



Fujikon Announces FY2013/14 Annual Results Revenue Reaches HK\$1.5 Billion

(Hong Kong, 26 June 2014) - Leading Hong Kong electro-acoustic products designer and manufacturer **Fujikon Industrial Holdings Limited** (“Fujikon” or the “Group”; stock code: 0927) today announced its annual results for the year ended 31 March 2014 (“FY2013/14”).

During FY2013/14, concerns remained about the Federal Reserve’s reduction of stimulus measures, such as quantitative easing. Nonetheless, the Group has been able to leverage ties with its long-standing business partners, its revenue has only slightly dipped to HK\$1,525.3 million (FY2012/13: HK\$1,605.6 million) for the year ended 31 March 2014. Gross profit was, however, receding year-on-year to HK\$260.2 million (FY2012/13: HK\$325.4 million), as a result of a combination of factors, such as an increase in provision for obsolete inventory due to the suspension of certain orders; a one-time impairment loss incurred from flooding; and the increase in overall labour costs due to a rise in rush orders. Profit attributable to equity holders was consequently affected but still reached HK\$62.3 million (FY2012/13: HK\$114.3 million) for the reporting year. Basic earnings per share were HK14.9 cents (FY2012/13: HK27.9 cents).

The Board of Directors recommends a final dividend of HK5.0 cents per share and a special final dividend of HK4.0 cents per share. Together with an interim dividend of HK4.0 cents and a special interim dividend of HK2.0 cents already paid, total dividend payout for the full year amounted to HK15 cents (FY2012/13: HK19 cents).

Mr Johnny Yeung, Chairman of Fujikon, said, “The uncertainties in the macroeconomic environment combined with the consolidation of the electro-acoustic market have placed pressure on the Group’s financial performance. Nonetheless, riding on solid our ties with many of the top brands in the industry and the healthy growth of our major customers, we remain in a strong position. This strength is most evident in an increase in both the quantity and quality of research projects conducted as well as the expanded patent portfolio during the reporting year.”

During the year under review, the Group’s core business segment - **headsets and headphones** - generated revenue of HK\$1,158.3 million (FY2012/13: HK\$1,248.4 million), thus accounting for 76% of its total revenue. To sustain business growth in this challenging environment, the leading electro-acoustic brands have exerted tremendous effort to refresh their product lines to meet the ever-changing market demand and differentiate themselves. Fujikon has met their needs with its dedicated focus on new product and technology development. The results of the Group’s own efforts are apparent in its expanded patent portfolio and strong product development pipeline. The Group believes it will buck the trend of consolidation by becoming an important strategic partner of these leading brands.

The **accessories and components** business remains an important part of the Group's vertical integration efforts. For the year ended 31 March 2014, the segment recorded revenue of HK\$366.9 million (FY2012/13: HK\$357.2 million) and profit of HK\$3.6 million (FY2012/13: HK\$17.2 million). To raise the competitiveness and profitability of this business, the management is closely evaluating the product mix and intends to restructure certain product lines as necessary.

Looking forward, Fujikon will leverage its expertise in technology applications to meet the needs of the leading customers for both product and positioning differentiation. The Group will selectively offer its patented technologies to preferred customers, collaborating closely with them to develop signature products. Apart from being a leading manufacturer of wireless headsets and headphones incorporating Bluetooth and Near Field Communication (NFC) technologies, Fujikon will continue to develop and integrate proprietary technologies in its latest models and further enrich its patent portfolio. This technology and intellectual property prowess will further enhance its attraction as a strategic partner to leading brands, while also reducing dependence on external solution providers.

The Group is extending the implementation of its SAP Enterprise Resource Planning (ERP) system to more facets of its operations. Its task and content management system is now being configured and has already yielded a number of benefits. Particularly noteworthy is the reduction in development time, enabling a quicker rollout of products in response to changing market conditions as well as cost-savings. At the same time, the Group also plans to upgrade its production facilities to meet its customers' requirements.

Mr Yeung concluded, "Fujikon is fully committed to maintaining our position as a leading global electro-acoustic group and bolstering our position in the mid- to high-end products segment. The ongoing market consolidation should encourage more aggressive product development efforts by many of the top-tier brands to seize a larger market share, creating greater business opportunities to us to exploit our expertise in cutting-edge technologies. Not content to rest on our laurels, we will also leverage our proven business model and implement effective cost control measures as our highly experienced management team leads sustained growth momentum in the long run."

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About Fujikon Industrial Holdings Limited

Fujikon, a sound company founded in 1982, was listed on the Main Board of The Stock Exchange of Hong Kong Limited since the year 2000. The Group is mainly engaged in the design, manufacturing and sale of a wide range of electro-acoustic products, including headphones, earphones, headsets, microphones, speakers, sub-woofer systems and wireless products. All products are sold on an ODM or OEM basis to renowned global customers.

The Group has won the "Business Superbrands Hong Kong" in 2006. Fujikon has also granted "Innovation Knowledge Enterprise Award" jointly organised by the Hong Kong Productivity Council and the Guangdong Provincial Intellectual Property Office in April 2005 and the "Enterprise Award" of the DHL/SCMP Hong Kong Business Awards in 2002, which demonstrated its excellence in management and business development. In terms of products, the Group has received the HKEIA Award for Outstanding Innovation and Technology Products: "Sliver Awards" in 2002 and 2003, "Gold Award" in 2004 and 2007, "Bronze Award" in 2008, "Grand Award" and "Gold Award" in 2013.

The Group is recognised for its community services and environmental contributions, was awarded the "Caring Company Logo" by the Hong Kong Council of Social Service for five consecutive years from 2003/04 to 2007/08 and from 2009/10 to 2013/14. Also, the Group has received the "Outstanding Corporate Social Responsibility Award" by the Mirror Post in 2012, the Green Participant of "Hang Seng Pan Pearl River Delta Environmental Awards" from the Federation of Hong Kong

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Industries, who is jointly organized with the Hang Seng Bank and the “Silver Award” of Factory (Hong Kong Based) of GREENPLUS Recognition by CLP Power Hong Kong Limited in 2013. Meanwhile, Fujikon Group is awarded the “Happiness at work” logo by Happiness Index Fund and HKPC for two consecutive years in 2013 & 2014. This award is to recognise the effort of Fujikon in making a happy workplace for their employees.

Fujikon has received ISO 9001 and ISO/TS 16949 accreditation for its quality management system, ISO 14001 accreditation for its environmental management system, and IECQ QC 080000 HSPM for its Green Manufacturing System. Moreover, in order to ensure on-going management excellence, Quality Control Circle (QCC), 5S and Balanced Scorecard (BSC) systems have become an integral part of the Group’s operation. Headquartered in Hong Kong, Fujikon has set up a factory in Dongguan Province, China.

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