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## **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

### **HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2022**

- Revenue increased 24.9% to approximately HK\$1,793.0 million (for the year ended 31 December 2021: approximately HK\$1,435.8 million).
- Gross profit increased 57.6% to approximately HK\$424.8 million (for the year ended 31 December 2021: approximately HK\$269.6 million).
- Gross profit margin increased 4.9 percentage points to 23.7% (for the year ended 31 December 2021: 18.8%).
- Operating profit was approximately HK\$91.8 million (for the year ended 31 December 2021: operating loss was approximately HK\$92.4 million).
- Profit attributable to owners of the Company was approximately HK\$75.5 million (for the year ended 31 December 2021: loss attributable to owners of the Company was approximately HK\$93.5 million).
- A proposed final dividend in respect of the year ended 31 December 2022 of HK3.0 cents per share of the Company (the “Share”) was recommended, together with the interim dividend of HK1.0 cent per Share for the six months ended 30 June 2022 was declared, representing a total dividend of HK4.0 cents per Share and the annual dividend payout ratio of 38.5%. No final dividend was recommended for the year ended 31 December 2021 and no interim dividend was declared during the six months ended 30 June 2021.

\* For identification purpose only

The board of directors (the “Board”) of Ming Fai International Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	1,793,025	1,435,826
Cost of sales	4	(1,368,212)	(1,166,181)
<b>Gross profit</b>		<b>424,813</b>	<b>269,645</b>
Other income	5	12,758	8,266
Distribution costs	4	(216,575)	(210,934)
Administrative expenses	4	(113,816)	(106,656)
Net impairment losses on financial assets	4	(15,347)	(47,983)
Impairment of goodwill		–	(4,759)
<b>Operating profit/(loss)</b>		<b>91,833</b>	<b>(92,421)</b>
Finance income		593	962
Finance costs		(4,718)	(2,425)
Share of profit/(loss) of an associated company		511	(457)
Share of loss of a joint venture		(207)	(64)
Fair value gain on an investment property		1,974	–
<b>Profit/(loss) before income tax</b>		<b>89,986</b>	<b>(94,405)</b>
Income tax expenses	6	(20,144)	(3,520)
<b>Profit/(loss) for the year</b>		<b>69,842</b>	<b>(97,925)</b>
<b>Other comprehensive (loss)/income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(23,424)	10,970
<b>Total comprehensive income/(loss) for the year</b>		<b>46,418</b>	<b>(86,955)</b>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		75,511	(93,535)
Non-controlling interests		(5,669)	(4,390)
		<b>69,842</b>	<b>(97,925)</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Owners of the Company		49,914	(82,845)
Non-controlling interests		(3,496)	(4,110)
		<b>46,418</b>	<b>(86,955)</b>
<b>Earnings/(loss) per share attributable to owners of the Company (expressed in HK cents)</b>			
Basic	14(a)	10.4	(12.8)
Diluted	14(b)	10.4	(12.8)

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		5,398	5,390
Property, plant and equipment		405,964	445,126
Right-of-use assets		101,155	106,235
Investment property		16,638	15,911
Intangible assets		483	369
Deferred income tax assets		3,205	3,771
Other non-current assets		6,684	11,510
Investment in an associated company		5,463	5,221
Investments in joint ventures		116	323
Other financial assets at amortised cost		25	132
		<u>545,131</u>	<u>593,988</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		260,176	266,284
Other current assets		50,405	56,686
Tax recoverable		370	11,952
Other financial assets at amortised cost		14,101	15,750
Amounts due from joint ventures		522	455
Amount due from an associated company	8	2,848	2,338
Trade and bills receivables	7	558,835	528,418
Pledged bank deposit	9	11,717	11,689
Cash and cash equivalents	10	305,356	251,164
		<u>1,204,330</u>	<u>1,144,736</u>
<b>Total current assets</b>			
		<u>1,749,461</u>	<u>1,738,724</u>
<b>Total assets</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	7,343	7,343
Reserves		1,151,762	1,133,259
Final dividend proposed	15	22,028	–
		<u>1,181,133</u>	<u>1,140,602</u>
Non-controlling interests		(49,652)	(46,156)
		<u>1,131,481</u>	<u>1,094,446</u>
<b>Total equity</b>			

		<b>As at 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>5,602</b>	5,608
Other non-current payables		<b>9,967</b>	11,829
Borrowings	<i>12</i>	<b>2,206</b>	2,742
Lease liabilities		<b>3,834</b>	2,395
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>21,609</b>	22,574
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade payables	<i>11</i>	<b>168,318</b>	178,432
Accruals and other payables		<b>277,273</b>	276,050
Current income tax liabilities		<b>19,390</b>	7,580
Borrowings	<i>12</i>	<b>108,547</b>	138,606
Lease liabilities		<b>5,166</b>	3,483
Loans from non-controlling interests		<b>17,486</b>	17,369
Dividends payable		<b>191</b>	184
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>596,371</b>	621,704
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>617,980</b>	644,278
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>1,749,461</b>	1,738,724
		<hr/> <hr/>	<hr/> <hr/>

## **NOTES:**

### **1 BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of an investment property, which is carried at fair value.

The preparation of financial statements in conformity with HKFRSs 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 standard adopted by the Group**

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018–2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the reporting period during the year ended 31 December 2022 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **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 manufacturing and trading of hospitality supplies products ("Hospitality Supplies Business"), trading of operating supplies and equipment ("OS&E Business"), and manufacturing and trading of health care and hygienic products ("Health Care and Hygienic Products Business"). From a geographical perspective, the Board assesses the performance based on the Group's revenue by geographical location in which the customer is located. Altogether, the Group has three reporting segments: (i) Hospitality Supplies Business; (ii) OS&E Business; and (iii) Health Care and Hygienic Products Business.

