS 7.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

### (b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is 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 has reviewed its financial assets and liabilities and does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed. 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, contract assets under HKFRS 15 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment undertaken to date, the Group expects 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. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

***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 and the related literature. 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 consolidated financial statements and has identified the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.

More detailed assessment will be carried out by the Group to estimate the impact of the new rules on the Group's consolidated financial statements.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

***HKFRS 16, ‘Leases’***

HKFRS 16 was issued in January 2016. It 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$18,578,000.

However, the Group has not yet assessed the adjustments, if any, that are necessary, for example, because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group’s consolidated statement of comprehensive income and classification of cash flows going forward.

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. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

## 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 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 before income tax, share of profit of an associated company, share of profit 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<br>*HK$'000* | Europe<br>*HK$'000* | The PRC<br>*HK$'000* | Hong Kong<br>*HK$'000* | Australia<br>*HK$'000* | Other Asia Pacific regions *(Note i)*<br>*HK$'000* | Others *(Note ii)*<br>*HK$'000* | Sub-total<br>*HK$'000* | The PRC<br>*HK$'000* | Hong Kong<br>*HK$'000* | Sub-total<br>*HK$'000* | *HK$'000* | Total<br>*HK$'000* |
| **Year ended 31 December 2017** | | | | | | | | | | | | | |
| Segment revenue | 404,047 | 198,146 | 603,291 | 300,168 | 51,262 | 287,491 | 4,051 | 1,848,456 | 16,124 | 210 | 16,334 | – | 1,864,790 |
| Inter-segment revenue | – | – | (863) | – | – | – | – | (863) | (368) | – | (368) | – | (1,231) |
| Revenue from external customers | 404,047 | 198,146 | 602,428 | 300,168 | 51,262 | 287,491 | 4,051 | 1,847,593 | 15,756 | 210 | 15,966 | – | 1,863,559 |
| Earnings/(loss) before interest, taxes, depreciation and amortisation | 47,339 | 21,578 | 37,615 | 27,885 | 4,186 | 39,286 | 819 | 178,708 | 3,158 | (765) | 2,393 | (60) | 181,041 |
| Depreciation | (7,296) | (3,578) | (10,878) | (5,420) | (926) | (5,191) | (73) | (33,362) | (506) | (8) | (514) | (2,861) | (36,737) |
| Amortisation | (479) | (235) | (712) | (356) | (61) | (341) | (5) | (2,189) | (267) | (70) | (337) | (97) | (2,623) |
| Finance income | – | – | 365 | 462 | – | 3 | – | 830 | 3 | – | 3 | 1 | 834 |
| Finance costs | – | – | (27) | (557) | – | (29) | – | (613) | – | – | – | – | (613) |
| Segment profit/(loss) before income tax | 39,564 | 17,765 | 26,363 | 22,014 | 3,199 | 33,728 | 741 | 143,374 | 2,388 | (843) | 1,545 | (3,017) | 141,902 |
| Share of profit of an associated company | | | | | | | | | | | | | 1,344 |
| Share of profit of a joint venture | | | | | | | | | | | | | 2 |
| Income tax expenses | | | | | | | | | | | | | (34,408) |
| Profit for the year | | | | | | | | | | | | | 108,840 |

| | Manufacturing and distribution business of amenity products | | | | | Distribution and retail business of cosmetics and fashion accessories | | | Others | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | The PRC<br>*HK$'000* | Hong Kong<br>*HK$'000* | Australia<br>*HK$'000* | Other locations *(Note iii)*<br>*HK$'000* | Sub-total<br>*HK$'000* | The PRC<br>*HK$'000* | Hong Kong<br>*HK$'000* | Sub-total<br>*HK$'000* | *HK$'000* | Inter-segment elimination<br>*HK$'000* | Total<br>*HK$'000* |
| **As at 31 December 2017** | | | | | | | | | | | |
| Total assets | 1,001,271 | 691,349 | 1,484 | 99,388 | 1,793,492 | 49,764 | 1,843 | 51,607 | 47,088 | (242,357) | 1,649,830 |
| Include: | | | | | | | | | | | |
| Investment in an associated company | – | 3,602 | – | – | 3,602 | – | – | – | – | – | 3,602 |
| Investment in a joint venture | – | – | – | 212 | 212 | – | – | – | – | – | 212 |
| Additions to non-current assets (other than deferred income tax assets) | 24,516 | 2,915 | – | 39,459 | 66,890 | – | 20 | 20 | – | – | 66,910 |
| Total liabilities | 404,562 | 141,834 | 160 | 51,814 | 598,370 | 125,887 | 52,722 | 178,609 | 54,768 | (242,357) | 589,390 |

| | Manufacturing and distribution business of amenity product | | | | | | | | 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 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 *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 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 |

*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 Morocco and Algeria.

