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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

HIGHLIGHTS

- Revenue decreased by 9.2% to HK\$1,001 million (FY2023/24: HK\$1,102 million)
- Net loss attributable to the shareholders of the Company was HK\$2.3 million (FY2023/24: net profit of HK\$29.8 million)
- Adjusted net profit attributable to the shareholders of the Company was HK\$16.4 million (FY2023/24: HK\$32.8 million), excluding major one-off non-cash items – including changes in the fair value of investment properties, impairment losses on financial assets, property, plant and equipment, and right-of-use assets, as well as deferred tax adjustments arising from tax losses recognition and changes in the fair value of investment properties.
- Loss per share amounted to 0.20 HK cents (FY2023/24: earnings per share of 2.51 HK cents)
- The Board of Directors does not recommend the payment of a final dividend (FY2023/24: final dividend of 1 HK cent per ordinary share)

The Board of Directors (the “Board”) of China-Hongkong Photo Products Holdings Limited (the “Company”) presents the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2025 (“FY2024/25” or the “Year”) with comparative figures for the previous year (“FY2023/24” or the “Previous Year”) as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2025

		2025	2024
	Note	HK\$'000	HK\$'000
Revenue	2	1,000,748	1,102,410
Cost of sales	3	<u>(745,096)</u>	<u>(823,265)</u>
Gross profit		255,652	279,145
Other income and gains, net	2	19,905	20,287
Changes in fair value of investment properties		(12,598)	(5,848)
Selling and distribution costs	3	(142,707)	(145,576)
Advertising and marketing expenses	3	(15,519)	(12,307)
Administrative expenses	3	(89,687)	(97,635)
Impairment loss on financial assets		(1,571)	–
Impairment loss on property, plant and equipment, and right-of-use assets		<u>(6,336)</u>	<u>(4,170)</u>
Operating profit		7,139	33,896
Interest expense on lease liabilities		(2,991)	(2,456)
Share of results of an associate		<u>–</u>	<u>–</u>
Profit before income tax		4,148	31,440
Income tax expense	4	<u>(6,206)</u>	<u>(525)</u>
(Loss)/profit for the year		<u>(2,058)</u>	<u>30,915</u>
(Loss)/profit attributable to:			
Owners of the Company		(2,316)	29,756
Non-controlling interests		<u>258</u>	<u>1,159</u>
		<u>(2,058)</u>	<u>30,915</u>
(Loss)/earnings per share attributable to owners of the Company for the year	5		
Basic		<u>(0.20) HK cents</u>	<u>2.51 HK cents</u>
Diluted		<u>(0.20) HK cents</u>	<u>2.51 HK cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year	(2,058)	30,915
Other comprehensive income/(loss):		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	111	(3,028)
Other comprehensive income/(loss) for the year	111	(3,028)
Total comprehensive (loss)/income for the year	(1,947)	27,887
(Loss)/profit attributable to:		
Owners of the Company	(2,205)	26,728
Non-controlling interests	258	1,159
	(1,947)	27,887

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 HK\$'000	2024 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		41,131	35,012
Investment properties		230,427	258,851
Intangible assets		5,502	4,641
Right-of-use assets		97,953	90,559
Deposits		10,399	10,679
Deferred tax assets		4,189	4,222
Total non-current assets		389,601	403,964
Current assets			
Inventories		173,639	164,390
Contract assets		3,770	8,307
Trade receivables	7	44,760	71,305
Amount due from an associate		—	—
Prepayments, deposits and other receivables		41,747	49,362
Non-pledged time deposits with original maturity of over three months		28,771	24,932
Cash and cash equivalents		210,043	219,349
Total current assets		502,730	537,645
Total assets		892,331	941,609
Equity			
Equity attributable to owners of the Company			
Share capital		118,532	118,532
Reserves		556,356	570,414
		674,888	688,946
Non-controlling interests		(172)	(130)
Total equity		674,716	688,816

