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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 2017

HIGHLIGHTS

- Challenging economic environment impacted the Group's turnover for the year
- High-quality professional photographic equipment remains a vibrant market; digital product sales rose 42.6%
- Board of Directors does not recommend any final dividend for the year

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	2	852,510	886,668
Cost of sales		<u>(652,582)</u>	<u>(685,563)</u>
Gross profit		199,928	201,105
Other income and gains	2	15,479	12,481
Changes in fair value of investment properties		3,855	13,966
Selling and distribution costs		(143,049)	(136,829)
Advertising and marketing expenses		(22,681)	(21,722)
Administrative expenses		(72,627)	(76,890)
Impairment of goodwill and trademarks		<u>–</u>	<u>(57,810)</u>

	<i>Note</i>	2017 HK\$'000	2016 <i>HK\$'000</i>
Operating loss		(19,095)	(65,699)
Share of results of an associate		<u>—</u>	<u>(147)</u>
Loss before income tax	<i>3</i>	(19,095)	(65,846)
Income tax credit/(expense)	<i>4</i>	<u>448</u>	<u>(3,018)</u>
Loss for the year		<u>(18,647)</u>	<u>(68,864)</u>
(Loss)/profit attributable to:			
Owners of the Company		(19,436)	(70,480)
Non-controlling interests		<u>789</u>	<u>1,616</u>
		<u>(18,647)</u>	<u>(68,864)</u>
Loss per share attributable to owners of the Company for the year	<i>5</i>		
Basic		<u>(HK1.64 cents)</u>	<u>(HK5.95 cents)</u>
Diluted		<u>(HK1.64 cents)</u>	<u>(HK5.95 cents)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss for the year	<u>(18,647)</u>	<u>(68,864)</u>
Other comprehensive loss:		
<i>Item that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<u>(1,973)</u>	<u>(918)</u>
Other comprehensive loss for the year	<u>(1,973)</u>	<u>(918)</u>
Total comprehensive loss for the year	<u><u>(20,620)</u></u>	<u><u>(69,782)</u></u>
Attributable to:		
Owners of the Company	<u>(21,409)</u>	<u>(71,398)</u>
Non-controlling interests	<u>789</u>	<u>1,616</u>
	<u><u>(20,620)</u></u>	<u><u>(69,782)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		68,325	74,717
Investment properties		194,240	190,785
Goodwill		–	–
Trademarks		–	–
Interest in an associate		–	–
Deposits		13,511	12,687
Deferred tax assets		234	183
		<hr/>	<hr/>
Total non-current assets		276,310	278,372
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		154,343	158,002
Trade receivables	6	40,770	63,034
Amount due from an associate		21,825	10,169
Prepayments, deposits and other receivables		39,740	35,605
Tax recoverable		618	765
Cash and bank balances		241,180	260,701
		<hr/>	<hr/>
Total current assets		498,476	528,276
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		774,786	806,648
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		118,532	118,532
Reserves		528,368	549,777
		<hr/>	<hr/>
		646,900	668,309
Non-controlling interests		1,853	1,064
		<hr/>	<hr/>
Total equity		648,753	669,373
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	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Accrued liabilities		2,837	4,685
Deferred tax liabilities		23,571	25,276
		<hr/>	<hr/>
Total non-current liabilities		26,408	29,961
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and bills payable	7	41,739	45,774
Accrued liabilities and other payables		49,624	53,051
Tax payable		8,262	8,489
		<hr/>	<hr/>
Total current liabilities		99,625	107,314
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Total liabilities		126,033	137,275
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total equity and liabilities		774,786	806,648
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Net current assets		398,851	420,962
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total assets less current liabilities		675,161	699,334
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NOTE:

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 amended Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current year’s consolidated financial statements.

HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

The adoption of the above new and amended 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 consolidated financial statements.

