

Management Discussion and Analysis 管理層討論及分析

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy financial position during the period. Net current assets as at 30 September 2004 amounted to approximately HK\$123 million (As at 31 March 2004: HK\$104 million). The Group's current and quick ratio (excluding inventories) were 1.55 times (As at 31 March 2004: 1.60 times) and 1.13 times (As at 31 March 2004: 1.09 times) respectively. These indicate that the Group is able to meet future obligations without any difficulty.

The Group had cash and bank deposits of approximately HK\$80 million (As at 31 March 2004: HK\$74 million). About 10.6%, 3.2% and 52.7% of the total cash and bank deposits were denominated in Chinese Renminbi, Japanese Yen and US dollars respectively and the remainder in Hong Kong dollars.

The securities held for long-term purpose as at 30 September 2004 accounted for approximately HK\$25 million (As at 31 March 2004: HK\$36 million), of which about 62.5% and 37.5% were several structural notes issued by banks and investment funds managed by overseas investment companies respectively.

For the purposes of day-to-day liquidity management and future expansion, the Group has access to significant uncommitted banking facilities. As at 30 September 2004, the Group had aggregate banking facilities of approximately HK\$557 million (As at 31 March 2004: HK\$560 million) from several banks for overdrafts, loans, and trade financing, with an unused balance of approximately HK\$508 million (As at 31 March 2004: HK\$463 million). However, due to the high level of surplus cash as mentioned above, there is no present need for borrowings of any material amount.

CAPITAL STRUCTURE

It is the intention of the Group to maintain an appropriate mix of equity and borrowings to ensure an efficient capital structure. As at 30 September 2004, the total borrowings of the Group were approximately HK\$48 million (As at 31 March 2004: HK\$52 million), a decrease of 9% and of which about 98.3% and 1.7% were due within one year and in the second year, respectively.

流動資金及財務資源

本集團於期內繼續維持健全之財政狀況。於二零零四年九月三十日，本集團之流動資產淨值約為123,000,000港元（二零零四年三月三十一日：104,000,000港元）。本集團之流動及速動比率（不包括存貨）分別為1.55倍（二零零四年三月三十一日：1.60倍）及1.13倍（二零零四年三月三十一日：1.09倍），顯示本集團可從容應付未來承擔。

本集團約有80,000,000港元現金及銀行存款（二零零四年三月三十一日：74,000,000港元）。現金及銀行存款總額中約10.6%、3.2%及52.7%分別為人民幣、日圓及美元，其餘則為港元。

於二零零四年九月三十日，長期持有之證券約為25,000,000港元（二零零四年三月三十一日：36,000,000港元），其中約62.5%及37.5%乃分別為銀行所發出之若干投資票據及海外投資公司管理之投資基金。

為配合日常流動資金管理及往後發展，本集團亦已安排大額未動用銀行信貸。於二零零四年九月三十日，本集團之銀行融資合共約為557,000,000港元（二零零四年三月三十一日：560,000,000港元），為來自多家銀行之透支、貸款及貿易信貸，而未動用之餘額約為508,000,000港元（二零零四年三月三十一日：463,000,000港元）。然而，誠如上文所述，本公司擁有充裕盈餘現金，故目前並無任何大額借貸需要。

資本架構

本集團希望維持適當之股本借貸比例，確保維持有效之股本架構。於二零零四年九月三十日，本集團之借貸總額約為48,000,000港元（二零零四年三月三十一日：52,000,000港元），下跌9%，其中約98.3%及1.7%分別於一年內及第二年到期。

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CAPITAL STRUCTURE (CONT'D)

These Group's borrowings consisted of an unsecured three-year bank loan of approximately HK\$4 million (As at 31 March 2004: HK\$6 million), being denominated in Hong Kong dollars, and various short-term bank loans of approximately HK\$44 million (As at 31 March 2004: HK\$46 million), of which about 28.4%, 66.6% and 5.0% were denominated in Hong Kong dollars, US dollars and Chinese Renminbi, respectively, and being secured by the Company's corporate guarantee of approximately HK\$93 million and the Group's land and buildings of approximately HK\$19 million (As at 31 March 2004: HK\$19 million). The short-term bank loans were primarily borrowed to finance the general operation of the production plants in PRC. During the period, the Group's borrowings bore interest at rates ranging from 0.9% to 5.5% per annum (As at 31 March 2004: ranging from 1.1% to 6.6% per annum).

