

WIRELESS

Bluetooth Stereo Headset
RF Wireless Headphones
IR Wireless Headphones



Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Continuing to build on the successes of the past year, the Group reached a new high point in revenue, rising by 54.1% to HK\$1,678.4 million. Profit attributable to the equity holders of the Company recorded substantial growth, up from HK\$85.8 million to HK\$159.5 million, representing an impressive gain of 85.9% – a record high. The Group also saw improved profitability, with net margin up from 7.9% to 9.5%. Such positive figures can be credited to several factors including outstanding performance from core business segments, continuing support from top-tier customers and Fujikon's ability to enhance efficiency – capitalizing on economies of scale.

Product Mix Analysis

While having recorded satisfactory increase in revenue during the year, the communication products segment proved to be the largest revenue driver, accounting for 36.0% of total revenue, up 10.1% from FY2006. Accordingly, sales of communication products, audio products, multimedia products, electronic products and accessories, and electro-acoustic parts accounted for 36.0%, 25.1%, 8.6%, 24.7% and 5.6% of total revenue, respectively.

Communication Products

At the close of calendar 2006, worldwide shipments of mobile phones surpassed one billion units; clear indication of a booming global mobile communications market. The Group was able to take advantage of this up-trend. Benefiting from ongoing demand for hands-free headsets by a leading European mobile phones manufacturer, sales of HK\$604.7 million was recorded, up from HK\$282.2 million in FY2006, representing a spectacular rise of 114.3%.

With the Group's ability to offer high quality acoustic products suited to hands-free headset applications, together with rising demand for mobile phones with music and video capabilities, sustained growth can be expected. A buoyant mobile phone market, growing sophistication of hands-free headset products and increasing headset bundling rates are also factors that will propel the communication products business.

業務回顧

承接去年理想的業務表現，集團本年度的收入再創新高，上升54.1%至1,678,400,000港元。盈利能力同樣有所提升，歸屬本公司股東之純利增長達85.9%，由85,800,000港元大幅增加至159,500,000港元，創集團歷年新高。純利率則由7.9%上升至9.5%。集團業績理想主要由於核心業務表現卓越、主要客戶持續支持及因規模經濟效益而提升營運效率等因素所致。

產品組合分析

年內，集團的收入錄得令人滿意的增幅，通訊產品更成為集團最大的收入來源，佔總收入36.0%，較二零零六年財政年度上升10.1%。因此，通訊產品、音響產品、多媒體產品、電子產品及配件和電聲零件分別佔總收入36.0%、25.1%、8.6%、24.7%及5.6%。

通訊產品

截至二零零六年十二月三十一日止，全球流動電話付運量已超越10億部，充分顯示全球流動通訊市場持續向好，集團亦得以把握此增長趨勢所帶來的商機。受惠於一家主要歐洲流動電話製造商對免提耳機的持續需求，產品的銷售額由二零零六年財政年度的282,200,000港元飆升至604,700,000港元，增幅達114.3%。

隨著集團提供適用於免提耳機應用範疇的優質電聲產品，加上具備影音功能的流動電話日趨普及，集團預期有關產品的增長趨勢將可持續。此外，流動電話市場發展蓬勃、市場對多功能免提耳機產品的需求殷切及耳機配套率的提升亦成為推動通訊產品業務增長的主要因素。



BUSINESS REVIEW (Continued)

Product Mix Analysis (Continued)

Audio Products

Accounting for the second largest source of revenue during FY2007, the audio products segment reported sales of HK\$421.3 million, up by 34.5% (FY2006: HK\$313.3 million). Among the key factors helping push growth included the successful volume shipment of stylish new products for a premium US audio brand as well as ongoing support from existing world-class customers. With the trend towards portable audio entertainment continuing, demand for such products as earphones and mid-size headphones would remain solid. Meanwhile, feature headphones such as noise-canceling headphones and wireless products also achieved encouraging gains.

Multimedia Products

Having enjoyed significant revenue increase in FY2006, growth momentum was again maintained during the year. Sales of multimedia products grew from HK\$101.5 million to HK\$144.7 million, representing a rise of 42.6%. Continuing to profit from strong business ties, a full year's shipment of headsets to Microsoft for bundling with their Xbox 360™ game consoles was achieved in FY2007 and that gave impetus to segment performance. Moreover, during the period healthy growth was also registered for the sale of multimedia headsets.

