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

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

2008 INTERIM RESULTS

The board of directors (the "Board") of Ming Fai International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Note	(Unaudited) Six months ended 30 June 2008 HK$'000	(Audited) Six months ended 30 June 2007 HK$'000
Revenue	3	**393,877**	383,207
Cost of sales	4	**(284,268)**	(265,474)
Gross profit		**109,609**	117,733
Distribution costs	4	**(27,748)**	(25,741)
Administrative expenses	4	**(20,566)**	(20,607)
Other income		**7,612**	1,019
Operating profit		**68,907**	72,404
Finance costs		**(2,651)**	(241)
Share of profit of an associated company		**78**	40
Profit before income tax		**66,334**	72,203
Income tax expenses	5	**(12,353)**	(12,461)
Profit for the period attributable to equity holders of the Company		**53,981**	59,742
Earnings per share attributable to equity holders of the Company (Weighted average number of 600,000,000 (2007: 450,000,000) ordinary shares in issue) (Expressed in HK$)			
– Basic	6	**0.09**	0.13
– Diluted	6	**0.09**	0.13

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	Note	(Unaudited) 30 June 2008 HK$'000	(Audited) 31 December 2007 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**14,012**	13,568
Property, plant and equipment		**134,603**	126,798
Intangible assets		**575**	627
Investment in an associated company		**233**	155
Deferred income tax assets		**6,590**	5,276
Total non-current assets		**156,013**	146,424
Current assets			
Inventories		**93,986**	54,379
Trade and bills receivables	*8*	**156,804**	162,059
Amount due from an associated company		**297**	346
Deposits, prepayments and other receivables		**26,093**	18,553
Restricted cash		**84,116**	32,526
Cash and cash equivalents		**486,468**	535,024
Total current assets		**847,764**	802,887
Total assets		**1,003,777**	949,311
EQUITY			
Capital and reserve attributable to the equity holders of the Company			
Share capital		**6,000**	6,000
Share premium		**408,242**	408,242
Reserves		**299,665**	241,524
Proposed final dividend	*7*	**–**	50,400
Total equity		**713,907**	706,166
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**466**	322
Total non-current liabilities		**466**	322
Current liabilities			
Trade payable	*9*	**104,003**	93,772
Accruals and other payables		**69,854**	74,802
Current income tax liabilities		**31,960**	22,057
Borrowings		**81,323**	52,192
Derivative financial instruments		**2,264**	–
Total current liabilities		**289,404**	242,823
Total liabilities		**289,870**	243,145
Total equity and liabilities		**1,003,777**	949,311
Net current assets		**558,360**	560,064
Total assets less current liabilities		**714,373**	706,488

NOTES:

1 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRSs").

2 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- HK(IFRIC) – Int 11, 'HKFRS 2 – Group and treasury share transactions'

- HK(IFRIC) – Int 12, 'Service concession arrangements'

- HK(IFRIC) – Int 14, 'HKAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This standard does not have significant impact on the results of operation of the Group.

- HKAS 23 (Revised), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. Management is in the process of assessing the impact of this amendment, but is not yet in a position to state whether this amendment would have a significant impact on its results of operations and financial position.

- HKFRS 2 (Amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. The Group has already commenced an assessment of the impact of this new interpretation, but is not yet in a position to state whether this new interpretation would have a significant impact on its results of operations and financial position.

- HKFRS 3 (Revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures.

- HKAS 1 (Revised), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of assessing the impact of this amendment.

- HKAS 32 and HKAS 1 (Amendment), 'Financial instruments: presentation', and consequential amendments to HKAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments.

- HK(IFRIC) – Int 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. This amendment is not relevant to the Group as the Group does not have any customer loyalty programmes.

3 SEGMENT INFORMATION

(a) Primary reporting format - business segments

No business segment information of the Group is presented as the Group's revenue, expenses, assets and liabilities and capital expenditures are primarily attributable to the manufacture and sales of amenity products.

(b) Secondary reporting format - geographical segments

The Group primarily operates in Hong Kong and the People's Republic of China ("PRC"). The Group's turnover by geographical location is determined by the place in which the customer is located.

	(Unaudited)	(Audited)
	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Turnover:		
North America	**153,534**	146,937
Europe	**70,605**	84,997
PRC	**66,683**	53,186
Hong Kong	**44,179**	54,654
Australia	**19,870**	5,897
Other Asia Pacific countries (ex Australia) *(note i)*	**34,978**	35,845
Others *(note ii)*	**4,028**	1,691
	393,877	383,207

Notes:

i. Other Asia Pacific countries (ex Australia) mainly include Japan, United Arab Emirates, Thailand, Philippines, Malaysia and Singapore.

ii. Others mainly include South Africa, Egypt, Morocco and Nigeria.

Total assets are allocated based on where the assets are located.

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, deferred income tax assets, inventories, receivables, operating cash and restricted cash.

	(Unaudited)	(Audited)
	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
Total assets:		
Hong Kong	**590,035**	587,255
PRC	**403,820**	353,078
Other Asia Pacific countries	**9,922**	8,978
	1,003,777	949,311

Capital expenditure is allocated based on where the assets are located.