The Group's gearing ratio as at 30 September 2004 was approximately 15.1% (As at 31 March 2004: 17.3%), which was measured on the basis of total borrowings of approximately HK\$48 million (As at 31 March 2004: HK\$52 million) as a percentage of total shareholders' equity of approximately HK\$317 million (As at 31 March 2004: HK\$303 million).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions, including borrowings, were conducted in US dollars, Hong Kong dollars or Chinese Renminbi. To mitigate the risks due to fluctuations in foreign currency exchange rates, the Group had used forward foreign exchange contracts to hedge against major currency exposures during the period. Net exchange loss was approximately HK\$275,000 (2003: HK\$535,000).

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

The Group has developed its training programs in a structural and systematic manner to its management and employees. The Group has provided regular management and technical courses to its employees during the period.

資本架構 (續)

此等借貸包括一項為期三年約4,000,000港元(二零零四年三月三十一日:6,000,000港元)之無擔保銀行貸款,以港元結算,以及多項合共約44,000,000港元(二零零四年三月三十一日:46,000,000港元)之短期銀行貸款,其中約28.4%、66.6%及5.0%分別以港元、美元及人民幣結算,並以本公司約93,000,000港元之公司擔保及本集團約19,000,000港元(二零零四年三月三十一日:19,000,000港元)之土地及樓宇作抵押。短期銀行貸款主要用於支付中國生產廠房之日常營運開支。期內,本集團之借款之年息率由0.9厘至5.5厘不等(二零零四年三月三十一日:年息率由1.1厘至6.6厘不等)。

本集團於二零零四年九月三十日之資本負債比率約為15.1%(二零零四年三月三十一日:17.3%),乃根據約48,000,000港元(二零零四年三月三十一日:52,000,000港元)之借貸總額及約317,000,000港元(二零零四年三月三十一日:303,000,000港元)之股東權益總額之百分比計算。

外匯風險

本集團大部份交易(包括借貸)均以美元、港元或中國人民幣結算,為減低匯率波動引起的風險,本集團於期內利用遠期外匯合約對沖主要貨幣匯兌風險。匯兌虧損淨額約為275,000港元(二零零三年:535,000港元)。

招聘、培訓及薪酬政策

本集團已為管理層及僱員設立有系統之培訓計劃。本集團已於期內為僱員定期提供管理及技術課程。

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EMPLOYMENT, TRAINING AND REMUNERATION POLICY (CONT'D)

The Group has also developed its human resources policies and procedures based on performance and merit. It ensures that the pay levels of its employees are competitive and employees are rewarded on a performance-related basis within the general framework of its salary and bonus system. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. Benefits include staff accommodation, medical schemes, share option scheme, Mandatory Provident Fund for employees in Hong Kong, and state-sponsored retirement plans for employees in the PRC.

As at 30 September 2004, the Group's operations engaged a total of over 6,800 staff and workers. The employment costs (including the directors' emoluments) accounted for approximately HK\$62 million (2003: HK\$52 million).

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2004, the Group had total outstanding capital commitments and operating lease commitments of approximately HK\$14 million (As at 31 March 2004: HK\$8 million) and HK\$3 million (As at 31 March 2004: HK\$4 million) respectively. In view of the Group's high level of liquid funds, it is confident to fulfil all these commitments without any difficulty.

As at 30 September 2004, the Company had provided guarantees of approximately HK\$174 million (As at 31 March 2004: HK\$168 million) to several banks to secure banking facilities of its subsidiaries.

BUSINESS REVIEW

Fujikon is delighted to report that it had an encouraging start in the financial year 2004/05 marked by remarkable first half results. Past investment made by the Group in ramping up its scale of production and perfecting its manufacturing techniques bore copious fruit during the period. With strengthened and sharpened capabilities, the Group was able to capture business opportunities in the telecommunications industry and the electronic products and components business.

