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 2024

**FINANCIAL HIGHLIGHTS**

– Revenue: HK$992.5 million, down 8.5% (2023: HK$1,084.7 million)

– Gross profit margin: 17.7%, down 1.7 points (2023: 19.4%)

– Profit attributable to equity holders of the Company: HK$17.2 million, down 30.2% (2023: HK$24.6 million)

– Basic earnings per share: HK4.0 cents (2023: HK5.8 cents)

– Final and special final dividends (per share): HK6.0 cents (2023: HK6.0 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 2024.

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 2024**

| | Note | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| Revenue | 3 | **992,521** | 1,084,736 |
| Cost of sales | | **(816,528)** | (874,369) |
| **Gross profit** | | **175,993** | 210,367 |
| Other gains – net | | **5,492** | 4,415 |
| Distribution and selling expenses | | **(9,334)** | (11,449) |
| General and administrative expenses | | **(127,783)** | (146,566) |
| Provision for impairment of trade receivables | | **(141)** | (19) |
| **Operating profit** | 4 | **44,227** | 56,748 |
| Finance income – net | | **13,633** | 4,370 |
| **Profit before income tax** | | **57,860** | 61,118 |
| Income tax expenses | 5 | **(10,756)** | (17,237) |
| **Profit for the year** | | **47,104** | 43,881 |
| **Other comprehensive income:** | | | |
| *Items that have been reclassified or may be subsequently reclassified to profit or loss:* | | | |
| – Currency translation differences | | **(12,756)** | (16,664) |
| – Fair value losses on financial assets at fair value through other comprehensive income | | **(10)** | (101) |
| – Release on disposal of financial assets at fair value through other comprehensive income | | **28** | – |
| *Item that will not be subsequently reclassified to profit or loss:* | | | |
| – Currency translation differences | | **(1,489)** | (1,586) |
| **Other comprehensive income for the year, net of tax** | | **(14,227)** | (18,351) |
| **Total comprehensive income for the year** | | **32,877** | 25,530 |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**
**For the year ended 31 March 2024**

| | Note | **2024** | 2023 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **17,168** | 24,613 |
| Non-controlling interests | | **29,936** | 19,268 |
| | | **47,104** | 43,881 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **4,430** | 7,848 |
| Non-controlling interests | | **28,447** | 17,682 |
| | | **32,877** | 25,530 |
| **Earnings per share for profit attributable to the equity holders of the Company for the year:** | | | |
| – Basic (HK cents per share) | *7* | **4.0** | 5.8 |
| – Diluted (HK cents per share) | *7* | **4.0** | 5.8 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**As at 31 March 2024**

| | Note | 2024 *HK$'000* | 2023 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **106,934** | 83,832 |
| Investment property | | **1,400** | 1,500 |
| Right-of-use assets | | **16,829** | 23,552 |
| Intangible asset | | **5** | 20 |
| Non-current deposits and other assets | | **4,226** | 5,451 |
| Financial assets at fair value through other comprehensive income | | **–** | 3,872 |
| Deferred income tax assets | | **12,850** | 5,786 |
| **Total non-current assets** | | **142,244** | 124,013 |
| **Current assets** | | | |
| Inventories | | **152,750** | 149,110 |
| Trade receivables | *8* | **303,551** | 242,406 |
| Other receivables | | **17,369** | 13,603 |
| Financial assets at fair value through profit or loss | | **–** | 1,044 |
| Current income tax recoverable | | **271** | 235 |
| Cash and cash equivalents | | **325,842** | 369,796 |
| **Total current assets** | | **799,783** | 776,194 |
| **Current liabilities** | | | |
| Trade payables | *9* | **127,427** | 114,714 |
| Contract liabilities, accruals and other payables | *9* | **115,728** | 85,539 |
| Lease liabilities | | **4,058** | 7,516 |
| Current income tax liabilities | | **18,946** | 12,359 |
| **Total current liabilities** | | **266,159** | 220,128 |
| **Net current assets** | | **533,624** | 556,066 |
| **Total assets less current liabilities** | | **675,868** | 680,079 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**
**As at 31 March 2024**

