

Chairman's Statement



To our shareholders

I am pleased to bring you the annual results of Fujikon Industrial Holdings Limited (“the Company”) and its subsidiaries (“Fujikon” or “the Group”) for the year ended 31st March, 2002.

The global economy was slipping into recession during the first half of the fiscal year. The impact was amplified by the 911 attacks in the US which led to the slackening of the consumer markets across the world and the devastation to the whole airline industry. As the fiscal year drew to a close, other markets such as Japan and Europe showed increasing signs of weakness. The Group's achievements in obtaining new customers and opening new markets have successfully assisted the Group to maintain its level of turnover this year. Sales achieved in the second half of the fiscal year were relatively strong, demonstrating the gradual recovery of the US market and thus enabling us to restore our decrease in sales and profits recorded in the first six months. Overall, turnover and net profits dropped slightly by 5.3% and 9.4% respectively against last year's figures despite the worsening business environment. At the same time, a number of innovative products were developed during the year as a result of continuous improvements in product R&D. A series of measures have also been taken to enhance cost effectiveness. Therefore, the Group's gross profit improved from HK\$153 million to HK\$159 million this year, while the gross profit margin also increased from 28.6% to 31.4%.

致各位股東

本人謹代表董事局欣然提呈富士高實業控股有限公司（「公司」）及其附屬公司（「富士高」／「集團」）截至二零零二年三月三十一日止財政年度之全年業績報告。

於首半個財政年度，環球經濟放緩，加上美國「911」事件影響，導致環球消費市場進一步疲弱，以及整體航空業衰退。隨著財政年度的完結，日本及歐洲等其他市場更進一步放緩。儘管如此，富士高於年內亦成功取得新客戶及開拓新市場，有助集團維持穩定的營業額。富士高於下半年的銷售更見理想，顯示美國市場逐步復甦，挽回集團於上半年營業額及盈利下跌的情況。總體而言，在這極富挑戰的營商環境下，集團的營業額及純利較去年分別輕微下跌5.3%及9.4%。與此同時，憑藉富士高卓越的產品研發能力，成功於年內推出多項嶄新產品，再加上集團積極推行一系列成本控制措施，令集團整體的毛利由153,000,000港元增加至今年的159,000,000港元，毛利率亦由去年的28.6%上升至31.4%。

Fujikon's longstanding reputation in the industry has not only enabled the Group to maintain market share in the US, but has also assisted business expansion in Asia. Possessing abundant labour and huge domestic market, the PRC has become an increasingly favorable market for multinational companies to build a presence in the region. These capital inflows, together with the PRC's accession to the World Trade Organisation ("WTO"), have created strong demand for quality outsourcing services in the PRC. As one of the first industry players to set foot in the country, the Group is confident that it will capture many opportunities in the rapidly growing domestic market as well as the Greater China region through strategic acquisitions, partnerships and well planned organic growth. We will continue to work towards our goals and are determined to pursue the vision of being a superior leader in the electro-acoustic industry for bringing even better returns to our shareholders.

Financial Performance

For the year ended 31st March, 2002, the Group recorded a turnover of HK\$506 million, a 5.3% drop from HK\$535 million in 2001. This was largely attributable to the declined PC and Internet market during the year, which has led to a corresponding drop in demand for multimedia products.

During the year, the Group spent approximately HK\$5 million on the daily operating expenses of its two facilities in Ningbo and Suzhou, the PRC. Additionally, interest income fell significantly by 39.2% against last year because of the continual interest rate's cuts. As a result, profit attributable to shareholders decreased by 9.4% from HK\$62.3 million in 2001 to HK\$56.4 million this year. Basic earnings per share were HK16 cents (2001: HK17 cents).