For the six months ended 30 September 2004, the Group's total turnover increased from HK\$264 million in the same period last year to HK\$479 million this year, representing an increase of 81.1%. Boosted by the strong turnover growth, net profit attributable to shareholders increased from last year's HK\$10.5 million to HK\$30.6 million this year.

招聘、培訓及薪酬政策 (續)

本集團亦已根據員工之表現及成績制訂人力資源政策及程序，以確保僱員之薪酬水平具競爭力，並根據慣常之薪酬及花紅制度按員工表現給予員工報酬。酌情花紅視乎本集團之溢利及個別員工之表現而定。僱員福利包括宿舍、醫療計劃、購股權計劃、香港僱員之強積金計劃及中國僱員之國家退休金計劃。

於二零零四年九月三十日，本集團合共聘用逾6,800名員工及工人從事業務。包括董事酬金之僱員成本約為62,000,000港元（二零零三年：52,000,000港元）。

承擔及或然負債

於二零零四年九月三十日，本集團分別有合共約14,000,000港元（二零零四年三月三十一日：8,000,000港元）及3,000,000港元（二零零四年三月三十一日：4,000,000港元）之未履行資本承擔及經營租約承擔。由於本集團有大量流動現金，故此履行所有此等承擔並無困難。

於二零零四年九月三十日，本公司為其附屬公司所獲銀行融資向數家銀行作出約174,000,000港元（二零零四年三月三十一日：168,000,000港元）之擔保。

業務回顧

富士高欣然宣佈，集團於二零零四／零五年上半年度錄得出色表現，為全年業績展開一個令人鼓舞的開始。集團為擴大生產規模及優化生產技術而作出的投資及努力已步入收成期，憑藉更強大的實力，集團得以把握電訊業和電子產品及配件業務湧現的商機。

截至二零零四年九月三十日止六個月，集團的總營業額為479,000,000港元，較去年同期的264,000,000港元增加81.1%。由於營業額大幅增長，帶動股東應佔溢利由去年的10,500,000港元增加至本年的30,600,000港元。

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BUSINESS REVIEW (CONT'D)

Against the substantial 81.1% increase in turnover and 63.3% increasing in gross profit in the first half when compared with the same period last year, the 2.3% decline in gross margin from 23.4% to 21.1% deserved some elaborations. The primary reason for the drop was the significant increase in material cost. And to a lesser extent, the slip was attributable to the bulk production of acoustic components, like the micro speaker for mobile communications, at slightly lower gross margins during the period. On the other hand, efforts to curb operational expenses have begun to show effect, increasing net margin from 4.0% last year to 6.4% this year.

Geographically, the Group's major markets continued to report growth in sales during the period. In percentage terms, the growth in the Japanese market was the most impressive – business increased over 7-fold or 761%. In absolute terms, the growth in the North America and the Asia Pacific region (other than Japan) was the most significant – together they contributed a net turnover increase of over HK\$131 million. While inside the Asia Pacific region (other than Japan), up to 78% of the growth was fueled by the expansion of the PRC market. Much of that increase was from the growing PRC domestic sales of the Group's overseas customers. As a result, business turnover in the PRC was up 123%.

The significant growth in turnover from Japan and the Asia Pacific at large represented a geographical redistribution of sales; the net effect of such redistribution was an even healthier and more balanced picture than before. Despite a notable increase in sales, the percentage contribution to total turnover of the North American market decreased from 42.6% to 36.7%. While Europe and the Asia Pacific region (other than Japan) contributed more or less the same share, the proportion from the Japanese market however jumped from 2.5% to 12.0%.

In September, the Group and Showa Eurex (H.K.) Co., Ltd. set up the joint venture Sefco Inc. Overseeing marketing efforts of the Group in Japan, the joint venture will allow Fujikon to enhance its service to customers and to further strengthen its foothold in the lucrative Japanese market. As the Japanese economy continues to pick up and the legislation banning the use of handheld phones by drivers while driving takes effect there, the Group expects the Japanese market to bring in greater revenue and contribute a bigger proportion to its overall turnover in the second half of the year.