Electronic Products, Accessories and Others

While representing a supporting business of the Group, this segment continues to be an important part of Fujikon. Achieving sales of HK\$413.7 million in FY2007, this represented an increase of 49.1% (FY2006: HK\$277.5 million). The positive results can be credited to a general increase in the component business with special contributions made from the sale of cables and packaging materials.

Electro-acoustic Parts

The electro-acoustic parts segment experienced a dip in performance for FY2007 with revenue contracting by 18.1% to HK\$94.0 million (FY2006: HK\$114.7 million). While substantial growth was achieved from the sale of FM transmitter products, the Group has been withdrawing from the production of micro-speakers for mobile phones; and the result of such a strategic move was duly reflected in the segment revenue.

業務回顧(續)

產品組合分析(續)

音響產品

音響產品的銷售額於年內增加34.5%至421,300,000港元(二零零六年財政年度: 313,300,000港元), 成為二零零七年財政年度第二大收入來源。此乃由於集團為美國一個著名的優質音響品牌大量付運時尚新產品, 以及獲得世界知名的客戶的長期支持所致。隨著便攜式音響娛樂產品的熱潮持續, 將帶動市場對小耳機及中型耳機的相應需求。此外, 有源消噪耳機等具備特別功能的耳機及無線產品亦取得令人鼓舞的增長。

多媒體產品

多媒體產品業務於二零零六年財政年度錄得大幅增長, 其增長勢頭亦於年內持續, 銷售額由101,500,000港元增加42.6%至144,700,000港元。受惠於與客戶穩固的業務關係, 集團為微軟Xbox 360™遊戲機配套的耳機付運量在二零零七年財政年度內全面反映其銷售表現。除此以外, 多媒體耳機的銷售亦錄得穩健的增長。

電子產品、配件及其他

作為集團業務的重要支援, 此項業務繼續構成集團的重要部份, 於二零零七年財政年度的銷售額為413,700,000港元, 上升49.1%(二零零六年財政年度: 277,500,000港元)。業績理想主要由於零件業務錄得普遍增長, 尤其以插線及包裝物料帶來銷售貢獻佔最大份額。

電聲零件

於二零零七年財政年度內集團的電聲零件業務萎縮, 收入縮減18.1%至94,000,000港元(二零零六年財政年度: 114,700,000港元)。這主要由於集團策略性地撤出生產用於流動電話的微型揚聲器的業務, 此舉在該項業務的銷售變動中反映出來。儘管如此, FM傳送器產品銷售仍錄得大幅增長。

BUSINESS REVIEW (Continued)

Market Analysis

By maintaining a portfolio of world-class customers with global presence, the Group does not rely on any particular geographical region for business growth. During the review period, Mainland China, Europe, North America, and Asian Countries (other than Mainland China) accounted for 29.0%, 25.1%, 24.4% and 18.8% of the Group's revenue respectively.

PROSPECTS

With outlook continuing to be positive for the sale of portable communication and entertainment products, which should drive demand for high quality electro-acoustic products with value-added features, the Group is optimistic about its prospects.

As already seen, the communication products business made notable gains during FY2007. With relations between the Group and a leading European mobile phones manufacturer firmly established, and with higher bundling rates anticipated in the future, the outlook is very positive. Accordingly, by capitalizing on close business ties and strong consumer demand, this particular segment is expected to be a major growth driver.

The audio products business is likewise performing well, as indicated by consumers ongoing preference for compressed digital audio music and high-quality home entertainment equipment – both helping to boost demand for premium earphones and mid-size headphones. Along with satisfying enthusiasts of all levels, the Group continues to make progress with its noise-canceling headphones that are ideal for frequent flyers. As well, wireless headphones featuring infrared (IR), radio frequency (RF), Bluetooth and 2.4 GHz digital technologies have shown promising results throughout the financial year. Consequently, both type of headphones look set to enjoy greater market acceptance.

Remaining a prominent component of the Group's product portfolio are headsets for Microsoft Xbox 360™ game consoles. This on-going bundling business with steady market demand will continue to be a valued revenue contributor for the Group in the foreseeable future. Indeed, increasing demand for multimedia headsets, which extend to such applications as instant messaging, on-line gaming and multimedia entertainment, among others, will offer fresh business opportunities for the Group.

