Fujikon Industrial Holdings Limited
富士高實業控股有限公司*

(incorporated in Bermuda with limited liability)
(stock code: 927)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL HIGHLIGHTS

- **Revenue: HK$1,305.9 million, up 6.7% (2011: HK$1,223.6 million)**
- **Gross profit: HK$230.1 million, up 25.2% (2011: HK$183.8 million)**
- **Profit attributable to equity holders of the Company: HK$56.4 million, up 88.1% (2011: HK$30.0 million)**
- **Basic earnings per share: HK13.8 cents (2011: HK7.3 cents)**
- **Final and special final dividends (per share): HK15.0 cents (2011: HK5.0 cents)**

The board of directors (the "Board") of Fujikon Industrial Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries ("Fujikon" or the "Group") for the year ended 31 March 2012.

The annual results have been reviewed by the audit committee of the Company.

** for identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
Revenue	3	**1,305,943**	1,223,641
Cost of sales		**(1,075,889)**	(1,039,813)
Gross profit		**230,054**	183,828
Other (losses)/gains - net		**(1,834)**	1,093
Distribution and selling expenses		**(22,128)**	(26,724)
General and administrative expenses		**(134,540)**	(115,983)
Operating profit	4	**71,552**	42,214
Finance income		**4,558**	3,048
Finance costs		**(4,373)**	(3,409)
Profit before income tax		**71,737**	41,853
Income tax expenses	5	**(11,910)**	(6,496)
Profit for the year		**59,827**	35,357
Other comprehensive income:			
Currency translation differences		**14,660**	16,505
Fair value (losses)/gains on available-for-sale financial assets		**(113)**	70
Release of reserves upon disposal of subsidiaries		**-**	(1,683)
Release of reserve upon dissolution of a subsidiary		**-**	137
Other comprehensive income for the year, net of tax		**14,547**	15,029
Total comprehensive income for the year		**74,374**	50,386
Profit attributable to:			
Equity holders of the Company		**56,447**	30,008
Non-controlling interests		**3,380**	5,349
		59,827	35,357
Total comprehensive income attributable to:			
Equity holders of the Company		**69,976**	43,892
Non-controlling interests		**4,398**	6,494
		74,374	50,386
Dividends	6	**73,825**	36,912
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents per share)	7	**13.8**	7.3
- Diluted (HK cents per share)	7	**13.8**	7.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**196,191**	200,146
Investment properties		**1,900**	1,890
Land use rights		**10,217**	10,135
Available-for-sale financial assets		**7,249**	7,741
Deferred income tax assets		**208**	-
Total non-current assets		**215,765**	219,912
Current assets			
Inventories		**158,902**	158,491
Trade receivables	8	**236,452**	247,453
Other receivables		**17,069**	13,294
Derivative financial instruments		**164**	326
Other financial assets at fair value through profit or loss		**54,032**	56,883
Current income tax recoverable		**1,873**	1,612
Cash and cash equivalents		**425,391**	352,599
Total current assets		**893,883**	830,658
Current liabilities			
Trade payables	9	**151,656**	134,261
Accruals and other payables		**83,169**	80,164
Current income tax liabilities		**21,368**	19,155
Bank borrowings		**40,541**	41,469
Total current liabilities		**296,734**	275,049
Net current assets		**597,149**	555,609
Total assets less current liabilities		**812,914**	775,521
Non-current liabilities			
Deferred income		**1,864**	2,064
Deferred income tax liabilities		**575**	613
Total non-current liabilities		**2,439**	2,677
Net assets		**810,475**	772,844
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		**41,014**	41,014
Other reserves		**217,517**	204,000
Retained earnings			
- Proposed dividends		**61,521**	20,507
- Others		**444,406**	461,784
		764,458	727,305
Non-controlling interests		**46,017**	45,539
Total equity		**810,475**	772,844

NOTES

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

2. Accounting policies

(a) Effect of adopting revised standard, amendments to standards and interpretations

The Group adopted HKAS 24 (Revised), "Related Party Disclosures", which is mandatory for accounting periods beginning on or after 1 January 2011.