The Board assesses the performance of the operating segments based on a measure of profit/(loss) before income tax, impairment of goodwill, share of profit/(loss) of an associated company, share of loss of a joint venture and fair value gain on an investment property.

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

	Hospitality Supplies Business					OS&E Business					Health Care and Hygienic Products Business					Others			
	The People's Republic of China ("PRC")		The Hong Kong Special Administrative Region of the PRC ("Hong Kong")		Other Asia Pacific regions	The PRC		Others	Sub-total		North America		Hong Kong		Others	Sub-total		Total	
	North America	Europe	China ("PRC")	Hong Kong	Australia	Other Asia Pacific regions	The PRC	Others	Sub-total	Others	Sub-total	North America	Hong Kong	Others	Sub-total	Others	Sub-total	Total	
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
<b>Year ended 31 December 2022</b>																			
Segment revenue	183,343	250,963	354,431	176,451	150,984	262,224	3,103	1,381,499	103,208	46,240	149,448	154,715	77,656	34,440	266,811	-	266,811	1,797,758	
Inter-segment revenue	-	-	(4,040)	(571)	-	-	-	(4,611)	-	-	-	-	-	(122)	(122)	-	(122)	(4,733)	
Revenue from external customers	183,343	250,963	350,391	175,880	150,984	262,224	3,103	1,376,888	103,208	46,240	149,448	154,715	77,656	34,318	266,689	-	266,689	1,793,025	
Earnings/(loss) before interest, taxes, depreciation, amortisation and fair value gain on an investment property	35,514	22,465	5,454	28,908	19,288	20,911	897	133,437	(4,741)	6,599	1,858	12,448	8,688	(868)	20,268	1,330	20,268	156,893	
Depreciation	(7,094)	(9,708)	(13,555)	(6,804)	(5,841)	(10,144)	(124)	(53,270)	(815)	(365)	(1,180)	(5,985)	(2,937)	(1,001)	(9,923)	-	(9,923)	(64,373)	
Amortisation	(77)	(106)	(148)	(74)	(63)	(110)	(1)	(579)	-	-	(65)	(33)	(10)	(108)	(108)	-	(108)	(687)	
Finance income	-	-	344	193	-	30	4	571	14	4	18	-	-	4	4	-	4	593	
Finance costs	-	-	(665)	(3,610)	(5)	(431)	-	(4,711)	-	-	-	-	-	-	-	-	-	(4,718)	
Segment profit/(loss) before income tax	28,343	12,651	(8,570)	18,613	13,379	10,256	776	75,448	(6,542)	6,238	696	6,398	5,718	(1,875)	10,241	1,323	10,241	87,708	
Share of profit of an associated company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	511	
Share of loss of a joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(207)	
Fair value gain on an investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,974	
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,144)	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,842	

	Hospitality Supplies Business					OS&E Business					Health Care and Hygienic Products Business					Others			
	The PRC		Kingdom of Cambodia ("Cambodia")		Other locations	The PRC		Others	Sub-total		The PRC		Other locations		Others	Sub-total		Inter-segment elimination	Total
	North America	Europe	Cambodia	Hong Kong	Australia	Other locations	The PRC	Others	Sub-total	Others	Sub-total	The PRC	Other locations	Others	Sub-total	Inter-segment elimination	Sub-total	Total	
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>As at 31 December 2022</b>																			
Total assets	630,057	696,935	2,299	344,887	53,602	1,727,780	155,634	42,059	359	198,052	15,969	80,749	167	96,885	51,108	(324,364)	1,749,461		
Include:																			
Investment in an associated company	-	5,463	-	-	-	5,463	-	-	-	-	-	-	-	-	-	-	5,463		
Investments in joint ventures	-	116	-	-	-	116	-	-	-	-	-	-	-	-	-	-	116		
Additions to non-current assets (other than deferred income tax assets)	24,414	1,085	247	12,582	478	38,806	48	72	24	72	-	-	-	-	-	-	38,878		
Total liabilities	(333,245)	(218,049)	(1,371)	(18,087)	(95,707)	(666,459)	(49,278)	(79,892)	-	(129,170)	(13,121)	(41,975)	-	(55,096)	(91,619)	324,364	(617,980)		