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Accrued liabilities		11,746	10,581
Lease liabilities		27,736	31,400
Deferred tax liabilities		26,500	27,994
		<u> </u>	<u> </u>
Total non-current liabilities		<u>65,982</u>	<u>69,975</u>
Current liabilities			
Trade and bills payables	8	46,556	55,226
Contract liabilities		11,641	27,727
Accrued liabilities and other payables		44,237	50,510
Lease liabilities		39,051	37,285
Tax payable		10,148	12,070
		<u> </u>	<u> </u>
Total current liabilities		<u>151,633</u>	<u>182,818</u>
Total liabilities		<u>217,615</u>	<u>252,793</u>
Total equity and liabilities		<u>892,331</u>	<u>941,609</u>
Net current assets		<u>351,097</u>	<u>354,827</u>
Total assets less current liabilities		<u>740,698</u>	<u>758,791</u>

NOTE:

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties, which are measured at fair value.

(a) Amended standards and revised conceptual framework adopted by the Group

The Group has applied the following amendments and revised conceptual framework which are mandatory for the financial year beginning 1 April 2024 and are relevant to its operations.

Amendments to Hong Kong Accounting Standards (“HKAS”) 1	Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

(b) New standards and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of assessing the impact of adopting other new accounting standards and amendments to accounting standards and interpretation on its current or future reporting periods and on foreseeable future transactions.

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; and (ii) income from the rendering of technical services for photographic developing and processing ("D&P") products, imaging solution, professional audio-visual ("AV") advisory and custom design and installation services.

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

	2025 HK\$'000	2024 HK\$'000
Revenue		
Sale of goods	825,817	893,037
Income from the rendering of services	174,931	209,373
	<u>1,000,748</u>	<u>1,102,410</u>
Other income and gains, net		
Interest income on bank deposits	5,158	4,504
Gross rental income from investment properties	8,328	8,075
Gross rental income from machineries	667	134
Marketing subsidies	3,150	5,767
Rent concessions from lessors	–	189
Others	2,602	1,618
	<u>19,905</u>	<u>20,287</u>

3 EXPENSES BY NATURE

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold	645,228	719,632
Cost of services provided	42,750	47,924
Auditor's remuneration		
Audit and audit-related services	1,720	1,700
Non-audit services	120	120
Depreciation of property, plant and equipment	12,276	12,464
Depreciation of right-of-use assets	46,648	43,714
Amortisation of intangible assets	924	709
Advertising and marketing expenses (excluding employee benefit expense)	14,677	9,901
Short-term lease payments	2,996	7,293
Variable lease payments	6,228	6,731
Losses on disposals of property, plant and equipment	275	107
Provision for inventories	290	1,145
Legal and professional fee	1,951	2,415
Employee benefit expense	142,554	145,661
Foreign exchange differences, net	364	1,327
Others	74,008	77,940
Total cost of sales, selling and distribution costs, advertising and marketing expenses, and administrative expenses	993,009	1,078,783

4 INCOME TAX EXPENSE

For the year ended 31 March 2025, Hong Kong profits tax has been provided for at the rate of 16.5% (FY2023/24: 16.5%) on the estimated assessable profits arising in Hong Kong.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2025, one (FY2023/24: one) subsidiary of the Group is entitled to this tax benefit. The profits of other Group entities incorporated in Hong Kong not qualifying for the two-tiered profit tax regime are continued to be taxed at the flat rate of 16.5%.

Taxation on profits assessable for the year in the People's Republic of China (the "PRC") has been calculated at the rates of tax prevailing in the location in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current tax – Hong Kong		
Charge for the year	7,315	6,284
Over provision in prior years	(283)	(120)
Current tax – the PRC		
Charge for the year	344	288
	7,376	6,452
Deferred tax	(1,170)	(5,927)
Income tax expense	6,206	525

5 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on:

	2025	2024
(Loss)/profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>(2,316)</u>	<u>29,756</u>
Weighted average number of ordinary shares in issue	<u>1,185,318,349</u>	<u>1,185,318,349</u>
Basic (loss)/earnings per share (<i>HK cents</i>)	<u>(0.20)</u>	<u>2.51</u>

No adjustment has been made to the basic loss/earnings per share amounts presented for the years ended 31 March 2025 and 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

6 DIVIDENDS

The final dividend for the year ended 31 March 2024 amounting to an aggregate of approximately HK\$11,853,000 was paid during the Year.