2. REVENUE, OTHER INCOME AND GAINS

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

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

	2017	2016
	HK\$’000	HK\$’000
Revenue		
Sale of goods	703,490	727,867
Income from the rendering of services	149,020	158,801
	852,510	886,668
Other income and gains		
Interest income on bank deposits	2,635	2,234
Gross rental income	7,351	7,388
Others	5,493	2,859
	15,479	12,481

3. LOSS BEFORE INCOME TAX

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Depreciation of property, plant and equipment	20,494	19,711
Impairment of goodwill and trademarks	–	57,810
Amortisation of trademarks	–	785
Provision for inventories	3,575	2,492
	<u>3,575</u>	<u>2,492</u>

4. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxation on profits assessable for the year in the PRC has been calculated at the rates of tax prevailing in the location in which the Group operates.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax – Hong Kong		
Charge for the year	463	642
Over provision in prior years	(298)	(503)
Current tax – PRC		
Charge for the year	960	1,081
Over provision in prior years	(2)	–
	<u>1,123</u>	<u>1,220</u>
Deferred tax	(1,571)	1,798
	<u>(448)</u>	<u>3,018</u>

5. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	<u>(19,436)</u>	<u>(70,480)</u>
	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>1,185,318,349</u>	<u>1,185,318,349</u>

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

6. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	41,428	63,732
Less: Provision for impairment of trade receivables	<u>(658)</u>	<u>(698)</u>
	<u>40,770</u>	<u>63,034</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.

As at 31 March 2017, balances are relating to a large number of diversified customers.

As at 31 March 2016, trade receivables of approximately HK\$19,574,000 are due from a single external customer. The remaining balances are relating to a large number of diversified customers.

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current	28,730	50,856
1 to 3 months	10,467	10,799
Over 3 months	1,573	1,379
	<u>40,770</u>	<u>63,034</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At 1 April	698	805
Provision during the year	–	(78)
Exchange realignment	(40)	(29)
	<u>658</u>	<u>698</u>

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Neither past due nor impaired	28,731	50,856
Less than 1 month past due but not impaired	9,591	8,838
1 month and over 1 month past due but not impaired	2,448	3,340
	<u>40,770</u>	<u>63,034</u>

As at 31 March 2017, trade receivables that were neither past due nor impaired relate to a large number of diversified customers.

As at 31 March 2016, trade receivables that were neither past due nor impaired relate to a large number of diversified customers, included a single external customer of HK\$19,574,000, 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 their fair values and are denominated in HK\$.

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

7. TRADE AND BILLS PAYABLE

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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 3 months	41,051	44,805
Over 3 months	688	969
	<u>41,739</u>	<u>45,774</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 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:

- (i) 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;
- (ii) the service segment engages in the provision of technical services for photographic developing and processing products, professional audio-visual advisory and custom design and installation services;
- (iii) the investment segment comprises the Group's businesses in investment properties; and
- (iv) 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 income tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before income 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 6.29% to 29.91% (2016: 14.65% to 28.95%).

(a) Operating segments

	Merchandise		Service		Investment		Corporate and Others		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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	703,490	727,867	149,020	158,801	-	-	-	-	-	-	852,510	886,668
Intersegment sales	31,043	29,126	2,984	3,240	-	-	-	-	(34,027)	(32,366)	-	-
Other income and gains	5,385	4,716	-	-	15,322	24,468	110	104	(4,118)	(5,075)	16,699	24,213
Total	<u>739,918</u>	<u>761,709</u>	<u>152,004</u>	<u>162,041</u>	<u>15,322</u>	<u>24,468</u>	<u>110</u>	<u>104</u>	<u>(38,145)</u>	<u>(37,441)</u>	<u>869,209</u>	<u>910,881</u>
Segment profit/(loss)	<u>(24,762)</u>	<u>(77,971)</u>	<u>4,108</u>	<u>2,919</u>	<u>8,363</u>	<u>15,916</u>	<u>(9,439)</u>	<u>(8,797)</u>	<u>-</u>	<u>-</u>	<u>(21,730)</u>	<u>(67,933)</u>
Interest income											2,635	2,234
Share of results of an associate											<u>-</u>	<u>(147)</u>
Loss before income tax											(19,095)	(65,846)
Income tax credit/(expense)											448	(3,018)
Loss for the year											<u>(18,647)</u>	<u>(68,864)</u>

