CHKP

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 AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2008

HIGHLIGHTS

- Instant products record strong growth of 63%
- Strong performance from FotoPress printing services
- The Board of Directors recommends a final dividend of HK0.9 cent and a final special dividend of HK4.3 cents per share

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
REVENUE	2	**322,618**	827,204
Cost of sales		**(209,228)**	(616,354)
Gross profit		**113,390**	210,850
Other income and gains	2	**61,173**	44,720
Settlement income	3	**–**	140,400
Selling and distribution costs		**(57,217)**	(59,941)
Advertising and marketing expenses		**(9,229)**	(17,155)
Administrative expenses		**(59,974)**	(84,919)
Other operating income/(expenses), net		**4,122**	(241)
PROFIT BEFORE TAX	4	**52,265**	233,714
Tax	5	**(6,047)**	(14,979)
PROFIT FOR THE YEAR		**46,218**	218,735
Attributable to:			
Equity holders of the Company		**46,383**	218,824
Minority interests		**(165)**	(89)
		46,218	218,735
DIVIDENDS	6		
Interim		**11,638**	44,225
Interim special		**32,587**	–
Proposed final		**10,474**	60,519
Proposed final special		**50,045**	–
		104,744	104,744
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK3.99 cents**	HK18.80 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**41,907**	50,434
Investment properties		**124,194**	103,248
Prepaid land lease payments		**3,062**	3,271
Goodwill		**35,878**	35,878
Rental deposits		**6,110**	6,045
Deferred tax assets		**6,392**	5,597
Total non-current assets		**217,543**	204,473
CURRENT ASSETS			
Inventories		**27,339**	22,789
Trade and bills receivables	*8*	**13,005**	18,601
Prepayments, deposits and other receivables		**16,936**	24,370
Financial assets at fair value through profit or loss		**236,792**	–
Tax recoverable		**2,355**	2,687
Cash and cash equivalents		**680,619**	965,257
Total current assets		**977,046**	1,033,704
CURRENT LIABILITIES			
Trade and bills payables	*9*	**21,334**	16,609
Accrued liabilities and other payables		**64,319**	88,320
Total current liabilities		**85,653**	104,929
NET CURRENT ASSETS		**891,393**	928,775
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,108,936**	1,133,248
NON-CURRENT LIABILITIES			
Accrued liabilities		**23,994**	2,739
Deferred tax liabilities		**11,054**	5,624
Total non-current liabilities		**35,048**	8,363
Net assets		**1,073,888**	1,124,885
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**116,383**	116,383
Reserves		**881,064**	931,896
Proposed final dividend		**10,474**	60,519
Proposed final special dividend		**50,045**	–
		1,057,966	1,108,798
Minority interests		**15,922**	16,087
Total equity		**1,073,888**	1,124,885

NOTES:

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

China-HongKong Photo Products Holdings Limited and its subsidiaries (the "Group") has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations have had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The principal effects of adopting these new revised HKFRSs are as follows:

(a) HKFRS 7 "Financial Instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 "Presentation of Financial Statements – Capital Disclosures"

This amendment requires the Group to make new disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in the financial statements.

(c) HK(IFRIC)-Int 8 "Scope of HKFRS 2"

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Company's share option schemes, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives"

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment"

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11 "HKFRS 2 – Group and Treasury Share Transactions"

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. This interpretation also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group has no outstanding share options granted under either share option scheme, the interpretation has had no effect on these 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) the income from the rendering of film processing, photo-finishing services and technical services for photographic developing and processing products.

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

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of goods	**193,358**	692,954
Income from the rendering of film processing, photo-finishing services and technical services	**129,260**	134,250
	322,618	827,204
Other income and gains		
Interest income	**31,283**	31,508
Gross rental income	**5,274**	2,367
Subsidies from a supplier	**156**	458
Gain on disposal of an associate	**–**	6,774
Fair value gain on financial assets at fair value through profit or loss	**5,132**	–
Changes in fair value of investment properties	**19,076**	–
Others	**252**	3,613
	61,173	44,720

