



Johnny Yeung 楊志雄

Chairman and Co-Founder 主席及聯合創辦人

Chairman's Statement 主席報告

To our shareholders

I am pleased to present the annual results of Fujikon Industrial Holdings Limited ("the Company") and its subsidiaries ("Fujikon" or "the Group") for the year ended 31 March 2004.

The Group has made significant achievements in the past year in securing a number of major new customers, who are all leaders in their respective industries. We also increased our market shares and maintained our leading position in the electro-acoustic industry with particularly impressive growth in the PRC market. The Group's turnover increased 24% to HK\$602 million. Our net profit, however, decreased for the main reasons of substantial rising cost of materials during the year and the increase in investment on rolling out several major projects with new customers. We have been sowing seeds – improving our know-how and efficiency – for these new projects and are anticipating fruitful returns in the coming years after we ramp up our production scale.

To ensure continuous robust growth, Fujikon remains committed to raising R&D investment to reinforce its successful businesses in communication headsets and wireless products. While the commencement of massive shipments of communication headsets testified to our ability to meet the stringent demands of our mobile phone customers, we are not about to rest on our laurel. Besides constantly seeks to heighten efficiency and achieve maximum economies of scale, the Group will also continue to improve its capabilities in product development and perfect its production processes and technological know-how. We are confident that these efforts, mirroring our determination to grow, will help improve our profit margins and bring promising returns.

致各位股東

本人謹代表董事局欣然提呈富士高實業控股有限公司（「公司」）及其附屬公司（「富士高」／「集團」）截至二零零四年三月三十一日止財政年度之全年業績報告。

集團於過去一年內成功獲取多個重要新客戶，而他們皆為所屬行業之翹楚。我們已在電聲行業中擴大市場佔有率，亦鞏固集團在行內的領導地位，而集團業務更在中國市場迅速增長。年內，集團之營業額上升24%至602,000,000港元。然而，由於物料成本價格顯著上升，加上我們於年內與多個重要新客戶開展重要項目而投入不少額外資源，致使成本增加及純利下降。於這投資期內，我們致力提升新計劃的技術及效率。預期在成功提升生產規模後，集團預期可於來年獲得豐盛的果碩。

為確保集團業務能穩步發展，富士高致力投資研發工作，以加強集團於通訊耳機及無線產品方面的業務發展。正當集團已開始大量附運其通訊耳機以滿足要求嚴謹的流動電話生產商客戶的需求時，我們並不自滿。相反，我們不斷提高生產效率及規模效益，此外，集團亦會繼續提升產品研發的能力並改善生產工序及技術。我們深信這不但反映我們熱切求進的決心，更重要的是可提升利潤，為集團帶來可觀的收益。

Chairman's Statement 主席報告

On the wireless product front, we are happy to report that we have successfully entered the first generation automobile AV product market, which promises immense new growth opportunities. Last year, we started shipping infrared wireless stereo headphones to one of the major automobile manufacturers in the US, marking the successful establishment of a foothold in the international automobile market by the Group. The persistently rising demand for cars worldwide and the trend of installing quality in-car audiovisual entertainment systems are driving the demands for high quality wireless audio headphones. I am confident that the Group's swift entry into the market and its ability to capture new business opportunities will bear fruit in the next couple of years.

The outlook for the next financial year is robust and we are excited about the growth opportunities we see ahead. We strongly believe that our established business foundation and customer partnerships will enable us to capture new promising opportunities, and we are forging ahead with advanced products and technological developments to bring better returns to our shareholders.

FINANCIAL PERFORMANCE

For the year ended 31 March 2004, the Group recorded a turnover of HK\$602 million, representing an increase of 24% from HK\$486 million in 2003. This is mainly attributable to the increased orders from new customers as a result of the Group's commitment in new products and core technological developments. However, the Group's gross profit decreased 4.7% to HK\$133 million and gross profit margin also fell to 22.1%. Net profit attributable to shareholders decreased by 34.2% from HK\$33.2 million to HK\$21.8 million. Basic earnings per share were HK6 cents (2003: HK9 cents). The drop in net profit was mainly due to the significant decrease in gross profit margin during the year. As mentioned earlier, rising material costs, that of plastic, paper products and copper in particular, had substantial impact on the Group's profit margins. In addition, the Group has made initial investments on several major projects with new customers, which also increased its operating cost.

