



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)

Press Release

23<sup>rd</sup> November 2011

## CHINA-HONGKONG PHOTO ANNOUNCES INTERIM RESULTS

- Consolidated turnover increases 34.6% to HK\$232 million; Group achieves net profit of HK\$4.2 million
- Digital camera sales soars 93.4% while Fotobook sales records impressive growth of 70.8%
- Interim special dividend of HK2 cents declared

China-Hongkong Photo Products Holdings Limited (“China-Hongkong Photo” or the “Group”) today announced its interim results for the six months ended 30 September 2011. During the period under review, the Group generated turnover of HK\$232 million and net profit of HK\$4.2 million. Earnings per share was HK0.37 cent.

“The first half of the financial year was challenging for the Group in exceptional ways,” said Dr. Dennis Sun, Chairman of China-Hongkong Photo. “The underlying threat from the European debt crisis has dampened consumer sentiment around the world. Also, the devastating earthquake and tsunami in Japan caused consumers to generally lose confidence in Japanese products, including “FUJIFILM beauty”, our newly introduced skincare product range. We therefore allocated extra resources to marketing and promotion, which was a success in terms of reestablishing public confidence in the Group’s brands.”

### **MERCHANDISING**

#### ***Photographic Products***

The newly launched FinePix digital camera series enjoyed a strong reception from customers who need exceptional quality and advanced technology. Sales of digital cameras rocketed 93.4% over the same period last year, which was mainly driven by the two most popular FinePix products, the FinePix X100 and FinePix REAL 3D W3.

Instant cameras continued to be popular across the region for capturing memorable moments. Sales of instant products registered growth of 42.2%.

#### ***Skincare Products***

Although the Group is still in the investment stage for its newly launched skincare brand, “FUJIFILM beauty”, the line showed steady growth during the period under review. The Group currently operates 7 beauty outlets, most of which are located in popular shopping malls around the region.

The Group’s extensive marketing efforts increased the visibility of “FUJIFILM beauty” in the skincare market, and they also helped restore customer confidence quickly after the earthquake in Japan in early 2011. The award-winning ASTALIFT Jelly Aquarysta was the best-selling product in the range, contributing 26.6% of the total sales of the Group’s skincare products, followed by the Collagen Drink 10000, which contributed 24.1%.



The Group also introduced a new ASTALIFT whitening series, which like all other products in the range was developed using advanced technology and unique natural ingredients. Their efficacy as antioxidants and skin whiteners received good word of mouth that pushed sales, particularly during summertime.

### **PHOTOFINISHING AND TECHNICAL SERVICES**

The Group operates 80 Fotomax stores in the region, one more than the same time last year. An average of three digital kiosks was installed in each store to facilitate the ordering process for photofinishing services.

Photo enthusiasts still like to share printed copies of their images, and the Group's Fotobook and Fun2Print personalised gift items meet the needs of these customers well. As a result, sales of Fotobook and Fun2Print items recorded impressive growth of 70.8% and 6.4% respectively compared to the same period last year.

Meanwhile, the Group's one-stop document solution, DocuXpress, which was launched in mid-2010, recorded satisfactory growth of 62.4% in sales as compared to the total sales of similar services provided over the same period last year.

### **BRAND MANAGEMENT**

The FinePix X100 was the star focus for the Group, which supported it with the launch of a series of effective marketing campaigns under the theme "Wandering Photographing". These appeared in TV commercials, outdoor billboards and MTR lightboxes, generating significant publicity. The Group also carried out several conferences for product launches that increased the products' public appeal, as well as the launch of a photography sharing conference, "Fujifilm FinePix X100 'You snap your mind'".

To show support to the victims of the Japan earthquake and tsunami, the Group held a charity auction for the first FinePix X100 in Hong Kong, which carried serial number 11H00001. The winning bid of HK\$100,000 was wholly passed to the Hong Kong Red Cross for disaster relief and reconstruction in affected areas.

Brand management efforts for the Group's Fotomax photofinishing services included broadening its product range and improving the fulfillment process to increase store traffic, drive transactions and expand the customer base.

The Group participated in the Hong Kong Book Fair and collaborated with a famous local publisher to introduce the trend of electronic books ("e-books") and promote its "Easy Order Software". In addition, the Group demonstrated the usefulness of its DocuXpress service to students and readers in the e-book era. The Group also previewed the coming launch of "Easy Print App", which supports online printing from the most popular smartphone platforms in the market.



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)

Regarding the Group's newly launched skincare brand, "FUJIFILM beauty", two series of TV commercials called "Skincare Revolution" – focusing on the well-known Collagen Drink 10000 as well as the anti-oxidation effect of the Group's skincare range – were broadcasted on popular TV and media channels. Furthermore, integrated marketing campaigns like joint promotions with shopping malls, lightbox advertisements at MTR stations, and printed advertisements placed in popular feminine magazines and newspapers, successfully continued to build the "FUJIFILM beauty" brand.

The Group organised a skincare conference that enlisted local celebrities to share their experiences using FUJIFILM beauty. There were also several new product launch conferences held during the period under review.

In recognition of the quality of the Group's skincare products, fashion magazine Marie Claire named FUJIFILM beauty's Collagen Drink 10000 one of the "Summer Top 5 Intake Beauty Supplements", and iVoCe called ASTALIFT Jelly Aquarysta the "No.1 Serum of 2011".

## **OUTLOOK**

"The Group is focusing on improving product development and undertaking more frequent and effective product launches," said Dr. Sun. "We will further strengthen our position as the leader in the photofinishing service industry by introducing the pioneer 'Easy Print App'. A series of new skincare product launches plus proactive marketing campaigns will also be important for the Group's efforts to maximise the exposure of "FUJIFILM beauty".

"Elsewhere, we will continue to strengthen back-end support for our online business to streamline logistics," he added. "We are cautiously optimistic about the outlook for our business in the period ahead, and we believe that our exceptional marketing and promotional efforts during the first half of the financial year will have a pronounced impact on our business in the long run."

## **ABOUT CHINA-HONGKONG PHOTO**

China-Hongkong Photo Products Holdings Limited (stock code: 1123) has had a solid business partnership with Fujifilm Japan as the sole authorised distributor of Fujifilm products in Hong Kong and Macau since 1968. In September 2010, the Group was appointed by Fujifilm Japan to be the exclusive agent in Hong Kong to launch and trade Fujifilm skincare products via the brand name "FUJIFILM Beauty". The Group currently operates an extensive photofinishing network under the "Fotomax" name in Hong Kong.

-end-

The full text of this and other Group announcements can be accessed online at [www.chinahkphoto.com.hk](http://www.chinahkphoto.com.hk).

Issued by: China-Hongkong Photo Products Holdings Ltd  
Eileen Ng (Tel: 2408-8663, Fax: 2409-0294)

Through: GolinHarris