業務回顧 (續)

在營業額及毛利較去年同期分別增加81.1%及63.3%的同時，毛利率卻由23.4%輕微下降至21.1%，這主要是由於原材料的成本大幅上升所致。與此同時，集團於期內開始量產電聲零件，如適用於流動電話的微型揚聲器，亦為毛利率帶來輕微的影響。然而，由於集團致力減低經營開支的策略漸見成效，銷售回報率由去年同期的4.0%增加至本年度的6.4%。

地域分佈方面，集團各主要市場的銷售額於期內均持續錄得理想增長。其中以日本市場的表現最為突出，增幅逾七倍或761%。以實際數字計算，北美及亞太區（日本以外）市場合共錄得超過131,000,000港元的淨營業額增長，成績最為顯著。而亞太區（日本以外）78%的增長由中國市場的擴展所帶動，當中大部份增長源自集團海外客戶於中國銷售額的增長，中國市場的營業額於期內上升達123%。

日本和亞太區市場的顯著增長，標誌著集團於重整地區銷售分佈的策略的成效，令集團的地區銷售分佈達致更健康及平衡的狀況。北美市場方面，儘管銷售額顯著增加，但其佔總營業額的比例卻由42.6%下降至36.7%；歐洲與亞太區（日本以外）市場佔營業額的比例與去年相若，而日本市場所佔比例則由2.5%飆升至12.0%。

於本年九月，集團與Showa Eurex (H.K.) Co., Ltd. 成立合營公司Sefco Inc.，主要負責集團於日本的市場推廣工作。集團相信，合營公司有助富士高為日本客戶提供更優質服務，並鞏固其於這潛力龐大的市場的根基。由於日本經濟發展持續向好，加上禁止司機於行車時使用手提電話的法例已於當地嚴格執行，集團預期日本市場將於本年度下半年為富士高帶來更可觀的收益及更大的銷售貢獻。

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BUSINESS REVIEW (CONT'D)

The revenue hike in the Japanese market was primarily driven by the increase in demand for high quality acoustic transducers. In Europe, turnover grew from HK\$44 million to HK\$79 million, a robust surge of 81.8%, mainly due to the increasing demand for communication headsets for use with mobile phones. In the North American market, the 55.8% growth in turnover was driven by both audio and communications products, with particular strong growth in the wireless category.

In terms of product mix, the Group's audio products, communication products, multimedia products, and electronic products and accessories grew 15.8%, 252.3%, 3.8% and 137.2% in sales respectively. Audio products and electronic products and accessories remained as the largest business segments during the period, contributing 29.8% and 45.8% to the Group's total turnover respectively. The growth of the electronic products and accessories segment was mainly powered by the sales of micro speakers for mobile applications and in-car FM transmitters for use with portable audio devices.

During the period, the sustained growth of the telecommunications industry represented the single most important driving force behind the Group's revenue increase. Besides directly spurring the sales of communications headsets, which recorded a surge of 252.3%, the momentum was also felt by the acoustic components business. The Group engaged in contract manufacturing of high-end micro speakers mainly for mobile communications for a top tier Japanese customer. The percentage contribution to total turnover of this business grew from virtually zero to the low double digit in a relatively short time.

Meanwhile, the encouraging growth in audio products sales was mainly attributable to two factors the increasing popularity of MP3 devices and the more widespread acceptance of wireless products.

PROSPECTS

Looking ahead, the Group expects the vibrant growth registered in the first half of 2004/05 to continue into the second half of the year. The optimism is well substantiated by the amount of on-hand orders. As always, the Group will continue to aggressively pursue its targeted potential customers. With the Japanese joint venture company Sefco Inc. up and running, the Group is looking forward to securing a bigger share of the Japanese market.