至於無線產品方面，我們很高興能成功開拓極具增長潛力的新一代汽車影音市場。去年，我們已開始為一家美國主要汽車生產商附運紅外線無線音響耳機，為集團進軍國際汽車市場成功建立據點。由於全球對汽車需求持續增長，加上汽車內置優質影音娛樂系統漸成趨勢，集團相信市場對優質無線音響產品的需求將有增無減。隨著我們率先進軍市場，佔盡先機，於未來數年定能為集團帶來美滿成果。

集團對下一財政年度的前景充滿信心，我們亦已準備就緒，迎接未來的發展商機。我們深信穩健的業務基礎及緊密的客戶夥伴關係，必定有助集團拓展新業務。同時，我們亦致力發展嶄新產品及技術，務求帶領集團邁向新領域，並為股東帶來更佳回報。

業績表現

截至二零零四年三月三十一日止年度，集團錄得營業額602,000,000港元，較二零零三年的486,000,000港元上升24%。營業額上升主要有賴集團致力發展新產品及核心技術，令來自新客戶的訂單增加不少。然而，集團之毛利下調4.7%至133,000,000港元，毛利率亦下降至22.1%。股東應佔溢利由33,200,000港元下調34.2%至21,800,000港元。每股盈利為6港仙（二零零三年：9港仙）。是次純利下調乃由於毛利率大幅下降所致。正如早前提及，塑膠、紙品及銅料等原材料成本上漲，對集團毛利帶來重大影響。同時，集團亦為多個新客戶的項目投入額外資源，令營運成本因而增加。

DIVIDENDS

Despite having to cope with the challenging business conditions during the year, the Group has expanded its market shares and sees promising prospects ahead. Supported by the Group's strong financial position, the management decided to maintain the dividend level to reward shareholders for their continued interests and supports.

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).

BUSINESS REVIEW AND PROSPECTS

Product Mix Analysis

During the year, the different business streams contributed to the Group's revenue at similar percentages as in the previous year. For the year ended 31 March 2004, sales of audio products, communication products, multimedia products, and electronic products and accessories accounted for approximately 46.4%, 13.4%, 8.9% and 31.3% respectively of the Group's total turnover. The Group has, however, added a new business segment – wireless products – into its product portfolio, allowing it to capture emerging business opportunities in new markets.

Audio Products

Among audio products, audio headphones remained as the dominant revenue and profit contributor, accounting for 46.4% of the Group's total turnover. Sales of the Group's audio products increased from HK\$228 million last year to HK\$280 million this year. The growth was a result of the favourable market responses to the Group's new products, such as the Sound Bag that received overwhelming responses worldwide and the high quality earphones for bundling with MP3 players offered by major manufacturers. The Group expects continuous growth for these two product categories.

股息

儘管集團業務於年內面對不少挑戰，我們仍能擴大市場份額，對業務發展前景充滿信心。為報答股東對集團一直以來的支持，加上集團的財務狀況穩健，管理層決定維持股息水平。

董事會欣然宣佈，建議派發截至二零零四年三月三十一日止年度之末期股息，為每股4.5港仙（二零零三年：每股4.5港仙）。連同已派發之中期股息每股2.5港仙（二零零三年：每股2.5港仙），全年派息總額達每股7港仙（二零零三年：每股7港仙）。

業務回顧及展望

產品組合分析

年內，集團各項業務佔總營業額的比重與去年相約。截至二零零四年三月三十一日止年度，來自音響產品、通訊產品、多媒體產品及電子產品及配件的銷售分別佔集團總營業額約46.4%，13.4%，8.9%及31.1%。年內，集團成功開拓了新業務範疇——無線產品，以壯大其產品組合，讓集團抓緊新市場所帶來的龐大商機。

音響產品

於眾多音響產品中，音響耳機仍然為集團最主要的收入來源，銷售額佔集團總營業額46.4%。音響產品之銷售額則由去年之228,000,000港元上升至本年度之280,000,000港元。此乃由於集團的新產品於各地市場取得理想的銷售表現，當中包括廣受全球消費者歡迎的Sound Bag，以及專為配合MP3播放機而設的高質素耳機。集團預期這兩種產品的銷售將於未來持續增長。

Chairman's Statement 主席報告

BUSINESS REVIEW AND PROSPECTS (Continued)

Product Mix Analysis (Continued)

Communication Products

The mobile phone market continues to grow at significant rates. More and more mobile phone embedded with multimedia features have been introduced and more and more countries are banning drivers from using handheld phones while driving. These factors combined has resulted in persistent and strong growth in demand for hands-free communication headsets. Sales from this segment increased 36.8% to HK\$80 million. In December 2003, the Group commenced mass production of communication headsets for a world-leading mobile phone manufacturer, marking a rise in market share for the Group. However, since the new projects for this mobile phone customer were still at their kick-off stages during the year, extra costs were incurred and contribution from this client has not been fully realized.