憑藉富士高於行內建立的良好聲譽，集團成功於美國穩佔重要席位，此聲譽更有助富士高進一步拓展亞洲市場。有見中國擁有豐富的人力資源及龐大的內銷市場，各跨國企業紛紛於國內建立地區辦事處。這些資金的流入，再加上中國加入世貿將大大刺激國內對優質外判服務的需求。作為行內率先開拓中國市場的電聲產品供應商之一，集團有信心將能透過策略性收購、合作及公司本身的擴展計劃，把握國內及大中華市場迅速增長的商機。我們將繼續朝著目標進發，實踐集團一貫的理念，成為具領導地位的電聲企業，並致力為股東們帶來更可觀的回報。

業績表現

截至二零零二年三月三十一日止年度，集團錄得營業額 506,000,000 港元，較二零零一年的 535,000,000 港元輕微下調 5.3%，這主要由於電腦及互聯網市場於年內發展放緩，因而對多媒體產品的需求亦相應下降。

由於集團於回顧年內投放約 5,000,000 港元作為中國寧波及蘇州兩個生產設施的日常營運開支，再加上銀行息率持續下調，導致集團的利息收入顯著減少 39.2%，致令集團的股東應佔綜合溢利由二零零一年之 62,300,000 港元下降 9.4% 至本年度之 56,400,000 港元。每股盈利為 16 港仙（二零零一年：17 港仙）。

Dividends

The Directors are pleased to announce the recommendation of a final dividend of HK4.5 cents per share (2001: HK4.5 cents per share) for the year ended 31st March 2002. Together with the interim dividend payment of HK2.5 cents per share (2001: HK2.5 cents per share), the annual dividend payment will be HK7 cents per share (2001: HK7 cents per share).

Since our listing in 2000, the Group has been recording satisfactory growth and has completed all the strategic plans set out in the listing prospectus. Moreover, the Group is able to attain a healthy cash position. This year, to celebrate the 20th Anniversary of Fujikon, the Directors have recommended the payment of a special dividend of HK3 cents per share together with the final dividend for the year ended 31st March, 2002, as a token of appreciation to shareholders for their support throughout the past years.

Market Achievements

North America was still the Group's major market during the year under review, representing 56.7% of total turnover during the year. Recent sales and export figures have demonstrated signs of gradual recovery in US after the 911 attacks. In view of this, the Group has set up its first US representative office in the Silicon Valley in June 2002. Executive has been recruited locally in the US to enhance client communications and offer after sales services to existing customers. The Group anticipates more original design manufacturing ("ODM")/original equipment manufacturing ("OEM") business opportunities from the US market through the establishment of this representative office.

股息

董事會欣然宣佈，建議派發截至二零零二年三月三十一日止年度之末期股息，為每股4.5港仙（二零零一年：4.5港仙）。連同已派付之中期股息每股2.5港仙（二零零一年：2.5港仙），全年派息總額達每股7港仙（二零零一年：7港仙）。

自二零零零年上市，富士高業務一直取得理想增長，並已完成招股書內定立的策略性計劃。因此，集團能保持穩健的現金流量。而今年亦是富士高二十週年紀念，為慶祝此盛事及回饋股東一直以來的支持，董事會決定於末期股息以外額外派發截至二零零二年三月三十一日止的特別股息，每股為3港仙。

市場策略

在市場策略方面，北美洲仍穩佔集團的主要市場，佔總營業額56.7%。從近期的銷售及出口數據顯示，美國經濟正逐步從「911」事件後復甦過來。有鑑於此，集團於二零零二年六月於矽谷開設美國首間辦事處，並於本地聘請專員加強與客戶間的溝通及為現有客戶提供更全面的售後服務。預期設立新辦事處將可為集團於美國市場帶來更多原設計製造（「ODM」）及原設備製造（「OEM」）的業務商機。

During the year, the Group took significant steps to develop the Asian market, a move that has achieved encouraging results. Sales from Asia Pacific (other than Japan) constituted 19.9% of the Group's total turnover compared to 12.1% in 2001. Sales increased impressively by 56.2% to HK\$101 million. Following China's entry into the WTO, financial liberalization and increased foreign investments will offer tremendous opportunities for business in the consumer sector. Fujikon is poised to seize this domestic market by setting up a new facility at Dongguan to provide outsourcing services for multinational enterprises in the PRC. Currently, the Group has its own facilities in Dongguan, Ningbo and Suzhou. These strategic locations are set to capture the opportunities offered by the blooming coastal provinces of the PRC.

