

CHINA-HONGKONG PHOTO PRODUCTS HOLDINGS LIMITED ANNOUNCES ANNUAL RESULTS

- Digital product sales experience faster growth, increasing by 68.9%
- DocuXpress service enjoys a healthy 38.5% rise in sales
- Sales of instant products up 34.1%
- Board of Directors recommends final dividend of HK2.5 cents and final special dividend of HK1.5 cents per share

China-Hongkong Photo Products Holdings Limited (the “Group”) today announced that the consolidated turnover for the year ended 31 March 2012 was HK\$436 million, an increase of 24.9% over the HK\$349 million of the previous year. Net profit attributable to owners amounted to HK\$45 million. Basic earnings per share were HK3.84 cents. The Board of Directors has proposed a final dividend of HK2.5 cents and a final special dividend of HK1.5 cents per share.

“Results for 2011-2012 were strong compared to last year, thanks in part to the excellence of the products and services we offer, effective marketing efforts and careful cost control,” said Dr. Dennis Sun, Chairman of China-Hongkong Photo. “Some of the highlights of the past year include the success of the exceptional X-series cameras, popular new developments for our Fotobook and gift imaging options, and the steady expansion of our ever-growing FUJIFILM Beauty product range. We are also marking a major milestone in 2012 as the Fotomax brand celebrates its 30th anniversary.”

“With increasing rent and labour costs, the year under review was actually not an easy year for the industry,” Dr. Sun continued. “Cost pressures led to a certain level of unavoidable consolidation in the photo-finishing market. On the other hand, this has provided us with good opportunities to increase our market share. Our targets for this year include setting within the context of a clear and effective business model for Fotomax, promoting and reinforcing the value of photography, images and imaging gifts in daily life, and leveraging the exceptional developments in the FUJIFILM digital camera range to further expand our market share. Also, more than a year has gone by since we first launched FUJIFILM Beauty products in the Hong Kong market, and the success of this initiative has sparked us to look at incorporating facial services into our operations in the near future.”

MERCHANDISING

Photographic Products

The Group announced that sales of instant products rose by 34.1%, which was attributed to a series of successful promotional strategies. The Group said its popular licensed Disney characters were also highly effective in driving sales, as was its sponsorship of a U Magazine event to promote FUJIFILM instant cameras to university students.

The Group experienced an even larger rise in digital product sales, which increased by 68.9% year on year. This was driven by the launch of a number of high-specification digital cameras during the year, several of which have won worldwide acclaim for their design and technical capabilities, including FinePix X100, FUJIFILM X10 and FUJIFILM X-Pro1. Sales of digital cameras received an extra boost with the launch of the FUJIFILM eShop in September 2011 giving web shoppers the ability to purchase a wide range of FUJIFILM products online.



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)

Skincare Products

2011-2012 marked the first full year of results for China-Hongkong Photo's skincare venture, FUJIFILM Beauty, which continued to build on its early success by gaining new customers and establishing itself as a competitive player in the valuable Hong Kong market. By 31 March 2012, the Group was operating 7 FUJIFILM Beauty outlets in prime sites in Hong Kong and said it will continue its expansion of the product range to increase sales. An online ordering system was launched in February 2011 that has proven to be successful in terms of bringing more customers to the brand.

The bestselling items in the FUJIFILM Beauty range during the year under review were ASTALIFT Jelly Aquarysta and Collagen Drink 10000, which contributed 28.4% and 26.2% respectively of total sales for the brand.

PHOTO-FINISHING AND TECHNICAL SERVICES

Print processing of digital files continued its downward trend with the number of prints processed by Fotomax outlets during the year falling 8.2%. However, the Group reported positive results in 2011-2012 for its efforts to counterbalance this trend by developing other photo-finishing services over recent years.

The Group maintained overall sales for its photo-finishing and technical services at a level similar to last year by focusing on Fotomax's imaging gift items, Fotobook and DocuXpress services. The launch of the pioneering Easy Print App enjoyed particular success, while the DocuXpress service enjoyed a healthy 38.5% increase in sales.

BRAND MANAGEMENT

The Group continued to channel significant resources and creative energy into supporting and enhancing its brands to effectively raise their profiles among Hong Kong consumers. During the year it continued to utilise a diverse array of brand management strategies to maximise consumer impact.

The Group promoted its range of digital cameras through a wide variety of advertising channels, including outdoor advertising boards, light boxes in bus shelters and MTR stations, TV commercials, and advertisements on a number of popular websites. Top camera models also received significant public attention through prize promotions and photography conferences. The Group also reported increased sales on the back of models receiving independent awards or other third-party recognition.

Staying at the forefront of new technology, the Group launched its Easy Order software to enhance the user-friendliness of ordering photo processing products. The Group also introduced its new Easy Print App, supporting it with TV ads for wide exposure. The app was well received in the market as the first smartphone app for photo and document printing to be launched in Hong Kong.

During the year the Group continued to carefully tailor promotional brand management activities for beauty products to target clientele. The Group advertised FUJIFILM Beauty products widely in fashion and lifestyle magazines as well as high-profile billboards and also featured them in prominent ads in MTR stations, major shopping malls and TV commercials. The Group added it was able to effectively reinforce the brand image of its beauty products through published interviews with high-profile local celebrities.



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)

OUTLOOK

Dr. Sun said, “For the coming year, the Group has a number of plans and initiatives in place to maintain the strong momentum achieved in recent months. To strengthen the leading position of our instant products in the Hong Kong market, we will continue to hold attractive promotions, often in collaboration with leading names like Disney, to capture the attention of consumers.

“We will also continue organising innovative photography events to boost the profile of the Group’s prestigious FinePix and FUJIFILM X-series models. FUJIFILM Japan has already announced that the professional series will be a key area of development over the next few years, and we are expecting to see exceptional new cameras emerging as a result. We anticipate strong future demand for this range in Hong Kong and will ensure that our brand management activities are tailored accordingly to maximise potential sales.

“The Fotomax website is another important area for development. In the coming year additional resources will be devoted to the website revamp project, with the aim of making the site even more modern and user-friendly so as to attract a greater number of online customers. We also plan on developing our mobile printing app further to synchronise with the Android platform, broadening potential coverage even more.

“We intend to open two more FUJIFILM Beauty shops in the coming year, bringing the total number of locations in Hong Kong to 9. We will also organise regular roadshows for our beauty products in the coming year to keep the brand image fresh in the minds of consumers. Meanwhile, the Group is regularly adding new skincare and cosmetics products to the FUJIFILM Beauty portfolio.”

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 photo-finishing network under the “Fotomax” name in Hong Kong.

-- End --

The full text of this and other Group announcements can be accessed through the Internet at www.chinahkphoto.com.hk.

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

Through: GolinHarris