

Directors



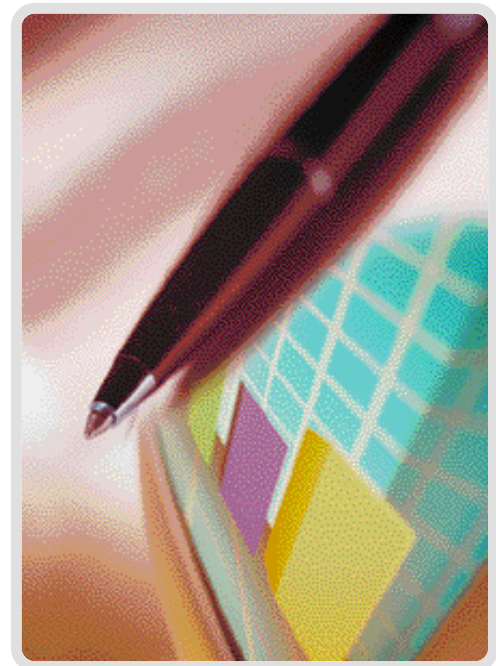
To Our Shareholders

致各位股東

To Our Shareholders

For and on behalf of the Board of Directors, I am pleased to present the annual report of Fujikon Industrial Holdings Limited ("the Company") and its subsidiaries ("Fujikon" or "the Group") for the year ended 31st March, 2001.

Riding on last year's promising growth, Fujikon has achieved highly satisfactory results this year. These positive results are attributable to our management's judicious investment and business strategies. Anticipating the rapid developments in the electro-acoustic products industry, the Group utilized the proceeds from our listing to expand massively in the booming communication headsets industry while enlarging the electro-acoustic products market in Japan at the same time, to obtain these outstanding results. With the Group's strong business foundations, we will continue to focus on electro-acoustic and related products industry, sustaining sound business growth and generating better returns for our shareholders.



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」或「集團」)截至二零零一年三月三十一日止財政年度之年報。

緊接著去年的高增長，富士高於今年度繼續錄得令人滿意的成績。憑藉集團管理層優秀的投資及管理策略，看準電聲產品市場的蓬勃發展，並透過利用去年上市集資的資金，積極拓展高增長的通訊耳機業務，以及開拓日本電聲產品市場，為集團取得卓越的成績。於未來，集團將藉著已建立多年的穩健基礎，繼續發展電聲產品及相關的業務，帶領著集團穩步成長，務求為股東帶來更佳的回報。

Financial Performance

For the year ended 31st March, 2001, the Group achieved steady growth and recorded an increase in turnover of 25% from HK\$427 million in 2000 to HK\$535 million in 2001. Profit attributable to shareholders amounted to HK\$62.3 million, representing a 10.2% increase compared to HK\$56.5 million last year. The Group's basic earnings per share were HK17 cents (2000 - HK21 cents).

Dividends

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The Directors are pleased to announce the recommendation of a final dividend of HK4.5 cents per share for the year ended 31st March, 2001 (2000 – nil). Together with the interim dividend payment of HK2.5 cents per share, the annual dividend payment will be HK7 cents per share.

Business Review

During the year under review, major revenue came from the electro-acoustic business, representing 80.7% of the Group's total turnover. Products in this business area include audio headphones and microphones, multimedia speakers and headsets, and communication headsets. Sales of transformers and other accessories and rental income accounted for the remaining 19.3% of the Group's total turnover.

業績

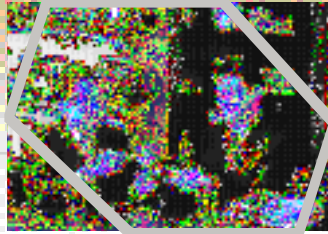
截至二零零一年三月三十一日止年度，集團業績穩步上揚，營業額由二零零零年的港幣四億二千七百萬元增加至港幣五億三千五百萬元，增長25%。股東應佔綜合溢利亦較去年同期所錄得之港幣五千六百五十萬元上升10.2%，約達港幣六千二百三十萬元。集團之每股基本盈利為17港仙（二零零零年—21港仙）。

股息

董事會欣然宣佈，建議派發截至二零零一年三月三十一日止年度之末期股息為每股4.5港仙（二零零零年一無）。如計入已派付之中期股息每股2.5港仙，全年派息總額達7港仙。

業務回顧

於回顧年內，集團的主要銷售利潤乃來自電聲產品業務，佔集團總營業額的80.7%，當中包括：音響耳機及麥克風、多媒體耳機和音箱，以及通訊耳機業務。而餘下的19.3%則來自變壓器及其他配件之銷售及租金收入。



Audio Headphones and Microphones

Among our range of electro-acoustic products, audio headphones maintained their role as the principal income source for the Group. During the year, sales of audio headphones and microphones accounted for 43.3% with a value of approximately HK\$232 million.