	Hospitality Supplies Business						OS&E Business				Health Care and Hygienic Products Business				Others																						
	North America		Europe		The PRC (Note i)		Hong Kong		Australia		Other Asia Pacific regions (Note ii)		Others (Note iii)		Sub-total		The PRC (Note i)		Others (Note iv)		Sub-total		North America		Hong Kong		Others (Note vi)		Sub-total		Total						
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000						
<b>Year ended 31 December 2021</b>																																					
Segment revenue	159,985	97,260	510,522	150,892	30,406	144,526	1,741	1,095,332	124,970	31,443	156,413	104,814	51,993	34,660	191,467	1,443,212																					
Inter-segment revenue	-	-	(6,791)	(464)	-	-	-	(7,255)	-	-	-	-	(90)	(41)	(131)	(7,386)																					
Revenue from external customers	159,985	97,260	503,731	150,428	30,406	144,526	1,741	1,088,077	124,970	31,443	156,413	104,814	51,903	34,619	191,336	1,435,826																					
Earnings/(loss) before interest, taxes, depreciation, amortisation and impairment of goodwill	5,048	517	(16,906)	5,145	699	(6,702)	33	(12,166)	3,789	694	4,483	(3,406)	(7,287)	(4,274)	(14,967)	(22,045)																					
Depreciation	(8,025)	(4,879)	(25,277)	(7,547)	(1,525)	(7,251)	(87)	(54,391)	(989)	(248)	(1,237)	(5,258)	(2,530)	(1,148)	(8,956)	(64,764)																					
Amortisation	(107)	(65)	(337)	(100)	(20)	(96)	(1)	(726)	-	-	-	(69)	(43)	(15)	(127)	(853)																					
Finance income	-	-	916	6	-	19	-	941	15	-	15	-	-	6	6	962																					
Finance costs	-	-	(411)	(1,945)	(5)	(58)	-	(2,419)	-	-	-	-	-	-	-	(2,425)																					
Segment (loss)/profit before income tax	(3,084)	(4,427)	(42,015)	(4,441)	(851)	(14,088)	(55)	(68,961)	2,815	446	3,261	(8,733)	(9,860)	(5,451)	(24,024)	(89,125)																					
Impairment of goodwill																(4,759)																					
Share of loss of an associated company																(457)																					
Share of loss of joint ventures																(64)																					
Income tax expenses																(3,520)																					
Loss for the year																(97,925)																					

	Hospitality Supplies Business						OS&E Business				Health Care and Hygienic Products Business				Others										
	The PRC (Note i)		Hong Kong		Australia		Cambodia		Other locations (Note v)		Sub-total		The PRC (Note i)		Hong Kong		Other locations (Note vii)		Sub-total		Inter-segment elimination		Total		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
<b>As at 31 December 2021</b>																									
Total assets	833,042	547,323	1,812	338,798	48,677	1,769,652	121,485	33,807	544	155,836	20,954	54,040	340	75,334	44,579	1,738,724									
Include:																									
Investment in an associated company	-	5,221	-	-	-	5,221	-	-	-	-	-	-	-	-	-	5,221									
Investments in joint ventures	-	323	-	-	-	323	-	-	-	-	-	-	-	-	-	323									
Additions to non-current assets (other than deferred income tax assets)	12,697	2,521	15	30,662	1,337	47,222	408	-	-	408	-	-	-	-	-	47,640									
Total liabilities	(380,079)	(222,212)	(1,145)	(17,338)	(88,324)	(709,098)	(20,866)	(76,687)	-	(97,535)	(18,611)	(55,863)	-	(54,474)	(89,830)	(644,278)									



*Notes:*

- i For the purpose of this segment information disclosure, the PRC excludes Hong Kong, the Macau Special Administration Region of the PRC (“Macau”) and Taiwan (2021: same).
- ii Other Asia Pacific regions mainly include Singapore, United Arab Emirates, Macau, Japan, Philippines, Qatar and India (for the year ended 31 December 2021: mainly include Macau, Japan, United Arab Emirates, Cambodia, Malaysia, Singapore and India).
- iii Others mainly include Ivory Coast and Democratic Republic of the Congo (for the year ended 31 December 2021: mainly include Republic of Kenya and Algeria).
- iv Others mainly include Hong Kong, Macau, Malaysia and Qatar (for the year ended 31 December 2021: mainly include Hong Kong, Macau, Malaysia and Australia).
- v Other locations mainly include Macau and India (as at 31 December 2021: same).
- vi Others mainly include the PRC (*Note i*), Cambodia, Germany and Macau (for the year ended 31 December 2021: mainly include the PRC (*Note i*), Cambodia, Japan and Macau).
- vii Other locations mainly include Cambodia and Japan (as at 31 December 2021: mainly include Macau and Japan).

For the year ended 31 December 2022, the revenue of the Group was recognised at a point in time and no sales derived from a single customer which exceeded 10% of the revenue of the Group (for the year ended 31 December 2021: same).

For the year ended 31 December 2022, additions to non-current assets comprise additions to right-of-use assets, property, plant and equipment, intangible assets and other non-current assets (for the year ended 31 December 2021: same).

#### 4 EXPENSES BY NATURE

The following expenses/(gains) are included in cost of sales, distribution costs, administrative expenses and net impairment losses on financial assets:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories sold	948,165	778,228
Auditor's remuneration		
– Audit services	2,700	2,500
Depreciation of property, plant and equipment	55,288	56,047
Depreciation of right-of-use assets	9,085	8,717
Amortisation of intangible assets	687	853
Other lease expenses*	5,907	6,477
(Reversal of provision)/provision for obsolete inventories	(7,405)	19,729
Direct written off of obsolete inventories	3,303	3,523
Net impairment losses on financial assets	15,347	47,983
Employee benefit expenses	424,453	378,044
Transportation expenses	84,351	75,165
Exchange losses/(gains)	3,062	(962)
Advertising costs	16,896	22,329
(Gain)/loss on disposal of property, plant and equipment	(28)	123
Direct operating expenses arising from an investment property that generates rental income	36	57
Utilities expenses	26,654	23,285

\* These expenses relate to short-term leases. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

#### 5 OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Rental income	134	351
Income from sales of scrap materials	497	642
Government grant ( <i>Note (i)</i> )	8,957	3,404
Others	3,170	3,869

*Note:*

- (i) Government grants represents subsidies from the PRC Government in relation to certain capital investments of the Group and subsidies from the Hong Kong Government under the Anti-epidemic fund. There were no unfulfilled conditions and other contingencies attached to the receipts of these grants.

