Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Fujikon Industrial Holdings Limited

富士高實業控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 927)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

FINANCIAL HIGHLIGHTS

- **Revenue: HK$845.1 million, up 28.1% (2011: HK$659.7 million)**
- **Gross profit margin: 21.8%, up 7.5% points (2011:14.3%)**
- **Profit attributable to equity holders of the Company: HK$68.1 million, up 790.2% (2011: HK$7.6 million)**
- **Basic earnings per share: HK16.59 cents (2011: HK1.86 cents)**
- **Interim and special dividends (per share): HK7.0 cents (2011: HK3.0 cents)**

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Fujikon Industrial Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("Fujikon" or the "Group") for the six months ended 30 September 2012.

The interim results have been reviewed by the Company's Audit Committee and independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

** for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 September 2012 *HK$'000*	 2011 *HK$'000*
Revenue	*3*	**845,054**	659,661
Cost of sales		**(661,111)**	(565,263)
Gross profit		**183,943**	94,398
Other gains/(losses) - net		**1,994**	(7,929)
Distribution and selling expenses		**(13,255)**	(12,330)
General and administrative expenses		**(84,453)**	(59,278)
Operating profit	*4*	**88,229**	14,861
Finance income		**3,688**	1,883
Finance costs		**(1,292)**	(2,495)
Profit before income tax		**90,625**	14,249
Income tax expenses	*5*	**(18,798)**	(3,254)
Profit for the period		**71,827**	10,995
Other comprehensive (expenses)/income:			
Currency translation differences		**(1,091)**	11,012
Fair value gains/(losses) on available-for-sale financial assets		**155**	(93)
Other comprehensive (expenses)/income for the period, net of tax		**(936)**	10,919
Total comprehensive income for the period		**70,891**	21,914
Profit attributable to:			
Equity holders of the Company		**68,055**	7,645
Non-controlling interests		**3,772**	3,350
		71,827	10,995
Total comprehensive income attributable to:			
Equity holders of the Company		**67,190**	17,783
Non-controlling interests		**3,701**	4,131
		70,891	21,914
Dividends	*6*	**28,710**	12,304
Earnings per share for profit attributable to the equity holders of the Company during the period			
- Basic (HK cents per share)	*7*	**16.59**	1.86
- Diluted (HK cents per share)	*7*	**16.35**	1.86

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited As at 30 September 2012** *HK$'000*	Audited As at 31 March 2012 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**203,415**	196,191
Investment properties		**1,900**	1,900
Land use rights		**10,047**	10,217
Non-current deposits		**3,171**	-
Available-for-sale financial assets		**4,479**	7,249
Deferred income tax assets		**208**	208
Total non-current assets		**223,220**	215,765
Current assets			
Inventories		**192,122**	158,902
Trade receivables	*8*	**301,331**	236,452
Other receivables		**37,058**	17,069
Derivative financial instruments		**-**	164
Other financial assets at fair value through profit or loss		**34,706**	54,032
Current income tax recoverable		**742**	1,873
Cash and cash equivalents		**450,385**	425,391
Total current assets		**1,016,344**	893,883
LIABILITIES			
Current liabilities			
Trade payables	*9*	**252,871**	151,656
Accruals and other payables		**90,585**	83,169
Derivative financial instruments		**3,369**	-
Current income tax liabilities		**36,536**	21,368
Bank borrowings		**36,765**	40,541
Total current liabilities		**420,126**	296,734
Net current assets		**596,218**	597,149
Total assets less current liabilities		**819,438**	812,914
Non-current liabilities			
Deferred income		**855**	1,864
Deferred income tax liabilities		**575**	575
Total non-current liabilities		**1,430**	2,439
Net assets		**818,008**	810,475
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**41,014**	41,014
Other reserves		**219,715**	217,517
Retained earnings			
- Proposed dividends		**28,710**	61,521
- Others		**483,751**	444,406
		773,190	764,458
Non-controlling interests		**44,818**	46,017
Total equity		**818,008**	810,475

NOTES

1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2012, except as mentioned below.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning on 1 April 2012.

- HKFRS 1 (Amendment) — Severe hyperinflation and removal of fixed dates for first-time adopters
- HKFRS 7 (Amendment) — Disclosures -Transfers of financial assets
- HKAS 12 (Amendment) — Deferred tax - Recovery of underlying assets

The adoption of these amendments to standards did not result in a significant impact on the results and financial position of the Group.

(b) New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretation have been issued, but are not effective for the Group's financial year beginning on 1 April 2012 and have not been early adopted.