Sales from audio headphones and microphones were fair. However, gross profit margins improved from 36.7% to 41.6%, demonstrating the effective control of production costs by the Group. We have also taken steps to expand the production of our quality and high-margin audio headphones at the production plant in Dongguan. Additionally, the management realizes that low value-added products are more easily influenced by economic conditions. For instance, audio headphones used by airlines showed relatively strong pricing pressures under the global economic slowdown. To tackle these market changes, the Group is considering shifting the low-margin product lines to Northern China to further reduce production costs and strengthen product competitiveness.

At the same time, the Group has empowered R&D capabilities to develop quality and higher-margin audio headphones. Through continuous improvements in production and material logistic management systems, the Group has made significant achievements in product enhancement, producing high-margin products and attracting worldwide customers through competitive pricing. By implementing a number of marketing strategies, management believes that the Group will satisfy

音響耳機及麥克風

在電聲產品業務方面，音響耳機仍是集團之主要收入來源。於回顧年度內，音響耳機及麥克風的銷售佔集團總營業額的43.3%，約達港幣二億三千二百萬元。

縱然音響耳機及麥克風的銷售僅屬平穩，其毛利率卻較去年36.7%上升41.6%，此反映集團能有效地控制生產成本。而集團亦將續步於東莞廠房擴展其高品質及高利潤的音響耳機產品。然而，面對著激烈的市場競爭，管理層深明低增值的產品較易受社會經濟因素影響。就以航空公司使用之音響耳機產品為例，在全球經濟放緩下，航空耳機產品供應商在價格上所受壓力亦較大。為應付此市場變化，集團現正籌劃將此類較低利潤產品的生產線向北移，以進一步降低生產成本，增強集團產品的競爭力。

除此之外，集團更積極強化其產品研究開展隊伍，加強研發能力，專注發展高質及高增值之音響耳機，並透過不斷改良生產及物料管理系統，逐步提高產品質素，製造高利潤之產品項目，以物超所值的價格吸引世界各地客戶。管理層相信憑藉不同的

middle and high-end market demands, which will ultimately bring higher profit margins to the Group.

During the past year, the Group's R&D team successfully developed a total of 52 different ODM and OEM audio headphones. We also won a number of new clients, including NEC, Woolworth, Flextronics, Uniden, Sharp, Sanrio and Linguaphone. These achievements have further expanding market share in the industry.

Communication Headsets

Sales from communication headsets recorded the most outstanding growth in the year, with turnover increasing a substantial 4 times from HK\$20 million last year to HK\$101 million this year. At the same time, their contribution to the Group's total turnover also surged from 4.7% to 18.9%.

The rapid growth of Fujikon's communication headsets business shows that our products have gained tremendous popularity in the markets. The Group successfully launched 11 new communication headset products with a total production volume of 3 million units, bringing in profit before taxation of approximately HK\$23.4 million. Management expects the mobile communications business will resume its growing impetus once the current period of consolidation is over. At the same time, the legal requirement of using hands-free mobile phones when driving in many countries will surge the demand for related communication headset products, creating widespread opportunities for the Group.

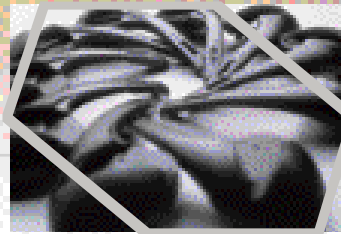
市場策略，集團將可有效地滿足中、高檔次的市場需求，亦可為集團帶來滿意之邊際利潤回報。

於回顧年內，集團成功研發約共五十二款新的原設計製造及原設備製造的音響耳機產品，並成功獲取多個新客戶，當中包括：NEC、Woolworth、Flextronics、Uniden、Sharp、Sanrio以及Linguaphone，使集團的市場佔有率進一步擴大。