3. SETTLEMENT INCOME

On 30 June 2006, the Group entered into an agreement with a major supplier to terminate certain distributorship agreements with certain subsidiaries of the Group with effect from 20 October 2006 (the "Termination Agreement"). Pursuant to the Termination Agreement, the Group ceased to be the distributor of certain products of this major supplier and received the settlement income from this major supplier during the year ended 31 March 2007.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold**	**147,656**	591,067
Cost of services provided**	**61,839**	53,979
Auditors' remuneration	**1,100**	1,100
Depreciation	**16,839**	18,852
Reversal of impairment of items of property, plant and equipment*	**–**	(3,102)
Recognition of prepaid land lease payments	**209**	690
Minimum lease payments under operating leases on land and buildings	**32,131**	31,782
Gain/(loss) on disposal of items of property, plant and equipment*	**294**	(354)
Write-back of provision against inventories**	**(267)**	(28,692)
Impairment/(write-back of impairment) of trade and bills receivables, net*	**(1,807)**	1,293
Impairment of an other receivable*	**–**	1,000
Bad debts recovered*	**–**	(1,568)
Write-off of trade and bills receivables*	**1,148**	–
Write-off of prepayments, deposits and other receivables*	**1,889**	–
Write-back of trade and bills payables*	**(2,501)**	–
Write-back of accrued liabilities and other payables*	**(2,595)**	–
Changes in fair value of investment properties	**(19,076)**	2,972
Employee benefits expense (including directors' remuneration)		
Wages and salaries	**53,178**	60,449
Pension scheme contributions	**2,352**	2,553
Provision for long service payments	**52**	162
Less: Forfeited contributions***	**–**	–
Net pension scheme contributions	**2,404**	2,715
	55,582	63,164
Gross rental income	**(5,274)**	(2,367)
Direct expenses (including repairs and maintenance) arising on rental-earning investment properties	**361**	1,123
Net rental income	**(4,913)**	(1,244)
Foreign exchange differences, net	**(1,249)**	(1,443)

* *Included in "Other operating income/(expenses), net" on the face of the consolidated income statement.*

** *Included in "Cost of sales" on the face of the consolidated income statement.*

*** *As at 31 March 2008, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2007: Nil).*

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in the People's Republic of China (the "PRC") have been calculated at the rates of tax prevailing in the location in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,117**	4,933
Overprovision in prior years	**(24)**	(374)
Current – Mainland China	**319**	3,818
	1,412	8,377
Deferred	**4,635**	6,602
Total tax charge for the year	**6,047**	14,979

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the location in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Group – 2008			
Profit before tax	**47,363**	**4,902**	**52,265**
Statutory tax rate	**17.5%**	**33%**	
Tax at the statutory tax rate	**8,288**	**1,618**	**9,906**
Adjustments in respect of current tax of previous periods	**(24)**	**–**	**(24)**
Adjustments in respect of deferred tax of previous periods	**(1,316)**	**1,767**	**451**
Income not subject to tax	**(5,353)**	**(1,306)**	**(6,659)**
Expenses not deductible for tax	**760**	**3,695**	**4,455**
Derecognition of deferred tax assets	**17**	**–**	**17**
Tax losses utilised from previous periods	**(2,099)**	**–**	**(2,099)**
Tax charge at the Group's effective rate	**273**	**5,774**	**6,047**

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Group – 2007			
Profit before tax	228,545	5,169	233,714
Statutory tax rate	17.5%	33%	
Tax at the statutory tax rate	39,995	1,706	41,701
Adjustments in respect of current tax of previous periods	(374)	–	(374)
Adjustments in respect of deferred tax of previous periods	503	(35)	468
Income not subject to tax	(33,354)	(1)	(33,355)
Expenses not deductible for tax	1,190	1,832	3,022
Derecognition of deferred tax assets	6,824	–	6,824
Tax losses utilised from previous periods	(3,307)	–	(3,307)
Tax charge at the Group's effective rate	11,477	3,502	14,979

6. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Interim – HK1 cent (2007: HK3.8 cents) per ordinary share	**11,638**	44,225
Interim special – HK2.8 cents (2007: Nil) per ordinary share	**32,587**	–
Proposed final – HK0.9 cent (2007: HK5.2 cents) per ordinary share	**10,474**	60,519
Proposed final special – HK4.3 cents (2007: Nil) per ordinary share	**50,045**	–
	104,744	104,744

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.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of basic earnings per share is based on:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**46,383,000**	218,824,000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,163,828,377**	1,163,828,377

(b) Diluted earnings per share

Diluted earnings per share amounts for the years ended 31 March 2008 and 2007 have not been disclosed as no diluting event existed during the years ended 31 March 2008 and 2007.

8. TRADE AND BILLS RECEIVABLES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**140,883**	160,005
Impairment	**(127,878)**	(141,404)
	13,005	18,601

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 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 aged analysis of the trade and bills receivables as at the balance sheet date, based on the payment due date and net of impairment, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 3 months	**12,721**	16,686
4 to 6 months	**52**	808
7 to 9 months	**66**	43
Over 9 months	**166**	1,064
	13,005	18,601

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 April	**141,404**	140,111
Impairment losses recognised	**30**	1,293
Amount written off as uncollectible	**(11,719)**	–
Impairment losses reversed	**(1,837)**	–
At 31 March	**127,878**	141,404

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade receivables of HK$127,878,000 (2007: HK$141,404,000) with a carrying amount of HK$127,878,000 (2007: HK$141,404,000). The individually impaired trade and bills receivables relate to customers that were in financial difficulties or in default or delinquency in payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**7,605**	9,632
Less than 1 month past due	**2,669**	5,200
1 month and over 1 month past due	**2,731**	3,769
	13,005	18,601

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

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 Company 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 Company does not hold any collateral or other credit enhancements over these balances.