Among the three product categories that the Group offers, performance of multimedia products was quite severely hit by the unfavourable market conditions and the slowdown of the IT industry. Being the major export country of Fujikon's multimedia products, the weakening corporate and consumer markets in Japan have led to a slide in sales by 44.5% to HK\$33 million this year, representing 6.5% of the Group's total turnover. However, with over 13 years of experience in the Japanese market and committed customer relations building efforts, the Group has obtained a prominent retail chain operator as its customer in Japan during the year. The Group's strong customer focus is also reflected by the joint establishment of a representative office in Osaka, Japan in September 2001, with Naniwa International Limited ("Naniwa"). Leveraging Fujikon's top quality products together with Naniwa's extensive client network, the office will assist Fujikon to extend its reach to more customers and consolidate its market position in Japan. The Group will continue its efforts in promoting its ODM/OEM capabilities to the world-renowned Japanese electronic companies who are indeed distributing their products in a global scale.

回顧年內，富士高積極開拓亞洲市場，成績令人鼓舞。來自亞太地區（日本以外）的銷售佔集團總體營業額19.9%，比對二零零一年為12.1%，而銷售額亦大幅上升56.2%至101,000,000港元。隨著中國加入世貿，國內的金融體系漸趨開放，並且吸引更多外資流入，這將為專攻消費品市場的企業帶來龐大商機。富士高將積極把握本地市場的優勢，於東莞設置新內銷廠房，為跨國企業於中國提供外判支援服務。目前，集團分別於東莞、寧波及蘇州自設生產設施，策略性地把握中國沿海省份興旺而帶來的無限商機。

集團三大產品類別中，多媒體產品的表現較受市場不景氣及資訊科技發展減慢所影響。日本作為富士高多媒體產品最大的出口國家，企業及消費市場疲弱導致集團今年於日本的銷售下跌44.5%至33,000,000港元，佔總營業額6.5%。憑藉集團於日本市場累積十三年的豐富經驗及致力與客戶建立的良好關係，集團年內成功取得日本大型連鎖店為客戶。集團向來重視與客戶的聯繫，並於二零零一年九月與Naniwa International Limited（「Naniwa」）於日本大阪共同設立銷售辦事處。憑藉富士高優質的產品，加上Naniwa廣泛的客戶網絡，銷售辦事處將有助集團進一步接觸更多客戶及鞏固集團於日本市場的地位。集團亦將繼續致力向世界著名的日本電子產品公司推廣本身生產ODM及OEM產品的優勢，務求藉著他們把富士高產品銷售遍佈全世界。

Despite the prolonged economic downturn in Europe, the Group has succeeded adding one of the world's leading mobile phone manufacturers in its customer portfolio. This is a strong proof of the Group's competitiveness along the value chain of sales and marketing, R&D, quality, capacity, logistic support and customer service.

Product Highlights

Fujikon's electro-acoustic business contributed 78.7% to the Group's total turnover during the year. Sales of adaptors, transformers and other accessories (including packaging products, precision metal parts, PVC beads, wires and electro-acoustic parts) and rental income accounted for the remaining 21.3% of the Group's turnover.

Audio Products

The Group achieved a sales level slightly less than last year at HK\$235 million compared to HK\$254 million in 2001. The gross profit margin was maintained at around 37.0%, that demonstrates the effectiveness of the Group's new product development strategies. During the year, the Group developed 70 new products in total, 52 of which were audio products. With more value-added functions and features, these newly designed products contributed better margins to the Group.