The Board does not recommend the payment of a final dividend for the Year.

7 TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	46,536	71,510
Less: impairment loss on trade receivables	<u>(1,776)</u>	<u>(205)</u>
Trade receivables – net	<u>44,760</u>	<u>71,305</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

The maximum exposure to credit risk is the carrying amounts of trade receivables that the Group does not hold any collateral as security.

As at 31 March 2025 and 2024, due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair values and are denominated in HK\$.

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 and project sales 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 2025 and 2024, balances are relating to a large number of diversified customers.

The aging analysis of the trade receivables as at the end of the year, based on the invoice date and before loss allowances, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Up to 30 days	33,406	54,342
31 to 60 days	6,115	8,973
61 to 90 days	4,526	2,175
91 to 120 days	89	1,432
Over 120 days	2,400	4,588
	<u>46,536</u>	<u>71,510</u>

8 TRADE AND BILLS PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 3 months	45,068	52,717
Over 3 months	1,488	2,509
	<u>46,556</u>	<u>55,226</u>

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

9 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 D&P and printing products and the sale of photographic merchandises, skincare products, consumer electronic products and household appliances, and commercial and professional AV products;
- (ii) the service segment engages in the provision of technical services for photographic D&P products, imaging solution, professional AV 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.

The chief operating decision-maker of the Group has been identified as the executive directors of the Company. The executive directors monitor the results of the Group's operating segments separately for the purpose of resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is the adjusted profit/(loss) before income tax. The adjusted profit/(loss) before tax is calculated consistently as the Group's profit/(loss) before income tax excluding interest income, finance cost and share of results of an associate.

Segment assets exclude deferred tax assets, tax recoverable, non-pledged time deposits with original maturity of over three months, cash and bank balances 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.

(a) Operating segments

	Merchandise		Service		Investment		Corporate and Others		Eliminations		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	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												
– At a point in time	825,817	893,037	23,394	23,320	–	–	–	–	–	–	849,211	916,357
– Over time	–	–	151,537	186,053	–	–	–	–	–	–	151,537	186,053
Intersegment sales	64,415	60,862	4,093	3,928	–	–	–	–	(68,508)	(64,790)	–	–
	890,232	953,899	179,024	213,301	–	–	–	–	(68,508)	(64,790)	1,000,748	1,102,410
Other income and gains, net	10,102	11,634	4,131	2,785	8,558	8,350	52,258	69,843	(60,302)	(76,829)	14,747	15,783
Changes in fair value of investment properties	–	–	–	–	(12,598)	(5,848)	–	–	–	–	(12,598)	(5,848)
Total	900,334	965,533	183,155	216,086	(4,040)	2,502	52,258	69,843	(128,810)	(141,619)	1,002,897	1,112,345
Segment profit/(loss)	62,793	57,362	6,048	33,039	(10,836)	(5,196)	(56,024)	(55,813)	–	–	1,981	29,392
Interest income											5,158	4,504
Finance costs											(2,991)	(2,456)
Profit before income tax											4,148	31,440
Income tax expense											(6,206)	(525)
(Loss)/profit for the year											(2,058)	30,915

