

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Surrounded by unfavourable factors including the increase in raw material cost, labour shortage and pressures on general expenses exerted by RMB appreciation, operating conditions were very tough for the manufacturing sector in the first half of FY2005/06. Against such a backdrop, the Group managed to persevere and attained satisfactory results during the period. For the six months ended 30 September 2005, the Group's total turnover increased from HK\$479 million in the same period last year to HK\$482 million. Gross profit went up 4.6% from last year's HK\$101 million to HK\$106 million this year, and gross margin from 21.1% to 21.9%. The increase was largely thanks to the Group's increased efforts in cost control, which bore fruit in the period.

Profitability was sustained with modest increase in net margin from 6.0% to 6.1%. Net profit increased 2.8% to HK\$29.5 million, compared with last year's HK\$28.7 million. Overall business was a bit slower than expected in the first quarter, but momentum gradually gathered during the second quarter. Business outlook for the second half, and hence the full year, remains very positive.

Product Analysis

Mobile communication products continued to be the number one growth driver for the Group, again recording growth in contribution to overall turnover. For the six months ended 30 September 2005, sales of audio products, communication products, multimedia products, electro-acoustic parts, electronic products and accessories, accounted for 31.9%, 24.0%, 4.8%, 11.6% and 27.7% respectively of the Group's total turnover.

During the period under review, the Group's audio products registered a healthy organic growth of 8% from HK\$143 million last year to HK\$154 million this year. The audio product segment remained the largest revenue contributor with an increasing portion of the business contributed by products with unique features, like headphones with noise-cancelling and wireless audio capabilities.

業務回顧

受制於原材料成本上升、勞工短缺及人民幣升值對整體開支造成壓力等因素，二零零五／零六年財政年度上半年製造業的營商環境可謂困難重重。儘管如此，集團期內仍能保持及達到理想業績。截至二零零五年九月三十日止六個月，集團的總營業額由去年同期的479,000,000港元上升至482,000,000港元。毛利由去年的101,000,000港元增加4.6%至今年的106,000,000港元，而毛利率亦由21.1%提升至21.9%，這主要是集團有效推行成本控制措施的成果。

同時，集團成功保持盈利能力，純利率由6.0%微升至6.1%。純利亦由去年的28,700,000港元增加2.8%至29,500,000港元。整體業務於第一季的增長雖較預期略為放緩，但已由第二季開始蓄勢待發。集團對下半年以至全年的業務前景依然十分樂觀。

產品分析

流動通訊產品繼續成為集團最大的增長動力，佔整體營業額的比重不斷上升。截至二零零五年九月三十日止六個月，音響產品、通訊產品、多媒體產品、電聲零件、電子產品及配件的銷售分別佔集團總營業額的31.9%、24.0%、4.8%、11.6%及27.7%。

回顧期內，集團的音響產品錄得穩健的自然增長，較去年的143,000,000港元增加8%至154,000,000港元。音響產品業務仍是最大的收入來源，而備有獨特功能的產品，如消減噪音耳機及無線音響耳機佔業務的比重日益增加。

BUSINESS REVIEW (Continued)

Product Analysis (Continued)

Powered by increased orders for communication headsets from a leading European handset manufacturer, the communication product segment demonstrated a substantial growth of 23% to HK\$116 million. There was an equally strong increase in demand from other Asian manufacturers.

During the review period, performance of the multimedia segment was stable, with slight increase in turnover. With shipment of headsets to a major video-gaming customer – for bundling with its new gaming console – commenced at the end of the second quarter, the Group foresees a rebound in its multimedia segment. This will represent a major revival of this long-dwindling business segment.

For the electro-acoustic parts segment, business dropped 47% to HK\$56 million, a result of the decrease in sales of both micro-speakers and FM transmitters. The former was attributed to a brief spell of capacity constraint during the review period, while the production resources for micro-speakers were reallocated for the manufacturing of higher margin headsets; whereas the decrease in the shipment of FM transmitters is believed to be temporary.

Sales of the Group's electronic products and accessories recorded a 16% growth during the review period. This rise reflected the significant increase in demand for components. Packaging materials in particular contributed a significant measure to the segment growth.

Market Analysis

The Group's business coverage remained geographically diverse. For the six months ended 30 September 2005, North America, Europe, Asian Countries (other than Mainland China and Japan), Japan and Mainland China accounted for 30.3%, 19.9%, 21.6%, 6.7% and 19.0% of the Group's total turnover respectively.