- HKFRS 7 (Amendment) — Financial instruments: Disclosure - offsetting financial assets and financial liabilities[2]
- HKFRS 7 and HKFRS 9 (Amendments) — Mandatory effective date and transition disclosures[4]
- HKFRS 9 — Financial instruments[4]
- HKFRS 10 — Consolidated financial statements[2]
- HKFRS 11 — Joint arrangements[2]
- HKFRS 12 — Disclosure of interests in other entities[2]
- HKFRS 13 — Fair value measurement[2]
- HKAS 1 (Amendment) — Presentation of financial statements[1]
- HKAS 19 (2011) — Employee benefits[2]
- HKAS 27 (2011) — Separate financial statements[2]
- HKAS 28 (2011) — Investments in associates and joint venture[2]
- HKAS 32 (Amendment) — Financial instruments: Presentation - offsetting financial assets and financial liabilities[3]
- HK (IFRIC) - Int 20 — Stripping costs in the production phase of a surface mine[2]

[1] Effective for financial years beginning on or after 1 July 2012
[2] Effective for financial years beginning on or after 1 January 2013
[3] Effective for financial years beginning on or after 1 January 2014
[4] Effective for financial years beginning on or after 1 January 2015

The directors anticipate that the adoption of these new standards, amendments to standards and interpretation will not result in a significant impact on the results and financial position of the Group.

3. Segment information

The chief operating decision-maker ("CODM") has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses the performance of the business from a product perspective, i.e. by headsets and headphones, and accessories and components.

CODM assesses the performance of the operating segments based on segment results before corporate expenses, other gains and losses, finance income and costs.

Revenue between segments is carried out in accordance with the terms mutually agreed by the respective parties. The revenue from external parties is derived from numerous external customers and is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

	Six months ended 30 September (Unaudited)							
	Headsets and headphones		Accessories and components		Elimination		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
- External revenue	**652,042**	390,115	**193,012**	269,546	**-**	-	**845,054**	659,661
- Inter-segment revenue	**-**	-	**56,730**	43,947	**(56,730)**	(43,947)	**-**	-
Total	**652,042**	390,115	**249,742**	313,493	**(56,730)**	(43,947)	**845,054**	659,661
Segment results	**80,035**	9,234	**10,311**	15,360	**-**	-	**90,346**	24,594
Corporate expenses							**(4,111)**	(1,804)
Other gains/(losses) - net							**1,994**	(7,929)
Finance income							**3,688**	1,883
Finance costs							**(1,292)**	(2,495)
Profit before income tax							**90,625**	14,249

For the six months ended 30 September 2012, revenues of approximately HK$190,333,000 (2011: Nil) in headsets and headphones segment were derived from two customers (2011: Nil). Each customer has individually accounted for over 10% of the Group's total revenue.

4. Operating profit

Operating profit is stated after charging/(crediting) the following:

	Unaudited Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Amortisation of land use rights	**146**	144
Depreciation of property, plant and equipment	**14,291**	15,120
Fair value losses on other financial assets at fair value through profit or loss	**215**	2,347
Net losses/(gains) on disposal of other financial assets at fair value through profit or loss	**837**	(1)
Net gains on disposal of available-for-sale financial assets	**(17)**	(247)
Net gains on disposal of property, plant and equipment	**(192)**	(260)
Provision for impairment of trade receivables	**1,333**	65
Provision for impairment of inventories	**3,790**	10,453
Staff costs	**182,298**	153,254

5. Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the period. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax ("CIT") at a rate of 25% (2011: 25%) on the estimated assessable profits, except that a subsidiary was eligible for a preferential CIT rate of 15% under the New and High Technology Enterprises status, which had been expired on 31 December 2011. Accordingly, the CIT for such subsidiary had been provided after taking into account of this tax concession.

	Unaudited Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**13,308**	2,401
- China corporate income tax	**5,490**	908
Deferred income tax	**-**	(55)
	18,798	3,254

6. Dividends

The Board resolved to declare an interim dividend of HK3.0 cents per ordinary share (2011: HK3.0 cents) and a special interim dividend of HK4.0 cents (2011: Nil) per ordinary share for the six months ended 30 September 2012. These dividends are not reflected as a dividend payable in the condensed consolidated interim financial information, and will be reflected as appropriation of retained earnings for the year ending 31 March 2013.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	Unaudited Six months ended 30 September	
	2012	2011
Profit attributable to equity holders of the Company (HK$'000)	**68,055**	7,645
Weighted average number of ordinary shares used in calculating basic earnings per share (in thousands)	**410,139**	410,139
Adjustment for potential dilutive effect in respect of outstanding share options (in thousands)	**6,117**	-
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**416,256**	410,139

8. Trade receivables

The Group grants credit terms to its customers ranging from 7 to 120 days. As at 30 September 2012 and 31 March 2012, the ageing analysis of the trade receivables by past due date is as follows:

