

March 24, 2003

Citizen established a new production base for LED backlights used in color cellular phone displays in Suzhou, China

Citizen Electronics Co., Ltd. (Fujiyoshida-shi, Yamanashi-ken, Capital ¥1,988,550,000, President Masuzawa Takashi), a precision electronics components manufacturer, has established Citizen Electronics (Suzhou) Co., Ltd. in Wuzhong District, Suzhou, People's Republic of China as a manufacturing base for LED backlight units intended for color cellular phone displays.

Citizen Electronics established a production base in Jiangmen City, Guangdong Province, China in 1988 and manufactured various kinds of products for the domestic market. The mass production of LED backlight units for color cellular phone displays began full-scale operations in this plant last autumn. The demand for color displays in cellular phones in the overseas markets is expanding faster than we expected, and the production at the plant is approaching maximum capacity (4 million units per month).

The overseas markets for color displays in cellular phones have expanded since the later half of last year; consequently, the demand for the high brightness white LED chip, an essential component for small-sized color LED's, has increased dramatically. Since it is expected that the demand in this market will continue to expand in the future, it may be impossible to supply a sufficient number of products to the markets with the current facilities. Citizen Electronics decided to establish another production base. Suzhou was selected as the location for the new plant, since the Huadong region, to which Suzhou belongs, is an area where many major LED manufacturers, who are Citizen's customers, have already established production sites. By establishing another production base in this area, Citizen can respond promptly to customer requests and improve the quality of its customer support services.

Citizen Electronics (Suzhou) Co., Ltd. plans to produce 4 million backlight units for end users of major overseas cellular phone manufacturers in the U.S.A. and Europe. As a result of this investment, Citizen's production capacity for backlight units for the overseas markets will be 8 million units per month in total from both plants in Suzhou and Guangdong provinces. Citizen already has a production capacity of 1 million units per month for the domestic markets; however, with the new facility, the entire production capacity will be 9 million units per month. Citizen Electronics (Suzhou) Co., Ltd. will initially produce backlight units only, but in future will produce a variety of electronics products to establish a structure responding to a wide range of requests from customers.

As for sales activities; C-E (Hong Kong), Ltd., a Citizen's sales company in Hong Kong; Xunke Dianzi Youxiangongsi, a manufacturing and sales company with bases in Jiangmen City, Guangdong Province and Beijing; Citizen Electronics (Suzhou) Co., Ltd., with sales functions as well; and the head office in Japan intend to cooperate in establishing a structure for providing an aggressive approach and better services to growing domestic Chinese manufacturers, as well as American and European manufacturers, who have already entered the Chinese market.

The outline of Citizen Electronics (Suzhou) Co., Ltd. is as follows.

Company name:	Citizen Electronics (Suzhou) Co., Ltd.
Address:	Xujiang Gongye Yuannei, Xujiang-Zhen, Wuzhong District, Suzhou City, Jiangsu Province, China
Representative: (Managing Director)	Kobayashi Akitomo (Director in charge of Hong Kong and China, Citizen Electronics Co., Ltd.)
Director	Masuzawa Takashi (President of Citizen Electronics Co., Ltd.)
Accounting director	Horiguchi Xiao (Local Representative, General Manager)
Assistant accounting director:	Tameoka Taiwang (Local Representative, Assistant General Manager)
Business contents:	Final assembly of backlight units
Capital:	Total investment: About ¥500 million Capital: About ¥250 million
Shareholders:	Citizen Electronics Co., Ltd. 100% (including indirect investments)
Establishment:	March 2003
Land area:	About 7,000 m ²
Building area:	About 6,600 m ²
No. of employees:	About 400 persons
Start of operations:	End of May 2003