通訊耳機

通訊耳機之銷售在年內的增長最為突出，營業額由上年度的港幣二千萬元，增加至今年的港幣一億零一百萬元，升幅達4倍。同時，其佔集團總營業額亦由去年的4.7%，大幅上升至本年度的18.9%。

集團通訊耳機業務的迅速發展，正好引證集團的通訊耳機產品深受市場歡迎。集團於去年成功推出十一款新耳機產品，總產量達接近三百萬件，為集團帶來約港幣二千三百四十萬元之除稅前利潤。管理層相信流動通訊業務經過整固後將持續蓬勃增長，再加上各國政府已先後立法禁止駕駛時使用沒有免提裝置的流動電話，預期將帶動配合流動電話及無線電話的通訊耳機產品的需求，繼續為集團的通訊耳機產品提供無限的發展商機。



Communication headsets will continue to be the centerpiece of the Group's products in the coming year. With the management's outstanding market strategies in developing the communication headsets business, sales of communication headsets will reach 25%-30% of the Group's turnover. This in turn, will generate higher earnings for us as communication headsets offer relatively higher margins than other products.

Multimedia Speakers and Headsets

Multimedia speakers and headsets represent another range of products in the Group's electro-acoustic business. As at 31 March 2001, these products achieved satisfactory growth with an increased turnover of 41%, growing from HK\$70 million in 2000 to HK\$99 million in 2001.

Within the range of multimedia products, multimedia speakers and multimedia headsets recorded increases in sales of 41% and 49% respectively, with profit margins for multimedia headsets increased by about four percentage points from 17% to 21%. On a less positive note, profit margins for multimedia speakers fell by about three percentage points from 4.7% to 2%. It is because multimedia speakers require a comparatively higher consumption of plastic resin that cost was remained high during the first six to nine months in the fiscal year. This increase of material costs lowered the profit margin of multimedia speakers. However, recent costs for plastic resin have shown a gradual decline, and profits for multimedia speakers are expected to stabilize accordingly.

預計未來一年，通訊耳機將會繼續成為集團之「明星」級產品。管理層將運用其敏銳的市場觸角，積極發展及推廣通訊耳機，並估計通訊耳機產品的銷售將佔集團的營業額比率達25%至30%。同時，由於通訊耳機的邊際利潤較其他產品為佳，因此能為集團帶來可觀的盈利貢獻。

多媒體音箱及多媒體耳機

多媒體產品是集團另一發展的電聲產品。截至二零零一年三月三十一日止，該類產品之營業額亦有理想增長，由去年度之港幣七千萬元，增至二零零一年之港幣九千九百萬元，上升比率約41%。

在多媒體產品當中，多媒體音箱及多媒體耳機之銷售額分別增加41%及49%，多媒體耳機的邊際利潤由上年17%上升至21%。相反多媒體音箱的邊際利潤卻由4.7%降至2%，此乃由於多媒體音箱需用膠料較多，而在本年度之頭六至九個月期間，由於塑膠物料價格高企，多媒體音箱的生產成本亦相繼增加，使多媒體音箱利潤下降。然而由於近期塑膠物料的價格已逐步回落，多媒體音箱之利潤亦穩定下來。

The Group believes that the development and growth opportunities for multimedia speakers and headsets will be in line with the development of the personal computer market. The prevalent use of the Internet and broadband services will lead to rising demand for related accessories from users. Since the use of personal computers is not yet well established in developing countries, the Group anticipates that the growth of multimedia products in these countries will offer enormous business potential for development. Thus, the Group is highly optimistic towards the sales performance of multimedia products in the future.

Market Development Strategies

Geographically, North America maintained its role as the core market for the Group, representing 58.42% of total turnover. Europe and the Asia-Pacific region (other than Japan) followed, accounting for 16.25% and 12.08% respectively. Although the US economy faced a financial setback last year, the Group's business performance was not affected. On the contrary, sales of electro-acoustic products to the North American market increased by 20.7% over that of the previous year.