(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:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Changes in inventories | **1,044,838** | 900,472 |
| Auditor's remuneration | | |
| — Audit services | **2,680** | 2,600 |
| — Non-audit services | **761** | 661 |
| Amortisation of land use rights | **1,059** | 1,068 |
| Depreciation of property, plant and equipment | **36,737** | 36,159 |
| Amortisation of intangible assets | **1,564** | 1,316 |
| Operating lease rental in respect of buildings | **14,101** | 17,282 |
| Provision for obsolete inventories | **2,473** | 10,943 |
| Direct written off of obsolete inventories | **2,979** | 5,800 |
| (Reversal of provision)/provision for impairment of trade and bills receivables | **(1,136)** | 18,331 |
| Direct written off of trade and bills receivables | **922** | 257 |
| Employee benefit expenses | **378,633** | 346,582 |
| Transportation expenses | **70,985** | 63,089 |
| Exchange (gain)/loss, net | **(18,594)** | 12,164 |
| Advertising costs | **11,885** | 12,990 |
| Loss on disposal of property, plant and equipment | **22** | 247 |
| Direct operating expenses arising from investment properties that generate rental income | **48** | 31 |
| Utilities expenses | **23,024** | 22,365 |

## 5 OTHER INCOME

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Rental income | **278** | 6,848 |
| Income from sales of scrap materials | **1,359** | 1,301 |
| Gain on disposal and dissolution of subsidiaries | **—** | 11 |
| Others | **2,837** | 4,017 |
| | **4,474** | 12,177 |

## 6 INCOME TAX EXPENSES

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current income tax: | | |
| — Hong Kong profits tax | **17,551** | 16,753 |
| — PRC enterprise income tax | **17,867** | 24,388 |
| — Singapore income tax | **656** | 839 |
| Adjustments in respect of prior year | **(2,062)** | (1,499) |
| | **34,012** | 40,481 |
| Deferred income tax | **396** | 1,874 |
| | **34,408** | 42,355 |

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% (2016: 16.5%), 25% (2016: 25%) and 17% (2016: 17%) on the estimated assessable profits for the year ended 31 December 2017 respectively.

## 7 TRADE AND BILLS RECEIVABLES

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **616,689** | 582,444 |
| Bills receivables | **2,619** | 2,466 |
| | **619,308** | 584,910 |
| Less: provision for impairment of receivables | **(38,735)** | (51,529) |
| Trade and bills receivables, net | **580,573** | 533,381 |

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1–30 days | **322,842** | 309,669 |
| 31–60 days | **136,471** | 99,866 |
| 61–90 days | **50,667** | 50,008 |
| 91–180 days | **62,853** | 59,525 |
| Over 180 days | **46,475** | 65,842 |
| | **619,308** | 584,910 |

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

## 8 AMOUNT DUE FROM AN ASSOCIATED COMPANY

The amount represents trade receivables from an associated company. The carrying value of the amount approximates its fair value. The amount is mainly denominated in Hong Kong dollars ("HK$"). The credit period granted is 90 days. The ageing analysis of amount by invoice date is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1–30 days | **3,006** | 1,281 |
| 31–60 days | **2,107** | 809 |
| 61–90 days | **1,266** | 712 |
| Over 90 days | **1,759** | 2,373 |
| | **8,138** | 5,175 |

## 9 CASH AND CASH EQUIVALENTS

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cash at banks and on hand | **262,615** | 253,601 |
| Short-term bank deposits (original maturities of less than three months) | **105,144** | 255,015 |
| | **367,759** | 508,616 |

The Group's cash and bank balances and short-term bank deposit as at 31 December 2017 amounted to approximately HK$108,237,000 (31 December 2016: HK$86,936,000) and approximately HK$1,419,000 (31 December 2016: HK$1,184,000) are deposited with banks in the PRC and India respectively, where the remittance of funds is subject to foreign exchange control.