Although business from its airline customers was adversely affected by the drop of the air traveling market as a consequence of the 911 attacks, the Group was still able to maintain the number of its airline customers during the year. Recently, there have been signs of recovery in the airline business and the Group believes there will be reasonable improvements in the sale of audio headsets for its airline customers.

雖然歐洲經濟疲弱，集團卻成功贏取世界著名的流動電話生產商客戶，彰顯集團於產品銷售、市場推廣、產品研發、品質控制、生產能力、後勤支援以至客戶服務方面的競爭優勢。

產品表現

於回顧年內，富士高的電聲產品業務佔集團總營業額78.7%；而轉接器、變壓器、其他配件(包括包裝產品、精密金屬配件、PVC膠粒、電線及配件)及租金收入則佔集團營業額21.3%。

音響產品

音響產品的銷售額由去年的254,000,000港元輕微下調至今年的235,000,000港元；毛利率則維持約37.0%，反映集團湊效的新產品發展策略。年內，集團共開發了70種新產品，其中52種為音響產品。這些新設計的產品融合更多增值功能及特點，可為集團帶來更高的利潤回報。

儘管「911」事件導致航空市場疲弱，來自航空業客戶的銷售亦因而受拖累，但集團於年內仍能維持一定的客戶水平。近期，航空業呈現復甦跡象，集團深信源自航空客戶的音響耳機銷售將重拾合理的增幅。

Audio products were still the Group's major revenue contributor for the year, representing 46.4% of total turnover. In addition, the Group obtained several new ODM/OEM customers such as Sanyo, MTV and Packard Bell. Fujikon will focus on developing high-end products in the future to extend its product diversification and bring higher margins to the Group.

Communication Products

With regard to its communication products, despite of the sluggish global mobile phone market, Fujikon continued to perform well capturing higher market share in the industry. Sales increased by 5.5% to HK\$91 million for the year ended 31st March, 2002. In the US, the states of New York and Florida have already imposed legal requirements for drivers to use hand free mobile phones. Another 43 US states are either considering to adopt similar regulation or in the process of legislation. This implementation in the US, Europe and in other Asian countries will provide growth momentum for communication products. With the additional sales from the mobile phone manufacturer depicted earlier, the Group anticipates that communication products will reach 35% of the Group's total turnover in two to three years' time.

Multimedia Products

Worldwide demand for personal computers ("PC") and related products softened during the year. This led to a drop in sales from about HK\$113 million last year to HK\$73 million for the year ended 31st March, 2002. However, although a decline was recorded, the gross profit margin performed well and recorded a level of 11.8%. According to IDC Research in March 2002, the world's PC shipments will experience another upsurge in 2003 and 2004. As companies seek to integrate information technology into their corporate operations, the demand for PCs and peripheral products will grow simultaneously. Fujikon is ready to take advantage of this upswing and believes that its multimedia products will regain the contribution to the Group's sales.

音響產品於年內仍然為集團主要的收入來源，佔總營業額46.4%。此外，集團亦成功獲得多間新ODM及OEM客戶例如Sanyo、MTV及Packard Bell等。未來，富士高將繼續專注開發更多高檔的優質產品以推廣產品多元化，並且為集團帶來更可觀的盈利回報。

通訊產品

在通訊產品方面，縱然全球流動電話市場放緩，富士高的表現仍非常出色，並成功擴大市場佔有率。截至二零零二年三月三十一日止，通訊產品的銷售額上升5.5%至91,000,000港元。於美國，紐約及科羅拉多等州份已頒布法例要求司機駕駛時必須使用免提聽筒，另外43個州份亦已考慮實施有關政策或正在立法執行。美國、歐洲及其他亞洲國家推行有關法令將為通訊產品帶來新浪潮。鑑於流動電話生產商將為集團帶來額外銷售，集團預期通訊產品將於兩至三年內可佔總營業額的35%。

