



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

<For Immediate Release>

FUJIKON ANNOUNCES 2005/06 ANNUAL RESULTS
NET PROFIT RISES 29.4% TO HK\$86 MILLION

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LEVERAGES STRONG RELATIONSHIPS WITH TIER-ONE CUSTOMERS
TO ATTAIN BALANCED GROWTH

For the year ended 31 March	2005/06	2004/05	% Change
Turnover	HK\$1,089 million	HK\$932 million	↑ 16.9%
Gross Profit	HK\$251 million	HK\$203 million	↑ 23.4%
Net Profit	HK\$86 million	HK\$66 million	↑ 29.4%
Earning per Share	HK23 cents	HK18 cents	↑ 27.8%
Dividend per Share	HK8 cents	HK10 cents* <i>*in which HK2 cents were special dividend</i>	↓ 20.0%

(Hong Kong, 28 June 2006) – 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 2006.

Riding on the growth momentum generated in the previous year, Fujikon continued to attain strong performance for the year ended 31 March 2006. Turnover reached HK\$1,089 million, a 16.9% increase from HK\$932 million last year. Net profit also grew an impressive 29.4% from HK\$66 million to HK\$86 million. Despite having to face tough market situations including rising raw material costs, labour shortage and appreciation of the RMB, the Group managed to deliver excellent results thanks to increased operational efficiency and effective supply chain management. Gross and net profit margin also improved to 23.1% and 7.9% respectively.

The Board of Directors is pleased to recommend the payment of a final dividend of HK5 cents (2004/05: HK5.5 cents) per share for the year ended 31 March 2006. Together with the interim dividend payment of HK3 cents (2004/05: HK2.5 cents) per share, annual dividend will be HK8 cents (2004/05: HK10 cents) per share.

Mr. Johnny Yeung, Chairman of Fujikon, said, “We are very pleased with our outstanding results. Our turnover broke through the HK\$1 billion mark, meaning the company has entered a new stage of development. Sizable orders from major customers, favourable market trends and our expertise to produce sophisticated products were the contributing factors to the strong performance of all our different segments during the year, except for electro-acoustic parts that was on strategic pull out. We also cemented our relationships with tier-one customers which have been instrumental to our persistent business growth.”

Below is the summary of product mix analysis:

Products	For the year ended 31 March 2006 (HK\$ million)	For the year ended 31 March 2005 (HK\$ million)	Change	Percentage of total turnover in 2005/06 (2004/05)
Audio Products	313	282	↑ 11%	28.8% (30.3%)
Communication Products	282	179	↑ 57%	25.9% (19.2%)
Multimedia Products	101	41	↑ 150%	9.3% (4.4%)
Electro-acoustic Parts	115	217	↓ 47%	10.5% (23.2%)
Electronic Products, Accessories and Others	277	214	↑ 30%	25.5% (22.9%)

Thriving market demand was the main drive of the impressive growth of the communication and multimedia segments. Orders from a world-renowned European handset manufacturer rose during the year. Heeding the growing demand on quality and for sophisticated features in communication products, the Group broadened its communication product offerings to include high quality headsets that complement new audio and video features on handsets. Besides, mass shipment of headsets to Microsoft for bundling with its Xbox 360™ game console also boosted sales of the multimedia segment by 1.5 times.

Mr. Yeung added, “The mass shipment to Microsoft means more than revenue gains, but our successful leverage of the customer’s prominent presence and network in the video game market to establish our own foothold in the sector. We can produce multimedia headsets befitting for use with video games to give more ‘true to live’ experience to demanding game players. Other than making video games more enjoyable, with on-line games and chatting becoming more and more popular, our multimedia headsets have found more new applications that will continue to propel our advancement in the coming year.”

Supported by strong orders from existing clients, audio products remained as the largest revenue contributor to the Group. Continuously stimulated by the audio entertainment “on-the-go” trend in the end-user market, demand for compact and high quality audio products has grown consistently. Featured products like noise-cancelling headphones and wireless infrared (IR) headphone for in-car passenger also registered positive gains.

As an essential supporting business to the Group’s core businesses, the electronic products, accessories and others segment also reported healthy sales growth, which was in line with the performance of other business segments. Special contributions were derived from the sales of packaging materials and cable assembly. Sales from electro-acoustic parts dropped as a result of the Group’s decision to exit less profitable businesses and free resources and production capacity for better margin businesses.

Looking ahead, the booming global mobile communication industry will see communication products contribute more to the Group’s revenue. Headset is expected to become a must-have accessory as new value-added features in mobile handset like MP3, radio and mobile TVs command the use of top quality hands-free headsets. This trend plus the closely ties it has with the communications industry and its strong relationship with the leading European mobile handset manufacturer, the Group is optimistic about the prospects of its communication products.

Growth of the audio product segment is expected to remain solid in the coming year. Wireless IR headphones for in-car use have been gaining mass adoption, and anticipated shipment to a new tier-one automobile manufacturer will commence this year. Moreover, the Group has already secured a sizeable order from a premium global audio equipment brand, testifying to worldwide recognition of the Group's top quality audio products. Leveraging Microsoft's Xbox 360™, the Group has made inroads in the video game sector and expects to derive drive from this established foothold to tap potentials in the multimedia entertainment arena. VoIP and other instant-messaging type voice communication applications, which are gaining popularity, will also be presenting the Group with many new business opportunities.

Mr. Yeung concluded, "We have over 20 years of experience in the industry and are known for our acoustic expertise. We will continue to seek opportunities in markets around the world and in product trends that are gathering momentum. We will step up research and development efforts to further sharpen and ensure versatility of application of our acoustic expertise, and are prepared to adjust to customers' demands and market requirements. Seeing solid demands in the coming year, we, working together as a team, are ready to take up the challenges of maintaining balanced growth of our businesses while securing long-term benefits of our shareholders."

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