| | *Note* | **2024** *HK$'000* | 2023 *HK$'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | | **1,614** | 4,985 |
| Deferred income tax liabilities | | **2,211** | 1,861 |
| **Total non-current liabilities** | | **3,825** | 6,846 |
| **Net assets** | | **672,043** | 673,233 |
| **Equity** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | | **42,584** | 42,584 |
| Reserves | | **528,365** | 558,002 |
| | | **570,949** | 600,586 |
| **Non-controlling interests** | | **101,094** | 72,647 |
| **Total equity** | | **672,043** | 673,233 |

## NOTES

### 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, which are carried at fair value.

### 2. Material accounting policies

(a) New and amendments to standards adopted by the Group

The Group has applied the following new and amendments to standards for the first time for its financial year commencing on 1 April 2023:

| | |
|---|---|
| • HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of accounting policies |
| • HKAS 8 (Amendments) | Definition of accounting estimates |
| • HKAS 12 (Amendments) | Deferred tax related to assets and liabilities arising from a single transaction |
| • HKAS 12 (Amendments) | International tax reform – pillar two model rules |
| • HKFRS 17 | Initial application of HKFRS 17 and HKFRS 9 – comparative information |
| • HKFRS 17 and HKFRS 17 (Amendments) | Insurance contracts and the related amendments |

The adoption of these new and amendments to standards did not have any material impact on the Group's consolidated financial statements for the current period or any prior period and is not likely to affect future periods.

2. **Material accounting policies (Continued)**

**(b)** Amendments to standards and interpretations to standards (collectively the "**Amendments**") which have been issued but are not yet effective and not early adopted

The following Amendments have been issued, but are not effective for the Group's financial year beginning on or after 1 April 2023 and have not been early adopted in preparing these consolidated financial statements:

| | |
|---|---|
| • HKAS 1 (Amendments) | Classification of liabilities as current or non-current[1] |
| • HKAS 1 (Amendments) | Non-current liabilities with covenants[1] |
| • HKAS 7 and HKFRS 7 (Amendments) | Supplier finance arrangements[1] |
| • HKAS 21 (Amendments) | Lack of exchangeability[2] |
| • HKFRS 10 and HKAS 28 (Amendments) | Sale or contribution of assets between an investor and its associate or joint venture[3] |
| • HKFRS 16 (Amendments) | Lease liability in a sale and leaseback[1] |
| • HK Int 5 (Revised) | Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause[1] |

1 Effective for financial years beginning on or after 1 January 2024
2 Effective for financial years beginning on or after 1 January 2025
3 No mandatory effective date yet determined

The Group is in the process of making an assessment of the impact of these Amendments upon initial application but is not yet in a position to state whether these Amendments would have any significant impact on its results of operations and financial positions.

3. **Segment information**

The chief operating decision-maker (the "**CODM**") has been identified as the executive directors. CODM reviews the Group's internal reports 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.

## 3. Segment information (Continued)

| | Headsets and headphones | | Accessories and components | | Elimination | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment revenue | | | | | | | | |
| – External revenue | **649,191** | 764,319 | **343,330** | 320,417 | **–** | – | **992,521** | 1,084,736 |
| – Inter-segment revenue | **–** | – | **15,182** | 22,506 | **(15,182)** | (22,506) | **–** | – |
| Total | **649,191** | 764,319 | **358,512** | 342,923 | **(15,182)** | (22,506) | **992,521** | 1,084,736 |
| Segment results | **(10,715)** | 22,956 | **57,231** | 36,796 | **–** | – | **46,516** | 59,752 |
| Corporate expenses | | | | | | | **(7,781)** | (7,419) |
| Other gains – net | | | | | | | **5,492** | 4,415 |
| Finance income – net | | | | | | | **13,633** | 4,370 |
| Profit before income tax | | | | | | | **57,860** | 61,118 |
| Other segment information: | | | | | | | | |
| Depreciation of property, plant and equipment | **11,559** | 10,126 | **5,988** | 6,409 | **–** | – | **17,547** | 16,535 |
| Depreciation of right-of-use assets | **1,675** | 1,559 | **5,611** | 6,815 | **–** | – | **7,286** | 8,374 |
| Amortisation of intangible asset | **15** | 83 | **–** | – | **–** | – | **15** | 83 |
| Provision/(reversal of provision) for inventory obsolescence | **28,134** | (359) | **(675)** | 469 | **–** | – | **27,459** | 110 |
| Provision for impairment of trade receivables | **–** | – | **141** | 19 | **–** | – | **141** | 19 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | **36,647** | 14,780 | **12,504** | 23,817 | **–** | – | **49,151** | 38,597 |