	Merchandise		Service		Investment		Corporate and Others		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	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	264,868	285,893	81,088	89,805	232,772	260,910	70,600	56,498	649,328	693,106
Unallocated assets									243,003	248,503
Total assets									892,331	941,609
Segment liabilities	117,623	134,094	50,164	64,733	9,921	9,891	3,259	4,011	180,967	212,729
Unallocated liabilities									36,648	40,064
Total liabilities									217,615	252,793
Other segment information:										
Cost of goods sold	645,228	719,632	–	–	–	–	–	–	645,228	719,632
Cost of services provided	–	–	42,750	47,924	–	–	–	–	42,750	47,924
Employee benefit	32,893	32,950	55,283	54,019	–	–	54,378	58,692	142,554	145,661
Depreciation of property, plant and equipment	3,204	3,741	4,272	4,899	98	–	4,702	3,824	12,276	12,464
Depreciation of right-of-use assets	13,501	12,104	30,898	29,054	2,249	2,556	–	–	46,648	43,714
Amortisation of intangible assets	135	100	789	609	–	–	–	–	924	709
Capital expenditure ¹	868	7,027	11,399	849	58	–	6,855	16,591	19,180	24,467
Changes in fair value of investment properties	–	–	–	–	(12,598)	(5,848)	–	–	(12,598)	(5,848)
Provision for inventories	290	1,145	–	–	–	–	–	–	290	1,145
Impairment loss on property, plant and equipment, and right-of-use assets	3,148	3,753	3,188	417	–	–	–	–	6,336	4,170
Impairment loss on financial assets	1,505	–	66	–	–	–	–	–	1,571	–

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

(b) Geographical information

An analysis of the Group's revenue by location in which the transaction took place is as follows:

	2025	2024
	HK\$'000	HK\$'000
Revenue from external customers		
– Hong Kong	<u>1,000,748</u>	<u>1,102,410</u>

An analysis of the Group's non-current assets (other than deferred tax assets and deposits) by location of assets is as follows:

	2025	2024
	HK\$'000	HK\$'000
Non-current assets		
Hong Kong	267,096	273,955
PRC	<u>107,918</u>	<u>115,108</u>
	<u>375,014</u>	<u>389,063</u>

(c) Information about a major customer

Revenue of approximately HK\$44,109,000 (FY2023/24: HK\$46,225,000) was derived from sales by the merchandise segment to a single customer.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall

FY2024/25 presented a challenging operating environment, marked by shifting consumer behaviors, macroeconomic headwinds and a slower-than-expected post-pandemic recovery. Despite these conditions, the Group maintained its disciplined cost management model and stabilized its gross margins on one hand, while implementing strategic initiatives to strengthen its long-term competitive position on the other hand.

Revenue and Gross Profit Margin

Consolidated revenue for the Year declined by 9.2% from HK\$1,102 million in the Previous Year to HK\$1,001 million, marking the first year-over-year decrease since FY2019/20. Subdued consumer sentiment, evolving spending patterns, and structural adjustments within certain business segments all contributed to the drop in revenue.

Given the Group's investments in branding and customer engagement, Photographic Products remained resilient, gaining market share among professionals and younger demographics.

Photofinishing and Imaging Services normalized following the post-pandemic surge in demand for identity ("ID") photos, as many Hong Kong residents rushed to renew their travel documents or apply for new ones.

Consumer Electronics Products and Household Appliances experienced moderated performance after their COVID-era peak, as consumers rebalanced discretionary spending in response to the slower-than-expected economic recovery.

The gross profit margin remained stable at 25.5% (Previous Year: 25.3%). While reduced sales of higher-margin Photofinishing and Imaging Services jeopardized profitability, this was offset by improved margins in premium cameras and AV products.

Operating Expenses

Advertising and marketing expenses increased by 26.1% to HK\$15.5 million. The expenses-to-sales ratio is 1.6% (Previous Year: 1.1%). This rise supported the launch of new products, including FUJIFILM's latest innovations, and the rollout of the enhanced customer relationship management ("CRM") program.

Selling and distribution costs fell by 2% to HK\$143 million. However, the cost-to-sales ratio increased from 13.2% to 14.3% due to the lowered revenue. Savings were achieved through reduced merchant fees, sales commissions, and logistics expenses following the drop in sales, particularly in the Consumer Electronic Products and Household Appliances segment.

Administrative expenses declined by 8.1% to HK\$89.7 million, driven by milder Renminbi depreciation, stricter cost controls, and improved operational efficiencies.