## 6 INCOME TAX EXPENSES

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax:		
– Hong Kong profits tax	<b>11,593</b>	2,653
– PRC enterprise income tax	<b>8,354</b>	1,967
– Other overseas profits tax	<b>437</b>	529
Adjustments in respect of prior year	<b>(728)</b>	(770)
	<b>19,656</b>	4,379
Deferred income tax credit	<b>488</b>	(859)
	<b>20,144</b>	3,520

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

Hong Kong profits tax, PRC enterprise income tax, Singapore corporate income tax and Cambodia corporate income tax are calculated at 16.5% (2021: 16.5%), 25% (2021: 25%), 17% (2021: 17%) and 20% (2021: 20%) on the estimated assessable profits for the year ended 31 December 2022 respectively.

Taxes on other overseas profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 7 TRADE AND BILLS RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	635,667	596,479
Bills receivables	17,362	19,387
	<u>653,029</u>	<u>615,866</u>
Less: provision for impairment of receivables	(94,194)	(87,448)
	<u>558,835</u>	<u>528,418</u>

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 – 30 days	229,694	271,278
31 – 60 days	121,733	96,091
61 – 90 days	70,779	79,147
91 – 180 days	118,273	93,362
Over 180 days	112,550	75,988
	<u>653,029</u>	<u>615,866</u>

## 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 unsecured, interest-free and mainly denominated in HK\$. The credit period granted is 90 days. The ageing analysis of the amount by invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 – 30 days	2,682	1,485
31 – 60 days	–	496
61 – 90 days	–	2
Over 90 days	166	355
	<u>2,848</u>	<u>2,338</u>

## 9 PLEDGED BANK DEPOSIT

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Pledged bank deposit	<u><b>11,717</b></u>	<u>11,689</u>

As at 31 December 2022, a bank deposit of US\$1,500,000 (equivalent to approximately HK\$11,717,000) (as at 31 December 2021: US\$1,500,000 (equivalent to approximately HK\$11,689,000)) was pledged as collateral for the grant of letter of banking facility in Hong Kong.

## 10 CASH AND CASH EQUIVALENTS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cash at banks and on hand	<b>264,143</b>	251,164
Short-term bank deposits (original maturities of less than three months)	<u><b>41,213</b></u>	<u>–</u>
	<u><b>305,356</b></u>	<u>251,164</u>

The Group's cash and bank balances with banks in the PRC and India as at 31 December 2022 amounted to approximately HK\$67,253,000 (as at 31 December 2021: approximately HK\$89,425,000) and approximately HK\$2,363,000 (as at 31 December 2021: approximately HK\$386,000) 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 – 30 days	<b>166,130</b>	169,021
31 – 60 days	<b>400</b>	2,957
61 – 90 days	<b>152</b>	4,453
Over 90 days	<u><b>1,636</b></u>	<u>2,001</u>
	<u><b>168,318</b></u>	<u>178,432</u>

## 12 BORROWINGS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current:		
Secured other borrowings without repayable on demand clause	<u>2,206</u>	<u>2,742</u>
Current:		
Secured bank borrowings with repayable on demand clauses	<b>108,323</b>	138,227
Secured bank borrowings without repayable on demand clause	<b>10</b>	273
Secured other borrowings without repayable on demand clause	<u>214</u>	<u>106</u>
	<u><b>108,547</b></u>	<u>138,606</u>
	<u><b>110,753</b></u>	<u>141,348</u>

The borrowings are denominated in the following currencies:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	<b>10,782</b>	12,771
United States Dollars (“US\$”)	<b>97,541</b>	125,455
Japanese Yen (“JPY”)	<u>2,430</u>	<u>3,122</u>
	<u><b>110,753</b></u>	<u>141,348</u>

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

The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2022 and 2021.

Except for bank and other borrowings of approximately HK\$2,430,000 as at 31 December 2022 (as at 31 December 2021: approximately HK\$3,122,000) which was secured by personal guarantee of a non-controlling interest of the Group, other bank borrowings were secured by certain property, plant and equipment, right-of-use assets and a bank deposit of the Group.

The carrying amounts of assets pledged as security for borrowings are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property, plant and equipment	<b>18,960</b>	21,245
Right-of-use assets	<b>27,860</b>	29,077
Bank deposit	<b>11,717</b>	11,689
	<u><b>58,537</b></u>	<u>62,011</u>

### 13 SHARE CAPITAL

	Number of shares	<i>HK\$'000</i>
<b>Ordinary shares of HK\$0.01 each</b>		
Authorised:		
<b>At 1 January 2021, 31 December 2021 and 31 December 2022</b>	<b>10,000,000,000</b>	<b>100,000</b>
Issued and fully paid:		
<b>At 1 January 2021, 31 December 2021 and 31 December 2022</b>	<b>734,262,697</b>	<b>7,343</b>

### 14 EARNINGS/(LOSS) PER SHARE

#### (a) Basic

Basic earnings/(loss) per share 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.

	<b>2022</b>	2021
Profit/(loss) attributable to owners of the Company ( <i>HK\$'000</i> )	<b>75,511</b>	(93,535)
Weighted average number of ordinary shares in issue ( <i>thousands</i> )	<b>725,699</b>	728,839
<b>Basic earnings/(loss) per share (<i>expressed in HK cents</i>)</b>	<b>10.4</b>	(12.8)

## **(b) Diluted**

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2022, diluted earnings per share was the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding as at 31 December 2022.

During the year ended 31 December 2021, all of the outstanding share options had no dilutive effect to the Company and therefore, diluted loss per share is the same as basic loss per share.