Capital expenditure comprises mainly additions to property, plant and equipment, leasehold land and land use rights and intangible assets.

	(Unaudited)	(Audited)
	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Capital expenditure in:		
Hong Kong	**2,424**	900
PRC	**8,797**	13,051
Singapore	**632**	11
	11,853	13,962

4 EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses are presented as follows:

	(Unaudited)	(Audited)
	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Changes in inventories	**209,260**	197,985
Auditors' remuneration	**581**	1,010
Amortisation of leasehold land and land use rights	**160**	114
Depreciation of property, plant and equipment	**10,477**	8,369
Amortisation of intangible assets	**52**	52
Operating lease rental in respect of buildings	**1,065**	523
Provision for obsolete inventories	**1,810**	1,612
Provision for impairment of trade and bills receivables	**1,298**	854
Write-off of bad debts	**34**	–
Employee benefit expenses	**55,447**	54,024
Transportation expenses	**12,868**	12,374
Exchange (gains)/losses	**(3,717)**	1,312
Advertising costs	**1,245**	780

5 INCOME TAX EXPENSES

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

	(Unaudited)	(Audited)
	Six months ended 30 June	
	2008	2007
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax	**12,812**	10,984
– PRC enterprise income tax	**497**	2,659
– Singapore income tax	**(127)**	480
	13,182	14,123
Deferred income tax	**(829)**	(1,662)
	12,353	12,461

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the period. In June 2008, the Hong Kong government enacted a change in the profits tax rate from 17.5% to 16.5% commencing from the fiscal year 2008/2009.

Overseas tax is calculated based on the estimated taxable income and the income tax rates prevailing in their countries of operation. The new Foreign Enterprise Income Tax Law in the PRC became effective since 1 January 2008 and the tax rate applicable to a subsidiary in Shenzhen has been adjusted to 18%.

6 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$53,981,000 (2007: HK$59,742,000) by the weighted average number of 600,000,000 (2007: 450,000,000) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2008 (2007: Nil).

7 DIVIDENDS

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 June 2008 (2007: Nil).

For the year ended 31 December 2007, a final dividend of HK$0.084 per share, amounting to a total dividend of HK$50,400,000, was proposed by the Board on 29 February 2008, which was approved by the Company's shareholders on 10 April 2008 and payable on 2 May 2008.

8 TRADE AND BILLS RECEIVABLES

	(Unaudited) **30 June 2008** ***HK$'000***	(Audited) 31 December 2007 *HK$'000*
Trade receivables	**151,765**	154,447
Bills receivables	**10,813**	11,808
	162,578	166,255
Less: provision for impairment of receivables	**(5,774)**	(4,196)
Trade and bills receivables, net	**156,804**	162,059

Ageing analysis of trade and bills receivables as at 30 June 2008 and 31 December 2007 is as follows:

	(Unaudited) **30 June 2008** ***HK$'000***	(Audited) 31 December 2007 *HK$'000*
Current	**93,826**	93,296
1 - 30 days	**37,751**	40,681
31 - 60 days	**16,403**	17,927
61 - 90 days	**4,012**	6,538
91 - 180 days	**5,474**	3,983
Over 180 days	**5,112**	3,830
	162,578	166,255

The credit period granted by the Group ranges from 30 to 120 days.

9 TRADE PAYABLE

The ageing analysis of trade payable is as follows:

	(Unaudited) **30 June 2008** ***HK$'000***	(Audited) 31 December 2007 *HK$'000*
Current	**66,074**	69,644
1 - 30 days	**25,935**	20,568
31 - 60 days	**10,402**	579
61 - 90 days	**319**	464
Over 90 days	**1,273**	2,517
	104,003	93,772

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2008, the Group recorded a consolidated revenue of HK$393.9 million, representing an increase of approximately 2.8% over the same period last year. Profit attributable to equity holders of the Company for the six months ended 30 June 2008 was HK$54.0 million, as compared to HK$59.7 million over the same period last year. Basic earnings per share was HK9 cents (2007: HK13 cents).

The consolidated net asset value increased to HK$713.9 million as at 30 June 2008 from HK$706.2 million as at 31 December 2007.

The Board has resolved not to pay any interim dividend in respect of the six months ended 30 June 2008 (2007: Nil).

BUSINESS REVIEW

The Group's 2008 interim results reflect solid performance in an increasingly challenging business environment. The first half of 2008 saw the slowdown in macro economic growth, the pressure of global inflation remained severe and the monetary policy continued to be tightened. Despite the current difficulties, the Group recorded revenue growth of approximately 2.8% and remained profitable in a less favourable operating environment.

Following strong performance last year, our profit margin was slightly affected by a number of adverse factors. The main factors were increased prices of raw materials coupled with moderate increases in labor and other production costs. Oil was a key contributor to inflationary pressures. The Group is of the view that the recent increase in the oil price is of a speculative nature and not reflecting the fundamentals, and hence will be softened during the year ahead.