集團相信多媒體音箱及多媒體耳機市場的發展潛力及未來趨勢將與個人電腦市場的發展掛勾。緊隨著互聯網及寬頻之普及發展，用戶對相關配件之需求亦會相應增加。而集團更預計，由於個人電腦於發展中國家並未全面普及，因此多媒體產品於該等市場仍極具雄厚的發展空間，故此集團對多媒體產品的未來銷售產量依然抱著樂觀態度。

市場發展策略

在市場分佈方面，北美洲仍穩佔集團的主要市場收入，佔總營業額的58.42%。其次是歐洲和亞太區（不包括日本），分別佔集團總營業額16.25%及12.08%。雖然美國經濟在過往一年有放緩跡象，但並未因此而對集團業務有所影響，相反集團於今年度內銷售往北美洲市場的電聲產品仍較去年上升20.7%。



In addition, the Group has been capitalizing on the potential in the Japanese market, and last year steps were taken to enlarge market share in the region. This has resulted in an increase share from 5.9% last year to 11.12% this year in the Group's total turnover. This improvement reveals the high quality of the Group's products as we meet the high quality standards required for the Japanese market. Complementing this business development, the Group has gained the trust of several Japanese ODM and OEM enterprises. In the future, the Group will continue to invest in expanding in the Japanese market with competitive prices and quality products to satisfy the stringent and demanding requirements of Japanese customers. The management strongly believes that by establishing business connections with Japan's prominent audio manufacturers, Fujikon's products will reach every corner of the world. This strategy, therefore, not only enables the Group to enhance our Japanese market but also to expand our global sales at the same time.

The Group anticipates that demand for quality electro-acoustic products from Japanese audio manufacturers will continue to expand. In order to capture the huge opportunities in Japan, we will be setting up a representative office in Japan at the end of July 2001, facilitating direct marketing to potential Japanese customers and providing more comprehensive after-sales services to our existing Japanese customers. This will further strengthen our customer relationships while addressing their needs at the same time. Fujikon's aim is to enhance sales to Japan, achieving a 20% share in our total turnover in the next two to three years.

除此之外，集團自去年始已洞悉日本市場的發展商機，並逐步擴大其市場佔有率，由去年僅佔集團總營業額5.9%上升至今年的11.12%。此正好反映集團之產品已成功打入對產品質素要求極嚴格的日本市場，並能配合各日本原設計製造及原設備製造客戶之業務發展，深受他們的信賴。於未來，集團將繼續投放資源發展日本市場，以極具競爭力的價格及高質素之產品，滿足日本客戶對產品的嚴格要求。此外，集團亦可透過銷售予日本知名的音響供應商，把產品銷售遍佈全世界。因此，集團在提升日本市場的同時，其實亦擴大集團在全球市場的銷售之比率。

集團管理層預計日本音響生產商對高質素電聲產品之需求將持續增加。為把握日本市場龐大發展機會及配合集團的整體市場策略，集團將於今年七月底正式在日本成立辦事處，以便將富士高的電聲產品直接推廣給有潛質之日本客戶，並提供更全面的售後服務給現有的日本客戶，進一步加強富士高與客戶的溝通，並了解他們的需要。而集團的目標是於未來的2-3年間，將日本市場之營業額佔集團的總營業額比率增加至20%。

Investment in Production Facilities

During the year, the Group's capital investment was HK\$36.8 million. This investment was mainly used to improve and renew production equipment and machinery for new product development under plans as stated in the prospectus. Of the total amount, HK\$10.6 million was invested in the establishment of machinery and equipment at Ningbo Fusion Electrical Material Company Limited ("Ningbo Fusion"). This factory commenced production in March 2001 with annual production capacities of 5,000 tons of PVC beads, 2,000 tons of extruded bare copper wires and 300 tons of tin plated wires. The management expects the plant to contribute approximately HK\$10 million in profits for the Group.

In addition, we have chosen Suzhou as our development base in Eastern China, with the new production facility - Fujikon Acoustics (Suzhou) Limited commenced production in June 2001. This strategic location not only facilitates the Group's recruitment of well-trained engineering and technical staff, but also takes advantage of the city's urban planning and transportation network. In addition, the establishment of the growing number of large enterprises and high-tech product manufacturers in the region will offer a valuable source of potential customers for the Group.

生產設施之投資

回顧年內，集團的資本性開支為港幣三千六百八十萬元，按招股書計劃，主要應用於改良及更新生產儀器與新產品之開發及設施上。當中港幣一千零六十萬元，集團將之投資於興建寧波富舜電業材料有限公司新廠房之建設及機器設備上，該廠房已於今年三月全面投入生產，每年生產量逾五千噸PVC膠粒、二千噸裸銅杆拉絲以及三百噸鍍錫絲。管理層預計該廠房開業首兩年可為集團帶來約一千萬元之利潤貢獻。