## **15 DIVIDENDS**

On 25 August 2022, the Board resolved to approve an interim dividend of HK1.0 cent per share for the six months ended 30 June 2022. Total dividend of approximately HK\$7,343,000 was paid out, including dividend paid to the shares held for the share award scheme of the Company.

The final dividend in respect of the year ended 31 December 2022 of HK3.0 cents per share, amounting to a total dividend of approximately HK\$22,028,000 was resolved by the Board to propose on 28 March 2023, which is subject to approval at the annual general meeting of the Company to be held on 24 May 2023. 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 2022.

## **16 CAPITAL COMMITMENTS**

As at 31 December 2022, the capital commitments contracted but not provided for in the consolidated financial information of the Group were approximately HK\$19,183,000 (as at 31 December 2021: approximately HK\$21,843,000).



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Key Financial Highlights

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

	Year ended 31 December		Change %
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>	
Revenue	<b>1,793.0</b>	1,435.8	24.9%
Gross Profit	<b>424.8</b>	269.6	57.6%
Profit/(loss) attributable to owners of the Company	<b>75.5</b>	(93.5)	N/A
Basic earnings/(loss) per Share attributable to owners of the Company ( <i>HK cents</i> )	<b>10.4</b>	(12.8)	N/A
Diluted earnings/(loss) per Share attributable to owners of the Company ( <i>HK cents</i> )	<b>10.4</b>	(12.8)	N/A
Dividend per Share ( <i>HK cents</i> )	<b>4.0</b>	–	N/A

#### Revenue

For the year ended 31 December 2022, the total revenue of the Group recorded an increase of 24.9% to approximately HK\$1,793.0 million (for the year ended 31 December 2021: approximately HK\$1,435.8 million). For the year ended 31 December 2022, the revenues of the hospitality supplies business, OS&E business and health care and hygienic products business were approximately HK\$1,376.9 million, HK\$149.4 million and HK\$266.7 million (for the year ended 31 December 2021: approximately HK\$1,088.1 million, HK\$156.4 million and HK\$191.3 million) respectively, which represented 76.8%, 8.3% and 14.9% (for the year ended 31 December 2021: 75.8%, 10.9% and 13.3%) of the Group's total revenue respectively.

#### Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2022 increased 57.6% to approximately HK\$424.8 million, compared with approximately HK\$269.6 million for the year ended 31 December 2021. Gross profit margin increased 4.9 percentage points to 23.7% from 18.8% as compared with the prior year, as a results of various measures taken by the Group, including tightening cost control and more effort in sales of products with higher profit margins.

## **Profit/(loss) attributable to owners of the Company**

Profit attributable to owners of the Company for the year ended 31 December 2022 was approximately HK\$75.5 million (for the year ended 31 December 2021: loss attributable to owners of the Company was approximately HK\$93.5 million).

## **Earnings/(loss) per Share**

Basic and diluted earnings per Share attributable to owners of the Company for the year ended 31 December 2022 were HK10.4 cents and HK10.4 cents (for the year ended 31 December 2021: basic and diluted loss per Share were HK12.8 cents and HK12.8 cents) respectively.

## **Final dividend**

The Board had resolved to propose a final dividend of HK3.0 cents per Share for the year ended 31 December 2022 (for the year ended 31 December 2021: nil). A sum of the interim and final dividends for the year ended 31 December 2022 was expected to be HK4.0 cents per Share (for the year ended 31 December 2021: nil). The proposed final dividend is subject to approval at the annual general meeting to be held on 24 May 2023 (“AGM”).

## **Liquidity and financial resources**

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with standby banking facilities to cope with daily operation and potential capital demands for future development.

### ***Cash and cash equivalents***

As at 31 December 2022, the Group’s cash and cash equivalents amounted to approximately HK\$305.4 million (as at 31 December 2021: approximately HK\$251.2 million).

### ***Net assets***

As at 31 December 2022, the Group’s net assets was approximately HK\$1,131.5 million (as at 31 December 2021: approximately HK\$1,094.4 million).

## ***Borrowings***

The borrowing structure, maturity profile and currency denomination of the Group's borrowings are as follows:

### *Borrowing structure:*

	<b>As at 31 December</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Effective</b>	<b>Effective</b>	<b>Effective</b>	<b>Effective</b>
	<b>interest rate</b>	<b>interest rate</b>	<b>interest rate</b>	<b>interest rate</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>	<b>HK\$ million</b>	<b>HK\$ million</b>
Secured bank borrowings with repayable on demand clauses	<b>Floating rate of 1.7% per annum over 1-month Hong Kong Inter-bank Offered Rate ("HIBOR")</b>	<b>4.5</b>	Floating rate of 1.7% per annum over 1-month HIBOR	4.3
	<b>Floating rate of the higher of 1.7% per annum over 1-month HIBOR or the cost to the bank of funding the borrowing</b>	<b>6.3</b>	Floating rate of the higher of 1.7% per annum over 1-month HIBOR or the cost to the bank of funding the borrowing	8.4
	<b>Floating rates ranging from 1.67%-1.82% per annum over 1-month Term Secured Overnight Financing Rate</b>	<b>69.8</b>	Floating rates ranging from 1.5%-1.7% per annum over 1-month London Inter-bank Offered Rate ("LIBOR")	85.2
	<b>Floating rate of the higher of 1.7% per annum over 1-month LIBOR or the cost to the bank of funding the borrowing</b>	<b>27.8</b>	Floating rate of the higher of 1.7% per annum over 1-month LIBOR or the cost to the bank of funding the borrowing	40.3
Secured bank borrowings without repayable on demand clauses	<b>Fixed rate of 1.4% per annum</b>	–	Fixed rates ranging from 1.4%-2.4% per annum	0.3
Secured other borrowings without repayable on demand clauses	<b>Fixed rates ranging from 0.36%-1.38% per annum</b>	<b>2.4</b>	Fixed rates ranging from 0.36%-1.26% per annum	2.8
	<b>110.8</b>		<b>141.3</b>	