Upon the full ramp-up of production capacities for these projects allowing the achievement of higher efficiency and economies of scale, the Group expects profit margins of the communication product business to improve in the next fiscal year. Furthermore, with new products rollout for this world-leading mobile phone manufacturer in the coming year, contribution from the communication product stream to the Group's overall turnover is also expected to rise significantly.

Multimedia Products

As the Japan market gradually picked up, the sales of multimedia products saw a slight increase to HK\$54 million, from HK\$41 million the previous year, with profit margin maintained at a reasonable level. As the overall demand for multimedia products appeared to have plateaued, the Group will focus on growing this business segment with existing customers for new ODM/OEM opportunities.

業務回顧及展望 (續)

產品組合分析 (續)

通訊產品

流動電話市場繼續迅速發展。市場上不斷有更多配以多媒體設備的流動電話推陳而出。同時，更多國家開始立法禁止駕駛者於駕駛時使用手提電話。這些因素均為免提通訊耳機帶來持續及強勁的需求。通訊產品的銷售額於本年增加36.8%至80,000,000港元。集團亦於二零零三年十二月開始為一間具領導地位的國際流動電話製造商大量生產通訊耳機，集團的市場佔有率亦因此而擴大。然而，由於這些新項目於年內仍處於起步階段，集團仍需投入額外資源，令這些新項目的盈利貢獻未能全面於年內反映。

隨著上述項目的產量於來年獲得全面提升，集團將可達至更高效率與規模效益，故此集團預期通訊產品業務的毛利率將於下個財政年度有所改善。此外，由於這間國際流動電話製造商於來年推出更多新產品，預期通訊產品業務將為集團的總營業額帶來更顯著的貢獻。

多媒體產品

隨著日本市場逐漸好轉，多媒體產品的銷售錄得輕微升幅，由上年度的41,000,000港元升至54,000,000港元，毛利率則維持於合理水平。鑑於市場對多媒體產品的整體需求已接近飽和，集團將致力與現有的原設計製造(ODM)及原設備製造(OEM)商客戶尋求更多新商機。

BUSINESS REVIEW AND PROSPECTS (Continued)

Product Mix Analysis (Continued)

Wireless Products

The Group's sustained efforts on the development of wireless products have enabled it to successfully tapped new business opportunities presented by the automobile industry this year. There are not only more cars on the roads in the world but also more drivers are choosing cars equipped with in-car audiovisual entertainment systems. The growing popularity of these systems translates into growing demand for infrared wireless audio headphones. During the year, the Group won a new customer, one of the top automobile manufacturers in the US, and started shipping products to it since the end of 2003.

Seeing immense potential for development of this budding business, the Group created a new business segment for wireless products that was previously grouped under the Audio Products segment. Besides wireless audio headphones that complement the in-car audiovisual entertainment systems, the segment also covers other products such as an in-car FM transmitter for satellite radio broadcast. The Group is confident that this new segment will become an important contributor to its overall sales in the future.

Market Performance

Geographically, the US market still accounted for the largest share of the Group's turnover for the year, despite a drop in its percentage contribution to the total turnover. The Asia Pacific region (other than Japan) recorded the highest growth, from 28.7% the previous year to 34.4% this year. Contributions from North America, Europe and Japan were 39.7%, 19.7% and 3.2% respectively.

業務回顧及展望 (續)

產品組合分析 (續)

無線產品

集團一直努力不懈地發展無線產品，並成功於年內把握汽車業所帶來的龐大商機。目前世界各地不但有更多汽車於道路上行走，駕駛者更趨向選購配備內置影音娛樂系統的車輛。隨著汽車內置影音娛樂系統越趨普及，紅外線無線音響耳機的需求亦不斷上升。年內，集團成功取得一家著名的美國汽車生產商為新客戶。集團亦已於二零零三年年底為這名客戶開始有關產品的付運。

鑑於這項業務擁有龐大的發展潛力，集團將有關業務從音響產品業務中分別出來，成為獨立的業務範疇。新的無線產品業務包括專為汽車內置影音娛樂系統而設的無線音響耳機，以及用於接收衛星電台廣播的汽車FM傳送器。集團有信心此等新業務將於未來為整體營業額帶來重大貢獻。

市場發展

市場分佈方面，儘管來自美國的銷售佔集團營業額比例有所下跌，但其貢獻仍佔集團營業額最大比例。亞太區（日本以外）的增長最為迅速，佔集團營業額的比例由28.7%增加至年內的34.4%。而來自北美洲、歐洲及日本市場的貢獻則分別佔集團總營業額39.7%、19.7%及3.2%。