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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	231,104	253,156	38,686	38,356	211,132	197,997	51,832	55,490	532,754	544,999
Unallocated assets									242,032	261,649
Total assets									774,786	806,648
Segment liabilities	62,690	76,425	9,618	10,350	16,863	10,652	5,029	6,083	94,200	103,510
Unallocated liabilities									31,833	33,765
Total liabilities									126,033	137,275
Other segment information:										
Depreciation	9,031	8,500	7,002	6,483	-	-	4,461	4,728	20,494	19,711
Capital expenditure ¹	12,526	9,214	2,817	2,776	-	-	370	170	15,713	12,160
Impairment of goodwill and trademarks	-	57,810	-	-	-	-	-	-	-	57,810
Changes in fair value of investment properties	-	-	-	-	(3,855)	(13,966)	-	-	(3,855)	(13,966)
Provision for inventories	3,575	2,492	-	-	-	-	-	-	3,575	2,492

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers		
Hong Kong	852,118	883,476
People's Republic of China ("PRC")	392	3,192
	<u>852,510</u>	<u>886,668</u>

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Hong Kong	65,551	69,327
PRC	16,285	18,077
	<u>81,836</u>	<u>87,404</u>

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

(c) Information about a major customer

Revenue of approximately HK\$37,458,000 (2016: HK\$30,897,000) was derived from sales by the merchandise segment to a single customer.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Results

The Group recorded consolidated turnover for the year ended 31 March 2017 was HK\$853 million, a decrease of 3.8% compared to the HK\$887 million reported in the previous year. The Board of Directors does not recommend any final dividend for the year.

Merchandising

Photographic Products

Performance for the Group's high-quality digital cameras remained strong. While instant product sales decreased by 28.1% during the year, digital product sales jumped 42.6%. This increase was driven by the launch of several new digital camera models during the year, along with lenses and other accessories.

Skincare Products

The Group's skincare business continued to perform at a moderate level. Since 2015, majority of the sales have been transacted online, and the skincare business website (www.astalift.com.hk) has attracted a solid customer base of loyal users. The Group's skincare products are also available via other online channels as well as the Group's FUJIFILM Studio in Causeway Bay.

Consumer Electronics Products and Household Appliances

Due to the on-going softness of the local economy, consumers have significantly moderated their shopping in the high-end and luxury retail segments. This has had a noticeable impact on the performance of the Group's YCY shops, including the AV Life and Life Digital brands. The Group is considering ways to adjust its operations to mitigate the effects of the weak economy in the medium term. Meanwhile, the wholesale segment has shown potential in view of the fact that its operational costs are relatively low. The Group intends to seek new strategies to increase its wholesale sales and boost market share.

Servicing

Photofinishing and Technical Services

The photofinishing and technical services segment saw improved performance, reporting an overall sales increase of 6.9% over the previous year. The segment recorded strong sales growth in a number of popular services: The ID photo service improved by 15.6%, the document solution service rose by 13.7%, the online photo output service was up by 23.0% and the personalized image gift service increased by 9.6%. In addition, the total number of prints developed online rose by 18.4% to a new high of 5.5 million. The Group's highly successful Year Album service also continued to draw customers, leading to a 23.8% increase in Fotobook sales compared to the previous year. These results were indicative of the Group's success in identifying niche markets and tailoring high-quality, high-value services for them.

As at 31 March 2017, the Group was operating 66 photofinishing stores under the Fotomax brand across Hong Kong. There were another two stores closed for relocation and will be reopened in 2017/2018, in areas with lower rentals or more advantageous locations.