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the date of goods purchased and services rendered, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current to 3 months	**18,697**	11,498
Over 3 months	**2,637**	5,111
	21,334	16,609

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

SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information of the Group's business segments for the years ended 31 March 2008 and 2007.

	Merchandise		**Service**		**Corporate and Others**		**Eliminations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**193,358**	692,954	**129,260**	134,250	**–**	–	**–**	–	**322,618**	827,204
Intersegment sales	**26,771**	31,912	**3,396**	3,810	**–**	–	**(30,167)**	(35,722)	**–**	–
Other income and gains	**156**	1,591	**–**	2,470	**29,734**	2,377	**–**	–	**29,890**	6,438
Total	**220,285**	726,457	**132,656**	140,530	**29,734**	2,377	**(30,167)**	(35,722)	**352,508**	833,642
Segment results	**(3,864)**	52,086	**7,764**	5,930	**17,082**	(2,984)	**–**	–	**20,982**	55,032
Interest income and unallocated gains									**31,283**	38,282
Settlement income	**–**	140,400	**–**	–	**–**	–	**–**	–	**–**	140,400
Profit before tax									**52,265**	233,714
Tax									**(6,047)**	(14,979)
Profit for the year									**46,218**	218,735

	Merchandise		Service		Corporate and Others		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)				
Assets and liabilities								
Segment assets	**49,844**	143,902	**59,165**	70,412	**396,214**	50,322	**505,223**	264,636
Unallocated assets							**689,366**	973,541
Total assets							**1,194,589**	1,238,177
Segment liabilities	**84,495**	88,921	**11,165**	9,928	**13,987**	8,819	**109,647**	107,668
Unallocated liabilities							**11,054**	5,624
Total liabilities							**120,701**	113,292
Other segment information:								
Depreciation and recognition of prepaid land lease payments	**3,917**	5,821	**9,730**	11,879	**3,401**	1,842	**17,048**	19,542
Reversal of impairment of items of property, plant and equipment	**–**	(3,102)	**–**	–	**–**	–	**–**	(3,102)
Capital expenditure	**1,809**	2,666	**5,371**	5,622	**147**	565	**7,327**	8,853
Changes in fair value of investment properties	**–**	–	**–**	–	**(19,076)**	2,972	**(19,076)**	2,972
Impairment/(write-back of impairment) of trade and bills receivables, net	**(1,807)**	1,293	**–**	–	**–**	–	**(1,807)**	1,293
Impairment of an other receivable	**–**	1,000	**–**	–	**–**	–	**–**	1,000
Write-back of provision against inventories	**(267)**	(28,600)	**–**	(92)	**–**	–	**(267)**	(28,692)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information of the Group's geographical segments for the years ended 31 March 2008 and 2007.

	Hong Kong		Mainland China		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**322,618**	650,636	**–**	176,568	**322,618**	827,204
Other segment information:						
Segment assets	**1,078,903**	1,110,504	**115,686**	127,673	**1,194,589**	1,238,177
Capital expenditure	**7,327**	8,826	**–**	27	**7,327**	8,853

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Profit

In the year ended 31 March 2008, the Group's total revenue was HK$323 million, a drop of 61% compared with 2007. The net profit attributable to shareholders was HK$46 million, a 78.8% decrease over the previous year. Earnings per share were HK3.99 cents.

Merchandising

Digital cameras remain the Group's strongest business product due to the sophistication in camera design, electronic functioning and superior image quality. Effective trade promotions in collaboration with leading chain stores in the Hong Kong retail market, such as product exposure in television advertising campaigns, and joint sales promotions with credit cards were also undertaken.

The Group is pleased to report that the sales of digital cameras was up by 17.4% in the year under review.

Reflecting the worldwide trend of lessening interest in analogue products, the total sales of film continued to fall, recording a decrease of 34.5% compared with the previous fiscal year. Despite this, the Group continued to enjoy strong growth of 63.3% in instant products.

On the operational level, the Group will strive to expand the market for innovative and customer-friendly products and services. Imaging software, the promotional network and Fuji Digital Imaging (FDI) networks will be upgraded, while specialist training and workshops will target frontline staff to upgrade their technological and photofinishing expertise.

Photofinishing and Technical Services

Total revenue amounted to HK$129 million, which was a decrease of 3.7% as compared with the same period last year. However, the Group is pleased to report that total sales from the FotoPress printing service increased by 75% as compared with the same period last year. As well, total sales for Fun2Print paper printing products also increased by 47% as compared with same period.