此外，集團更看準蘇州為其開發中國華東之據點，於今年初在中國蘇州增設廠房－富士高電聲(蘇州)有限公司，而此廠房已於二零零一年六月開始生產。此地點不但具有優良之城市規劃及交通配套設施，同時有利集團吸納高質素之工程及技術人員，加上多間大型企業及生產高科技製品之行業亦聳立於此，實有利集團更接近其未來之目標客戶。



Prospects

Despite the economic slowdown experienced globally, the electro-acoustic products market has not seen any radical impact. On the contrary, as the global use of mobile phones become more prevalent, together with the legal enforcement to use hands-free mobile phones when driving in a number of countries, market demand for headphones is rising. The Group estimates that the global market demand for electro-acoustic products will see annual growth of approximately 20%. With these development opportunities, the Group remains committed to developing electro-acoustic products as our core business.

Product Research and Development

To achieve our objective, “to be a superior electro-acoustic manufacturer”, we have been tireless in our efforts to enhance R&D capabilities in every aspect of our business. Through ongoing investments in our production facilities, continuous product improvements and innovations, we continue to provide high value-added products and services to customers globally.

In the realm of wireless technologies, the Group will launch 800-900MHz wireless high frequency audio headphones in the third quarter this year. Additionally, keeping pace with market trends and technological developments, the Group is applying Bluetooth technology to communication headsets. With our technical know-how in Bluetooth development, our Bluetooth

前景

宏觀全球經濟狀況，縱使整體經濟放緩，但對電聲產品市場並未造成嚴重影響。反觀，隨著全球對手提電話的普及使用和各地政府紛紛立例禁止駕駛時使用沒有免提裝置的流動電話，使市場對耳機的需求不跌反升，集團估計在未來數年全球市場對電聲產品的需求每年將有約20%增長。面對著此龐大的發展空間，集團定必將繼續投入資源發展以電聲產品為核心的業務。

產品研究及開發

為貫徹集團所訂立之抱負目標：「成為世界卓越的電聲企業」，集團在研發產品方面不遺餘力，並致力加強各方面之研究及開發能力，投資建設生產設施，不斷改良與創新產品，提供高增值的產品與服務給全球客戶。

在無線科技方面，集團將於今年第三季推出800-900MHz的無線高頻音響耳機。另外，為切合潮流趨勢與科技發展，集團亦緊貼市場需求，將藍牙技術應用於通訊耳機上。憑藉集團對藍牙技術的專業知識，我們的藍牙無線耳機功能樣品亦告完

wireless headsets are in their final stages of development and functional prototypes have been completed. At the same time, the Group officially became a member of the Bluetooth SIG in November last year, giving us the ability to parallel our development with other international Bluetooth technology organizations.

The market has delayed the development of Bluetooth technology as a whole. Currently, the development and production costs for Bluetooth products are still high. This is mainly due to the high price of Bluetooth chips at this stage. As Bluetooth technology is yet to attain its expected popularity, we estimate that the Group's first Bluetooth product will be launched in the fourth quarter of 2001.

Production Management

Building on our long-term production plans, we are working towards the enhancement of vertically integrated manufacturing processes. During the year, the Group invested in two large-scale production facilities at Suzhou and Ningbo. In the coming year, we will fully utilize the production capabilities of these two new facilities. The increased raw materials and parts supplies will further reduce production costs and improve quality and efficiencies in new product developments. As a result, higher levels of vertical integration will be achieved throughout the Group.

成，並已進入最後階段。與此同時，集團於去年十一月亦正式成為國際藍牙組織會員，令集團與世界各地開發藍牙技術的團體取得同步發展。

但由於整體市場在藍牙技術發展上被推遲，現時研發及製造藍牙產品之生產成本仍然高昂，藍牙耳機之售價受晶片價格影響，加上藍牙技術並未普及，集團估計其首批藍牙產品將於二零零一年第四季度推出。

生產管理方面

集團管理層在生產程序方面亦有長遠發展，積極加強縱向整合生產程序。集團於同一年間分別於蘇州及寧波投資兩幢大型廠房，來年將發揮新廠之生產力，擴大原材料及零件供應量，以進一步控制生產成本及提高新開發產品的質素及效率，令集團之縱向整合生產系統發展更趨完善。

The Group also sees the investment in the two facilities as a new direction in growth after China's entry into WTO. With China's entry into WTO, the Group believes there will be liberalization in trading both internally and externally, improving the PRC's economy and the living standards of the people. As a result, the growth in consumer spending power will stimulate business and strengthen the establishment of business foundations in the PRC market. As such we have set up a base in Eastern China and will extend our development from Suzhou to other major provinces when appropriate opportunities arise for the building of a diverse and extensive sales network of our own.