Professional Audio-Visual Advisory and Custom Design and Installation Services

The Group has been strengthening this segment's sales and marketing team with the aim of expanding its profile among potential clients for video-conferencing installation projects and related maintenance. It is also adopting a special focus on property developers to supply high-tech, intelligent systems for estates, and exploring becoming an accredited government supplier. In the longer term, the Group is seeking ways to leverage China's 'One Belt, One Road' initiative to expand its customer base into China.

BRAND MANAGEMENT

The Group benefited from the launch of a number of new FUJIFILM digital cameras and accessories during the year, which generated strong sales among camera enthusiasts. The GFX 50S, X-T20 and X-T2 models all received strong media coverage. The latest FUJIFILM camera range also earned high-profile international awards from respected international photography magazines, helping boost sales in Hong Kong.

The Group promoted its instax cameras by offering a range of new products that includes trendy or whimsical frame designs, famous cartoon characters and monochrome film.

The product range for the Group's ASTALIFT beauty series, manufactured by FUJIFILM Beauty and sold mainly online in Hong Kong, continued to grow during the year and received heavy promotion through different online social media platforms.

The Group's AV Life shops continued to offer incentives and promotions to drive consumer spending, especially by encouraging consumers to upgrade their existing models of certain products.

Fotomax held a significant brand promotion by launching a Year Album featuring a new cover and inside page design as well as added functions designed to enhance the user experience. The Group promoted it widely under the themes of 'family' and 'travel', placing advertorials in leading newspapers and magazines. The Group also once again took part in the annual BB Expo and Wedding Expo to promote the Year Album and related gift imaging items.

OUTLOOK

In the coming year, the Group will vigorously promote the added value of its digital camera range in an effort to capture the interest of serious photographers. The Group also intends to place greater focus on higher-margin products and services such as its mobile print, ID photo and personalized image gifts services. In addition, Fotomax will enable all of its shop kiosks to receive image files directly from mobile phones.

Besides, Fotomax will purchase the new UK-made 'Emagination' system, which will help expand Fotomax's product range for personalized gifts and enable it to produce these items using its own equipment. Emagination offers advanced technology solutions that give customers the ability to mix and match multiple templates to create highly unique, personalized gifts, while making the entire process even more fun. Although the primary push for this service will be to retail customers, the Group also intends to devote resources to locating potential corporate customers. The Group will also be exploring the possibilities of exporting personalized items and gifts to China.

The Group's Professional AV Advisory and Custom Design & Installation Services segment appears on course to achieve a satisfactory level of incremental sales in the next few years. To keep momentum, the Group is planning to expand the range of products currently on offer by acquiring dealership rights for other well-known brands. In particular, the Group will be aiming to source global products that have not yet been introduced to Hong Kong but which have great potential in the market. The Group believes this strategy will help position it as an innovative, cutting-edge business, and it plans to reinforce this image through targeted marketing promotions and demonstrations that should attract a wider customer base.

With clear and rational development plans in place for each of its major business segments, the Group is well positioned to face the year ahead and begin building a strategic position that will take it forward for many more years to come.

FINANCIAL RESOURCES

The financial position of the Group remained sound and healthy during the year under review. As at 31 March 2017, the Group's cash and bank balances were approximately HK\$241 million with a zero gearing ratio. Trade receivables of HK\$41 million were recorded at the end of the year, while inventories were HK\$154 million.

CLOSURE OF SHARE REGISTER

The Annual General Meeting of the Company is scheduled on Friday, 18 August 2017. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 15 August 2017 to Friday, 18 August 2017, 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 Monday, 14 August 2017.

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 2017 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 Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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 2017.

Full details on the subject of corporate governance are set out in the Company’s 2017 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. Mr Fung Yue Chun, Stephen is the non-executive director.

On behalf of the Board
Sun Tai Lun
Chairman

HKSAR, 22 June 2017

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