Profitability, Impacts of Major Non-cash Transactions, Tax, and Dividends

The Group recorded a net loss attributable to the shareholders of the Company (“Shareholders”) of HK\$2.3 million (Previous Year: net profit of HK\$29.8 million). While lower sales and gross profit contributed to this result, the bottom line was also impacted by significant non-cash adjustments, including valuation losses on investment properties of HK\$12.6 million (Previous Year: HK\$5.8 million) following the sluggish real estate market, impairment losses on financial assets of HK\$1.6 million (Previous Year: Nil) due to uncertainty in recovering trade receivables from customers, and impairment losses on property, plant and equipment, and right-of-use assets, due to the unsatisfactory performance of certain retail stores of HK\$6.3 million (Previous Year: HK\$4.2 million). Additionally, a higher income tax expense of HK\$6.2 million was noted in the Year compared to HK\$525,000 of the Previous Year. In the Previous Year, the Group recorded tax credits of HK\$7 million (compared to only HK\$1.8 million in the Year) due to adjustments in deferred tax arising from tax loss recognition and changes in the fair value of investment properties.

Excluding the abovementioned one-off non-cash items, the Group achieved an adjusted net profit attributable to Shareholders of HK\$16.4 million (Previous Year: HK\$32.8 million).

Loss per share of 0.2 HK cents was recorded in the Year (Previous Year: earnings per share of 2.51 HK cents). Given the loss incurred, the Board does not recommend the payment of a final dividend for the Year (FY2023/24: 1 HK cent per ordinary share).

Business Review

Merchandising

Photographic Products

During the Year, the segment delivered mixed performance with sales of digital cameras and lenses decreasing by 3.5% compared to the Previous Year, while sales of instant cameras, printers, and films achieved significant growth of 11.7%.

The decline in sales of digital cameras was primarily attributable to the lingering constraints on the global supply of APSC sensors, which affected almost all of the X series cameras. Despite these supply issues, strong demand for FUJIFILM digital cameras, particularly from PRC tourists, provided some underlying support to sales. Concurrently, sales of lenses were affected by heightened competition from other compatible lens manufacturers. However, focusing on higher-priced flagship models, such as the X100VI and X-T50, helped maintain a better gross profit margin.

New digital camera models introduced during the first half of the Year included the X-T50, which was acclaimed by customers for its lightweight design, and the GFX100S II, which earned positive feedback for its enhanced performance with the new X-Processor 5. Moreover, the second half of the Year saw the launch of the X-M5 and the GFX 100RF. Both models were well-received and were completely sold out upon release. Several professional lenses were also introduced to the market, including the XF16-55mm F2.8 R LM WR II which featured significant weight reduction over the previous model, and the XF500mm F5.6 R LM OIS WR, the longest telephoto lens in the X series.

The quality and innovative concepts of FUJIFILM products continued to garner industry recognition through a number of prestigious awards, including The 15th Your Choice@Focus – Hong Kong White Collars’ Favourite Brand Award 2024 – “Stylish Digital Camera” – FUJIFILM Camera, PCM Best of IT Award “I.T. Best Snapshot Camera Brand Award” – FUJIFILM X100VI, as well as DC Fever Best Photography Equipment Awards 2024 “Best Medium Format Mirrorless Camera” – FUJIFILM GFX100S II; and “Best APS-C Mirrorless Camera for Beginners” – FUJIFILM X-M5.

In contrast to digital cameras and lenses, the instax product line demonstrated robust growth driven by several factors, including the reopening of borders with the PRC, which led to a sharp increase in demand for instax products from Chinese tourists. Additionally, these products gained widespread popularity among younger consumers who sought to capture memorable moments during social gatherings.

New instax product launches, including the instax WIDE 400TM, instax WIDE EVOTM, instax mini 99TM and instax mini Link 3TM, contributed significantly to the growth during the Year. The instax WIDE 400TM launched in August 2024, was particularly successful due to its superb image quality and hassle-free application, as acclaimed by customers. The instax mini 99TM, introduced in April 2024, also received enthusiastic feedback for its creative shooting modes and enhanced control options. Customers also warmly welcomed the instax WIDE EVOTM and instax mini Link 3TM models for their innovative features and extensive connectivity options.