*Maturity profile:*

The repayment terms of the borrowings without taking into consideration the effect of repayable on demand clauses are as follows:

	As at 31 December	
	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Within 1 year	61.4	64.2
Between 1 and 2 years	23.1	30.8
Between 2 and 5 years	25.1	44.7
Over 5 years	1.2	1.6
	<u>110.8</u>	<u>141.3</u>

*Currency denomination:*

	As at 31 December	
	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
HK\$	10.8	12.8
US\$	97.5	125.4
JPY	2.5	3.1
	<u>110.8</u>	<u>141.3</u>

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

*Charges on Group assets*

Except for bank and other borrowings of approximately HK\$2.5 million as at 31 December 2022 (as at 31 December 2021: approximately HK\$3.1 million), which was secured by personal guarantee of a non-controlling interest of the Group, other bank borrowings were secured by certain property, plant and equipment, right-of-use assets and a bank deposit of the Group.

The carrying amounts of assets pledged as security for borrowings are as follows:

	As at 31 December	
	2022	2021
	<i>HK\$ million</i>	<i>HK\$ million</i>
Property, plant and equipment	19.0	21.2
Right-of-use assets	27.9	29.1
Bank deposit	11.7	11.7
	<u>58.6</u>	<u>62.0</u>

### ***Gearing ratio***

The gearing ratio was calculated as net debt (i.e. borrowings less cash and cash equivalents) divided by total equity. The gearing ratio was not applicable to the Group as at 31 December 2022 and as at 31 December 2021.

### ***Foreign currency exposure***

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 revenue denominated in the same currency.

### **Capital commitments and contingent liabilities**

Details of the capital commitments as at 31 December 2022 and as at 31 December 2021 are set out in Note 16 to the consolidated financial information. The Group has no material contingent liabilities as at 31 December 2022 (as at 31 December 2021: same).

## **BUSINESS REVIEW**

Looking back at 2022, under the influence of US interest rate hikes and geopolitical conflicts, the global economy faced multiple pressures such as elevated inflation, rising raw material prices and supply chain disruptions, which slowed the pace of global recovery. However, as the global COVID-19 pandemic eases, countries around the world are gradually opening up, bringing a recovery in demand for travel, tourism and aviation industries, and the Group’s business has also been driven. The Group’s overall performance recorded a steady growth as compared to the same period last year.

### **Hospitality Supplies Business**

According to the recent data released by the United Nations World Tourism Organization, more than 900 million tourists travelled internationally in 2022 – double the number recorded in 2021 though still 63% of pre-pandemic levels. According to the data, European tourism reached nearly 80% of pre-pandemic levels, while in Asia is relatively slow due to stronger pandemic-related restrictions which have started to be removed only in recent months. Benefiting from the lifting of entry restrictions by various countries, the recovery of global travel demand, and the gradual improvement in international tourism, the demand for hospitality supplies products has risen.

Revenue from the Group's hospitality supplies business for the year ended 31 December 2022 increased 26.5% to approximately HK\$1,376.9 million (for the year ended 31 December 2021: approximately HK\$1,088.1 million), which contributed 76.8% (for the year ended 31 December 2021: 75.8%) to the Group's total revenue. Gross profit from the hospitality supplies business increased 56.7% to approximately HK\$324.7 million for the year ended 31 December 2022 (for the year ended 31 December 2021: approximately HK\$207.2 million). The segment's gross profit margin increased 4.6 percentage points to 23.6% for the year ended 31 December 2022 (for the year ended 31 December 2021: 19.0%).

In early 2022, the COVID-19 pandemic resumed in China, and the further tightening of pandemic prevention measures have affected the normal operation of the tourism market. According to the "China's Tourism Performance: Review & Forecast (2022~2023)" (Blue Book of China's Tourism Economy No.15) issued by the China Tourism Academy, the estimated domestic tourists and tourism revenue in the PRC were 2.53 billion person-times and RMB2.04 trillion respectively in 2022, which decreased 22.1% and 30% as compared with 2021 and recovered to 42.1% and 30.7% respectively of pre-pandemic levels. Hospitality supplies business revenue for the year ended 31 December 2022 from the PRC was approximately HK\$350.4 million (for the year ended 31 December 2021: approximately HK\$503.7 million), representing 25.4% (for the year ended 31 December 2021: 46.3%) of the total hospitality supplies business segment revenue.

Hospitality supplies business revenues for the year ended 31 December 2022 from Hong Kong, the North America, Europe, other Asia Pacific regions and Australia were approximately HK\$175.9 million, HK\$183.3 million, HK\$251.0 million, HK\$262.2 million and HK\$151.0 million (for the year ended 31 December 2021: approximately HK\$150.4 million, HK\$160.0 million, HK\$97.3 million, HK\$144.5 million and HK\$30.4 million) respectively, accounted for 12.8%, 13.3%, 18.2%, 19.0% and 11.0% (for the year ended 31 December 2021: 13.8%, 14.7%, 8.9%, 13.3% and 2.8%) of the total hospitality supplies business segment revenue respectively. The increase in hospitality supplies business revenues from these regions was driven by the increase in demand for the Group's hospitality supplies products as a result of the lifting of entry restrictions and that the recovery of travel demand to these regions.