	Unaudited As at 30 September 2012 *HK$'000*	Audited As at 31 March 2012 *HK$'000*
Current	**246,572**	192,218
1 to 30 days	**38,492**	32,513
31 to 60 days	**11,427**	10,522
61 to 90 days	**4,091**	2,592
Over 90 days	**5,746**	4,350
	306,328	242,195
Less: Provision for impairment of trade receivables	**(4,997)**	(5,743)
Trade receivables, net	**301,331**	236,452

9. Trade payables

As at 30 September 2012 and 31 March 2012, the ageing analysis of the trade payables by past due date is as follows:

	Unaudited As at 30 September 2012 *HK$'000*	Audited As at 31 March 2012 *HK$'000*
Current	**205,793**	126,672
1 to 30 days	**35,340**	17,678
31 to 60 days	**5,281**	3,957
61 to 90 days	**2,314**	2,251
Over 90 days	**4,143**	1,098
	252,871	151,656

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 12 December 2012 to Friday, 14 December 2012 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of share accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30pm on Tuesday, 11 December 2012 for registration.

BUSINESS REVIEW

The Group's efforts to reposition the business to focus on the high-end market segment started to bear fruit, with its financial performance demonstrating clear improvements during the six months ended 30 September 2012. Revenue of HK$845.1 million (2011: HK$659.7 million) was recorded, representing a notable year-on-year increase of 28.1%. The growth was mainly driven by increasing orders from new and existing clients. Gross profit rose as well, topping HK$183.9 million or up a substantial 94.9% from HK$94.4 million for the preceding year. Gross profit margin climbed to 21.8% (2011: 14.3%), and can be attributed to the reduction of lower margin products, as well as external factors such as modest appreciation of the Renminbi and lower material costs. Profit attributable to equity holders amounted to HK$68.1 million (2011: HK$7.6 million), which is equivalent to a significant 7.9-fold year-on-year rise. Basic earnings per share rose appreciably as well, up by 7.9 folds to HK16.59 cents (2011: HK1.86 cents).

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

During the period under review, the headsets and headphones business contributed revenue of HK$652.0 million (2011: HK$390.1 million) to the Group, up 67.1% over the corresponding period of last year. This segment thus accounted for 77.2% of the Group's total revenue. Fujikon benefited from growing demand for high-end audio products; rising average selling price for audio products; and an expanding headsets and headphones market that complements smart device sales. These factors, as well as increasing orders placed by existing top tier customers, all contributed to the higher revenue. Fujikon was also able to capitalise on its sound engineering and process capabilities to attract new customers while strengthen bonds with existing customers.

Accessories and Components

Revenue from the accessories and components segment amounted to HK$193.0 million (2011: HK$269.5 million), accounting for 22.8% of the Group's total revenue. The decline was due in large part to greater allocation of accessories and components for the Group's consumption, owing to increase business from existing and new clients. This underscores the importance of the accessories and components business in fulfilling its vertical integration role.

PROSPECTS

While encouraged by notable progress achieved over the past six months, the Group still sees some obstacles on the road to recovery as key markets, including Europe and the United States, have serious economic issues to contend with. The management is, nevertheless, cautiously optimistic about the Group's outlook given the healthy state of the headsets and headphones business, which are supported by relevant ancillary businesses.

Fujikon has attributes including exceptional engineering and processing capabilities, that customers look for. In fact, few industry players have the know-how and proven track record to create complex, well-engineered products comparable with Fujikon. The Group will therefore further sharpen its engineering skills and boost its capacity to recognise and leverage market and technological trends. Correspondingly, the Group will continue to enhance and integrate wireless, Bluetooth and noise-cancellation technologies into its product mix and introduce new technologies. The immense interest in smartphones and tablets will also spur the Group to develop associated mid- to high-end products that more specifically tap this important market segment.

PROSPECTS (Continued)

As the Group continues to refine and enrich its headsets and headphones, this progression will include enhancing associated accessories and components. This is consistent with the management's overall strategy of continuously reducing low-margin products, thus more closely aligning the accessories and components business with the headsets and headphones business.

Though the Group is reliant on its many products to achieve growth, such growth can only be sustained when all operations are fully optimised. Production, for example, will be further improved through greater automation, which also helps combat the rising cost of labour. In addition, capitalising on economies of scale and cost down measures will help maintain margin at a healthy level.

Having made positive steps forward, the management is even more determined to build growth momentum; enhance the Group's reputation as a premium electro-acoustic manufacturer; and make Fujikon synonymous with innovative, exciting products.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 30 September 2012 amounted to approximately HK$596.2 million (31 March 2012: HK$597.1 million). The Group's current and quick ratios were approximately 2.4 times (31 March 2012: 3.0 times) and 2.0 times (31 March 2012: 2.5 times), respectively.