## 10 TRADE PAYABLES

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

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1–30 days | **218,017** | 196,712 |
| 31–60 days | **6,632** | 2,258 |
| 61–90 days | **4,251** | 1,284 |
| Over 90 days | **1,630** | 8,641 |
| | **230,530** | 208,895 |

## 11 BORROWINGS

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank borrowings, secured | | |
| Current | | |
| — With repayment on demand clause | **22,170** | 26,244 |

In September and October 2015, the Group obtained two HK$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month Hong Kong Inter-bank Offered Rate ("HIBOR") or the cost to the bank of funding the facilities, for acquiring certain properties in Hong Kong. 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 HK$52,438,000 as at 31 December 2017 (31 December 2016: HK$54,733,000).

In October 2015, the Group obtained a HK$ denominated 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$3,630,000 as at 31 December 2017 (31 December 2016: HK$4,076,000).

Other than the above mentioned, the Group also entered into banking facilities which were secured by land use rights and property, plant and equipment with net carrying values of approximately HK$1,820,000 (31 December 2016: HK$1,744,000) and HK$11,086,000 (31 December 2016: HK$12,240,000), respectively as at 31 December 2017.

Interest expenses on borrowings for the year ended 31 December 2017 was approximately HK$613,000 (for the year ended 31 December 2016: HK$905,000).

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

## 12 SHARE CAPITAL

| | Number of shares | *HK$'000* |
|---|---|---|
| **Ordinary shares of HK$0.01 each** | | |
| Authorised: | | |
| **At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017** | **10,000,000,000** | **100,000** |
| Issued and fully paid: | | |
| **At 1 January 2016** | 705,439,697 | 7,054 |
| Exercise of share options | 18,404,000 | 184 |
| **At 31 December 2016** | 723,843,697 | 7,238 |
| Exercise of share options | 2,676,000 | 27 |
| **At 31 December 2017** | **726,519,697** | **7,265** |

## 13 EARNINGS PER SHARE

### (a) Basic

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

| | **2017** | 2016 |
|---|---|---|
| Profit attributable to owners of the Company (HK$'000) | **108,923** | 157,443 |
| Weighted average number of ordinary shares in issue (thousands) | **723,696** | 708,509 |
| **Basic earnings per share attributable to owners of the Company (HK cents)** | **15.1** | 22.2 |

### (b) Diluted

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

| | **2017** | 2016 |
|---|---|---|
| Profit attributable to owners of the Company (HK$'000) | **108,923** | 157,443 |
| Weighted average number of ordinary shares in issue (thousands) | **723,696** | 708,509 |
| Adjustment for: | | |
| — Share options (thousands) | **5,984** | 10,576 |
| Weighted average number of ordinary shares for diluted earnings per share (thousands) | **729,680** | 719,085 |
| **Diluted earnings per share attributable to owners of the Company (HK cents)** | **14.9** | 21.9 |

## 14 DIVIDENDS

On 16 December 2016, a special dividend of HK20.0 cents per share was approved by the Board. Total dividend of approximately HK$144,769,000 was paid out, including dividend paid to the shares held for the Scheme.

On 25 May 2017, a final dividend of HK4.0 cents per share for the year ended 31 December 2016 was approved by the Company's shareholders. Total dividend of approximately HK$29,005,000 was paid out, including dividend paid to the shares held for the Scheme.

On 29 August 2017, the Board resolved to approve an interim dividend of HK2.0 cents per share for the six months ended 30 June 2017. Total dividend of approximately HK$14,531,000 was paid out, including dividend paid to the shares held for the Scheme.

The final dividend in respect of the year ended 31 December 2017 of HK5.0 cents per share, amounting to a total dividend of approximately HK$36,350,000 was resolved by the Board to propose on 28 March 2018, which is subject to approval at the annual general meeting to be held on 30 May 2018 (the "AGM"). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 December 2017.

## 15 CAPITAL COMMITMENTS

As at 31 December 2017, the capital commitments of the Group were approximately HK$24,810,000 (2016: HK$4,317,000).

| | **2017** | 2016 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contracted but not provided for in the consolidated financial statements | **24,810** | 4,317 |

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the year ended 31 December 2017, the total revenue recorded an increase of 9.8% to approximately HK$1,863.6 million compared with HK$1,698.0 million in 2016 as a result of the global economy recovery. The hospitality supplies business, the core business of the Group, displayed prominent contribution with a revenue of HK$1,847.6 million for the year under review, which represented 99.1% of the Group's total revenue. The retail business revenue stood at HK$16.0 million, comprising 0.9% of the total revenue.