The revised standard introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. It also clarifies and simplifies the definition of a related party. The revised standard has no impact on the consolidated financial statements.

The following amendments to standards and interpretations are also mandatory for the Group's financial year beginning on 1 April 2011:

- HKFRSs (Amendment) — Improvement to HKFRSs 2010
- HK (IFRIC) – Int 14 (Amendment) — Prepayment of a minimum funding requirement
- HK (IFRIC) – Int 19 — Extinguishing of financial liabilities with equity instruments

The adoption of these amendments to standards and interpretations did not result in a significant impact on the results and financial position of the Group.

2. Accounting policies (Continued)

(b) New standards, amendments to standards and interpretation that have been issued but are not effective

The following new standards, amendments to standards and interpretation have been issued, but are not effective for the Group's financial year beginning on 1 April 2011 and have not been early adopted.

• HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters[1]
• HKFRS 7 (Amendment)	Disclosures -Transfers of financial assets[1]
• HKFRS 7 (Amendment)	Financial instruments: Disclosure - offsetting financial assets and financial liabilities[4]
• HKFRS 9	Financial instruments[6]
• HKFRS 10	Consolidated financial statements[4]
• HKFRS 11	Joint arrangements[4]
• HKFRS 12	Disclosure of interests in other entities[4]
• HKFRS 13	Fair value measurement[4]
• HKAS 1 (Amendment)	Presentation of financial statements[3]
• HKAS 12 (Amendment)	Deferred tax - Recovery of underlying assets[2]
• HKAS 19 (2011)	Employee benefits[4]
• HKAS 27 (2011)	Separate financial statements[4]
• HKAS 28 (2011)	Investments in associates and joint ventures[4]
• HKAS 32 (Amendment)	Financial instruments: Presentation - offsetting financial assets and financial liabilities[5]
• HK (IFRIC) - Int 20	Stripping costs in the production phase of a surface mine[4]

[1] Effective for financial years beginning on or after 1 July 2011
[2] Effective for financial years beginning on or after 1 January 2012
[3] Effective for financial years beginning on or after 1 July 2012
[4] Effective for financial years beginning on or after 1 January 2013
[5] Effective for financial years beginning on or after 1 January 2014
[6] Effective for financial years beginning on or after 1 January 2015

The directors anticipate that the adoption of the above new standards, amendments to standards and interpretation will not result in a significant impact on the results and financial position of the Group.

3. Segment information

The chief operating decision-maker ("CODM") has been identified as the executive directors. CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM assesses the performance of the business from a product perspective, i.e. by headsets and headphones, and accessories and components.

CODM assesses the performance of the operating segments based on segment results before corporate expenses, other gains and losses, finance income and costs.

Revenue between segments is carried out in accordance with the terms mutually agreed by the respective parties. The revenue from external parties is derived from numerous external customers and is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Headsets and headphones		**Accessories and components**		**Elimination**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
- External revenue	**831,396**	728,148	**474,547**	495,493	**-**	-	**1,305,943**	1,223,641
- Inter-segment revenue	**-**	-	**84,527**	98,498	**(84,527)**	(98,498)	**-**	-
Total	**831,396**	728,148	**559,074**	593,991	**(84,527)**	(98,498)	**1,305,943**	1,223,641
Segment results	**58,604**	15,282	**19,894**	30,152	**-**	-	**78,498**	45,434
Corporate expenses							**(5,112)**	(4,313)
Other (losses)/gains - net							**(1,834)**	1,093
Finance income							**4,558**	3,048
Finance costs							**(4,373)**	(3,409)
Profit before income tax							**71,737**	41,853
Depreciation of property, plant and equipment	**18,708**	20,328	**11,427**	11,792	**-**	-	**30,135**	32,120
Amortisation of land use rights								
- Segment amortisation	**166**	158	**123**	117	**-**	-	**289**	275
- Corporate amortisation							**-**	75
							289	350