3. **Segment information (Continued)**

For the year ended 31 March 2024, revenues of approximately HK$643,354,000 (2023: HK$810,685,000) were derived from three (2023: four) customers, amounting to approximately HK$314,615,000, HK$202,383,000 and HK$126,356,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues consisted of approximately HK$318,975,000 (2023: HK$527,883,000) and HK$324,379,000 (2023: HK$282,802,000) attributable to headsets and headphones segment and accessories and components segment respectively.

The Company is domiciled in Hong Kong. Revenue from external customers attributed to Hong Kong for the year ended 31 March 2024 was approximately HK$970,549,000 (2023: HK$1,057,398,000), and the total revenue from external customers from China was approximately HK$21,972,000 (2023: HK$27,338,000).

At 31 March 2024, the total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and China were approximately HK$23,464,000 (2023: HK$21,180,000) and HK$105,930,000 (2023: HK$93,175,000) respectively.

4. **Operating profit**

Operating profit is stated after charging/(crediting) the following:

| | **2024** | 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Depreciation of property, plant and equipment | **17,547** | 16,535 |
| Depreciation of right-of-use assets | **7,286** | 8,374 |
| Amortisation of intangible asset | **15** | 83 |
| Fair value losses/(gains) on financial assets at fair value through profit or loss | **268** | (13) |
| Net realised losses on disposal of financial assets at fair value through other comprehensive income | **8** | – |
| Realised losses on disposal of financial assets at fair value through profit or loss | **52** | – |
| Provision for warranty | **19,880** | 1,477 |
| Net gains on disposal of property, plant and equipment | **(1,155)** | (1,807) |
| Net foreign exchange gains | **(4,769)** | (2,639) |
| Provision for inventory obsolescence | **27,459** | 110 |
| Staff costs (including directors' emoluments) | **281,682** | 293,224 |

## 5. Income tax expenses

The Company is exempted from taxation in Bermuda until March 2035.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). The Group's subsidiaries in China are subject to China Corporate Income Tax at a rate of 25% (2023: 25%) on estimated assessable profits.

Pursuant to the New Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. Withholding taxes are payable on dividends distributed/to be distributed by those subsidiaries established in China in respect of earnings generated from 1 January 2008.

| | **2024** | 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| – Current tax on profits for the year | **17,122** | 16,600 |
| – Under/(over)-provision in prior years | **428** | (169) |
| – Withholding tax on dividends | **139** | 5 |
| | **17,689** | 16,436 |
| Deferred income tax (credit)/charge | **(6,933)** | 801 |
| | **10,756** | 17,237 |

## 6. Dividends

The Board recommended a final dividend of HK5.0 cents per ordinary share (2023: HK5.0 cents) and a special final dividend of HK1.0 cent (2023: HK1.0 cent) per ordinary share for the year ended 31 March 2024. 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 2025.

## 7. Earnings per share

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

| | **2024** | 2023 |
|---|---|---|
| Profit attributable to equity holders of the Company (HK$'000) | **17,168** | 24,613 |
| Weighted average number of ordinary shares in issue (in thousands) | **425,839** | 425,839 |
| Basic earnings per share (HK cents) | **4.0** | 5.8 |

For the year ended 31 March 2024 and 2023, diluted earnings per share is the same as basic earnings per share as there are no potential dilutive shares.