Profit attributable to owners of the Company for the year ended 31 December 2017 was HK$108.9 million (for the year ended 31 December 2016: HK$157.4 million).

Basic earnings per share attributable to owners of the Company for the year ended 31 December 2017 was HK15.1 cents (for the year ended 31 December 2016: HK22.2 cents).

Gross profit margin decreased 3.1 percentage points to 23.7% from 26.8% in the prior year due to the aggressive pricing strategy to increase the market share.

The Board has resolved to propose a final dividend of HK5.0 cents per share for the year ended 31 December 2017. A sum of the interim and year-end dividends is expected to be HK7.0 cents per share (2016: HK6.0 cents per share). The proposed final dividend is subject to approval at the AGM.

Set out below are the consolidated key financial highlights of the Group for the year ended 31 December 2017:

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2017** | 2016 | |
| | ***HK$ million*** | *HK$ million* | % Change |
| Revenue | **1,863.6** | 1,698.0 | 9.8% |
| Gross profit | **442.0** | 454.2 | (2.7)% |
| Profit attributable to owners of the Company | **108.9** | 157.4 | (30.8)% |
| Net asset value | **1,060.4** | 975.0 | 8.8% |
| Basic earnings per share attributable to owners of the Company (HK cents) | **15.1** | 22.2 | (32.0)% |
| Diluted earnings per share attributable to owners of the Company (HK cents) | **14.9** | 21.9 | (32.0)% |

## BUSINESS REVIEW

The Group achieved a satisfactory performance in overall revenue in the whole year of 2017 with core contribution of the hospitality supplies business benefited from the global economy recovery. The International Monetary Fund recorded that global economic growth increased 3.7% in 2017 due to a pickup in manufacturing and trade, rising market confidence and stabilising commodity prices. As the second largest economy, China recorded a satisfying Gross Domestic Product ("GDP") expansion to 6.9% in the year of 2017.

The total revenue of the Group increased by 9.8% to HK$1,863.6 million during the year ended 31 December 2017 (for the year ended 31 December 2016: HK$1,698.0 million) due to promising performances in several major regions of the Group's hospitality supplies business. As the key driver of the revenue of the Group, the hospitality supplies business recorded a relative growth especially in the PRC and Hong Kong which were fueled by China's economic growth and the Group's market gains from high and mid-level hotels. The hospitality supplies business remained as the key contributors to the overall revenue of the Group, comprising 99.1% to the Group revenue. Under the optimised resources allocation, profit attributable to owners of the Company was HK$108.9 million (for the year ended 31 December 2016: HK$157.4 million), representing 30.8% decrease as compared to prior year.

However, the gross profit recorded a 2.7% decrease to HK$442.0 million over the year of 2017 (for the year ended 31 December 2016: HK$454.2 million) and the gross profit margin down to 23.7% (for the year ended 31 December 2016: 26.8%). The fluctuation of both gross profit and profit margin was due to our aggressive pricing strategy in attempt to attract more market share. On the other hand, even though the suffering from loss of retail business segment was narrowed down under the cost control strategy, the aggressive growth in online retail was the largest hinder on the recovery of traditional retail market.

### Hospitality Supplies Business

According to the latest UN World Tourism Organisation ("UNWTO") World Tourism Barometer, international tourist arrivals worldwide grew by 7% during the year of 2017 compared to last year to reach a total of 1,322 million, representing the strongest result in the seven years. International arrivals in Asia and the Pacific were up 6%, while international arrivals in North America grew by 2%, which compared to remarkable growth up to 8% in Europe was not an outstanding performance.

Under the firm recovery of global tourism, the core hospitality supplies business contributed a satisfactory result of the Group's revenue. The revenue of the Group's hospitality supplies segment stood at HK$1,847.6 million, representing an increase of 10.9% when compared to 2016 (for the year ended 31 December 2016: HK$1,665.9 million). This was mainly attributable to the contribution from the satisfactory performance in the PRC, Hong Kong, Europe and other Asia Pacific regions. The gross profit of the hospitality supplies business achieved HK$430.4 million, representing 5.7% decrease when compared to last year (for the year ended 31 December 2016: HK$456.4 million). The gross profit margin of the segment decreased 4.1 percentage point to 23.3% (for the year ended 31 December 2016: 27.4%). This was mainly due to the fierce competition among global hospitality supplies sector, as well as a relatively aggressive pricing strategy adopted by the Group to attract more customers and generate additional sales.