業務回顧 (續)

高質素微型揚聲器的需求大幅增加，為日本市場締造豐厚的銷售增長。在歐洲，由於市場對流動電話通訊耳機的需求不斷增加，令營業額由44,000,000港元大幅飆升至79,000,000港元，增幅達81.8%。而北美市場錄得的55.8%營業額增長，主要由音響及通訊產品特別是無線產品的銷售額增長所帶動。

產品組合方面，音響產品、通訊產品、多媒體產品及電子產品及配件的銷售額分別錄得15.8%、252.3%、3.8%及137.2%的增幅。期內，音響產品和電子產品及配件仍然成為集團的核心業務，分別佔集團總營業額29.8%及45.8%。電子產品及配件方面的增長，主要由於流動電話內置微型揚聲器，以及汽車FM傳送器等音響設備的銷售額增加所致。

期內，電訊業的持續增長乃集團收益增加的最主要源動力。此行業的增長，除直接令通訊耳機的銷售額飆升252.3%外，連帶電聲零件業務亦因而受惠並錄得理想的增長。期內，集團贏得一位著名日本客戶有關高檔微型揚聲器的製造合約，令此項業務對總營業額的比例於短期內由零增加至雙位數字。

同時，隨著MP3播放機的流行及無線產品更為市場所接受，集團音響產品的銷售額亦錄得顯著增長。

前景

展望未來，按照目前的訂單數目，集團預計二零零四／零五年度上半年的增長勢頭將延伸至下半年。集團亦將秉承一貫宗旨，積極發掘更多具潛質的目標客戶。日本合營公司Sefco Inc.的成立及運作將有助集團進一步擴大於日本市場的佔有率。

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PROSPECTS (CONT'D)

To bring more values to its shareholders, the Group persistently embarks on diversifying its business into new areas with growth potential hence avoiding heavy reliance on the more matured sectors. In geographical terms, while the percentage contribution of the US market has gradually reduced to the current level of 35.5%, Europe, Japan and the PRC have been catching up. This growth pattern is expected to continue in the near future, resulting in a more balanced global sales distribution. This will allow the Group to reduce the risk of relying too much on the performance of any particular economy.

In product terms, the proportion of turnover from audio products has progressively reduced to the present 29.8%. The Group has shifted its focus on the audio industry to the booming telecommunications industry. With the new generation of in-car audio-visual entertainment business still in its infancy, the current revenue contribution of in-car AV products is still relatively small. However, the growth of over 70% for the first 6 months of 2004/05 compared with the full 12 months of 2003/04 is very encouraging. The Group believes, given some time to take off, the business will become a growth category.

Looking to the future, the Group will focus on expanding both its market and client base. It will also practice diligent cost control and strive to increase operational efficiencies, including increasing the production capacity of its plants in the PRC. Measures to improve cost effectiveness will include adopting new technology for the design of new products, increasing the extent of vertical integration and production capacity by installing new SMT production lines, and tightening the control on the Group's supply chain. Supported by these clearly defined and result-oriented measures, the Group is optimistic about maintaining its growth momentum into the fourth quarter and onward, bringing positive returns to its shareholders.

前景 (續)

為了令股東得到更佳回報，集團將不斷拓展業務至其他具高增長潛力的範疇，減低對已發展成熟業務的依賴。就地區市場而言，美國市場的貢獻比率逐漸下降至目前的35.5%，而歐洲、日本及中國市場則逐步追上。預期此增長模式將會持續，令集團的銷售額於全球的分佈更平均，減低集團過份依重個別經濟體系所帶來的風險。

產品組合方面，音響產品的營業額比例逐步下降至目前的29.8%。集團已將發展重心由音響業務轉移至發展蓬勃的電訊業。由於新一代汽車內置影音娛樂產品業務尚處於起步階段，此業務的實質收益貢獻相對較小。然而，與去年全年十二個月比較，此業務於二零零四／零五年度首六個月已錄得超過70%增長，成績令人鼓舞。本集團相信，假以時日，此業務勢必成為增長業務之一。

展望將來，集團將專注於擴大市場及客戶基礎，同時厲行實施成本控制及致力提升營運效率，包括提升國內各廠房的生產力。成本控制措施包括以新技術設計新產品、加強垂直整合、透過增設新SMT生產線增加生產力，以及加強對集團供應鏈的監管。憑以上清晰及目標為本的措施，集團對於第四季以至未來仍能維持強勁增長充滿信心，期望為股東帶來理想回報。