



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

27<sup>th</sup> November 2013

## CHINA-HONGKONG PHOTO ANNOUNCES INTERIM RESULTS

- Sales of instant products up 9.4%
- Sales of Jelly Aquarysta increase by 26.5%
- Sales of imaging gift items and services jump 36.8%
- Interim special dividend of HK2 cents per share 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 2013. During the period under review, the Group generated consolidated turnover of HK\$327 million and net profit of HK\$2 million. Earnings per share amounted to HK0.16 cent.

“Based on the success of our move into the skincare business a few years ago, we extended our strategy of careful business diversification by acquiring certain business assets of YCY Holdings Limited and its subsidiaries, and Galerien und PartnerPlus Limited during the period under review,” said Dr. Dennis Sun, Chairman of China-Hongkong Photo. “This means the Group is now active in the businesses of retailing of consumer electronic products and home appliances and also the provision of professional audio-visual advisory as well as custom design and installation services. Meanwhile, our core businesses of photographic products, photofinishing and skincare all continued to perform creditably in an environment of high rental and labor costs.”

### **MERCHANDISING**

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

The Group continued to benefit from strong sales of its instant products during the period under review, generating revenue of 9.4% over the previous period. This positive performance was achieved through a series of promotional and merchandising campaigns that kept public attention firmly focused on the Group’s latest offerings.

Sales of digital products rose by 4.6% due to the launch of new camera models. The Group supported these launches with advertisements placed across major promotional platforms, including online platforms such as TVB.com, Facebook and YouTube.

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

Sales of Jelly Aquarysta increased 26.5% over the first six months of the year. The Group added that the brand received another high-profile award, the JESSICACODE Excellence Award 2013 – “Excellence in Intake Collagen Award”.



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In May, the Group launched a new series of skincare products under the “Lunamer” brand name that generated considerable interest in the market. This was supported by extensive advertising across various key media.

The Group also reported increased demand for its ASTALIFT Day Protector White following a summer promotion that drove a 14.8% rise in sales over the previous period.

The Group expanded its network of skincare outlets during the first six months of the year. This included the opening of a new ASTALIFT counter and a series of aggressive promotional strategies that quickly established a strong customer base. Sales and promotions at other outlets continued to generate business from existing and new customers.

### ***Consumer Electronic Products and Household Appliances***

Retail sales in consumer electronics and household appliances performed respectably in the two months following the acquisition of certain business assets of YCY Holdings Limited and its subsidiaries, and Galerien und PartnerPlus Limited, contributing 11.4% of the Group’s sales. Sales from the wholesale business were promising, accounting for 13.1% of total sales for the Group over the interim.

### **SERVICING**

#### ***Photofinishing and Technical Services***

The Group’s photofinishing and technical services saw steady performance during the period under review, with total sales for photofinishing remaining similar to the first six months of last year.

Revenue from imaging gift services increased 36.8%. This was mainly due to significant sales growth from paper products such as personalized stickers (up 78.3%) and other gift items including Fotobook sales, which rose 14.6%, and outsourcing gifts, which grew by 15.3%.

#### ***Custom Installation Service***

Another new venture for the Group was custom installation service, which mainly provides audio-visual advisory as well as custom design and installation services. The latter includes the design of high-end AV rooms for retail customers, and custom design and installation of video-conferencing facilities for both the commercial sector and the governmental and non-commercial sector.

### **BRAND MANAGEMENT**

To maintain public interest and sales, the Group remained very active promoting its various brands. This included emphasizing the trend of instant photography to promote its FUJIFILM INSTAX brand. Another important initiative was the end-August launch of the Instax mini 90 Neo Classic, a retro-inspired camera that is also the most advanced instant camera in the FUJIFILM Instax mini range.

The Group also ran an active promotional program for its digital camera range. This involved leveraging advertisements and promotions developed by FUJIFILM in Japan, such as the latest FUJIPOP advertisement, “Ideas (想法)”.



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FUJIFILM STUDIO, the Group's specialist photographic store in Causeway Bay, continued to cater for serious photographers and foster camera culture in the market. The Group continued to hold regular exhibitions, classes and events to establish FUJIFILM STUDIO as a must-visit destination for photographers and enhance its effectiveness as a platform for promoting FUJIFILM products.

During the period the Group prioritized increasing awareness of its new Lunamer products. Its active brand management strategies were also applied to the AV Life, Life Electric and Life Digital retail businesses, which have only been able to contribute two months of results for the first six months of the year.

## **OUTLOOK**

"We believe that there is much potential for growth in our new consumer electronic products and household appliances venture – both in terms of geographical expansion, and in terms of strengthening its positioning and brand image," said Dr. Sun. "Although the custom installation service is still in a preliminary stage of development, we are also optimistic about the future growth potential of this niche market segment."

"Elsewhere, we have been looking at ways of developing alternative sales channels to physical shop locations. To this end, we have revamped and re-launched the fotomax.com website with a range of new online features, which we are confident that it will give customers a convenient, attractive new way to purchase products and services."

## **ABOUT CHINA-HONGKONG PHOTO**

Since 1968, 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. 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 "ASTALIFT". The Group currently operates an extensive photofinishing network under the "Fotomax" name in Hong Kong. In August 2013, the Group acquired certain business assets from YCY Holdings Limited and its subsidiaries, and Galerien und PartnerPlus Limited and expanded its business to the sales of consumer electronics products and household appliances under the names of "AV Life", "Life Electric" and "Life Digital" and also the provision of professional audio-visual advisory as well as custom design and installation services.

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

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