The Operating Supplies and Equipment ("OS&E") business, cultivated since the second half of 2014 continued its significant expansion by achieving a growth of 30.6% to HK$117.3 million in revenue in the year of 2017 (for the year ended 31 December 2016: HK$89.8 million). Though still accounting for a relatively small proportion of the hospitality supplies segment, OS&E business expanded its clientele base among both high and mid-level hotels. The global economic recovery also boosted the travel sentiment which resulted in an incremental trend of demand for the Group's OS&E business.

Breaking things down, revenue from the PRC and Hong Kong, which altogether remains the Group's key focus market on hospitality supplies business, increased by 15.8% and 14.3% respectively to HK$602.4 million and HK$300.2 million for the year ended of 31 December 2017 (for the year ended 31 December 2016: HK$520.0 million and HK$262.6 million respectively). It accounted for 32.6% and 16.2% of the total revenue of hospitality supplies business respectively. The economic recovery in the PRC led to increasing disposable incomes and intriguing the optimistic purchasing sentiment during China inbound travel.

For the year ended 31 December 2017, the second largest business region of the Group's hospitality supplies business, North America, recorded a revenue of HK$404.0 million (for the year ended 31 December 2016: HK$402.3 million), accounted for 21.9% (2016: 24.1%) of the hospitality supplies segment revenue, followed by Europe which registered a revenue of HK$198.1 million (for the year ended 31 December 2016: HK$174.4 million) and 10.7% (2016: 10.5%) of the segment revenue for the year under review. Regarding other Asia Pacific market, it recorded a revenue of HK$287.5 million for the year ended 31 December 2017 (for the year ended 31 December 2016: HK$251.8 million) which comprised 15.6% (2016: 15.1%) of the hospitality supplies segment revenue. For Australia market, it recorded a revenue of HK$51.3 million for the year under review (for the year ended 31 December 2016: HK$49.8 million), representing 2.8% (2016: 3.0%) of the hospitality supplies segment revenue.

To supplement the growth of the hospitality supplies business, the Group planned to acquire land and buildings for production and a manufacturing company in Cambodia. Management expects that it will provide a relatively lower cost on manpower and manufacturing overhead to boost up productivity and cost efficiency of the Group's hospitality supplies business.

The new production line specialised in the manufacturing process for airline operators and hotels with multiple products to upgrade entire efficiency and enlarge potential capacity. As a result of the start of new factory, the Group will pursue the opportunities to capture the potential customer network in Cambodia as well as the countries nearby.

### Retail business

During the year of 2017, the Group retail business in PRC market still struggled along due to the strong competition including but not limited to the aggressively growth of online sales. As the result that younger generation ("Generation Z") in the PRC tremendously shifted their consuming priorities from offline to online, the traditional retail market slumped and struggled with the weak market sentiment.

According to China's National Bureau of Statistics, China's online sales dramatically surged a year-on-year growth of 32.2% in the year of 2017. The Group's retail business recorded a segment profit before income tax of HK$1.5 million for the year ended 31 December 2017 (for the year ended 31 December 2016: segment loss before income tax of HK$37.5 million). The number of the PRC retail chain outlets was 42 as at 31 December 2017 (as at 31 December 2016: 387).

During the year under review, the Group maintained its operation strategy to retail business, such as limit marketing and promotion expenditure, which contributes a further narrowed down of loss, comparing to previous financial year.

## PROSPECTS

According to International Monetary Fund's forecasts, global growth for the coming year is at 3.9% with 2 percentage points increase. The recovery of economy has led the strong momentum of the international tourism industry and the experts keep an optimistic view in 2018. According to UNWTO Panel of Tourism Experts Confidence Index, the current strong momentum of international tourism, led by European, is expected to continue the escalation in the coming year.

In a relatively stable global economic environment, looking ahead, management of the Group maintains an optimistic stance towards the business conditions of the year of 2018 and focusing the business in Asia region, especially in the PRC and Hong Kong, with a steady expanding trend travel market is expected to maintain continuous growth.

Considering the long-term gross profit growth, the Group adopts a new production facilities in Cambodia for a satisfying cost efficiency in manpower and manufacturing overhead, besides the existing product line in Shenzhen, Guangdong, the PRC. The Group is optimistic that it will strengthen the competitiveness of the Group and benefit our hospitality customers as a whole. Moreover, the OS&E business is expected to be one of the key drivers of the Group's revenue in target of an outstanding result.