Chairman's Statement 主席報告

BUSINESS REVIEW AND PROSPECTS (Continued)

Market Performance (Continued)

Of all the Group's different markets, the PRC returned the most impressive performance during the year. Other than the Group's sustained investment in the market over the years, the exceptional growth of the Mainland economy in the past year also accounted for the Group outstanding results there, particularly in the sales of communication headphones and accessories. Besides selling to its Mainland customers directly, such as Lenovo, the Group has also supplied products to major multinational ODM/OEM's factories in China for distribution with their final products, such as mobile phones and MP3 players. For the year ended 31 March 2004, the Group's turnover from the PRC market totaled at HK\$113 million, representing a surge of 80% over last year. The Group's subsidiary in the PRC, Ningbo Fusion Electrical Materials Co., Ltd., which supplies components to other manufacturers, also enjoyed steady and healthy growth. The Group believes the growth momentum of the market will remain strong in the coming years.

The European market recorded an increase in sales from HK\$77 million to HK\$118 million in 2004. The Group is excited to have won a major contract for audio headphones from a newly secured client, the largest consumer electronics manufacturer in France. In North America, the Group's innovative Sound Bag continued to receive overwhelming responses. The Group expects to continue to benefit from the remarkable growth of the US consumer market. The Group anticipates robust growth in the Japanese market in the coming year as well. This is attributable to the rapid demand growth of high quality micro speakers developed with a major Japanese mobile phone components manufacturer.

業務回顧及展望 (續)

市場發展 (續)

在集團眾多市場中，中國市場於年內的表現最令人鼓舞。除了集團過往於中國市場的投資外，內地於去年強勁的經濟增長，皆為集團帶來理想的回報，尤以通訊耳機及配件更為顯著。集團除了向如「聯想」等內地客戶直接銷售產品，亦為一些主要跨國生產商的中國ODM及OEM廠房供應產品，以配合其完成品如流動電話及MP3播放機等一併發售。截至二零零四年三月三十一日止年度，集團來自中國市場的營業額達113,000,000港元，較上年度大幅上升80%。此外，集團為其他生產商供應組件的內地附屬公司—寧波富舜電業材料有限公司，亦同時錄得穩健的增長。集團相信中國市場將於來年保持理想的增長。

歐洲市場方面，營業額則由77,000,000港元升至118,000,000港元。集團很高興於年內成功為其音響耳機產品取得一項重要合約，新客戶為法國最大的電子消費產品製造商。於北美洲市場，集團嶄新的Sound Bag繼續受到廣大消費者歡迎。集團預期未來將繼續受惠於美國消費市場的可觀增長。此外，由於市場對集團與其日本流動電話組件製造商客戶共同開發的高質素微型揚聲器的需求殷切，集團亦期待日本市場於來年迅速增長。

BUSINESS REVIEW AND PROSPECTS (Continued)

Prospects

Although the global economy has yet to fully rebound, it is recovering at a quicker pace. As the global economy and sentiment in the consumer markets worldwide continue to pick up, the Group is looking at a bullish market in the coming year. Boasting comprehensive vertical integration, immense experience and a prominent customer base, the Group is ready to exploit the vast potential of the China market. The Group has identified three major drivers for its future growth, which are communication headsets, wireless products and headphone for in-car entertainment. As a matter of fact, orders received in the first quarter of the fiscal year 2004/05 have been very encouraging.

The global mobile phone market is huge and has plenty of room for continuous growth over the next few years. The demand for communications headsets will remain strong. According to IDC, global shipments of cellular phones are expected to grow from 427.1 million units in 2002 to 657.2 million units in 2007. The fact that more and more countries are barring the use of handheld communication devices by drivers when driving has prompted mobile phone manufacturers to include the hands-free headset as a must-have accessory with their products. At the same time, as more and more new mobile phones embedded with multimedia features are introduced, quality headsets also become necessary complements. These factors combined give the Group strong impetus for growth in coming years.

As for sales of headsets to the world-leading mobile phone customer, the Group anticipates substantial return in the coming year. As production volume increases, the Group will be able to achieve maximum economies of scale and reap the benefits generated. Its contribution will be reflected on both revenue and profit margins. The Group expects communication products to bring in a contribution of about 25% to 30% to the total turnover, jumping from the 13.4% the past year.