## 8. Trade receivables

The Group grants credit periods to customers ranging from 30 to 120 days. At the end of the reporting period, the ageing analysis of the trade receivables by past due date is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **188,876** | 199,630 |
| 1 to 30 days | **77,517** | 19,118 |
| 31 to 60 days | **36,047** | 13,368 |
| 61 to 90 days | **723** | 6,631 |
| Over 90 days | **2,605** | 5,767 |
| | **305,768** | 244,514 |
| Less: Loss allowance for trade receivables | **(2,217)** | (2,108) |
| Trade receivables – net | **303,551** | 242,406 |

## 9. Trade payables, contract liabilities, accruals and other payables

At the end of the reporting period, the ageing analysis of the trade payables by past due date is as follows:

| | **2024** | 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **76,230** | 94,874 |
| 1 to 30 days | **40,896** | 18,626 |
| 31 to 60 days | **6,897** | 326 |
| 61 to 90 days | **–** | 535 |
| Over 90 days | **3,404** | 353 |
| Trade payables | **127,427** | 114,714 |
| Accruals and other payables *(Note)* | **104,828** | 83,161 |
| Contract liabilities | **10,900** | 2,378 |
| | **243,155** | 200,253 |

Note: Based on the sales and purchase agreement with customers, the Group generally made provision for warranty for its products. During the year ended 31 March 2024, a particular product has seen a higher rate of return and accordingly, a specific provision of HK$18,659,000 has been made and included in cost of sales.

## FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK5.0 cents per ordinary share and a special final dividend of HK1.0 cent per ordinary share (the "**Dividend**") for the year ended 31 March 2024 to the shareholders whose names appeared on the Company's register of members on 22 August 2024. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed Dividend is expected to be paid on 6 September 2024 to the shareholders of the Company.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 13 August 2024 to Friday, 16 August 2024 (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 Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 August 2024.

(b) In order to qualify for the proposed Dividend, the register of members of the Company will be closed from Thursday, 22 August 2024 to Monday, 26 August 2024 (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 Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 August 2024.

## BUSINESS REVIEW

During the year ended 31 March 2024 (the "**Review Year**"), the macro-environment continued to be clouded by various concerns including geopolitical tensions, persistently high inflation and high rates by central banks to moderate inflationary pressure. Such developments inevitably affected consumer sentiment, which included the demand for certain electro-acoustic products. For the Group, it was less severely hindered by the sluggish consumption sentiment as it had adopted a market differentiation strategy which involved the development of sophisticated products for targeting discerning top-tier audio brands. Moreover, it has sought to be a trendsetter and a preferred co-developer of products with major customers in various sectors. Consequently, Fujikon was able to maintain a healthy level of revenue, which amounted to HK$992.5 million (2023: HK$1,084.7 million) for the Review Year. A gross profit of HK$176.0 million (2023: HK$210.4 million) for the Review Year, and a gross profit margin of 17.7% (2023: 19.4%) for the Review Year were recorded as well. During the Review Year, the Group's streamlining efforts began to bear fruit, as reflected by the ongoing improvement in the distribution and selling expenses to revenue ratio and the general and administrative expenses to revenue ratio. However, affected by a one-off provision for inventory obsolescence that amounted to approximately HK$28.9 million, profit attributable to equity holders of the Company amounted to HK$17.2 million (2023: HK$24.6 million). Excluding the one-off provision for inventory obsolescence, the Group would have recorded a profit attributable to equity holders of approximately HK$46.1 million.