In response to the increasingly challenging market conditions and margin pressure, the Group has monitored closely the market development and applied strategies flexibly in sourcing raw materials or semi-finished and finished products in order to have a broad supply network with competitive prices. In addition, the Group will continue to alleviate the pressure through price adjustments of its products, strengthening supervision on costs, as well as higher automation with an aim to maintain a stable profit margin.

During the period under review, the Group has secured new contracts and orders from more hotels or hotel groups and international airlines. The major clients of which including Super 8 Hotels (China) Company Limited, Ascott International Management, Millennium Hotels and Copthorne Hotels as well as other two reputable international hotel groups. Of these two reputable international hotel groups, one is Asian based hotel chain and one is international hotel chain. The new clients have stronger presence in China, Europe, North and Central America, Africa, Middle East and Asia Pacific. These new clients represent the most significant expansion in the Group's development and will add substantially to its growth. Also, the adding of those clients will further strengthen the Group's leading market position.

In anticipation of further business growth and development, particularly the increasing sales and office network in the PRC market, the Group expanded its sales and marketing activities by establishing a new marketing department to develop its own brands, new product formulations and designs, as well as diversify its customer base.

The Group continues to make progress in expansion in the PRC. In the first half of year 2008, the Group acquired a property at a cost of approximately Renminbi ("RMB") 2 million (approximately HK$2.2 million) in Chongqing as its sales office.

The Group continues to put due emphasis on corporate governance. During the period under review, the Group has established both investment committee and executive committee to oversee its investments and operations respectively. The Group also signed an agreement with a consultant to upgrade its management information system by purchasing the SAP All-in-One Software.

PROSPECTS

Despite the current difficulties, the Group remains confident in its future. China's economy maintained at a relatively stable growth rate. The Group believes this situation is unlikely to change in the near future which will present us with tremendous business opportunities in China. The new contracts signed with reputable hotel groups during the period under review also demonstrated that the Group has successfully enlarged its customer base both in China and overseas, and the contribution of these new contracts will be reflected in the second half of year 2008 and full year results. The Group will strive to secure more contracts, and is anticipated to have new orders from potential famous international hotel chains towards the end of this year.

The Group will continue to invest and build on its strength in supplying amenity products, by leveraging on its comprehensive range of products and services, well-established brands, strict quality control standards and leading market position which are springboards to achieve continued growth.

The Group will continue its strategy of capturing international acquisitions opportunities both in China and overseas so as to grow its earning base and production capacity. The Group is actively seeking acquisition opportunities in both upstream and downstream integration, and believes that these strategic acquisitions are conducive to the Group's long term development.

LIQUIDITY AND FINANCIAL RESOURCES

As 30 June 2008, the Group's cash and cash equivalents totalled HK$486.5 million (2007: HK$535.0 million).

As at 31 December 2007, the Group had outstanding borrowings drawn in RMB with carrying amount of HK$20.4 million, which were fully repaid by the Group during the six months ended 30 June 2008. Net US dollars ("US$") denominated loans increased by approximately HK$49.5 million over the six months to HK$81.3 million. These loans are secured by restricted cash and repayable within one year.

The gearing ratio at 30 June 2008, calculated on the basis of borrowings over total equity, is 11.4% as compared with 7.4% at 31 December 2007.

With the current level of cash and cash equivalents on hand and available banking facilities, the Group's liquidity position remains strong and it has sufficient financial resources to meet its current working capital requirement and future expansion.

CHARGES ON GROUP ASSETS

As at 30 June 2008, restricted cash held by the Group was pledged as security for US$ denominated loans drawn from a commercial bank in the PRC.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2008, the capital commitment of the Group was HK$6.3 million (2007: HK$1.8 million). As at 30 June 2008, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2008, the total number of employees of the Group was approximately 4,100. The Group offers a comprehensive remuneration package which is reviewed by management on a regular basis. The Group also invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrading their skills and knowledge.

CORPORATE SOCIAL RESPONSIBILITIES

The Group is committed to the principle of sustainable development. Shortly after the Sichuan quake, the Group and its employees raised HK$800,000 for the Hong Kong Red Cross. Corporate Social Responsibilities ("CSR") is not just about philanthropy. It is about the Group's responsibility towards the community and being able to provide a platform for it to give back in a way that is meaningful, fulfilling and sustainable. CSR will remain a prominent feature in the Group's agenda, and environmental management has become an integral part of the Group's business planning and daily operations.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2008, except for the following deviation:

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

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirements set out under the Model Code for the six months ended 30 June 2008.

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

Hong Kong, 4 September 2008

As at the date of this announcement, the executive Directors are Mr. CHING Chi Fai, Mr. CHING Chau Chung, Mr. CHING Chi Keung, Mr. LIU Zigang, Mr. LEE King Hay and Ms. CHAN Yim Ching; the non-executive Directors are Mr. NG Bo Kwong and Ms. CHAN Wing; and the independent non-executive Directors are Mr. SUN Kai Lit, Cliff BBS, JP, Mr. HUNG Kam Hung Allan and Mr. MA Chun Fung Horace.

* *for identification only*