業務回顧及展望 (續)

展望

儘管全球經濟有待全面復甦，但其增長步伐實際上較預期快。隨著全球經濟與各地市場的消費意欲繼續上揚，集團對來年前景感到樂觀。憑藉完善的縱向整合、豐富的經驗以及卓越的客戶基礎，集團已作好準備盡享中國市場所帶來的無限商機。集團認定了三個推動未來發展的主要方向，其分別為通訊耳機、無線產品及專為汽車內置娛樂系統而設的耳機。事實上，觀乎二零零四至零五年財政年度第一季的訂單情況令集團感到十分鼓舞。

全球流動電話市場龐大，於未來數年皆有空間持續增長，而市場對通訊耳機的需求將保持強勁。IDC的調查報告顯示，全球流動電話的付運量預料將由二零零二年的427,100,000部上升至二零零七年的657,200,000部。隨著現時更多國家立法要求駕駛者於駕駛時使用免提通訊裝置，流動電話製造商將為其產品配以免提耳機一併出售。與此同時，隨著更多內置多媒體設備的新流動電話推出市場，優質的耳機亦成為不可或缺的附件。這些因素皆為集團於來年發展提供了強勁的增長動力。

至於為其國際著名流動電話製造商客戶提供耳機的項目，集團預期來年將有豐厚回報。隨著產量增加，集團將能達到最佳的規模效益，並從中受惠，而其貢獻將反映於盈利與毛利率中。集團預期通訊產品的銷售將由上年度佔集團總營業額13.4%躍升至約25%至30%之間。

Chairman's Statement 主席報告

BUSINESS REVIEW AND PROSPECTS (Continued)

Prospects (Continued)

Wireless headphones allow automobile passengers to enjoy various audiovisual entertainments without disturbing the driver. The Group expects the infrared-based wireless headphones to be the most sought after in the next few years. Recognizing also the trend of consumers seeking to access entertainment programmes from different sources 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, adding to the quality of in-car entertainment.

In the past year, the Group has taken on a series of new projects and aggressive measures to expand market shares. While the new projects are expected to return revenue in the next few years, the new measures are expected to translate into increases in market share next year. Furthermore, with the addition of the new wireless products segment, the Group has broadened its revenue base and thus created for itself more promising prospects for the next fiscal year.

Building on these past efforts and striving to achieve the ultimate goal of improving profit margins, the Group will further optimize production, product development and technological know-how for higher efficiencies and economies of scale. The Group is committed to introducing innovative products with value-added features to capture new opportunities ahead. Fujikon will, as always, dedicate every effort on to its long-term business development to bring better long-term returns to shareholders.

業務回顧及展望 (續)

展望 (續)

無線耳機讓汽車乘客於不會影響駕駛者的情況下享受各種視聽娛樂。集團預期紅外線無線耳機將於未來數年成為市場焦點。現時消費者喜歡隨時隨地從不同渠道享受娛樂節目，集團因此將擴大生產用於接收衛星電台廣播的汽車FM傳送器，此無線產品亦可配合其他手提音響設備使用務求能有效提升在汽車上享受娛樂的質素。

於過去一年內，集團推行了一系列的新項目及積極的措施，以擴展市場佔有率。預料新項目於未來數年將帶來盈利貢獻，同時新措施於來年更可協助集團擴大市場佔有率。另外，新增的無線產品業務將可進一步擴闊集團的收入基礎，從而為集團於下個財政年度締造更理想的業績。

集團一直以提升毛利率為最終目標，憑藉上述的計劃，集團將可進一步改善生產能力、產品發展及技術，邁向更高效率及規模效益。集團致力發展備有增值功能的創新產品，以抓緊未來的新商機。富士高將一如以往，投入每分努力於集團的長遠發展，務求為股東帶來長遠回報。

BUSINESS REVIEW AND PROSPECTS *(Continued)***Appreciation**

I would like to thank all Board members and our employees for their support and hard work in the past year. We are also grateful to our customers and shareholders for without their loyalty and confidence in the Group we would not have established our foothold in the industry. We will continue to do our best to generate maximum returns for our shareholders and are looking forward to an even better and more prosperous year ahead.

On behalf of the Board of Directors,

Yeung Chi Hung, Johnny

Chairman

Hong Kong, 30 June 2004

業務回顧及展望 (續)**致謝**

本人欲向董事會及員工致以衷心謝意，感謝他們於過去一年為集團付出的支持及努力，同時亦多謝每位客戶及股東。沒有他們對集團鼎力支持及信心，我們決不能於業內穩健發展。我們將繼續全力以赴，務求為股東帶來最佳回報，並且寄望來年更美滿豐盛。

承董事會命

楊志雄

主席

香港，二零零四年六月三十日