### **Operating Supplies and Equipment Business**

In the recently released China Construction Pipeline Trend Report from Lodging Econometrics, analysts reported that the country's total hotel construction pipeline, at the close of the fourth quarter of 2022, stands at 3,581 projects/675,074 rooms. Throughout 2022, there were 469 new hotels that opened in China. Revenue from the Group's OS&E business was approximately HK\$149.4 million for the year ended 31 December 2022, representing a decrease of 4.5% as compared with approximately HK\$156.4 million for the year ended 31 December 2021, and representing 8.3% (for the year ended 31 December 2021: 10.9%) of the Group's total revenue. Gross profit from the OS&E business decreased by 3.0% to approximately HK\$36.1 million for the year ended 31 December 2022 (for the year ended 31 December 2021: approximately HK\$37.2 million). The segment's gross profit margin increased 0.4 percentage point to 24.2% for the year ended 31 December 2022 (for the year ended 31 December 2021: 23.8%).

For the year ended 31 December 2022, OS&E business revenues from the PRC and other markets were approximately HK\$103.2 million and HK\$46.2 million (for the year ended 31 December 2021: approximately HK\$125.0 million and HK\$31.4 million) respectively, representing 69.1% and 30.9% (for the year ended 31 December 2021: 79.9% and 20.1%) of the total OS&E business segment revenue respectively.

The Group will continue to explore the potential demand for OS&E markets, further expand the scale of replenishment business, and enhance long-term customer stickiness with rich product categories and high-quality services, while striving to develop more high-value customers to establish long-term cooperative relationships, so as to support sustainable business development.

### **Health Care and Hygienic Products Business**

The Group continues to produce high-quality health care and hygienic products and disposable infection control products such as the medical equipment covers to meet different demands in the market. With the arrival of the post-pandemic era and the continuous growth of the global ageing population, the public's awareness of personal health care has greatly increased, and the demand for health care and hygienic products has been increasing. There is still room for growth in the health care and hygienic products market and the scale of the industry will continue to expand. Therefore, the Group seized market opportunities and continued to provide abundant and high-quality health care products to the market, aiming for steady growth in revenue.

Revenue from the Group's health care and hygienic products business for the year ended 31 December 2022 was approximately HK\$266.7 million (for the year ended 31 December 2021: approximately HK\$191.3 million), which contributed 14.9% (for the year ended 31 December 2021: 13.3%) to the Group's total revenue. Gross profit from the health care and hygienic products business was approximately HK\$64.0 million for the year ended 31 December 2022 (for the year ended 31 December 2021: approximately HK\$25.0 million). The segment's gross profit margin increased 10.9 percentage points to 24.0% for the year ended 31 December 2022 (for the year ended 31 December 2021: 13.1%).

In early 2022, the fifth wave of COVID-19 pandemic in Hong Kong has led to an increase in sales of related hygienic products. For the year ended 31 December 2022, the revenue of health care and hygienic products business from Hong Kong was approximately HK\$77.7 million (for the year ended 31 December 2021: approximately HK\$51.9 million), representing 29.1% (for the year ended 31 December 2021: 27.1%) of the total health care and hygienic products business segment revenue. The Group also continued to drive the health care and hygienic products business development in other regions. For the year ended 31 December 2022, the revenues of health care and hygienic products business from the North America and other markets were approximately HK\$154.7 million and HK\$34.3 million (for the year ended 31 December 2021: approximately HK\$104.8 million and HK\$34.6 million) respectively, representing 58.0% and 12.9% (for the year ended 31 December 2021: 54.8% and 18.1%) of the total health care and hygienic products business segment revenue respectively.



## **OUTLOOK AND STRATEGIES**

The Group is aiming to become an excellent international corporate brand specialising in hospitality supplies and personal care products, create maximum value for stakeholders, and support ecology for sustainable development.

### **Expected recovery in global tourism growth**

Currently there are still many risks around the world that slowing the pace of economic recovery. As countries around the world loosen their anti-pandemic policies, economic activities and the personnel flow are recovering. All these factors are favorable for the accelerated recovery of the global tourism industry. Looking into 2023, as the pandemic gradually dissipates, the global economic situation will improve, which will promote the growing well in development of the travel, tourism and aviation industries. The Economist Intelligence Unit expected pent-up demand for travel to drive growth of 30% in international tourism arrivals in 2023, taking them to 1.6 billion. Benefiting from the recovery of global tourism industry, the hospitality supplies and OS&E businesses of the Group will gradually improve and is expected to resume continuous growth.

### **Recovery in tourism industry in the PRC**

China removed all pandemic prevention policies by the end of 2022 and resumed tourist arrivals in an orderly manner, China's tourism industry gradually started to recover. According to the "Review & Forecast (2022~2023)" (Blue Book of China's Tourism Economy No.15) issued by the China Tourism Academy, the expected domestic tourists and tourism revenue in 2023 will recover to 70-75% of pre-pandemic levels, and the person-times of inbound and outbound tourists will return to 30-40% of pre-pandemic. The re-opening of the China market has stimulated a strong recovery in tourism. The Group is optimistic about the prospects of China's tourism industry and the hospitality supplies and OS&E businesses in the PRC are expected to drive.