業務回顧 (續)

市場分析

集團致力與多個世界級客戶建立穩固的業務關係，這些客戶的業務網絡遍佈全球，因此集團的業務增長並無依賴特定的單一地域市場。回顧期內，中國內地、歐洲、北美及亞洲國家(中國內地除外)分別佔集團總收入的29.0%、25.1%、24.4%及18.8%。

展望

鑒於市場預期便攜式通訊及娛樂產品的銷售將持續強勁，帶動其對具備增值功能的優質電聲產品的需求，因此集團對業務前景充滿信心。

通訊產品於二零零七年財政年度錄得可觀收益。憑藉集團與一家主要歐洲流動電話製造商建立穩固的合作關係，加上流動電話的耳機配套率預期於未來進一步提升，集團預期通訊產品業務將持續取得增長。因此，在與客戶緊密的業務聯繫及消費者強大的需求的支持下，預期此項業務將繼續成為集團的主要增長動力。

音響產品業務同樣表現出色，反映消費者繼續熱衷於追求壓縮數碼音響及優質家居娛樂設備，帶動優質小耳機及中型耳機需求上升。除此以外，集團仍能照顧到用家不同範疇的需要。深受經常乘搭飛機的旅客歡迎的有源消噪耳機的銷售繼續穩步上揚。至於配備紅外線、射頻技術、藍芽及2.4GHz數碼技術的無線耳機亦於整個財政年度取得理想成績。因此，集團預期該兩類型產品會具更大的市場認受性。

微軟Xbox 360™遊戲機的配套耳機仍然為集團產品組合中的一個重要的組成部份，此項重要配套業務已建立穩定的市場需求，並於可見的未來繼續成為集團的主要收入來源。與此同時，市場亦對具備即時訊息、網上遊戲及多媒體娛樂等功能的多媒體耳機的需求與日俱增，為集團提供新的業務商機。



PROSPECTS (Continued)

While prospects remain bright, management is well aware that much effort is necessary for achieving long-term sustained growth. With acoustic expertise being the Group's core competency, sufficient resources will be directed to developing new products that are brought to market in a well-timed manner, thereby helping customers stay ahead of their rivals. That said, production and backend fulfillment processes are also important elements of Fujikon's makeup. Hence, attention will be paid to further improving efficiency and flexibility in terms of supply chain management and manufacturing capabilities; the ultimate goal being to work as partner with customers to meet their product launch and delivery requirements. In addition to focusing on these concerns, management will consider exploring emerging market opportunities to broaden the Group's scope of business. Encouraged by the success of its audio, communication and multimedia product segments, Fujikon will carry on applying a prudent and responsible strategy of expansion, efficiently utilizing resources and raising quality.

FINANCIAL REVIEW

The financial year 2007 was another year of record-setting results, in revenue as well as in net profit. Revenue for the year reached HK\$1,678.4 million, representing an increase of approximately 54.1% against HK\$1,089.2 million in the previous year. This was mainly attributable to the continuously growing demands for our communication and audio products. The profit attributable to equity holders of the Company and basic earning per share also reached record-high of HK\$159.5 million (2006: HK\$85.8 million) and HK42.4 cents (2006: HK23.0 cents), representing a surge of approximately 85.9% and 84.3%, respectively. Within a five-year span, the profit attributable to the equity holders of the Company has achieved a compound annual growth rate of approximately 48.1%.

Gross profit from operations reached HK\$380.5 million (2006: HK\$251.3 million), representing an increase by approximately 51.4% from last year. Under challenges from increase in labour cost and raw material cost, the Group continued to maintain its gross margin at over 22% this year. This was achieved through improvement of our operational efficiency, reduction of overheads and capitalisation of economies of scale. During the past five years, the gross profit has recorded a compound annual growth rate of approximately 28.5%.

