



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**  
**21<sup>st</sup> June 2018**

## **CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED ANNOUNCES ANNUAL RESULTS**

- The Group recorded HK\$930 million in consolidated turnover
- The Group's digital product sales soared 48.1% year on year on the back of enthusiastic reception from buyers
- The Board of Directors does not recommend any final dividend for the year

China-Hongkong Photo Products Holdings Limited (the "Group") today announced that its consolidated turnover for the year ended 31 March 2018 was HK\$930 million, an increase of 9.1% compared to the HK\$853 million reported for the previous year. Excluding the non-operating gain of HK\$37 million from increased investment property value, the Group also achieved a return to net profit before tax of HK\$7 million, representing an encouraging turnaround from the net loss reported last year. On a reporting basis, the Group's net profit increased to HK\$39 million. The Board of Directors does not recommend any final dividend for the year.

"The Group's annual results for 2017/2018 reflect that the initial returns of our business development plan have been very encouraging," said Dr Dennis Sun, Chairman of China-Hongkong Photo. "Overall, sales have risen year on year; more importantly, the Group has once again returned to profitability. Despite an improved economic environment in Hong Kong, much of the improvement in our performance can be attributed to the careful, well-planned initiatives we have undertaken to highlight growth areas and control spending elsewhere.

"We have already achieved significant growth in the high-potential areas identified in our business development plan," Dr Sun continued. "In photographic products and photofinishing and technical services, this has included strong sales of high-specification digital cameras, various high-margin photographic services and personalised image gift items. Among the Group's other main operational areas, our wholesale segment for commercial and professional AV products and our segment for professional AV advisory, custom design and installation services have also borne fruit."

### **MERCHANDISING**

#### **Photographic Products**

One of the Group's objectives is to leverage its strengths in providing high-quality photographic equipment to professional photographers, aspiring amateur photographers and those for whom smartphone camera capabilities are inadequate. To implement this objective, the Group relies on the proven professional quality of the FUJIFILM range of cameras and accessories that it sells in Hong Kong.

Following the launches of advanced new models in 2017/2018, the Group's digital product sales soared 48.1% year on year on the back of enthusiastic reception from buyers.

#### **Skincare Products**

Sales of the Group's skincare products grew 45.9% compared to last year. 46.7% of the sales came from its own online platform, [www.astalift.com.hk](http://www.astalift.com.hk). The remainder of sales was achieved through other popular regional online sales platforms, two pop-up counters operated at AEON department stores and the Group's FUJIFILM Studio in Causeway Bay.



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### **Consumer Electronics Products & Household Appliances**

After years of depressed consumer sentiment for consumer electronic products and household appliances, 2017/2018 saw improvement in this area of the Group's business. For the year, total sales in the segment increased by 2.9% despite a drop in the overall number of stores, with comparable store sales seeing an encouraging increase of 7%. These results were achieved following successful product launch strategies and effective marketing support.

### **B-to-B Commercial and Professional Audio and Visual Products**

Demand for commercial and professional audio and visual products has remained strong over the years, and the Group has continuously developed new strategies for tapping into this market. During the year under review, the Group gained additional distribution rights for products like commercial TVs, frame TVs and hospitality TVs from several renowned brands, which led to strong sales growth of 35.6% in this segment compared to last year.

## **SERVICING**

### **Photofinishing and Technical Services**

After closing two unprofitable stores during the year, the Group's number of photofinishing outlets under the Fotomax brand dropped to 64 compared to 66 at end-2016/2017. Despite the decrease in the number of stores, total sales remained stable, and comparable store sales showed a promising increase of 6.9%.

### **Professional Audio-Visual Advisory and Custom Design and Installation Services**

This segment targets both commercial and public sector organisations and individuals who want to pursue the enjoyment made possible by smart homes and advanced AV technology. After expanding its new product portfolio to include state-of-the-art, high-tech AV systems, and gaining valuable experience by taking part in certain high-profile projects in recent years, the Group is now well able to compete at the high end of the market, winning several sought-after jobs including theme park hotel projects and the refurbishment of the Old Murray Building in Admiralty. This segment has now recorded two consecutive years of sales growth, including an encouraging 16.8% increase for 2017/2018 compared to last year.

## **BRAND MANAGEMENT**

The Group's strong digital camera sales were driven by a series of new advanced FUJIFILM cameras including the FUJIFILM X-E3, FUJIFILM X-A5 and FUJIFILM X-H1 models, all launched in 2017/2018. The Group promoted these new camera models extensively through creative media marketing promotions, advertising in traditional spaces such as bus stops, MTR stations, and cinema and TV commercials as well as major online platforms such as Facebook and YouTube.

During the year under review, a number of FUJIFILM digital cameras won prestigious awards, gaining them wider public exposure and boosting digital camera sales.

In November 2017, the Group launched the new FUJIFILM Instax SHARE SP-3, an instant photo printer available in black or white finishes that can print medium-sized square instant photos.

In skincare, the Group supplemented its line with the launch of new and improved ASTALIFT beauty products. It also ran a number of promotional offers to capture consumer interest and sales.



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The Group's AV Life store in IFC Mall opened its doors once again in September 2017 following an extensive makeover. The refreshed store brings together all the Group's flagship large TVs and is designed to provide customers with total excellence in audio and visual quality. In November 2017, the Group opened its new AV Life store in Tuen Mun Town Plaza, supporting the opening with promotional discounts and special gifts.

In photofinishing services, Fotomax once again promoted its popular Year Album heavily through print and online media advertorials where several prominent parent KOLs shared their experiences using Year Album to organise and store photos of their children.

In mid-August the Group launched its brand-new personalised image gift service, Gift Plus. It also produced special designs for Christmas and Valentine's Day to leverage these traditionally strong sales seasons.

## **OUTLOOK**

Commenting on the Group's future prospects, Dr Sun said, "Last year, the Group responded to the challenges it faced in Hong Kong by putting together a comprehensive three-year business development plan. This plan first identified the essential cost controls needed to bolster our overall business performance, but it also went much further than that.

"We systematically examined the full range of the Group's fairly diverse business activities, identifying both positive and negative long-term consumer trends as well as areas with potential for significant future growth. We then developed plans to shift our focus into products and services with such potential while effectively maintaining our core operations.

"In the year ahead, we will continue to streamline our operations and implement additional facets of the plan to boost sales and support some of our most promising business segments. We will also continue to explore and rationalise the brands and products that we carry in our various businesses. With an excellent set of results in 2017/2018, we are entering 2018/2019 with much confidence," he concluded.

## **ABOUT CHINA-HONGKONG PHOTO**

Since 1968, China-Hongkong Photo Products Holdings Limited (stock code: 1123) has had a strong 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 photo-finishing network under the "Fotomax" name in Hong Kong. From August 2013, the Group has expanded its business to the sales of consumer electronics products and household electrical appliances under the "AV Life", "Life Electric" and "Life Digital" brands, as well as the provision of professional audio-visual advisory and custom design and installation services. In August 2015, the Group acquired a 49% stake in the Hong Kong operations of kikki.K, an international retail chain that sells premium Scandinavian-designed stationery, gifts and homeware products.

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

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