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CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED
中港照相器材集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1123)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

- Sales of instant products increase by 13.1%
- Sales of digital products rise 3.2%
- The new business venture contributes 43.4% of the total turnover
- Board of Directors recommends final dividend of HK1 cent and final special dividend of HK1 cent per ordinary share

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	<i>Note</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	2	861,669	475,629
Cost of sales		(657,296)	(333,193)
Gross profit		204,373	142,436
Other income and gains, net	2	14,260	16,420
Changes in fair value of investment properties		16,632	27,950
Selling and distribution costs		(109,016)	(62,634)
Advertising and marketing expenses		(34,404)	(35,464)
Administrative expenses		(69,791)	(48,435)
Other operating expense, net		(14)	(5)

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Operating profit		22,040	40,268
Share of results of an associate		<u>(875)</u>	<u>—</u>
Profit before income tax	<i>3</i>	21,165	40,268
Income tax expense	<i>4</i>	<u>(5,480)</u>	<u>(7,703)</u>
Profit for the year		<u>15,685</u>	<u>32,565</u>
Profit attributable to:			
Owners of the Company		15,469	32,565
Non-controlling interests		<u>216</u>	<u>—</u>
		<u>15,685</u>	<u>32,565</u>
Earnings per share attributable to owners of the Company for the year	<i>6</i>		
Basic		<u>HK1.31 cents</u>	<u>HK2.80 cents</u>
Diluted		<u>HK1.31 cents</u>	<u>HK2.80 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>15,685</u>	<u>32,565</u>
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(48)</u>	<u>677</u>
Other comprehensive (loss)/income for the year	<u>(48)</u>	<u>677</u>
Total comprehensive income for the year	<u><u>15,637</u></u>	<u><u>33,242</u></u>
Attributable to:		
Owners of the Company	15,421	33,242
Non-controlling interests	<u>216</u>	<u>—</u>
	<u><u>15,637</u></u>	<u><u>33,242</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		77,877	28,961
Investment properties		168,720	197,945
Goodwill		80,085	35,878
Trademarks		15,173	–
Interest in an associate		125	600
Deposits		14,164	5,690
Deferred tax assets		67	33
		<hr/>	<hr/>
Total non-current assets		356,211	269,107
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		163,957	103,889
Trade receivables	7	52,212	22,856
Prepayments, deposits and other receivables		37,373	11,342
Tax recoverable		96	13
Held-to-maturity investment		–	6,019
Cash and bank balances		360,070	542,147
		<hr/>	<hr/>
Total current assets		613,708	686,266
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and bills payable	8	60,594	28,237
Accrued liabilities and other payables		56,955	40,067
Tax payable		9,485	11,180
		<hr/>	<hr/>
Total current liabilities		127,034	79,484
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET CURRENT ASSETS		486,674	606,782
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets less current liabilities		842,885	875,889
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current liabilities			
Accrued liabilities		9,615	7,624
Deferred tax liabilities		24,287	23,493
		<hr/>	<hr/>
Total non-current liabilities		33,902	31,117
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets		808,983	844,772
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	<i>Note</i>	2014 HK\$'000	2013 HK\$'000
Equity			
Equity attributable to owners of the Company			
Share capital		118,532	116,383
Reserves		666,517	687,656
Proposed final dividend	5	11,853	23,276
Proposed final special dividend	5	11,853	17,457
		808,755	844,772
Non-controlling interests		228	–
Total equity		808,983	844,772

NOTES:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

China-Hongkong Photo Products Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) have adopted the following new and revised Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current year’s financial statements.

HKAS 1 (Amendment)	Presentation of items of other comprehensive income
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Disclosure – offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 13	Fair value measurements
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine
Annual Improvements projects	Annual improvements 2009-2011 cycle
Annual improvement 2012	Fair value measurement
– Amendment to HKFRS 13	
Annual improvement 2013	First time adoption
– Amendment to HKFRS 1	

The adoption of the above new and revised HKASs and HKFRSs does not have significant impact on the Group’s results and financial positions nor any substantial change in the Group’s accounting policies, and presentations of the financial statements, except for additional disclosures as required by HKAS 1 (Amendment) “Presentation of items of other comprehensive income”, HKFRS 12 “Disclosure of interests in other entities” and HKFRS 13 “Fair value measurements”.

2. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents (i) the net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) income from the rendering of film processing, photofinishing services and technical services for photographic developing and processing products; and (iii) income from the provision of professional audio-visual advisory and custom design and installation services.

An analysis of revenue, other income and gains, net is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Sale of goods	730,618	363,946
Income from the rendering of services	131,051	111,683
	<u>861,669</u>	<u>475,629</u>
Other income and gains, net		
Interest income on bank deposits	4,769	6,655
Gross rental income	6,989	8,167
Others	2,502	1,598
	<u>14,260</u>	<u>16,420</u>

3. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Acquisition - related costs	4,898	-
Depreciation of property, plant and equipment	12,239	9,201
Impairment of property, plant and equipment	420	-
Amortisation of trademarks	527	-
Provision for inventories	3,762	4,410

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxation on profits assessable for the year in the People's Republic of China ("PRC") has been calculated at the rate of tax prevailing in the location in which the Group operates.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax – Hong Kong		
Charge for the year	4,247	4,343
(Over)/under provision in prior years	(327)	366
Current tax – PRC	<u>800</u>	<u>681</u>
	4,720	5,390
Deferred tax – origination and reversal of temporary differences	<u>760</u>	<u>2,313</u>
Income tax expense	<u><u>5,480</u></u>	<u><u>7,703</u></u>

5. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim special – HK2 cents (2013: HK2 cents) per ordinary share	23,706	23,276
Proposed final – HK1 cent (2013: HK2 cents) per ordinary share	11,853	23,276
Proposed final special – HK1 cent (2013: HK1.5 cents) per ordinary share	<u>11,853</u>	<u>17,457</u>
	<u><u>47,412</u></u>	<u><u>64,009</u></u>

The proposed final dividend and the proposed final special dividend for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on:

	2014 <i>HK\$000</i>	2013 <i>HK\$000</i>
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<u>15,469</u>	<u>32,565</u>
	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>1,177,391,720</u>	<u>1,163,828,377</u>

(b) Diluted earnings per share

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

7. TRADE RECEIVABLES – GROUP

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	52,940	23,583
Less: allowance for impairment of trade receivables	<u>(728)</u>	<u>(727)</u>
	<u>52,212</u>	<u>22,856</u>

The Group's trading terms with its customers are either on a cash basis or on credit. For credit sales, the credit period is generally 15 to 30 days, except for certain well-established customers where the terms are extended to 120 days. Each customer has a maximum credit limit pre-approved by senior management. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

An ageing analysis of the trade receivables as at the end of the year, based on the payment due date and net of impairment, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current to 3 months	50,783	22,268
Over 3 months	1,429	588
	52,212	22,856

The movements in provision for impairment of trade receivables are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At 1 April	727	719
Exchange realignment	1	8
At 31 March	728	727

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK\$728,000 (2013: HK\$727,000) which aged over 1 year with an aggregate carrying amount before provision of HK\$728,000 (2013: HK\$727,000). The individually impaired trade receivables relate to customers that were in financial difficulties or in default or delinquency in payments. The Group does not hold any collateral or other credit enhancements over these balances.

An ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	34,628	17,890
Less than 1 month past due but not impaired	10,787	3,528
1 month and over 1 month past due but not impaired	6,797	1,438
	52,212	22,856

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for which there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the Group's trade receivables approximate to their fair values and are denominated in HK dollars.

The maximum credit risk at the reporting date is the carrying value of the trade receivables.