### **Development in Southeast Asia market**

With the easing of supply chain pressure, the lifting of travel restrictions and the re-opening of borders by countries, the tourism growth in Southeast Asia will be released, which will also provide strong support for economic growth of countries in Southeast Asia. According to the recent article published by STR, the occupancy level in Southeast Asia was 53.8% in 2022, was 15.6 percentage points ahead of 2021. The Group is optimistic about the future potential development of the Southeast Asian market and intends to continue to expand the industry chain to Southeast Asia. The Group will continue to utilise the production lines for liquid products in the Cambodia, which is expected to increase the production volume of hospitality supplies products in Southeast Asia. Meanwhile, the Group will actively expand its product categories with leveraging its advantages in product portfolio diversification and regional cost in order to continuously explore the potential of the Southeast Asia market. The Group will actively captures for cooperation with local suppliers to further consolidate and expand its business scope in the Southeast Asia region.



## **Promotion of health care and hygienic products business**

With the arrival of the post-pandemic era, the rich development opportunities in the health care and hygienic products market have gradually emerged. The Group will closely follow the market development trend and continue to expand the business scope of health care and hygienic products to meet the changing market demand, and enhance the penetration rate of the Group's brands and products. The Group is still optimistic about the future prospects of the health care products industry and will continue to invest capital, as appropriate, to enhance product research and development capabilities. In the future, the Group will leverage on its technological advantages and brand reputation to continuously expand its target user base to fully cover individual consumers, commercial institutions, hospitals etc., and adjust online and offline marketing strategies in a timely manner to enhance operational efficiency and promote more cooperation and business development opportunities.

## **Implementing the green concept of development and production**

The importance of measuring environment, social and governance ("ESG") performance has become increasingly prominent. In order to meet the transformation needs of green development in the hotel industry, the Group will continue to adopt green strategies to promote the sustainable development of the industry chain and invest resources to develop green hotel supplies products with environmentally-friendly materials. The Group will also flexibly implement the concept of environmental protection, and actively fulfill the responsibility of energy conservation and emission reduction to promote carbon footprint management and further improve the Group's ESG performance.

## **Profitability and core competitiveness enhancement**

The Group's core operating metrics are expected to improve as the impact of the COVID-19 pandemic fades. As a recovery in the tourism industry of various countries, the rapid growth of tourism demand has reduced customers' price sensitivity, and also provided the Group with more room for better pricing. The Group will improve the resource utilisation rate of the production base in Cambodia, while strengthening production cost control and the procurement of raw material alternatives, so as to strive to improve production efficiency and the profit margin of the Group. The Group will make full use of its own products and cost advantages to enhance its core competitiveness and create higher value for customers. Meanwhile, the Group also continues to optimise the strategies related to working capital management, business development and cost control to release the Group's operating momentum and build a solid long-term development foundation for the Group.

## **Capture market recovery opportunities**

The Group will flexibly respond to market changes, make full use of cost and product advantages, and further strengthen the industrial chain to promote business expansion to different regions and fields, and consolidate market position. Meanwhile, the Group will continue to optimise its product portfolio and customer services, and actively develop more high-value customers on the basis of stable long-term user cooperation, so as to improve its competitiveness and market share, and enhance the Group's development resilience. The Group will seize the development opportunities of market recovery, improve corporate quality and efficiency, and strive for the sustainable development of operating performance.

## **EMPLOYEES AND REMUNERATION POLICY**

The total number of employees of the Group was approximately 4,700 as at 31 December 2022. The employee benefit expenses including Directors' emoluments were approximately HK\$424.5 million for the year ended 31 December 2022. The remuneration of employees (including the Directors and senior management) of the Group are generally structured by reference to market terms and individual merits, which is reviewed on a regular basis. The Group also provides various other benefits to designated staff, including discretionary bonus, social insurance or medical insurance, share option scheme, share award scheme, continuing education and training programmes. The Group also launched key performance indicators assessment scheme and commendation annual award scheme to boost individual performance and operational efficiency.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2022, the Group has complied with all the code provisions in the "Corporate Governance Code" as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), except the deviation of the followings:

- Code provision C.2.1: 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 of the Company, including the Chairman of the Company. The Board considers that this arrangement allows contributions from all Executive Directors of the Company with different expertise and is beneficial to the continuity of the Company's policies and strategies.
- Code provision F.2.2: the Chairman of the Board did not attend the annual general meeting of the Company held on 25 May 2022 due to other business commitments.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company, except that the trustee of the share award scheme of the Company (the "Scheme") purchased a total of 5,000,000 Shares at a total consideration of approximately HK\$2.1 million on the Stock Exchange pursuant to the terms of the scheme rules and trust deed of the Scheme.

## **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 final results for the year ended 31 December 2022.

## **MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS**

The Company adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) as 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 as set out in the Model Code for the year ended 31 December 2022.

## **ANNUAL GENERAL MEETING**

It is proposed that the forthcoming annual general meeting of the Company will be held on Wednesday, 24 May 2023 (“AGM”). The notice of AGM will be published and delivered to the shareholders of the Company (the “Shareholders”) in due course.

## **FINAL DIVIDEND**

The Board recommend the payment of a final dividend of HK3.0 cents per Share for the year ended 31 December 2022. Subject to the approval by the Shareholders at the AGM, the final dividend will be paid on or around Friday, 9 June 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 2 June 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

For ascertaining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023 (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 documents in respect of transfers of Shares 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 18 May 2023.

For ascertaining the entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 31 May 2023 to Friday, 2 June 2023 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all documents in respect of transfers of Shares 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 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 30 May 2023.

## **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 2022 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 draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 and published on the HKExnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.mingfaigroup.com](http://www.mingfaigroup.com)) in due course.

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

Hong Kong, 28 March 2023

*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. NG Bo Kwong, Mr. SUN Eric Yung Tson and Mr. KWONG Tony Wan Kit.*