The Digital Kiosks have been welcomed by consumers who find them convenient to use, and print orders received from the kiosks have become the preferred method of photographic printing. The total number of prints from digital files was 62.9 million, up 2.2% as compared with the same period last year.

In the year under review, the total number of online prints was 2.07 million, recording growth of 35% when compared with same period of last year. As increasing numbers of customers adopt the online platform, the Group is very optimistic that this trend will continue in the coming years.

Looking ahead to 2009, the Group aims to further strengthen Fotomax in order to make it the preferred, leading store for total imaging solutions in terms of convenience, quality, customer service and versatility across Hong Kong.

Brand Management

The Group's branding management team has adopted a number of integrated strategies aimed at boosting awareness of the FujiFilm Brand and reinforcing Fotomax's customer loyalty.

In the fall of 2007, a major campaign was launched to promote the FinePix Z10fd, coupled with a photographic competition which was jointly undertaken with *AMY* Magazine. Recognition of our branding efforts was attained during the year under review when Fujifilm was recognised as a favourite brand in the "Touch Brands" election in 2007 organised by East Touch magazine, a result determined by the magazine's readers.

To build the brand in the virtual world, a new Chinese website interface was launched in November, 2007. A lucky draw promotion scheme was undertaken to draw users to the website.

The imaging business relies heavily on attractive and eye-catching images. The Group has therefore worked hard to keep the brand name highly visible in prominent locations across the city in order to draw public attention to our digital imaging products. Eye-catching advertisements were placed using various formats including print advertisements, outdoor billboards and MTR panels.

In the year under review, the Group celebrated the 25th Anniversary of Fotomax and capitalised on this milestone to conduct a series of promotional activities which included television commercials, gift albums, redemption coupons and an anniversary advertorial in East Week magazine's HKSAR 10th Anniversary Special Edition which had a print run of 336,000.

Financial Resources

The financial position of the Group remained sound and healthy during the period under review. As at 31 March 2008, the Group's cash and bank balances were approximately HK$681 million with a zero gearing ratio. Trade receivables of HK$13 million were recorded for the year, while inventory was HK$27 million.

Outlook

Hong Kong's economic outlook remained positive during the year under review as we observed positive development and growth in Mainland China throughout the year. The region continues to witness a growing number of tourists from Mainland China which is a very encouraging sign for the photographic imaging business.

The 2008 Olympic Games in Beijing will attract worldwide attention in the next fiscal year and there is increasing global interest in Mainland China's economic success story. In the coming year, the Group expects to see significant growth in the tourist industry and remains optimistic about continued business prospects. The Group will continue to leverage the unique opportunities offered by the boom in sports and international tourism in the coming year.

The Group is also keenly focused on the behaviour of younger consumers who embrace new media and digital products. The Group will closely monitor advances in technology and remains committed to keeping abreast of popular lifestyle applications of new media products.

Longer term, the Group is investigating sound investment opportunities in different business areas and we will continue to explore new imaging products and services to foster the expansion of our business.

CLOSURE OF SHARE REGISTER

The register of members will be closed from 12 August 2008 (Tuesday) to 15 August 2008 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the proposed final special dividend as well as to attend the Company's annual general meeting to be held on 15 August 2008 (Friday), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 11 August 2008 (Monday).

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 2008 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company had 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 2008, except that

(1) The roles of Chairman and Chief Executive Officer have not been separated. Dr Sun Tai Lun, Dennis is the Chairman/Chief Executive Officer of the Company. The Board believes that vesting the role of both Chairman and Chief Executive Officer in the same personal provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

(2) The non-executive directors have not entered into any service contract with the Company and are not appointed for a specific term but are subject to retirement by rotation at the Company’s annual general meeting; and

(3) No written guidelines have been established for employees in respect of their dealings in the securities of the Company as only the directors are likely to be in possession of unpublished price-sensitive information of the Company.

Full details on the subject of corporate governance are set out in the Company’s 2008 Annual Report.

In compliance with the code provisions of the CG Code which came into force on 1 January 2005, the Company had set up a Remuneration Committee with terms of reference which are in line with the CG Code. The Remuneration Committee comprises one executive director, Dr Sun Tai Lun, Dennis and two independent non-executive directors, Mr Au Man Chung, Malcolm and Dr Wong Chi Yun, Allan. Mr Au Man Chung, Malcolm is the chairman of the Remuneration Committee.

MEMBERS OF THE BOARD

As of the date of this announcement, Dr Sun Tai Lun, Dennis is the chairman of the Board, Mr Tang Kwok Tong, Simon, Ms Ng Yuk Wah, Eileen and Mr Sun Tao Hung, Stanley 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 2008

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