業務回顧 (續)

產品分析 (續)

受惠於具有領導地位的歐洲手機製造商增加通訊耳機的訂單，通訊產品業務明顯大幅增長，銷售額躍升23%至116,000,000港元。其他亞洲製造商的需求增長亦同樣強勁。

回顧期內，多媒體產品的業務表現穩定，營業額略見上升。集團於第二季末開始向一家生產視像遊戲機的主要客戶付運耳機，此等耳機將連同全新遊戲機一併出售，因此集團預期多媒體產品業務將重拾升勢，同時意味著此不斷萎縮的業務將獲再度擴展。

電聲零件業務方面，由於微型揚聲器及FM傳送器的銷售錄得跌幅，導致此業務下跌47%至56,000,000港元。前者是因為於回顧期內，集團受到暫時性的產能限制，微型揚聲器的生產資源被撥至生產利潤較高的耳機；而FM傳送器付運量減少相信只是短暫的現象。

集團電子產品及配件的銷售於回顧期內錄得16%的增長，反映了零配件的需求量顯著上升，其中包裝物料為此業務的增長帶來重大貢獻。

市場分析

集團的業務覆蓋成功保持平衡銷售地域分佈。截至二零零五年九月三十日止六個月，北美、歐洲、亞洲國家（中國國內及日本除外）、日本及中國國內市場分別佔集團總營業額的30.3%、19.9%、21.6%、6.7%及19.0%。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW (Continued)

Market Analysis (Continued)

With one of the Group's major customers changing its mode of operation during the period under review, a significant portion of the business with this customer was redirected from Mainland China to Asian Countries (other than Mainland China and Japan). This contributed significantly to the increase in the turnover from Asian Countries (other than Mainland China and Japan) and at the same time a decrease in that from Mainland China.

In Europe, the Group's sales saw a healthy growth of 21% to HK\$96 million this year because of increased sales to a leading European handset manufacturer. In Japan and North America, however, the Group's sales dropped because of the respective decrease in the shipment of micro-speakers and FM transmitters.

Prospects

Fujikon has built up an upward growth momentum during the second quarter of the financial year. Strong performance was anticipated in the second half driven by the scheduled mass shipment of a number of new products in the pipeline.

Outlook for the mobile communications market remains very positive. It is estimated that global sales of handsets will reach 760 million units in 2005, translating into a more vigorous demand for hands-free headsets. With increasing popularity of MP3-enabled mobile phones, demand for high quality communication headsets is stronger than ever. The well-established relationship with a leading European handset manufacturer will allow the Group to capitalize on this trend with increased production volume and market share. In addition, starting from the third quarter of the financial year, the Group will commence volume shipment to additional tier-one market players. This is expected to give a further boost to the Group's turnover in the second half of the year. Moreover, business prospect with other Asian mobile phone manufacturers is also promising.

業務回顧 (續)

市場分析 (續)

在回顧期內，由於集團其中一名主要客戶改變其經營模式，將與集團大部分的業務往來由中國國內市場轉移至亞洲國家（中國國內及日本除外），導致來自亞洲國家（中國國內及日本除外）的營業額比重大幅上升，同時中國國內市場則有所下降。

在歐洲市場方面，受到具有領導地位的歐洲手機製造商的銷售額上升帶動，此市場的銷售額穩步增長21%至96,000,000港元。然而，集團於日本及北美的銷售出現倒退，主要是分別銷往兩地的微型揚聲器及FM傳送器付運量減少所致。

展望

富士高於本財政年度第二季已出現增長勢頭。由於一系列正在研發的新產品將按期大量付運，預期下半年業績將表現強勁。

流動通訊市場的前景非常樂觀，預計二零零五年全球流動電話的銷售量將達到7.6億部，充分反映對免提耳機的殷切需求。隨著備有MP3功能的流動電話漸趨普及，優質通訊耳機的需求預計會錄得前所未有的升幅。憑藉與具有領導地位的歐洲手機製造商建立穩固的關係，集團定能乘勢擴大產量及市場佔有率。再者，由本財政年度第三季起，集團即將開始向其他世界級頂尖的客戶大量付運產品，預期將於下半年進一步推動營業額增長。此外，集團與其他亞洲手機製造商的業務展望也同樣樂觀。

BUSINESS REVIEW (Continued)

Prospects (Continued)

In terms of audio products, the market for noise-cancelling headphones is maturing with more widespread awareness and acceptance for the product among frequent air travellers. The Group is optimistic about the continual success of its product lines in this niche market segment. For wireless audio products, the Group is confident about the sustained growth in the in-car infrared (IR) headphone business. Moreover, in addition to infrared (IR) and radio frequency (RF) headphones, Bluetooth Stereo and 2.4GHz digital audio products offer promising potentials within the wireless category.