8. TRADE AND BILLS PAYABLE – GROUP

An ageing analysis of the trade and bills payables at the end of the year, based on the date of goods purchased and services rendered, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 3 months	59,529	27,901
Over 3 months	<u>1,065</u>	<u>336</u>
	<u><u>60,594</u></u>	<u><u>28,237</u></u>

The Group's trade and bills payable are non-interest-bearing and are normally settled on 30-day terms. The carrying amounts of the Group's trade and bills payable approximate to their fair values.

OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) the merchandise segment engages in the marketing and distribution of photographic developing, processing and printing products and the sale of photographic merchandises, skincare products, consumer electronic products and household appliances;
- (b) the service segment engages in the provision of film processing, photofinishing services and technical services for photographic developing and processing products, professional audio-visual advisory and custom design and installation services;
- (c) the investment segment comprises the Group's businesses in investment properties; and
- (d) the corporate and others segment comprises the Group's corporate income and expense items and other investment businesses.

The chief operating decision maker of the Group has been identified as the Board of Directors. The Board of Directors monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income and share of results of an associate are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and bank balances, interest in an associate and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted at cost plus a mark-up of approximately 23.5% to 30.8% (2013: 24.0%).

(a) Operating segments

	Merchandise		Service		Investment		Corporate and Others		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	730,618	363,946	131,051	111,683	-	-	-	-	-	-	861,669	475,629
Intersegment sales	30,087	30,387	3,332	3,218	-	-	-	-	(33,419)	(33,605)	-	-
Other income and gains, net	3,495	875	-	606	24,065	36,119	456	845	(1,893)	(730)	26,123	37,715
Total	764,200	395,208	134,383	115,507	24,065	36,119	456	845	(35,312)	(34,335)	887,792	513,344
Segment results	3,488	4,344	2,404	1,616	20,062	31,271	(8,683)	(3,618)	-	-	17,271	33,613
Interest income											4,769	6,655
Share of results of an associate											(875)	-
Profit before tax											21,165	40,268
Income tax expense											(5,480)	(7,703)
Profit for the year											15,685	32,565

During the year, the Group performed a review on its businesses and rationalised the classifications for certain other income and gains allocated to the respective reporting segments. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation.

	Merchandise		Service		Investment		Corporate and Others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities										
Segment assets	324,936	145,319	52,982	46,289	170,177	199,249	61,466	21,723	609,561	412,580
Unallocated assets									360,358	542,793
Total assets									<u>969,919</u>	<u>955,373</u>
Segment liabilities	95,711	44,845	7,970	5,367	8,835	10,007	14,648	15,709	127,164	75,928
Unallocated liabilities									33,772	34,673
Total liabilities									<u>160,936</u>	<u>110,601</u>
Other segment information:										
Depreciation	4,444	2,264	5,299	5,450	-	-	2,496	1,487	12,239	9,201
Capital expenditure ¹	9,770	4,310	1,580	2,444	-	-	2,009	401	13,359	7,155
Changes in fair value of investment properties	-	-	-	-	(16,632)	(27,950)	-	-	(16,632)	(27,950)
Provision for inventories	3,762	4,410	-	-	-	-	-	-	3,762	4,410

¹ Capital expenditure consists of additions to property, plant and equipment.

During the year, the Group performed a review on its businesses and rationalised the classifications for certain assets allocated to the respective reporting segments. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation.

(b) Geographical information

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue from external customers		
Hong Kong	<u>861,669</u>	<u>475,629</u>

The revenue information above is based on the location in which the Group operates.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets		
Hong Kong	235,475	151,033
PRC	<u>120,669</u>	<u>118,041</u>
	<u>356,144</u>	<u>269,074</u>

The non-current assets information above is based on the location of assets and excludes deferred tax assets.

(c) Information about a major customer

Revenue of approximately HK\$40,543,000 (2013: HK\$40,618,000) was derived from sales by the merchandise segment to a single customer.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Profit/Loss

The Group recorded consolidated turnover for the year ended 31 March 2014 of HK\$862 million. Net profit attributable to owners amounted to HK\$15 million. Basic earnings per share was HK1.3 cents. The Board of Directors has proposed a final dividend of HK1 cent and a final special dividend of HK1 cent per ordinary share.