多媒體產品

於年內，全球對個人電腦及有關產品的需求放緩，導致銷售額由去年約113,000,000港元下降至二零零二年三月三十一日止的73,000,000港元。雖然銷售額下跌，毛利率卻維持於11.8%的水平，表現理想。根據二零零二年三月IDC研究顯示，全球電腦的出貨量將於二零零三至二零零四年大幅飆升。鑑於企業趨向把資訊科技整合至公司的營運中，因此對電腦及週邊產品的需求將同步增長。富士高已準備就緒充分把握是次增長浪潮，並深信多媒體產品將重拾對集團的貢獻。

Investment Strategies

The Group has demonstrated its ability to strengthen its business foundations through a number of judicious investment strategies. Capital expenditure for the year ended 31st March, 2002 was HK\$41 million. Most of this was committed to enhancing R&D capabilities and production facilities at the Ningbo and Suzhou plants. Both of these operations are expected to bring earnings to the Group shortly.

In February 2002, the Group extended its vertical integration level by acquiring the fixed assets and inventories of Yuyao Shun-Tai Telecommunication Material Co., Ltd., which is engaged in the production of electrical wires, at a consideration of HK\$10 million. The transaction allows the Group to reduce production costs by HK\$2 million to HK\$3 million annually. It also creates an additional income stream and business area for the Group.

Building on its R&D investments, the Group has started its development of 800-900MHz wireless radio frequency audio headphones and planned to launch its first product line in July of 2002. Preliminary response from pre-launch activities has been overwhelming. To boost margins, Fujikon will focus on developing high-end products. The Group will speed up new technologies in its R&D such as Time Domain, Bluetooth and other wireless technologies, to offer better innovation and quality. Fujikon aims to apply these technologies to its audio products to generate higher margins.

Besides its devotion to product research and development, Fujikon also commits to proceed continual improvement on every quality management levels. The ISO9001:1994 certification acquired in 1998 has been upgraded to the ISO9001:2000 in Fujikon headquarters in 2001.

投資策略

集團於年內進行多項策略性投資，成功擴展集團的業務基礎。截至二零零二年三月三十一日止，集團的資本性開支為41,000,000港元，主要用作提升集團的研發能力及增加於寧波及蘇州廠房的產能。這兩項投資將於短期為集團帶來盈利回報。

二零零二年二月，集團收購從事電線生產的余姚舜台電訊器材有限公司之固定資產及存貨，以擴展其縱向整合的業務模式，總投資額達10,000,000港元。此項交易讓集團每年節省2,000,000至3,000,000港元的生產成本，同時有助集團開拓額外收入來源及擴闊業務領域。

憑藉集團對研發的投資，集團成功發展800-900MHz無線高頻音響耳機，並計劃於二零零二年七月推出第一條產品線。於產品推出前，初步的市場反應相當熱烈。為進一步提升邊際利率，集團將專注發展高檔的優質產品。同時富士高將加快新科技的研究及開發，包括Time Domain、藍牙及其他無線技術，以提供更嶄新及高質素的產品，致力把新科技應用在集團的音響產品中以增加產品的利潤回報。

除致力於產品研發外，富士高亦著重持續改善各級管理系統的質素。繼集團於一九九八年獲取ISO9001:1994品質管理證書後，富士高總公司的品管系統更於二零零一年獲提升至ISO9001:2000，進一步提高集團的品質管理質素。

Prospects

The global economy is expected to remain difficult in the first half of the fiscal year 2003. The outlook for the remaining second half will largely depend on the prospects of recovery in the US consumer market. To meet these challenges, Fujikon has formulated aggressive corporate strategies to achieve a larger market presence in the electro-acoustic industry.

Fujikon is actively investing in the development of high-end products such as Bluetooth communication headsets, Infrared and radio frequency headphones, which, in addition to contributing to product function and quality, are also integral to the competitiveness of the Group's business. At the same time, by working to further extend its vertical integration level, the Group will be able to benefit from lower production costs, better inventory management and higher quality controls.