Regarding multimedia products, the Group was appointed by a major video-gaming customer as its hardware supplier to develop and manufacture headsets for inclusion with its new gaming console. Shipment of the headset has commenced at the end of the second quarter of this financial year. Leveraging the established position of this customer, the Group is making significant inroad into the video-gaming market. With the increasing popularity of the Voice-over-IP (VoIP) phone applications, the Group is seeing this as another potential growth area.

As for the Group's electro-acoustic parts, the slowdown in the shipment of FM transmitters is believed to be a brief digestion period for the first generation of the product. With demand building up for line extensions, the sale of FM transmitters is expected to pick up again in the fourth quarter of the financial year.

It is anticipated that global market conditions will remain highly competitive. In the foreseeable future, raw material costs are likely to maintain at a high level; the upward trend in labour costs is expected to persist; and general operating costs in Southern China will continue to rise. In view of all these challenges, the Group will maintain its vigilance to further tighten its cost control measures and enhance its production efficiency, which are keys to its continual success. Looking ahead, Fujikon will strive to sustain its profitability, bearing in mind the commitment of bringing the best returns to its shareholders.

業務回顧 (續)

展望 (續)

而音響產品方面，消滅噪音耳機的市場已漸趨成熟，產品獲得更多乘搭飛機的常客注意和接受。集團深相信該產品線可在此獨特的市場繼續取得成功。至於無線音響產品，集團有信心汽車內置紅外線耳機業務將可持續增長。除了配備紅外線和射頻技術的耳機外，藍芽立體聲及2.4GHz數碼音響產品在無線產品類別中亦具有龐大的潛力。

多媒體業務方面，集團被一家生產視像遊戲機的主要客戶選為硬件供應商，為其視像遊戲機開發及生產配套的連咪耳機。全新耳機已於本財政年度第二季開始付運。憑藉該客戶的固有地位，集團已成功進軍視像遊戲市場。隨著Voice-over-IP (VoIP) 電話應用日漸普及，集團預計此將成為另一個發展潛力豐厚的範疇。

集團的電聲零件之中，FM傳送器的付運回落相信是由於市場需要短暫時間消化第一代新產品所致。然而，市場對正在拓展的產品需求正在累積，預期FM傳送器的銷量將於本財政年度第四季回升。

預計全球市況的競爭將持續激烈。在可見未來，原材料成本很可能會維持高企，勞工成本的升勢亦將持續，而華南地區的整體經營成本亦繼續上漲。面對種種挑戰，集團將致力維持致勝關鍵，進一步加強成本控制措施和提升生產效率。展望未來，富士高將克盡所能，維持盈利能力，務求為股東爭取最佳回報。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Net current assets as at 30 September 2005 amounted to approximately HK\$136 million (As at 31 March 2005: HK\$146 million). The Group's current and quick ratio (excluding inventories) were 1.53 times (As at 31 March 2005: 1.70 times) and 1.04 times (As at 31 March 2005: 1.20 times) respectively.

The Group had cash and bank deposits of approximately HK\$103 million (As at 31 March 2005: HK\$94 million). About 20.9%, 10.9%, 53.7% and 0.3% of the total cash and bank deposits were denominated in Chinese Renminbi, Japanese Yen, US dollars and EURO respectively and the remainder in Hong Kong dollars.

The financial assets held for long-term purpose as at 30 September 2005 accounted for approximately HK\$22 million (As at 31 March 2005: HK\$24 million), of which about 34.1% and 61.4% 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 2005, the Group had aggregate banking facilities of approximately HK\$366 million (As at 31 March 2005: HK\$580 million) from several banks for overdrafts, loans, and trade financing, with an unused balance of approximately HK\$315 million (As at 31 March 2005: HK\$528 million). However, due to the high level of surplus cash as mentioned above, there are no present needs 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 2005, the total borrowings of the Group were approximately HK\$50 million (As at 31 March 2005: HK\$42 million), a increase of 18% and of which about 74.4% and 25.6% were due within one year and between two to five years, respectively.

財務回顧

於二零零五年九月三十日，本集團之流動資產淨值約為136,000,000港元（二零零五年三月三十一日：146,000,000港元）。本集團之流動及速動比率（不包括存貨）分別為1.53倍（二零零五年三月三十一日：1.70倍）及1.04倍（二零零五年三月三十一日：1.20倍）。

本集團約有103,000,000港元現金及銀行存款（二零零五年三月三十一日：94,000,000港元）。現金及銀行存款總額中約20.9%、10.9%、53.7%及0.3%分別為中國人民幣、日圓、美元及歐元，其餘則為港元。

