



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 2017

## CHINA-HONGKONG PHOTO ANNOUNCES INTERIM RESULTS

- Group recorded consolidated turnover of HK\$456 million
- Group achieved profit of HK\$3.6 million
- Sales of digital products increased 89.6%
- Board of Directors does not recommend payment of an interim dividend

China-Hongkong Photo Products Holdings Limited (“China-Hongkong Photo” or the “Group”, stock code: 1123) today announced its interim results for the six months ended 30 September 2017. The Group generated consolidated turnover of HK\$456 million, an increase of 7.9% compared with the same period last year.

“The improvement in result was due to the gradual stabilisation of Hong Kong’s retail environment, newly launched FUJIFILM digital cameras and accessories that were enthusiastically welcomed by customers, and effective cost control measures,” said Dr Dennis Sun, Chairman of China-Hongkong Photo. “The implementation of our three-year business plan was another factor in the positive results we achieved over the first six months of 2017-2018.”

### **MERCHANDISING**

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

China-Hongkong Photo recorded a significant spike in digital product sales, which increased by 89.6% compared to the first six months of 2016-2017. The Group drove sales through promotional efforts to launch a number of new professional and high-end digital cameras, lenses and accessories. Customers also responded favourably to certain new digital camera models that are compatible with a wide variety of lenses irrespective of brand.

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

The Group launched a number of new products during the period under review, boosting sales by 28.6% year-on-year. To strengthen public awareness of its skincare products brand and gain exposure in one of Hong Kong’s most popular shopping destinations, the Group opened a pop-up counter at the AEON department store in Kornhill, Tai Koo, in August 2017.

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

As at 30 September 2017, China-Hongkong Photo operated a total of 16 shops in this segment. The first six months of the fiscal year saw a 6.7% decline in sales following the closures of three underperforming shops. Comparable stores indeed showed a drop in sales of just 1%.

Meanwhile, the Group’s professional and commercial AV product wholesales business saw strong 20.4% year-on-year growth. In order to tap the potential of the wholesale market further, the Group recently signed a distributorship agreement with Samsung to wholesale its commercial television sets and innovative The Frame TVs in Hong Kong.



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## **SERVICING**

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

As at 30 September 2017, Fotomax was operating 63 stores across Hong Kong compared to 71 a year earlier. This reduction was largely due to the closures of certain underperforming shops. Despite the decrease in the number of shops, total sales for photo developing and processing remained stable with a moderate improvement of 0.4%.

The ID photo service represented 42.8% of the Group's imaging business. The Group will continue to promote its ID photo service and further explore ways to differentiate it from competitors.

Fotomax's DocuXpress document solution service accounted for 7.9% of the imaging business. Total sales for the personalised image gift service decreased by 9.5% compared with the same period last year. This was primarily due to a 7.8% fall in Fotobook sales compared to the first six months of last fiscal year. Exceptionally strong sales in Fotobook was noted in last year was due to a series of remarkable marketing campaigns for the launch of the new version of Year Album in May 2016.

### ***Professional AV Advisory and Custom Design and Installation Services***

This segment designs and installs professional audio and visual equipment and programming. China-Hongkong Photo recently extended its customer base to include theme park hotels and deluxe residences. The Group is also involved in a major project being carried out at The Murray at Admiralty, a former government headquarters building that is being refurbished into a luxury hotel and is due to open in December 2017.

## **BRAND MANAGEMENT**

The first half of the Group's fiscal year is always an important time for its digital camera sales as it typically corresponds with the launch of new models from FUJIFILM Japan. During the period under review, significant new products released included the FUJIFILM X-E3, a collection of FUJINON lenses, the FUJIFILM Instax SQUARE SQ-10 and the FUJIFILM Instax Mini 9 instant cameras. As always, the Group participated in promotional activities to market its new digital camera products.

During the period under review, a number of FUJIFILM products won prestigious awards, keeping the brand in the spotlight and attracting new buyers. Award-winners included the FUJIFILM GFX 50S, X-T2, X-T20, XF23mmF2 R WR and X100F.

The Group actively promoted its online skincare products business through a range of creative promotions and advertising initiatives, while at the same time expanding and updating its product range.

The Group's Fotomax segment was active in promoting its leading range of products and services, such as Year Album and D&P services.



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In mid-August, the Group launched a brand-new personalised gift service, Gift Plus, which is powered by the new Emagination system from the UK that was recently purchased by Fotomax. Gift Plus widens the Group's product range for personalised gifts and enables such gifts to be produced using its own in-house equipment. The advanced-technology Emagination system also allows customers to mix and match multiple layers of templates to create their own personalised gifts with unique product designs.

To support its consumer household goods and electronic appliances segment, the Group launched various promotions for home movie theatres, QLED TVs and more. It will also continue to host roadshows.

## **OUTLOOK**

"In the future, the Group will continue to roll out new products for its online skincare products business, further develop its new personalised gift platform and mobile phone printing service, and introduce famous new brands and products into the wholesale business of its consumer electronic products and household appliances segment," said Dr Sun. "We are confident that the quality of our offerings, our efforts to stay abreast of current trends and our three-year business plan together will translate into solid returns for investors in the medium term."

## **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 electronic 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 online at [www.chinahkphoto.com.hk](http://www.chinahkphoto.com.hk).

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