展望(續)

眼見市場前景樂觀，管理層將加倍努力以達致長期穩健增長。鑒於電聲專業技術為集團的優勢所在，集團將投放充足的資源於新產品開發，務求及時推出市場，使客戶盡佔先機。生產及後勤運作程序亦為集團業務架構的重要元素。因此，集團將專注在供應鏈管理及產能方面提升效率及靈活性，以達致與客戶緊密合作、滿足他們推出及付運新產品的需要為最終目的。除此之外，管理層亦考慮於新興市場發掘商機，以擴闊集團的業務領域。承著音響、通訊及多媒體產品業務的成功，集團將繼續推行審慎及負責任的擴充策略，務求有效地使用資源及提升產品質素。

財務回顧

本集團於二零零七年財政年度再次在收入及純利方面均締造新紀錄，年度收入達1,678,400,000港元，較去年之1,089,200,000港元上升約54.1%，主要由於本集團之通訊及音響產品需求不斷上升所致。歸屬本公司股權持有人之溢利及每股基本盈利亦分別錄得新高159,500,000港元(二零零六年：85,800,000港元)及42.4港仙(二零零六年：23.0港仙)，分別代表增加85.9%及84.3%。在五年期內，歸屬本公司股權持有人之溢利錄得複合年增長率約48.1%。

毛利為380,500,000港元(二零零六年：251,300,000港元)，較去年上升約51.4%。在勞工成本及原材料成本上漲之重重挑戰下，本集團仍然能夠將本年度之毛利率維持於22%以上。此乃透過改善本集團之營運效率、減少間接成本及善用規模經濟達致。於過去五年，毛利錄得複合年增長率約28.5%。

FINANCIAL REVIEW (Continued)

Distribution and selling expenses decreased by approximately 16.6% to HK\$27.4 million this year (2006: HK\$32.9 million). General and administrative expenses rose by approximately 28.5% to HK\$143.3 million this year. The increase was mainly due to the effect of profit-linked bonus to the employees of the Group to reward their excellent performance this year, increase in welfare cost in connection with the expansion in production workforce and provision for receivables most of which were temporarily overdue at 31 March 2007.

Liquidity and Financial Resources

Net current assets as at 31 March 2007 amounted to approximately HK\$322.0 million (2006: HK\$195.1 million). The Group's current and quick ratio were approximately 1.9 times (2006: 1.6 times) and 1.3 times (2006: 0.9 times) respectively.

The Group had cash and bank deposits and pledged bank deposits of approximately HK\$160.4 million as at 31 March 2007, representing a significant increase of approximately 2.5 times against approximately HK\$65.4 million last year. Approximately 19.6%, 20.0% and 60.2% of the total cash and bank deposits and pledged bank deposits were denominated in Renminbi, Hong Kong dollars and US dollars respectively and the remainder in other currencies. As at 31 March 2007, the Group had aggregate banking facilities of approximately HK\$333.3 million (2006: HK\$187.5 million) from several banks for overdrafts, loans, and trade financing, with an unused balance of approximately HK\$277.0 million (2006: HK\$118.0 million).

Capital Structure

As at 31 March 2007, the total borrowings of the Group were approximately HK\$49.2 million (2006: HK\$61.3 million), of which approximately 88.0% and 12.0% were due within one year and between two to five years, respectively.

These Group's borrowings consisted of several secured short-term bank loans of approximately HK\$36.6 million (2006: HK\$Nil), a hire purchase loan of approximately HK\$8.6 million (2006: HK\$11.4 million) and an unsecured short-term bank loan of approximately HK\$4.0 million (2006: HK\$49.9 million), of which about 25.7% was denominated in Hong Kong dollars, approximately 10.3% was denominated in Renminbi and approximately 64.0% was denominated in US dollars.

財務回顧(續)

分銷及銷售支出於本年度減少約16.6%至27,400,000港元(二零零六年: 32,900,000港元)。一般及行政支出於本年度增加約28.5%至143,300,000港元, 主要由於給予本集團僱員之盈利相關花紅增加, 以獎勵於年內有出色表現之僱員, 以及有關拓展生產人手之福利成本增加及就大部份於二零零七年三月三十一日暫時逾期之應收款項撥備所致。

流動資金及財務資源

於二零零七年三月三十一日, 流動資產淨值約為322,000,000港元(二零零六年: 195,100,000港元)。本集團之流動及速動比率分別約為1.9倍(二零零六年: 1.6倍)及1.3倍(二零零六年: 0.9倍)。