Given the aggressive growth of online sales in the PRC region, the dominant of e-commerce as a vast and complex ecosystem, the Group will continue executing conservative strategies to maintain its retail business while keep exploring a better financial performance of this segment.

The Group will continue to maintain flexible strategies to pursue more opportunities and enhance our market proportion in the hospitality supplies business while allocating resources in different business segments to capture a fruitful result in the coming year.

## DISCLOSEABLE TRANSACTION

On 21 October 2017, a wholly-owned subsidiary of the Company, Ming Fai Holdings Limited, entered into (i) a share sale and purchase agreement and (ii) a land and building sale and purchase agreement with independent third parties in relation to (i) the acquisition of the entire issued share capital in, and the shareholders' loan due by, the target company, which is registered under the laws of Cambodia (the "Share Acquisition"); and (ii) the acquisition of a land parcel and the properties on that land parcel located in Cambodia (the "Land Acquisition"), respectively. The consideration for the Share Acquisition and the Land Acquisition is US$3,500,000 and US$3,500,000 respectively.

Details of the Share Acquisition and the Land Acquisition are set out in the announcements of the Company dated 22 October 2017 and 19 January 2018.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group's cash and cash equivalents amounted to HK$367.8 million (as at 31 December 2016: HK$508.6 million).

In September and October 2015, the Group obtained two HK$ denominated mortgage loans and certain banking facilities, which bore interest at the higher of 1.7% per annum over one-month 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$52.4 million as at 31 December 2017 (as at 31 December 2016: HK$54.7 million). As at 31 December 2017, the outstanding borrowings of these mortgage loans and facilities amounted to approximately HK$16.5 million (as at 31 December 2016: approximately HK$18.5 million).

In October 2015, the Group obtained a HK$ denominated 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$3.6 million as at 31 December 2017 (as at 31 December 2016: HK$4.1 million). As at 31 December 2017, the outstanding borrowing of this facility amounted to approximately HK$5.7 million (as at 31 December 2016: approximately HK$7.7 million).

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

The gearing ratio as at 31 December 2017, calculated on the basis of borrowings over total equity, was 2.1% as compared with 2.7% as at 31 December 2016.

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

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

With the current level of cash and cash equivalents 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 2017, certain subsidiaries of the Company pledged assets with aggregate carrying value of approximately HK$56.1 million (as at 31 December 2016: approximately HK$58.8 million) to secure drawn bank borrowings.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the capital commitments are set out in Note 15 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2017.

## EMPLOYEES

As at 31 December 2017, the total number of employees of the Group was approximately 3,700 and the employee benefit expenses including directors' emoluments were approximately HK$378.6 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 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 the customers. The Group also has Commendation Annual Award Scheme to motivate its employees and recognise their outstanding performance.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company, except that the trustee of the Scheme, pursuant to the terms of the Scheme rules and trust deed of the Scheme, purchased on behalf of the Group on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 1,010,000 shares of the Company at a total consideration of approximately HK$1.1 million.

## CORPORATE GOVERNANCE CODE

The Group has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") during the year ended 31 December 2017, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except the deviation of code provision A.2.1 of the CG Code that the Board has not appointed an individual to the post of chief executive officer up to the date of this announcement and the role of the chief executive officer has been performed collectively by all the executive directors, including the chairman of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the continuity of the Company's policies and strategies.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive directors of the Company with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee has reviewed the Group's audited final results for the year ended 31 December 2017.

## 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 of the Company, all directors of the Company confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2017.

## ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company will be held on Wednesday, 30 May 2018. The notice of AGM will be published and delivered to the shareholders of the Company in due course.

## FINAL DIVIDEND

The Board recommend a final dividend of HK5.0 cents per share for the year ended 31 December 2017. Subject to the approval of the shareholders of the Company at the AGM, the final dividend will be paid on or around 19 June 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 7 June 2018.

## CLOSURE OF REGISTER OF MEMBERS

For ascertaining the eligibility of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 May 2018 to Wednesday, 30 May 2018 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to be eligible to attend and vote at the AGM, all documents in respect of transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 24 May 2018.

For ascertaining the entitlement of the shareholders of the Company to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 5 June 2018 to Thursday, 7 June 2018 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all documents in respect of transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 4 June 2018.

## 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 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## PUBLICATION OF ANNUAL REPORT ON THE HKEXNEWS WEBSITE OF THE STOCK EXCHANGE AND THE WEBSITE OF THE COMPANY

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

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

Hong Kong, 28 March 2018

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