4. Operating profit

Operating profit is stated after charging and crediting the following:

	2012	2011
	HK$'000	*HK$'000*
Amortisation of land use rights	**289**	350
Depreciation of property, plant and equipment	**30,135**	32,120
Net gains on disposal of available-for-sale financial assets	**(118)**	(344)
Net gains on disposal of other financial assets at fair value through profit or loss	**(83)**	(199)
Net (gains)/losses on disposal of property, plant and equipment	**(148)**	377
Net gains on disposal of subsidiaries	**-**	(1,841)
Staff costs (including directors' emoluments)	**316,679**	276,826

5. Income tax expenses

The Company is exempt from income tax in Bermuda until March 2016.

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year. The Group's subsidiaries in Mainland China are subject to the China Corporate Income Tax.

	2012	2011
	HK$'000	*HK$'000*
Current income tax		
- Hong Kong profits tax	**8,183**	6,259
- China corporate income tax	**4,131**	1,011
- Over-provision in prior years	**(158)**	(255)
	12,156	7,015
- Deferred income tax	**(234)**	(563)
- (Over)/under-provision in prior years	**(12)**	44
	(246)	(519)
	11,910	6,496

6. Dividends

The Board recommended a final dividend of HK5.0 cents (2011: HK5.0 cents) per ordinary share and special final dividend of HK10.0 cents (2011: Nil) per ordinary share for the year ended 31 March 2012. The proposed dividends are not reflected as a dividend payable in these consolidated financial statements, and will be reflected as appropriation of retained earnings for the year ending 31 March 2013.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	2012	2011
Profit attributable to equity holders of the Company (HK$'000)	**56,447**	30,008
Weighted average number of ordinary shares used in calculating basic earnings per share (in thousands)	**410,139**	410,013
Adjustment for potential dilutive effect in respect of outstanding share options (in thousands)	**7**	31
Weighted average number of ordinary shares used in calculating diluted earnings per share (in thousands)	**410,146**	410,044

8. Trade receivables

The Group grants credit period to its customers ranging from 7 to 120 days. As at 31 March 2012 and 2011, the ageing analysis of the trade receivables by past due date is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**192,218**	206,117
1 to 30 days	**32,513**	28,694
31 to 60 days	**10,522**	12,205
61 to 90 days	**2,592**	1,170
Over 90 days	**4,350**	5,058
	242,195	253,244
Less: Provision for impairment of trade receivables	**(5,743)**	(5,791)
Trade receivables, net	**236,452**	247,453

9. Trade payables

As at 31 March 2012 and 2011, the ageing analysis of the trade payables by past due date is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**126,672**	97,446
1 to 30 days	**17,678**	21,381
31 to 60 days	**3,957**	8,093
61 to 90 days	**2,251**	2,281
Over 90 days	**1,098**	5,060
Trade payables	**151,656**	134,261

CLOSURE OF REGISTER OF MEMBERS

To facilitate the processing of proxy voting, the register of members of the Company will be closed from Wednesday, 1 August 2012 to Friday, 3 August 2012 (both days inclusive), during which period no transfers of shares will be effected. To be entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar, at Shops 1712-6, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 31 July 2012.

The final dividend and special final dividend are expected to be paid on or about 23 August 2012, to those shareholders whose names appeared on the Company's register of members on 13 August 2012. In order to qualify for the proposed final dividend and special final dividend, the register of members of the Company will be closed from Thursday, 9 August 2012 to Monday, 13 August 2012 (both days inclusive), during which period no transfers of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar, at Shops 1712-6, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 August 2012.