To enhance brand visibility and customer engagement, the segment organized a variety of marketing events throughout the Year. Notable activities included the Nobuyoshi Araki’s “Paradise Exhibition” in Hong Kong and Macau in April and May 2024, where honourable guests were invited to gain first-hand experience of the instax mini 99TM. The segment also sponsored the “Bruce Lee: Unseen Photographs Exhibition” in Causeway Bay during June and July 2024, and the 2024 Hong Kong International Photo Festival held in November 2024, further strengthening its connection with the local photographic community. Additionally, an innovative promotion truck for the instax series was deployed across popular locations in Hong Kong Island and Kowloon from September to October 2024, encouraging young people to take instax photos and share their immediate experiences on-site.

Consumer Electronic Products and Household Appliances

During the Year, the segment recorded a notable decline in sales, with revenue decreasing by 14.7% year-on-year. The decrease was more pronounced in the second half of the Year, reflecting a 21.1% drop in sales compared to the same period of the Previous Year. Although subdued, performance remains stable at pre-pandemic levels (FY2019/20), demonstrating a degree of underlying resilience in the segment’s core business.

The segment's sales performance was adversely affected by external and industry-specific factors. The broader macroeconomic environment remained challenging throughout the Year, with consumer sentiment weakened by ongoing economic uncertainty. A significant shift in consumer behaviour was also observed, as the resumption of international travel led to an increased popularity of outbound travel. This trend diverted local spending away from the retail market in Hong Kong, as consumers prioritized travel and leisure over discretionary purchases of electronic products and household appliances. Additionally, the segment faced intensified competition from other cross-border e-commerce channels, which further undermined market share and exerted additional pressure on product pricing.

Regarding the product portfolio, television sales dropped by 17.7% compared to the Previous Year, largely due to the intense competition from Chinese-branded TVs. While these brands did not directly compete with the segment's premium offerings, their presence still diluted consumer spending within the category as a whole. In contrast, audio products demonstrated greater resilience, with a moderate sales decline of 5.7% compared to the Previous Year. This was bolstered by targeted merchandising efforts and optimized in-store displays. With a higher gross profit margin and an increased share of the segment's sales mix, this shift in product composition helped stabilize and maintain the overall gross profit margin of the segment.

In terms of business operations, the segment closed two stores in Prince's Building following the mall's revamp during the Year, resulting in a total of 11 stores as of 31 March 2025. Despite these closures, the segment continued to invest in customer engagement initiatives, including the launch of an AV Life membership discount program on its website, which offered exclusive discounts to loyal customers to drive online sales. A series of marketing campaigns were also rolled out during the Year, including the Samsung TV Hand Raiser Pre-order Promotion, the Cambridge Audio – Made by Music Promotion, the AV Life's 22nd Anniversary Promotion, and the Paris Olympics Large Size TV Promotion, among others, to support sales and reinforce brand visibility.

B-to-B Commercial and Professional AV Products

The segment experienced a challenging year, with sales down 13.3% from the Previous Year. The downturn was particularly noticeable in the second half of the Year, when sales dropped by 30.1% compared to the same period in the Previous Year. Sales performance of products varied significantly across categories, with interactive digital boards showing remarkable growth of 43.4%, while commercial TVs increased by only 3.0%, and hotel TVs declined by 32.8%. The segment's performance was influenced by certain market factors, including the staggering economic recovery in Hong Kong, which impacted renovation projects for retail spaces and commercial properties, as well as general budget constraints in the hotel sector. Nevertheless, these challenges were partially offset by the increasing popularity of interactive digital boards with advanced functionalities for virtual learning and meeting experiences in both educational institutions and businesses. To address challenges and capitalize on emerging opportunities, the segment implemented focused strategic initiatives, including securing a partnership with LG to become the distributor for LG LED walls in Hong Kong, thereby expanding the product portfolio and developing AI-enhanced solutions to meet the ever-evolving technological needs of clients.