The Group had cash and cash equivalents of approximately HK$450.4 million as at 30 September 2012, representing a slightly increase of approximately 5.9% against approximately HK$425.4 million as at 31 March 2012. Approximately 54.7%, 30.9% and 10.3% of the total cash and cash equivalents were denominated in Renminbi, US dollars and Hong Kong dollars, respectively and the remainder in other currencies. As at 30 September 2012, the Group had aggregated banking facilities of approximately HK$272.4 million (31 March 2012: HK$272.7 million) from several banks for loans and trade financing, with an unused balance of approximately HK$235.6 million (31 March 2012: HK$232.1 million).

Capital Structure

As at 30 September 2012, the total bank borrowings of the Group were approximately HK$36.8 million (31 March 2012: HK$40.5 million), which were several secured short-term bank borrowings, denominated in Renminbi and due within one year. Approximately HK$42.8 million of certain properties and land use rights have been pledged for several secured short-term bank borrowings (31 March 2012: HK$43.5 million). The Group's bank borrowings bear interest rate at 6.5% (31 March 2012: 6.5%) per annum.

The Group's gearing ratio as at 30 September 2012 was approximately 4.8% (31 March 2012: 5.3%), which was measured on the basis of the total bank borrowings as a percentage of total equity attributable to the equity holders of the Company. If the balance of cash and cash equivalents as at 30 September 2012 was taken into account, the Group was in a net cash position.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and Mainland China with most transactions settled in Hong Kong dollars, Renminbi and US dollars. The Group is mainly exposed to foreign exchange risk arising from future commercial transactions, recognised assets and liabilities denominated in currencies other than the functional currency of the group entities to which they relate. The Group entered into foreign currency forward contracts to manage such exposure.

FINANCIAL REVIEW (Continued)

Employee Information

As at 30 September 2012, the Group employed a total of over 6,300 (31 March 2012: over 6,300) employees. The staff costs (including the directors' emoluments) accounted for approximately HK$182.3 million during the six months ended 30 September 2012 (2011: HK$153.3 million).

The Group has developed its human resources policies and procedures based on performance and merit. Employees are rewarded on a performance-related basis within the general framework of its salary and bonus system. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. Benefits include staff accommodation, medical schemes, share option scheme, Mandatory Provident Fund for employees in Hong Kong and statesponsored retirement plans for employees in Mainland China. The Group has also developed training programs to its management and employees to ensure they are properly trained.

Financial Guarantee

As at 30 September 2012, the Company had provided corporate guarantees of approximately HK$155.7 million (31 March 2012: HK$155.7 million) to several banks to secure banking facilities of its subsidiaries. The facilities utilised by a subsidiary as at 30 September 2012 approximately HK$36.8 million (31 March 2012: HK$40.5 million).

DEALING IN COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions (the "Code Provisions") of the "Code on Corporate Governance Practices" (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules"). With the introduction of the revised CG Code with effect from 1 April 2012 (the "Revised CG Code"), the Company's corporate governance practices were revised to be in line with the Code Provisions of the Revised CG Code.

During the six months ended 30 September 2012, the Company has complied with the Revised CG Code save the deviation from the code provision A.2.1 and A.6.7 of the Revised CG Code and the reasons for deviation of which are explained below:

Code Provision A.2.1

According to the code provision A.2.1 of the Revised CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Yeung Chi Hung, Johnny acted as the Chairman and chief executive officer of the Company. Mr. Yeung is a co-founder of the Group and he has extensive experience in the electronics and acoustics industry and is responsible for the overall strategic planning and business development of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Yeung provides the Group with strong and consistent leadership to improve the Company's efficiency in decision-making and execution, and effectively capture business opportunities. Going forward, the Board will periodically review the effectiveness of this arrangement and considers the separation of the roles of the chairman and the chief executive officer when it thinks appropriate.

Code Provision A.6.7

According to the code provision A.6.7 of the CG Revised Code, Independent non-executive directors and other non-executive directors should also attend general meetings. All Independent non-executive Directors attended the annual general meeting of the Company held on 3 August 2012 other than one Independent non-executive Director who was unable to attend the annual general meeting due to another business engagement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of the Company comprises Mr Yeung Chi Hung, Johnny, Mr Yuen Yee Sai, Simon, Mr Chow Man Yan, Michael, Mr Yuen Chi King, Wyman, Mr Yeung Siu Chung, Ben and Ms Chow Lai Fung as executive directors and Dr Chang Chu Cheng, Mr Che Wai Hang, Allen and Mr Lee Yiu Pun as independent non-executive directors.

By Order of the Board
Fujikon Industrial Holdings Limited
Yeung Chi Hung, Johnny
Chairman

Hong Kong, 27 November 2012