## BUSINESS SEGMENT ANALYSIS

### Headsets and Headphones

Indicative of the dynamic business environment, market demand fluctuated during the Review Year, which directly affected the sales of certain products. Nonetheless, Fujikon was able to maintain resilience and devoted energies on reinforcing its product development capabilities. This allowed the Group to enhance its product portfolio as well as strengthen co-operation with top-tier audio brands in the co-development of projects. Among the highlights of Fujikon's technological prowess include True Wireless and Adaptive and Hybrid Active Noise Cancellation which have found their way into the products of renowned international brand customers, and have been contributing a greater proportion of revenue to the Group due to their popularity. During the Review Year, revenue from the headsets and headphones business remained stable at HK$649.2 million (2023: HK$764.3 million), which accounted for 65.4% of the Group's total revenue. However, due to the abovementioned one-off provision for inventory obsolescence, the segment recorded a loss of HK$10.7 million (2023: profit of HK$23.0 million). Excluding the impact from the one-off provision, the segment profit would have reached approximately HK$18.2 million for the Review Year.

To diversify production, the Group established its first off-shore manufacturing base in Indonesia. The new base will enable Fujikon to meet the China Plus One strategy, specifically, to accommodate the needs of customers seeking an off-shore production plant outside mainland China. The Group has also commenced discussions with customers on allocating production to the Indonesia plant.

## BUSINESS SEGMENT ANALYSIS (Continued)

### Accessories and Components

Capitalising on its partnership with top-tier brands and a track record for quality products, the Group successfully secured a new customer during the Review Year. Thanks partly to its contributions, revenue from the accessories and components segment increased to HK$343.3 million (2023: HK$320.4 million), thus accounting for 34.6% of the Group's total revenue for the Review Year. In terms of segment profit, the combination of new revenue source and completion of business restructuring in the previous financial year translated into a substantial year-on-year growth of 55.5% to HK$57.2 million (2023: HK$36.8 million).

## PROSPECTS

Developments that have been negatively impacting the global economy will continue to cast a shadow on the new financial year, including persistently high inflation that will prevent the easing of tight monetary policies, which in turn will further affect consumption. Moreover, lacklustre global trade and investment and the ongoing conflicts in the Middle East and Ukraine will also hinder global economic growth, which is projected to remain at 3.2% in 2024 and 2025 according to IMF[1]. As for the global earphones and headphones market, growth is expected to remain relatively resilient despite the gloomy conditions. Based on the findings of one global data and business intelligence platform, the global headphones market is expected to reach US$18 billion in 2024 and experience a compound annual growth rate of 2.4% from 2024 to 2028 – driven by the mainland China market, with countries such as the United States leading the way in innovation[2]. To ensure that the Group can fully capitalise on the rapidly evolving market conditions, the management will employ strategies for enhancing Fujikon's agility and responsiveness as well as for further promoting lean operations.

In terms of agility and responsiveness, Fujikon will be dedicated to tapping new revenue streams, particularly from the education, automotive and medical fields, which are less vulnerable to fluctuations in consumer sentiment. Subsequent to the Review Year, the Group launched a new product line for the education sector in April 2024. As for the automotive sector, the Group holds relevant certification and is well recognised by members of the industry for its high-quality production and well received products, earning the repeated support of customers. Similarly, Fujikon's plant in Indonesia possesses certifications to operate in the high-entry-barrier medical field. The Group will be applying for the certification for its Dongguan plant so that it can manufacture certain components for the medical products. These certifications will allow the Group to engage in discussions with potential customers to strengthen its market foothold. Since products in the education, automotive and medical fields have longer life cycles – normally between 5 and 10 years, Fujikon will be able to maintain relatively stable revenue and profit levels, as well as benefit from reduced costs. Also, medical products possess high growth potential, hence will bode well for the Group's future performance.

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1 https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024?cid=bl-com-SM2024-WEOEA2024001

2 https://www.statista.com/outlook/cmo/consumer-electronics/tv-radio-multimedia/headphones/worldwide

## PROSPECTS (Continued)

With respect to promoting a lean operation, the management will continue to place efforts on restructuring and streamlining different facets of production to enhance efficiency. This will include employing the "Make or Buy" strategy which involves the re-evaluation of production processes, with the primary objective of retaining core production in house while outsourcing ancillary production. For in-house production, the Group will continue to upgrade production lines in order to bring together automated and semi-automated processes, some of which have commenced operation in November 2023. The new lines have ushered in the era of state-of-the-art manufacturing, and already attracted orders for high-volume production and has been praised by various customers. As more of the Group's advanced production facilities commence operation, it will be able to further reduce labour and related costs and better meet high-volume orders for advanced electro-acoustic products in the years ahead.