Skincare Products

The segment recorded a 6.7% decline in sales compared to the Previous Year. The decline was attributable to certain market factors, including a strong Hong Kong dollar and the depreciation of Japanese yen, which encouraged more outbound travel to Japan and reduced the import cost for parallel products. Additionally, global economic downturns impaired consumer confidence, negatively impacting the desire to spend on luxury goods and non-essential items. The segment continued to focus on its bestselling products, with collagen drinks, sunblock products and Jelly Aquarysta products remaining popular among consumers.

The segment launched a number of new products in July 2024, including Advanced Lotion and Advanced Cream, enriching its product lineup and demonstrating its commitment to innovation. The brand's quality and effectiveness continued to be recognized in the industry, with The Serum Brightening receiving the VOCE No.1 in the Brightening Department Award and The Serum Wrinkle Repair Day Essence receiving the VOCE No.2 in the Firm and Elastic Department Award. Marketing efforts included promoting new products via key opinion leaders ("KOLs") sharing, the Collagen Drink Trial Campaign at Tokyo Lifestyle, the Christmas Collagen set promotion, and offering a free bottle of Collagen Drink for Fotomax ID photo customers.

Servicing

Photofinishing and Imaging Services

The segment witnessed a decline of 6.1% in sales (excluding revenue from the Hong Kong Disneyland Resort (the "Park")) during the Year, primarily attributed to the high baseline established in the Previous Year when a significant rebound was recorded following the reopening of borders and the resumption of normal social activities after the pandemic.

The decline in sales was exceptionally evident in ID photo services, which decreased by 27.9% compared to the Previous Year. This substantial drop was largely due to the normalization of demand for travel document applications, which once surged immediately after the border reopening in early 2023. The heightened demand for ID photos related to entrance permits for the PRC and passport applications that drove strong performance began to taper off significantly in the second half of the Previous Year and continued to normalize throughout the Year. Nonetheless, the introduction of innovative services, including the brand-new pet photography service at FOTOMETAS shops targeting families and capturing the growing trend of pet ownership, as well as new photo booths and photo cube services at AIRSIDE and Pioneer Centre, helped to partially offset the decline.

Digital photo printing services also experienced a decline, with sales dropping by 10.2% compared to the Previous Year. The decrease reflected the changing consumer behaviours in the digital era, as well as economic uncertainties prompting consumers to reduce spending on discretionary items. Additionally, sales of DocuXpress, the one-stop document solution supporting document processing and printing services for educational and commercial sectors, recorded a modest decrease of 4.7%.

In contrast to the overall segment performance, sales of photobooks and other imaging products, like personalized greeting cards and new year's Fai Chun and Lai See packets showed a notable increase of 14.1% compared to the Previous Year, demonstrating the segment's relentless efforts to diversify its product offerings and revenue streams.

The segment continued to optimize its retail network during the Year, opening two new stores at strategic locations in prime areas, including THE SOUTHSIDE and AIRSIDE. As of the end of March 2025, the total number of Fotomax and FOTOMETA stores stood at 54, representing a net increase of two stores compared to 52 at the end of the Previous Year.

On the other hand, the imaging solution service at the Hong Kong Disneyland Resort (the "Park") experienced a slight decline of 1.8% in sales compared to the Previous Year. The segment recorded a modest drop in sales despite an increase in number of operational days from 328 in the Previous Year to 357 in the Year, primarily due to the normalization of visitor numbers compared to the Previous Year, which had benefited from an initial surge of visitors drawn by "The World of Frozen", a new attraction opened in November 2023.

The segment rolled out a variety of targeted marketing and promotional campaigns, including the seasonal promotion offers for the A5 Life Album and "Back to School" student ID photo. Collaborations involving pet and family KOLs featured festival campaigns with new Lai See packet and Fai Chun designs. Digital marketing was strengthened through social media, Google keyword advertising, and KOL sharing, whereas a new CRM program was implemented to enhance customer engagement and loyalty.

Professional AV Advisory and Custom Design and Installation Services

The segment experienced a 18.0% decline in sales during the Year as compared to the Previous Year. This downturn was primarily due to reduced consumer spending and corporate investment, leading to delays in expansion plans and development projects, which in turn has affected the business development of this segment.