BUSINESS REVIEW

Over the past financial year, consumer confidence among key global markets began to recover, contributing to greater demand for stylish and premium electro-acoustic products. The stable rise in orders of such higher-priced products, of which growth was particularly encouraging in the second half financial year, not only underscored the shrewdness of management to reposition Fujikon to focus on mid- to high-margin products over the past few years, but also helped lift revenue and profitability of the Group.

For the year ended 31 March 2012, Fujikon recorded revenue of HK$1,305.9 million, representing a year-on-year increase of 6.7% compared with HK$1,223.6 million in 2011. Mainly due to the increased average selling price of products from the headsets and headphones business and stabilised material costs, together with the effectiveness of the Group's cost controls, gross profit achieved a noticeable gain of 25.2% to HK$230.1 million (2011: HK$183.8 million), while gross profit margin improved to 17.6% (2011: 15.0%). Such improvement stimulated profit attributable to equity holders jumped a significant 88.1% to HK$56.4 million (2011: HK$30.0 million).

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

Revenue derived from headsets and headphones continued to register solid gains, rising by 14.2% to HK$831.4 million (2011: HK$728.1 million) during the reporting year, thus accounting for 63.7% (2011: 59.5%) of the Group's total revenue. The increase in income was driven by greater orders from existing customers; ranging from mass market to premium international brands that have seen demand for their products climb in key markets such as the United States and parts of Europe. This in turn has reflected positively on the Group's ability to cater for consumers' desire for Bluetooth, noise-cancellation and wireless technologies, among other solutions. The first time reporting of income from a new customer involved in the trendy upmarket electro-acoustic segment during the remaining half year further contributed to the growth in revenue.

The Group has sought to strengthen ties with existing customers while attracting new ones by leveraging its research and development (R&D) expertise and scalable production capability, strengths that leading global acoustic brands have increasingly grown dependent on as the rise in orders and revenue clearly attests.

BUSINESS SEGMENT ANALYSIS (Continued)

Accessories and Components

No less important is the accessories and components business which, despite experiencing a modest contraction in revenue of 4.2%, contributed HK$474.5 million (2011: HK$495.5 million) to the Group. The decline was in part the result of management's decision to withdraw from businesses that had become less profitable, hence allowing the Group to dedicate greater effort towards bolstering Fujikon's headsets and headphones business. Nevertheless, the accessories and components business will remain essential for advancing vertical integration, as well as perfectly dovetailing with the needs of headsets and headphones customers requiring packaging materials and replacement parts.

PROSPECTS

Though the health of the world economy is anticipated to be volatile, the management remains rather optimistic about the upcoming financial year given the healthy demand for its headphones and headsets.

Since the Group's move towards the mid- to high-margin electro-acoustic products segment, the management has directed significant investment on enhancing R&D capabilities, transforming Fujikon into a trusted partner of renowned American, European and Japanese professional audio and multimedia brands. This is most fortuitous given that market momentum is swinging towards wireless, Bluetooth and noise-cancellation products, all representing core technologies that the Group has spent years of research developing and refining.

Still another trend that is driving the demand for headphones and headsets are smartphones and tablets, with consumers wanting high sound reproduction quality to complement the many applications that are frequently downloaded to such devices. The Group's capacity to deliver electro-acoustic products appropriate for smartphones and tablets further paves the way for helping customers gain access to the retail network of respected multinational brands, which can be regarded as the ultimate status symbol for some, thus strengthening the appeal of Fujikon.

Moving forward, the Group will continue to look for and attract more reputable and fashionable brands, leveraging its impressive track record of partnering with the industry's leading players. The recently secured ties with a trendy upmarket brand and a youth-orientated brand for the mass market are both expected to deliver still greater revenue to the Group in the coming financial year, thus underscoring the importance of continuously developing relationships with companies that possess strong growth potential and are in step with consumers' needs.

Notwithstanding improving market sentiment, the Group still foresees some challenges on the operational front, such as rising labour costs. The Group will strengthen its cost down measures and further capitalise on economies of scale where feasible to maintain margin at a competitive level.

