



Fujikon Industrial Holdings Ltd.
富士高實業控股有限公司

<For Immediate Release>

FUJIKON ANNOUNCES 2001/2002 INTERIM RESULTS

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***CAPITALIZING STRENGTHS TO EXPAND MARKET SHARE AND
EXPLORE BOOMING PRC MARKET***

(Hong Kong, December 7, 2001) – 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 September 30, 2001. Due to the weakening consumer market around the world, the Group’s turnover was HK\$257.8 million compared to HK\$291.4 million in the previous corresponding period. Profit attributable to shareholders was HK\$25.4 million against HK\$36.5 million for the six months ended September 30, 2000. Basic and diluted earnings per share were HK7.1 cents.

The Board of Directors recommends an interim dividend of HK2.5 cents per share for the six months ended September 30, 2001 (2000: HK2.5 cents per share).

The Chairman of Fujikon, Mr Johnny Yeung said, “Despite the unfavourable market conditions, we were still able to maintain our gross profit margins and market share during the period, signaling that our cost-savings approach is gaining momentum. On the other hand, our strategic investments in the two new facilities in the PRC have led to additional expenses, thus reducing our earnings as a whole. However, we remain optimistic that these investments, together with our unique competitive edge will help to pave the way for our future growth and improved earnings when the economy recovers. More importantly, our dividend payment maintains the same as previous corresponding period which reflects our confidence in the future global economy while at the same time, providing excellent returns to our shareholders.”

During the period, the three main products developed by the Group achieved a similar distribution pattern as in last corresponding period. Audio products, communication products and multimedia products represented 43.5%, 20.8% and 13.8% of the Group’s total turnover respectively, while the remaining portion is attributable to the sale of transformers and other accessories. In new product development, the Group has successfully added a total of 62 new electro-acoustic products to its existing product portfolio, with 17 audio products, 17 communication products and 28 multimedia products.

Mr Yeung said, "At the recent 2001 Hong Kong Electronics Fair, we launched our first generation Bluetooth headset functional prototype, which is able to connect to Ericsson mobile phones. Additionally, the legal requirement for drivers to use hands-free mobile phones in a number of countries will offer long-term growth impetus for our communication headsets. Our Bluetooth headsets will officially be introduced to the market in mid 2002. With our professional R&D team and our ability to respond to changing market needs, we believe we will gain the trust and confidence of a growing base of customers."

Capital expenditure during the review period was HK\$21 million which was mainly used to expand the two new production facilities at Ningbo and Suzhou, the PRC. Both investments are expected to make a contribution to the Group's profits in the later half of the next fiscal year. At the same time, to strengthen client relationships with Japanese customers, the Group has set up a representative office in Osaka, Japan in September this year.

Geographically, North America continues to be the Group's major market, representing 57.6% of total turnover. Due to the booming PRC market, sales from the Asia Pacific (excluding Japan) region increased 29.5% over the last corresponding period. ODM and OEM business accounted for 44% and 52% of the Group's sales respectively during the period. In addition, as a result of its commitment to quality management, the Group has successfully secured new clients including MTV, Sanyo Electronic Components Co., Ltd. and the Dixons Group.

Looking ahead, the Group will stay focused on its strategy to achieve a diversified portfolio to minimize risks and expand new markets. China's triumphant entry into WTO means that the country will be opening its markets to goods and services from other WTO members, thus stimulating consumer spending in the region. To capture the thriving opportunities in the PRC consumer market, the Group will establish a new facility at Dongguan next year to support its domestic sales operations in the PRC.

"As businesses, and the Japanese in particular, are seeking to improve their profit margins to address current market conditions, they are looking for quality and reliable manufacturers in the industry. With our long established reputation in the industry, we are able to outpace our competitors and gain the trust of potential customers. The depressed economy has also provided us with an advantage, eliminating competitors who are not able to survive under these changing market conditions. We believe that these circumstances provide an excellent opportunity for us to expand our market share. We will continue to make investments in R&D and quality management to ensure that we come out of this slowdown, both stronger and better positioned." Mr Yeung concluded.

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