Fujikon has also begun to explore new business segments beyond its existing customers. The Group realizes that great potential exists in the provision of electro-acoustic products for industrial applications. It is estimated that these business opportunities will contribute over 5% of the Group's total turnover in the next fiscal year while also creating higher profit margins at the same time.

To expand sales and strengthen market presence, the Group is focusing on its sales and marketing. One of Fujikon's objectives is to develop the Greater China market. As the future becomes increasingly promising for the PRC market, especially after its entry into the WTO, the Group realizes that it is essential to extend a presence and deepen customer relationships in the region. The Group also believes that there are potential opportunities as customers seek partnerships with Fujikon to enter the PRC

展望未來

預期環球市場於二零零二／零三年上半個財政年度持續偏軟，而下半年的表現則依賴美國消費市場的復甦前景。為迎接更多新挑戰，富士高已定下進取的企業發展策略，務求於電聲行業取得更大的市場佔有率。

富士高將積極投資發展高檔的電聲產品如藍牙通訊耳機及紅外線及高頻音響耳機，以進一步擴闊集團產品的功能及品質，並提升集團整體的競爭優勢。與此同時，富士高將透過進一步加強縱向整合的業務模式，以受惠於更低的成本開支、更有效的貨存管理及更嚴格的品質控制。

富士高除致力鞏固現有客戶基礎外，亦積極發掘更多新的業務範疇。集團洞悉工業用電聲產品市場發展潛力龐大，並預期這些業務商機將於下年為集團帶來超過5%的營業額貢獻及利潤。

在市場拓展方面，富士高將加強其銷售及市場推廣策略，而開發大中華市場為集團其中一個發展重點。中國加入世貿後，國內市場發展日趨成熟穩定，因此集團致力進一步開拓中國市場及與客戶保持密切的聯繫。另外富士高亦將運用本身於國內的經驗，協助客戶開拓中國市場，此將為富士高帶來更多的業務商機。除了於中國興建新內銷廠房以滿足本地銷售外，集團將於二零零二年八月於台灣與

market. Apart from building new facilities in the PRC for domestic sales, a representative office will be opened in Taiwan by August of 2002 in collaboration with a local business partner. Leveraging Taiwan's international reputation as a center for the R&D of computer products, the office will assist Fujikon to expand its ODM/OEM business, and its multimedia products in particular. In addition, the Group is also optimistic towards business expansion in Japan and Europe after the successful procurement of several new customers in the past year.

Looking ahead, the Group will redouble its efforts to exceed and meet customers' and shareholders' expectations amid the uncertain economic environment. Through its core principles of strict cost disciplines, quality assurance and service excellence, Fujikon is confident to ensure stable future earnings.

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Appreciation

In closing, I would like to thank our supportive Board of Directors for their support and advice during the year. I would also like to thank our staff for their commitment to the Group during this challenging operating period. We will continue to add value to our shareholders and to bring better returns to them.

On behalf of the Board of Directors,

Yeung Chi Hung, Johnny

Chairman

Hong Kong, 12th July, 2002

當地的業務合作夥伴共同開設銷售辦事處。憑藉台灣作為電腦產品研發的國際領先地位，該辦事處將有助富士高擴展其ODM及OEM業務，尤其是多媒體產品。此外，集團繼去年成功取得多個日本及歐洲的新客戶後，集團對於日本及歐洲市場的發展前景亦相當樂觀。

展望未來，縱然市場環境不穩，富士高仍然會加倍努力以滿足甚至超乎客戶及股東對集團的期望。憑藉集團嚴謹的成本控制、品質保證及卓越的客戶服務，富士高對未來維持穩定的業務增長充滿信心。

總結

最後，本人藉此機會鳴謝董事會於過去一年的支持及意見，亦感謝各同事在過去極具挑戰性的一年中的不斷努力。於未來，我們將繼續致力維持穩定的利潤增長，為股東帶來更佳的回報。

代表董事會

主席

楊志雄先生

香港，二零零二年七月十二日