



Fujikon Announces 2003/04 Interim Results

* * *

Strong Growth Potential Along with New Project Rollouts

(Hong Kong, 27 November 2003) – Leading Hong Kong electro-acoustic products designer and manufacturer Fujikon Industrial Holdings Ltd. (“Fujikon” or “the Group”)(Stock Code: 0927) today announced its interim results for the six months ended 30 September 2003.

During the review period, the SARS outbreak and the changes in the macro environment had an adverse effect on the Group’s business development and operations. Due to SARS, several project rollouts among the Group’s customers were delayed. However, building on its investments made last year, the Group has been able to capture opportunities in the PRC market during the period. For the six months ended 30 September 2003, the Group’s turnover increased slightly by 6.2% from HK\$249 million to HK\$264 million, which was mainly attributable to the increase in sales of electronic parts and accessories in the PRC. As these products have relatively low margins, coupled with the increase in raw material costs during the period, the Group’s margins were adversely affected. As a result, the gross profit margin dropped from 30.4% in 2002 to 23.4% for the period. Net profit attributable to shareholders also decreased from HK\$22.9 million to HK\$10.5 million for the review period. Basic earnings per share were HK2.9 cents (2002: HK6.4 cents per share).

The Directors recommended an interim dividend of HK2.5 cents per share for the six months ended 30 September 2003 (2002: HK2.5 cents per share).

The Chairman of Fujikon, Mr. Johnny Yeung said, “Although the review period was challenging, we were able to capture rising business opportunities in the PRC market and obtained a number of orders which have significantly boosted our sales in the market. We have also been able to maintain our market presence in Europe with shipments for our sizeable European customers progressing satisfactorily. We are optimistic that as we roll out different projects in the second half of the fiscal year, we will continue to grow in the future.”

Below is the summary of the geographical and product mix analysis:

Markets	For the six months ended 30 Sept 2003 (HK\$ million)	For the six months ended 30 Sept 2002 (HK\$ million)	Change (%)	% of total turnover
North America	112.6	130.3	-13.6	42.6
Asia Pacific Regions	90.4	60.9	48.4	34.2
Europe	43.6	41.2	5.7	16.5
Japan	6.6	9.4	-29.1	2.5
Others	11.1	7.1	56.5	4.2

Products	For the six months ended 30 Sept 2003 (HK\$ million)	For the six months ended 30 Sept 2002 (HK\$ million)	Change (%)	% of total turnover
Audio Products	123.2	132.3	-6.9	46.6
Electronic Products & Accessories	92.4	69.9	32.2	34.9
Communication Products	26.7	27.6	-3.3	10.1
Multimedia Products	22.2	19.3	15.1	8.4

Mr. Yeung explained, "During the period, we successfully obtained a number of orders from an international mobile phone accessories manufacturer and one of the largest computer manufacturers in the PRC. On the other hand, we also commenced shipment orders for several sizeable European customers which contribute to the increase in sales in Europe. However, due to SARS, some audio projects were delayed and hence our sales from audio products have declined. However, we believe that as we roll out a number of exciting projects in the next few months, we see strong growth potential in our business development and market expansion. We expect our sales and profits in the second half of the fiscal year will benefit from our satisfactory business performance."

Moving forward, the robust mobile phone industry will continue to provide the Group with tremendous business opportunities. As the European mobile phone customer launches a number of new mobile phones in the market, the Group believes the demand for handsfree headsets will grow rapidly and this customer will become one of its largest customers in the next fiscal year. Sales from the communication business are expected to reach about 30% of total turnover by the end of fiscal 2004/05. Together with orders for audio headphones from the newly acquired European customers, sales from Europe are expected to make a substantial contribution to the Group's total turnover of around 30-35% by the end of fiscal 2004/05.

In addition, the Group was also selected as a strategic supplier of high-end micro speakers for a new Japanese customer. The Group expects this project to contribute around 15% of the Group's total turnover in about two years' time. Shipments have already started in the second quarter of the fiscal year and the Group is in the process of ramping up production volume.

Mr. Yeung continued, "In the US, as automobile manufacturers compete for market share with value-added features, we expect the in-car AV entertainment system market to be the upcoming trend. We are a first mover to the industry with our shipments of wireless audio headphones to a top US automaker commencing in December this year. We are highly optimistic towards this new business segment and we foresee that demand for wireless audio headphones will be robust, creating strong growth impetus for our business in the years ahead."

Additionally, the innovative Sound Bag, which combines a CD case with speaker function using patented NXT technology, has received overwhelming responses worldwide. Sales volumes in the first four months have already surpassed the Group's initial sales targets for the entire year. It is estimated that sales will reach about 10% of total turnover for the fiscal year.

Mr. Yeung concluded, "We will remain cautiously optimistic and will closely monitor changes in external market conditions. As we embark on our new projects and products in the next few months, we believe Fujikon will emerge as a stronger market contender, further consolidating our leading position in the electro-acoustic industry."

-end-