於二零零五年九月三十日，長期持有之財務資產約為22,000,000港元（二零零五年三月三十一日：24,000,000港元），其中約34.1%及61.4%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。於二零零五年九月三十日，本集團之銀行融資合共約為366,000,000港元（二零零五年三月三十一日：580,000,000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315,000,000港元（二零零五年三月三十一日：528,000,000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。於二零零五年九月三十日，本集團之借貸總額約為50,000,000港元（二零零五年三月三十一日：42,000,000港元），上升18%，其中約74.4%及25.6%分別於一年內及兩年內至五年內到期。

FINANCIAL REVIEW (Continued)

Capital Structure (Continued)

These Group's borrowings consisted of unsecured three-year bank loans of approximately HK\$5.6 million (As at 31 March 2005: HK\$8.3 million) and an unsecured short-term bank loan of approximately HK\$31.2 million (As at 31 March 2005: HK\$31.2 million), denominated in Hong Kong dollars and US dollars, respectively. These unsecured bank loans were primarily borrowed to finance the general operation of the production plants in PRC. In addition, there was a secured five-year bank loan of approximately HK\$12.7 million for the purchase of machinery.

The Company has provided corporate guarantee of approximately HK\$77 million for these loans. In addition, approximately HK\$15 million (As at 31 March 2005: HK\$18 million) of property, plant and equipment and land use rights have been pledged as security for the Group's banking facilities. During the period, the Group's borrowings bore interest at rates ranging from 2.0% to 5.8% (As at 31 March 2005: ranging from 1.1% to 5.8%).

The Group's gearing ratio as at 30 September 2005 was approximately 14.1% (As at 31 March 2005: 12.2%), which was measured on the basis of total borrowings of approximately HK\$50 million (As at 31 March 2005: HK\$42 million) as a percentage of capital and reserves attributable to the Company equity holders of approximately HK\$351 million (As at 31 March 2005: HK\$343 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.

Employment, Training and Remuneration Policy

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

財務回顧 (續)

資本架構 (續)

此等借貸包括一項為期三年約5,600,000港元 (二零零五年三月三十一日: 8,300,000港元) 之無擔保銀行貸款及一項約31,200,000港元 (二零零五年三月三十一日: 31,200,000港元) 之無擔保短期銀行貸款, 分別以港元及美元結算。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。此外, 尚有一項為期五年用於購置機器之有擔保銀行貸款約12,700,000港元。

本公司已為該等貸款提供公司擔保約77,000,000港元。此外, 本集團已抵押物業、廠房及設備及土地使用權約15,000,000港元 (二零零五年三月三十一日: 18,000,000港元) 作銀行信貸擔保。期內, 本集團之借款之利率由2.0厘至5.8厘不等 (二零零五年三月三十一日: 利率由1.1厘至5.8厘不等)。

本集團於二零零五年九月三十日之資本負債比率約為14.1% (二零零五年三月三十一日: 12.2%), 乃根據約50,000,000港元 (二零零五年三月三十一日: 42,000,000港元) 之借貸總額及約351,000,000港元 (二零零五年三月三十一日: 343,000,000港元) 之歸屬本公司股權持有人之資本及儲備總額之百分比計算。

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。

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。期內, 本集團已為僱員定期提供管理及技術課程。

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FINANCIAL REVIEW (Continued)

Employment, Training and Remuneration Policy (Continued)

The Group has also developed its human resources policies. 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 2005, the Group's operations engaged a total of over 10,700 staff and workers. The employment costs (including the directors' emoluments) accounted for approximately HK\$85 million (2004: HK\$64 million).

Commitments and Contingent Liabilities

As at 30 September 2005, the Group had total outstanding capital commitments and operating lease commitments of approximately HK\$4 million (As at 31 March 2005: HK\$23 million) and HK\$8 million (As at 31 March 2005: HK\$3 million) respectively.

As at 30 September 2005, the Company had provided guarantees of approximately HK\$212 million (As at 31 March 2005: HK\$202 million) to several banks to secure banking facilities of its subsidiaries.

財務回顧 (續)

招聘、培訓及薪酬政策 (續)

本集團亦已制訂人力資源政策，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表現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。

於二零零五年九月三十日，本集團合共聘用逾10,700名員工及工人從事業務。包括董事酬金之僱員成本約為85,000,000港元（二零零四年：64,000,000港元）。

承擔及或然負債

於二零零五年九月三十日，本集團分別有合共約4,000,000港元（二零零五年三月三十一日：23,000,000港元）及8,000,000港元（二零零五年三月三十一日：3,000,000港元）之未履行資本承擔及經營租約承擔。

於二零零五年九月三十日，本公司為其附屬公司所獲銀行融資向數家銀行作出約212,000,000港元（二零零五年三月三十一日：202,000,000港元）之擔保。