本集團於二零零七年三月三十一日之現金及銀行存款及已抵押銀行存款約為160,400,000港元, 較去年約65,400,000港元大幅上升約2.5倍。約19.6%、20.0%及60.2%之現金及銀行存款及已抵押銀行存款總額分別以人民幣、港元及美元計值, 餘款則以多種其他貨幣計值。於二零零七年三月三十一日, 本集團之銀行融資合共約為333,300,000港元(二零零六年: 187,500,000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277,000,000港元(二零零六年: 118,000,000港元)。

資本架構

於二零零七年三月三十一日, 本集團之借貸總額約為49,200,000港元(二零零六年: 61,300,000港元), 其中約88.0%及12.0%分別於一年內及二年至五年內到期。

本集團之該等借貸包括多項有抵押短期銀行貸款約36,600,000港元(二零零六年: 零港元)、租購貸款約8,600,000港元(二零零六年: 11,400,000港元)及無抵押短期銀行貸款約4,000,000港元(二零零六年: 49,900,000港元), 其中約25.7%以港元計值, 約10.3%以人民幣計值及約64.0%以美元計值。



FINANCIAL REVIEW (Continued)

Capital Structure (Continued)

Approximately HK\$53.6 million of certain properties and machinery and land use right have been pledged for several secured short-term bank loans and a hire purchase loan (2006: HK\$14.4 million). During the year under review, the Group's borrowings bore interest at rates ranging from approximately 3.8% to 6.4% (2006: ranging from 2.8% to 5.8%).

The Group's gearing ratio as at 31 March 2007 was approximately 9.2% (2006: 15.3%), which was measured on the basis of total borrowings as a percentage of total equity attributable to the equity holders of the Company. If the balance of cash and bank deposits as at 31 March 2007 was taken into account, the Group was in a net cash position.

Foreign Exchange Exposure

Most of the Group's transactions, including borrowings, were conducted in US dollars, Hong Kong dollars or 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 year.

Employee Information

As at 31 March 2007, the Group employed a total of over approximately 12,000 (2006: over 13,000) employees. The employment costs (including the directors' emoluments) accounted for approximately HK\$250.3 million (2006: HK\$202.4 million).

The Group has developed its human resources policies and procedures based on performance and merit. 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 Mainland China. The Group has also developed training programs to its management and employees to ensure they are properly trained.

Financial guarantee

As at 31 March 2007, the Company had provided corporate guarantees of approximately HK\$260.7 million (2006: HK\$202.4 million) to several banks to secure banking facilities of its subsidiaries. The facilities utilized by the subsidiaries as at 31 March 2007 approximately HK\$56.3 million (2006: HK\$61.3 million).

財務回顧(續)

資本架構(續)

若干約53,600,000港元之物業及機器及土地使用權已作為多項有抵押短期銀行貸款及租購貸款之抵押品而予以質押(二零零六年: 14,400,000港元)。於回顧年度內, 本集團之借貸按年利率約3.8厘至6.4厘計息(二零零六年: 約2.8厘至5.8厘)。

本集團於二零零七年三月三十一日之資本負債比率約為9.2%(二零零六年: 15.3%), 乃根據借貸總額及歸屬本公司股權持有人之權益總額之百分比計算。倘包括於二零零七年三月三十一日之現金及銀行存款結餘計算, 則本集團處於淨現金狀況。

外匯風險

本集團大部份交易(包括借貸)均以美元、港元或人民幣進行, 為減低匯率波動引起的風險, 本集團於年內利用遠期外匯合約對沖主要貨幣匯兌風險。

僱員資料

於二零零七年三月三十一日, 本集團共聘用約逾12,000名(二零零六年: 逾13,000名)僱員。僱員成本(包括董事酬金)約為250,300,000港元(二零零六年: 202,400,000港元)。

本集團亦根據工作表現及成績制訂人力資源政策及程序。僱員會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, 而僱員福利包括宿舍、醫療計劃、購股權計劃、香港僱員之強制性公積金計劃及中國國內僱員之國家退休金計劃。本集團亦已為其管理層及僱員提供培訓計劃, 以確保彼等獲得適當培訓。

財務擔保

於二零零七年三月三十一日, 本公司已向多間銀行提供約260,700,000港元(二零零六年: 202,400,000港元)之公司擔保, 以作為其附屬公司之銀行信貸之擔保。附屬公司於二零零七年三月三十一日所用之信貸額約為56,300,000港元(二零零六年: 61,300,000港元)。