Merchandising

Photographic Products

The Group announced that sales of instant products remained strong throughout the year, growing 13.1% over the previous year. The increase was attributed to the introduction of new, highly sought-after instant camera models with attractive advanced functions. Digital product sales also rose, increasing 3.2% year on year. Growth was credited to successful marketing initiatives, product launches of new professional digital camera models and the popularity of the FUJIFILM's interchangeable lens system.

Skincare Products

The Group's range of skincare products faced difficult market conditions and stiff competition in 2014, leading to a decrease in turnover of 8.6%. However, it still achieved positive sales growth of 4% for the segment's best-selling item, Jelly Aquarysta. During the year, the Group also introduced a new product line, Lunamer, which is targeted at younger customers. Lunamer contributed an encouraging 4% of the Group's total skincare products sales.

Consumer Electronics Products & Household Appliances

Consumer electronics products and household appliances cover the range of items sold under the Group's retail brands of AV Life, Life Electric and Life Digital. As at 31 March 2014, the Group operated 13 retail outlets across Hong Kong, located mainly in prime, upscale locations with high foot traffic. In the eight months from the acquisition of certain business assets from YCY Holding Limited and its subsidiaries, and Galerien und PartnerPlus Limited to the end of the current fiscal year, retail sales for the segment performed respectably, contributing 19.5% of the Group's overall turnover.

The segment's wholesale business also performed well, especially after the acquisition of the distribution rights to wholesale large-sized television sets from Samsung. Overall, wholesale for the segment accounted for 21.7% of the total turnover of the Group for the year.

Servicing

Photofinishing and Technical Services

Despite an overall downturn, certain specialist areas within this segment experienced encouraging growth. The Group's Imaging Gift service enjoyed strong sales of 27.3% over last year, as paper products and other gift items continued to find a ready market. In addition, the Group's online business enjoyed strong growth of 32.9%. Sales came primarily from its successful online photo output service and new online DIY service for imaging products.

Custom Design and Installation Services

The Group's custom design and installation services provide audio-visual project design and installation for both non-commercial and commercial organisations. This new business was still establishing itself during the period under review, contributing 2.2% to the Group's total turnover for the year.

BRAND MANAGEMENT

The Group continued to organise a creative range of events and activities to promote its instant cameras, and rolled out new instant cameras and related promotional packages during the year. The Group also introduced a number of important new FUJIFILM digital camera models. Many of the Group's FUJIFILM cameras and lenses achieved significant sales boosts after winning prestigious awards.

The Group's FUJIFILM STUDIO continued to act as an important promotional tool for boosting camera sales, by providing photography lovers with opportunities to learn more about photo-taking and how to make the most of their FUJIFILM cameras through various seminars and competitions.

For skincare products, the Group spent considerable effort building its beauty brand – ASTALIFT, in order to keep perception of the brand and its products at the cutting edge of the industry. The Group welcomed TV actress Nancy Wu (胡定欣) as its Hong Kong regional celebrity for ASTALIFT and beauty product sales were given a further boost by a Jessica Code Excellence Award 2013, the "Excellence in Intake Collagen Award".

During the year, the Group also focused on raising the profiles of the brand names under its new business venture, boosting sales through promotional campaigns and special offers. The Group's AV Life brand is a market leader for large-sized TVs, and the Group reinforced this distinctive edge by regularly placing numerous advertisements.

The Fotomax website was revamped in 2013 and given a soft launch in October, followed by extensive promotional activities, including newspaper and magazine print ads, a web banner on Yahoo.com, and TV commercials on TVB.com and Touch Media.

FINANCIAL RESOURCES

The financial position of the Group remained sound and healthy during the year under review. As at 31 March 2014, the Group's cash and bank balances were approximately HK\$360 million with a zero gearing ratio. Trade receivables of HK\$52 million were recorded at the end of the year, while inventories were HK\$164 million.