Even though the global economy will continue to be affected by stiff headwinds and Fujikon will further face challenges resulting from the constantly changing and unpredictable electro-acoustic market, the management remains cautiously optimistic about the Group's prospects. Having already invested resources and energies in strengthening key areas of operation, and given the Group's distinct advantages, including its well-established reputation in the industry, partnership with the top-tier brand customers, veteran management team, strong product development and engineering capabilities, and sound financial position, it has the ways and means and the determination to maintain progress well into the future.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group maintained a strong financial position. Net current assets as at 31 March 2024 amounted to approximately HK$533.6 million (2023: HK$556.1 million). The Group's current and quick ratios were approximately 3.0 times (2023: 3.5 times) and 2.4 times (2023: 2.8 times), respectively.

The Group had cash and cash equivalents of approximately HK$325.8 million as at 31 March 2024, representing a decrease of approximately 11.9% against approximately HK$369.8 million as at 31 March 2023. Approximately 77.3%, 18.5% and 3.1% of the total cash and cash equivalents were denominated in US dollars, Renminbi and Hong Kong dollars respectively, and the remainders were in other currencies. As at 31 March 2024, the Group had aggregated banking facilities of approximately HK$160.6 million (2023: HK$160.6 million) for loans and trade financing, with an unused balance of approximately HK$160.6 million (2023: HK$160.6 million).

## FINANCIAL REVIEW (Continued)

### Foreign Exchange Exposure

The Group mainly operates in Hong Kong and 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.

During the year, the Group had recorded a net foreign exchange gain of approximately HK$4.8 million (2023: HK$2.6 million).

The recent fluctuation of Renminbi directly affected our operating costs. The Group will continuously monitor and enter foreign exchange forward contracts where appropriate.

### Employee Information

As at 31 March 2024, the Group employed a total of approximately 2,200 (2023: 2,400) employees. The staff costs (including the directors' emoluments) accounted for approximately HK$281.7 million during the year (2023: HK$293.2 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's 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 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 2024, the Company had provided corporate guarantees of approximately HK$155.7 million (2023: HK$155.7 million) to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 31 March 2024 and 2023.

## 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.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors and senior management of the Group (the "**Model Code**") on terms no less exacting than the required standard set out in Appendix C3 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited. Having made specific enquiry of all directors and senior management of the Group, all directors and senior management of the Group have complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transactions by directors and senior management of the Group throughout 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**") of the "Corporate Governance Code" (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. Throughout the year ended 31 March 2024, the Company has complied with the CG Code save the deviation from the Code Provisions C.2.1 and the reasons for deviation of which are explained below.

### CG Code Provisions C.2.1

According to the Code Provisions C.2.1 of CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yeung Chi Hung, Johnny, the chairman of the Company, is also the chief executive officer of the Company. Mr. Yeung is a co-founder of the Group and he 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. Going forward, the Board will periodically review the effectiveness of this arrangement and consider the separation of the roles of the chairman and the chief executive officer when it thinks appropriate.

## BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Yeung Chi Hung, Johnny, Mr. Yuen Yee Sai, Simon, Mr. Chow Man Yan, Michael, Mr. Yuen Chi King, Wyman and Mr. Yeung Siu Chung, Ben; and three independent non-executive directors, namely, Dr. Ng Wang Pun, Dennis, Mr. Che Wai Hang, Allen and Ms. Tse Kan.

By Order of the Board
**Fujikon Industrial Holdings Limited**
**Yeung Chi Hung, Johnny**
*Chairman & Chief Executive Officer*

Hong Kong, 28 June 2024