Total Quality Management (TQM) has always been our objective. The Group's wholly-owned subsidiary, Fujikon Industrial Co. Ltd., received the Certificate of "Merit in Productivity" from the Hong Kong Productivity Council and the Certificate of " Merit in Quality" from the Trade and Industry Department in the 12th Hong Kong Awards for Industry 2000, recognizing the Group's productivity and capability in producing high quality products. The Group's subsidiary, Fujikon Packing Material Co. Ltd., received its ISO9002 Quality Certificate, a recognition of the company's achievements in quality advancement. Besides, we

除此之外，集團亦將透過此兩間廠房之投資項目配合中國進入世貿後之發展方向。集團相信當中國加入世貿後，國內外的貿易將更趨開放及自由，使國內經濟得到改善，國民生活水準將可提高，從而刺激人民購買意慾，為企業拓展國內市場奠下良好的基礎。集團亦已於華東地區設立發展據點，在適當的時機將計劃從蘇州基地推展至國內其他重要生產貿易省市，建立自己的銷售網絡。

集團一直致力實行全面品質管理(TQM)，集團之全資附屬富士高實業有限公司於去年的第十二屆香港工業獎頒獎典禮上，榮獲由香港生產力促進局頒發之「生產力優異證書」及由工業貿易署頒發之「品質優異證書」，確認了集團的生產能力及品質管理之優良質素。另外，集團旗下的富士高包裝物料有限公司亦於二零零零年獲取了國際認可的ISO9002品質認證，進一步肯定了集團於全面品質管理所作出的努力。集團喜見旗下主要集團成員大部份已獲取ISO9000品質認證，為再加強集團的全面優質管

are so encouraged that most of our Group members have obtained ISO9000 qualifications in the previous years. To achieve an advanced level of TQM, we will apply for the ISO 9001:2000 Certificate this year in September for our Sales and Marketing, and Finance Departments, demonstrating our commitment to continual improvement in every aspect of our business.

With regard to our customers, the Group is committed to implementing services along a "customers come first" service spirit. We will be deploying a Customer Relationship Management (CRM) system ensures the execution of our mission - "To provide quality products and services to our customers by working towards full customer satisfaction, even exceeding their expectations."

Leveraging the Group's comprehensive management strategies, together with the guidance of the management team who is highly talented and experienced, the Group will execute development projects as planned, leading the Group to further milestones in the future.

理，集團之銷售部及財務部將於今年九月申請 ISO 9001:2000認證，再次貫徹集團對推動持續改進的承諾。

在顧客服務方面，集團將大力推展以客為先的服務精神，並落實將客戶關係管理(CRM)投入執行範圍內，貫徹實行富士高的使命：「為顧客提供優質的產品及優良的服務，充分滿足顧客的需要，並爭取超越他們的期望」。

憑著集團完善的管理策略，加上在具廣泛經驗及市場觸覺的管理層領導下，將可使一系列的發展計劃付諸實行，帶領集團邁向另一高峰。

Conclusion

I would like to thank our customers, suppliers, bankers, investors and business partners for their continued trust and support. I would also like to extend my thanks to all our staff for their hard work last year and their major contributions to the Group's performance. We will continue to maintain steady profit growth in the future, bringing better returns for our shareholders.

On behalf of the Board of Directors,

Yeung Chi Hung, Johnny

Chairman

Hong Kong, 19th July, 2001

總結

本人藉此機會鳴謝各客戶、供應商、銀行、投資者及商務夥伴一直以來對本集團的支持及信賴。此外，亦感謝各同事在過去一年的不斷努力，為本年度的業績作出了重大的貢獻。於未來，我們將繼續致力維持穩定的利潤增長，為投資者帶來更佳的回報。

代表董事會

主席

楊志雄先生

香港，二零零一年七月十九日

Directors



Mr. Yeung Chi Hung, Johnny
楊志雄先生



Mr. Yuen Yee Sai, Simon
源而細先生



Mr. Chow Man Yan, Michael
周文仁先生



Mr. Ng Kwong Hing
吳廣興先生



Mr. Wong Sau Lik, Wecky Peter
王秀力先生



Mr. Tsang Yiu Wah
曾耀華先生