OUTLOOK

The year 2013/2014 was another milestone for the Group. In addition to nurturing steady growth among its established businesses, the Group took a big step forward by bringing a new venture to the Group, which has created opportunities and helped the Group achieve valuable synergies through the restructuring of some of its existing business models.

The Group's new "shop-in-shop" concept, for example, has not only reduced pressure from high rent and staffing costs, but also encouraged customers to engage in cross-over shopping. The Group believes the success of this new business model will help the Group move closer to its vision of providing diversified products and services to its customers in an efficient and cost-effective manner.

The Group plans to further enhance the business' brand image over the coming years. This will involve giving the shops a facelift to project a more elegant and sophisticated image, and adding a number of professional, specialised AV products to the product mix. The Group will also carry out intensive staff training in areas such as sales techniques and product knowledge to ensure a highly polished and professional workforce.

Elsewhere, the Group is looking to extend its current custom design and installation services (e.g. video conference system installation) into the PRC, which is a potentially huge market for the business. To this end, the Group will be setting up a new, wholly-owned subsidiary of the Group in Shanghai as a liaison office.

The Group is also in the process of setting up a new business in selling digital wide-format printers, which are large-scale printers typically used to print banners, posters and general signage. The Group intends to launch the business in both Hong Kong and the PRC. The Group believes that digital wide-format printing represents an important technology with significant potential for the future.

For Fotomax, the Group has already relocated most of its shops to secondary locations with lower rents. In April, Fotomax and Life Digital collaborated to open a new joint concept store in Yuen Long. This new model is helping improve the Group's position in the leasing market, as the shop combines Fotomax's traditional services with Life Digital's trendy digital gadgets to bring in new customers. Fotomax has also joined Fuji Xerox and a famous publisher to provide an on-demand printing service for the textbook and exercise book market. In addition, the Group is now working on a mobile version of fotomax.com that should be available in the third quarter of 2014. This, together with Fotomax's Easy Print Mobile Apps, will give the Group's customers a convenient platform to order imaging services via mobile phones or tablets, with no significant overheads for the Group.

CLOSURE OF SHARE REGISTER

The Annual General Meeting of the Company is scheduled on Friday, 22 August 2014. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 20 August 2014 to Friday, 22 August 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 August 2014.

The proposed final dividend and the proposed final special dividend are subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend and the proposed final special dividend is Friday, 29 August 2014. For determining the entitlement to the proposed final dividend and the proposed final special dividend, the register of members of the Company will be closed on both days of Thursday, 28 August 2014 and Friday, 29 August 2014, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and the proposed final special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at the above address, for registration not later than 4:30 p.m. on Wednesday, 27 August 2014. The proposed final dividend and proposed final special dividend will be paid on Thursday, 18 September 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established in accordance with the Rules 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Committee comprises a total of four independent non-executive directors of the Company. The Group's financial statements for the year ended 31 March 2014 have been reviewed by the Committee, which is of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

REVIEW OF ANNUAL RESULTS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers Hong Kong 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 Hong Kong on this preliminary announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions as set out in Appendix 14 of the Main Board Listing Rules (the "CG Code") throughout the year ended 31 March 2014.

Full details on the subject of corporate governance are set out in the Company's 2014 Annual Report.

MEMBERS OF THE BOARD

As of the date of this announcement, Dr Sun Tai Lun, Dennis is the chairman of the Board, Mr Sun Tao Hung, Stanley is the deputy chairman of the Board, Mr Tang Kwok Tong, Simon and Ms Ng Yuk Wah, Eileen are the executive directors. Mr Au Man Chung, Malcolm, Mr Li Ka Fai, David, Mr Liu Hui, Allan and Dr Wong Chi Yun, Allan are the independent non-executive directors.

On behalf of the Board
Sun Tai Lun
Chairman

HKSAR, 26 June 2014

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