OUTLOOK

Looking ahead, the Group remains cautious and optimistic. The Group is particularly excited about the upcoming launch of the FUJIFILM House of Photography at The Mills in Tsuen Wan, scheduled for the second quarter of FY2025/26. This groundbreaking concept – the first of its kind in Asia – represents much more than a retail space and will serve as a true destination for photography enthusiasts. The facility will showcase the Group's latest innovations and offer immersive experiences designed to facilitate engagement with its brand, marking a significant milestone in its retail strategy.

While supply constraints continue to impact on the Group's sales of FUJIFILM products, the Group will step up its branding efforts to strengthen its market position, which will, in turn, enhance its ability to collaborate with FUJIFILM Japan in securing additional stock allocations to meet the rising demand.

In the electrical appliance segment, the Group will initiate strategic counter measures to address the competition from mainland brands by rebalancing its product portfolio toward premium and high-margin audio products – a category where brand prestige and technological differentiation create a natural barrier against budget alternatives. To reinforce the shift, the Group will further develop its partnerships with leading vendors, refine its pricing strategies, and curate a more exclusive product mix that aligns with evolving consumer demand for high-end audio experiences.

To facilitate this strategic pivot, the Group will seize the emerging opportunities presented by current market conditions to expand its retail footprint. Given the more affordable commercial rental in prime areas, the Group will open an AV Life store in Times Square, an iconic retail destination in Hong Kong. The new 2,000 sq.ft. flagship store, designed with a modern and state-of-the-art layout, will serve as a showcase for premium audio brands, offering customers immersive and elevated shopping experiences. This move will not only enhance the Group's brand visibility and accessibility but also capitalize on cost-efficient leasing opportunities, thereby ensuring optimal returns on its investment.

Furthermore, the Group will enhance its online-to-offline integration to provide its customers with seamless shopping experiences and leverage CRM insights for more personalized marketing approaches. The Group's collaboration with Hong Kong Disneyland Resort for its 20th anniversary celebrations will bring about additional opportunities to elevate brand visibility through its imaging services and souvenir offerings.

Despite the challenges ahead, the Group's strategic positioning, customer-centric philosophy, and strong vendor relationships all serve to build a solid foundation for future growth.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial resources remained strong. As at 31 March 2025, the Group was debt-free and had cash and bank balances and non-pledged time deposits with original maturity of over three months of an aggregate of HK\$239 million. The Group has adequate liquidity to meet its current and future working capital requirements.

OTHER WORKING CAPITAL

As at 31 March 2025, the Group's trade receivables stood at HK\$45 million while its inventories were worth HK\$174 million. The Group continued to put every effort to manage credit control and debt collection and to adopt a prudent inventory management strategy.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2025 (FY2023/24: final dividend of 1 HK cent per ordinary share).

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 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established in accordance with the Rules 3.21 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Committee comprises a total of four Independent Non-executive Directors and one Non-executive Director of the Company. The Group's financial statements for the year ended 31 March 2025, approved by the Board on 24 June 2025, 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.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.chinahkphoto.com.hk>) and the Company's 2024/25 Annual Report will be dispatched to the Shareholders and published on the above-mentioned websites in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2025.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the year ended 31 March 2025.

Full details on the subject of corporate governance are set out in the Company's 2024/25 Annual Report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company is scheduled to be held on Friday, 8 August 2025. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 5 August 2025 to Friday, 8 August 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 August 2025.

MEMBERS OF THE BOARD

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. SUN Tao Hung, Stanley (*Deputy Chairman and Chief Executive Officer*)

Mr. SUN Tao Hsi, Ryan

Ms. CHAN Wai Kwan, Rita

Non-executive Directors:

Dr. SUN Tai Lun, Dennis (*Chairman*)

Mr. FUNG Yue Chun, Stephen

Independent Non-executive Directors:

Mr. LAU William Wayne

Mr. LI Ka Fai, David

Mr. LIU Jian Hui, Allan

Dr. WONG Chi Yun, Allan

By Order of the Board

China-Hongkong Photo Products Holdings Limited

SUN Tai Lun, Dennis

Chairman

Hong Kong, 24 June 2025