



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

<For Immediate Release>

Fujikon Announces 2003/04 Annual Results
Turnover Increases 24% to HK\$602 million

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New Projects Expected to Pay Off in the next two years

(Hong Kong, 30 June 2004) – Leading Hong Kong electro-acoustic products designer and manufacturer Fujikon Industrial Holdings Ltd. (“Fujikon” or “the Group”)(Stock Code: 0927) today announced its annual results for the year ended 31 March 2004.

During the year, the Group has successfully increased its market share and maintained its leadership position in the electro-acoustic industry. The Group’s turnover increased 24% to HK\$602 million. However, the Group’s gross profit decreased 4.7% to HK\$133 million and gross profit margin was 22.1%. The decrease in gross profit margin during the year was due to the rising material costs, that of plastic, paper products and copper in particular. In addition, the Group has made initial investments on several major projects with new customers, which also increased its operating cost. Net profit attributable to shareholders therefore decreased by 34.2% to HK\$21.8 million. Basic earnings per share were HK6 cents (2003: HK9 cents).

The Directors are pleased to recommend payment of a final dividend of HK4.5 cents per share (2003: HK4.5 cents per share) for the year ended 31 March 2004. Together with the interim dividend payment of HK2.5 cents per share (2003: HK2.5 cents per share), the annual dividend will be HK7 cents per share (2003: HK7 cents per share). Based on the closing price on 29 June 2004 of HK\$0.83 per share, the dividend yield was 8.4%.

The Chairman of Fujikon, Mr. Johnny Yeung said, “Despite having to cope with the challenging business conditions during the year, we have expanded our market shares and see promising prospects ahead. We have been improving our know-how and efficiency for our new projects and are anticipating fruitful returns in the coming years after we ramp up our production scale.”

In December last year, the Group successfully commenced mass production of communication headsets for a world-leading mobile phone manufacturer. Sales from communication products increased significantly by 36.8% to HK\$80 million. Driven by the overwhelming responses of its Sound Bag products and quality earphone for its MP3 player customers, the Group recorded satisfactory sales from audio products of HK\$280 million, rising 22.4% from last year. On the other hand, sales of multimedia products also increased to HK\$54 million with profit margin maintained at a reasonable level. In addition, the Group has successfully tapped new opportunities in the automobile industry as a result of its sustained efforts in developing infrared wireless audio headphones. The success is highlighted when the Group won one of the top automobile manufacturers in the US as its new customer during the year.

Among all markets, the PRC returned the most impressive performance during the year with turnover totaled at HK\$113 million, representing a surge of 80% over last year. The Group's subsidiary, Ningbo Fusion Electrical Materials Co., Ltd. also enjoyed steady and healthy growth. In Europe, the Group won a major contract for audio headphones from a newly secured client, the largest consumer electronics manufacturer in France. On the other hand, the Group expects to continue benefiting from the remarkable growth of the US consumer market. At the same time, the rapid demand growth of high quality micro speakers with a major Japanese mobile phone components manufacturer will also provide robust growth potential in the Japanese market next year.

Looking ahead, the Group is bullish towards its business growth. The economy is recovering at a quicker pace as the global economy and sentiment in the consumer markets worldwide continue to pick up. The Group has identified three major drivers for its future growth, which are communication headsets, wireless products and headphones for in-car entertainment. On a positive note, orders received in the first quarter of the fiscal year 2004/05 have been very encouraging.

Mr. Yeung added, "We believe the demands for communication headsets will be gratifying as the global mobile phone industry continues to expand. We anticipate our sales of headsets to the world-leading mobile phone customer will bring in substantial return in the coming year as we achieve maximum economies of scale. We expect sales from these products to reach about 25% to 30% to the total turnover next year."

The in-car audiovisual entertainment systems will continue to build a strong momentum for the Group's infrared wireless headphones. Recognizing also the trend of consumers seeking to access entertainment programmes while they are on the move, the Group is going to expand the production of the in-car FM transmitters for satellite radio broadcast and other portable audio devices.

Mr. Yeung concluded, "Our efforts to expand our market share in the year will lay a solid groundwork for our business growth. In addition, our new wireless products segment will broaden our revenue base and we will continue to expand our wireless technology developments to raise our competitiveness. We strive to achieve the goal of improving profit margins by achieving higher efficiencies and economies of scale. We are also forging ahead with advanced products and technological developments for bringing better returns to our shareholders."

Summary of the geographical and product mix:

| Markets | For the year ended 31 March 2004 (% of total turnover) | For the year ended 31 March 2003 (% of total turnover) |
|----------------------|---|---|
| North America | 39.7 | 49.3 |
| Asia Pacific Regions | 34.4 | 28.7 |
| Europe | 19.7 | 15.8 |
| Japan | 3.2 | 3.8 |
| Others | 3.0 | 2.4 |

| Products | For the year ended 31 March 2004 (% of total turnover) | For the year ended 31 March 2003 (% of total turnover) |
|--------------------------------------|---|---|
| Audio Products | 46.4 | 47.0 |
| Electronic Products & Accessories | 31.3 | 32.5 |
| Communication Products | 13.4 | 12.1 |
| Multimedia Products | 8.9 | 8.4 |

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