As the Group enters a new financial year, the management will continue to seek improvement across all areas of operation, fully aware that continuous development is pivotal for sustaining its leadership in an ever-changing business environment.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 31 March 2012 amounted to approximately HK$597.1 million (2011: HK$555.6 million). The Group's current and quick ratios were approximately 3.0 times (2011: 3.0 times) and 2.5 times (2011: 2.4 times), respectively.

The Group had cash and cash equivalents of approximately HK$425.4 million as at 31 March 2012, representing an obvious increase of approximately 20.6% against approximately HK$352.6 million as at 31 March 2011. Approximately 57.2%, 36.2% and 4.0% of the total cash and cash equivalents were denominated in Renminbi, US dollars and Hong Kong dollars respectively, and the remainder were in other currencies. As at 31 March 2012, the Group had aggregated banking facilities of approximately HK$272.7 million (2011: HK$310.0 million) from several banks for loans and trade financing, with an unused balance of approximately HK$232.1 million (2011: HK$268.5 million).

Capital Structure

As at 31 March 2012, the total bank borrowings of the Group were approximately HK$40.5 million (2011: HK$41.5 million), which were secured short-term bank borrowings, denominated in Renminbi and due within one year. Approximately HK$43.5 million of certain properties and land use rights have been pledged for several secured short-term bank borrowings (2011: HK$43.0 million). The Group's bank borrowings bear interest rate at 6.5% (2011: 5.5%) per annum.

The Group's gearing ratio as at 31 March 2012 was approximately 5.3% (2011: 5.7%), which was measured on the basis of the total bank borrowings as a percentage of total equity attributable to the equity holders of the Company. If the balance of cash and cash equivalents as at 31 March 2012 was taken into account, the Group was in a net cash position.

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and Mainland China with most transactions settled in Hong Kong dollars, Renminbi and US dollars. The Group is mainly exposed to foreign exchange risk arising from future commercial transactions, recognised assets and liabilities denominated in currencies other than the functional currency of the group entities to which they relate. The Group entered into foreign currency forward contracts to manage such exposure.

Employee Information

As at 31 March 2012, the Group employed a total of approximately 6,300 (2011: 7,200) employees. The staff costs (including the directors' emoluments) accounted for approximately HK$316.7 million (2011: HK$276.8 million) during the year.

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 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 2012, the Company had provided corporate guarantees of approximately HK$155.7 million (2011: HK$197.0 million) to several banks to secure banking facilities of its subsidiaries. The facilities utilised by the subsidiary as at 31 March 2012 were approximately HK$40.5 million (2011: HK$41.5 million).

DEALING IN COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance and endeavours in following the code provisions (the "Code Provisions") as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Throughout the year, the Company has complied with the Code provisions, save the deviation from the code provision A.2.1 of the Code.

According to the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. For the six months ended 30 September 2011, the Board has not appointed any individual to the post of chief executive officer. The responsibilities of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. In review of the effectiveness of this arrangement, the Board decided to appoint Mr. Yeung Chi Hung, Johnny, the Chairman of the Company, as chief executive officer of the Company with effect from 1 October 2011. Mr. Yeung has extensive experience in the electronics and acoustics industry and is responsible for the overall strategic planning and business development of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Yeung provides the Group with strong and consistent leadership to improve the Company's efficiency in decision-making and execution, and effectively capture business opportunities.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of the Company comprises Mr Yeung Chi Hung, Johnny, Mr Yuen Yee Sai, Simon, Mr Chow Man Yan, Michael, Mr Yuen Chi King, Wyman, Mr Yeung Siu Chung, Ben and Ms Chow Lai Fung as executive directors and Dr Chang Chu Cheng, Mr Che Wai Hang, Allen and Mr Lee Yiu Pun as independent non-executive directors.

By Order of the Board
Fujikon Industrial Holdings Limited
Yeung Chi Hung, Johnny
Chairman

Hong Kong, 21 June 2012