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**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

FINANCIAL HIGHLIGHTS

- **Revenue: HK\$1,084.7 million, up 23.5% (2022: HK\$878.3 million)**
- **Gross profit margin: 19.4%, up 6.3 points (2022: 13.1%)**
- **Profit attributable to equity holders of the Company: HK\$24.6 million, up 166.4% (2022: loss of HK\$37.1 million)**
- **Basic earnings per share: HK5.8 cents (2022: basic loss per share of HK8.7 cents)**
- **Final and special final dividends (per share): HK6.0 cents (2022: HK3.0 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 2023.

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 2023

| | Note | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------|------------------|------------------|
| Revenue | 3 | 1,084,736 | 878,267 |
| Cost of sales | | (874,369) | (763,012) |
| Gross profit | | 210,367 | 115,255 |
| Other gains – net | | 4,415 | 6,190 |
| Distribution and selling expenses | | (11,449) | (8,602) |
| General and administrative expenses | | (146,566) | (136,262) |
| (Provision)/reversal of provision for impairment of trade receivables | | (19) | 114 |
| Operating profit/(loss) | 4 | 56,748 | (23,305) |
| Finance income – net | | 4,370 | 4,165 |
| Profit/(loss) before income tax | | 61,118 | (19,140) |
| Income tax expenses | 5 | (17,237) | (11,854) |
| Profit/(loss) for the year | | 43,881 | (30,994) |
| Other comprehensive income: | | | |
| <i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i> | | | |
| - Currency translation differences | | (16,664) | 12,282 |
| - Fair value losses on financial assets at fair value through other comprehensive income | | (101) | (235) |
| - Release of exchange reserve upon deregistration of a subsidiary | | - | (4,111) |
| <i>Item that will not be subsequently reclassified to profit or loss:</i> | | | |
| - Currency translation differences | | (1,586) | - |
| Other comprehensive income for the year, net of tax | | (18,351) | 7,936 |
| Total comprehensive income for the year | | 25,530 | (23,058) |
| Profit/(loss) attributable to: | | | |
| Equity holders of the Company | | 24,613 | (37,073) |
| Non-controlling interests | | 19,268 | 6,079 |
| | | 43,881 | (30,994) |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | | 7,848 | (30,019) |
| Non-controlling interests | | 17,682 | 6,961 |
| | | 25,530 | (23,058) |
| Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company for the year: | | | |
| - Basic (HK cents per share) | 7 | 5.8 | (8.7) |
| - Diluted (HK cents per share) | 7 | 5.8 | (8.7) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

| | Note | 2023 HK\$'000 | 2022 HK\$'000 |
|--|------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 83,832 | 88,561 |
| Investment property | | 1,500 | 1,600 |
| Right-of-use assets | | 23,552 | 21,543 |
| Intangible assets | | 20 | 246 |
| Non-current deposits and other assets | | 5,451 | 3,909 |
| Financial assets at fair value through other comprehensive income | | 3,872 | 3,973 |
| Deferred income tax assets | | 5,786 | 6,188 |
| Total non-current assets | | 124,013 | 126,200 |
| Current assets | | | |
| Inventories | | 149,110 | 207,259 |
| Trade receivables | 8 | 242,406 | 193,361 |
| Other receivables | | 13,603 | 13,909 |
| Financial assets at fair value through profit or loss | | 1,044 | 1,031 |
| Current income tax recoverable | | 235 | 747 |
| Cash and cash equivalents | | 369,796 | 369,862 |
| Total current assets | | 776,194 | 786,169 |
| Current liabilities | | | |
| Trade payables | 9 | 114,714 | 121,429 |
| Contract liabilities, accruals and other payables | | 85,539 | 85,228 |
| Lease liabilities | | 7,516 | 5,775 |
| Current income tax liabilities | | 12,359 | 12,109 |
| Total current liabilities | | 220,128 | 224,541 |
| Net current assets | | 556,066 | 561,628 |
| Total assets less current liabilities | | 680,079 | 687,648 |
| Non-current liabilities | | | |
| Lease liabilities | | 4,985 | 2,783 |
| Deferred income tax liabilities | | 1,861 | 1,170 |
| Total non-current liabilities | | 6,846 | 3,953 |
| Net assets | | 673,233 | 683,695 |
| Equity | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | | 42,584 | 42,584 |
| Reserves | | 558,002 | 571,446 |
| Non-controlling interests | | 600,586 | 614,030 |
| | | 72,647 | 69,665 |
| Total equity | | 673,233 | 683,695 |

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. Accounting policies

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for its financial year commencing on 1 April 2022:

| | |
|---------------------------------------|---|
| • HKFRS 3 (Amendments) | Reference to the conceptual framework |
| • HKFRS 16 (Amendments) | Covid-19 related rent concession beyond 2021 |
| • HKAS 16 (Amendments) | Property, plant and equipment: proceeds before intended use |
| • HKAS 37 (Amendments) | Onerous contracts – costs of fulfilling a contract |
| • Annual improvement projects | Annual improvements 2018-2020 cycle (amendments) |
| • Accounting Guideline 5 (Amendments) | Merger accounting for common control combinations |

The adoption of these amended 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.

(b) New and amended standards, interpretations to standards and annual improvements (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 2022 and have not been early adopted in preparing these consolidated financial statements:

| | |
|--|--|
| • HKAS 1 (Amendments) | Classification of liabilities as current or non-current ² |
| • HKAS 1 (Amendments) | Non-current liabilities with covenants ² |
| • HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of accounting policies ¹ |
| • HKAS 8 (Amendments) | Definition of accounting estimates ¹ |
| • HKAS 12 (Amendments) | Deferred tax related to assets and liabilities arising from a single transaction ¹ |
| • 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 ² |
| • HKFRS 17 and HKFRS 17 (Amendments) | Insurance contracts ¹ |
| • HK Int 5 (2020) | 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 2023

² Effective for financial years beginning on or after 1 January 2024

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.

| | Headsets and headphones | | Accessories and components | | Elimination | | Total | |
|---|-------------------------|------------------|----------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 | 2023 HK\$'000 | 2022 HK\$'000 |
| Segment revenue | | | | | | | | |
| - External revenue | 764,319 | 624,664 | 320,417 | 253,603 | - | - | 1,084,736 | 878,267 |
| - Inter-segment revenue | - | - | 22,506 | 27,811 | (22,506) | (27,811) | - | - |
| Total | <u>764,319</u> | <u>624,664</u> | <u>342,923</u> | <u>281,414</u> | <u>(22,506)</u> | <u>(27,811)</u> | <u>1,084,736</u> | <u>878,267</u> |
| Segment results | <u>22,956</u> | <u>(31,653)</u> | <u>36,796</u> | <u>7,891</u> | <u>-</u> | <u>-</u> | <u>59,752</u> | <u>(23,762)</u> |
| Corporate expenses | | | | | | | (7,419) | (5,733) |
| Other gains- net | | | | | | | 4,415 | 6,190 |
| Finance income- net | | | | | | | 4,370 | 4,165 |
| Profit/(loss) before income tax | | | | | | | <u>61,118</u> | <u>(19,140)</u> |
| Other segment information: | | | | | | | | |
| Depreciation of property, plant and equipment | 10,126 | 18,684 | 6,409 | 8,093 | - | - | <u>16,535</u> | <u>26,777</u> |
| Depreciation of right-of-use assets | 1,559 | 1,579 | 6,815 | 6,657 | - | - | <u>8,374</u> | <u>8,236</u> |
| Amortisation of intangible assets | 83 | 71 | - | - | - | - | <u>83</u> | <u>71</u> |
| Provision/(reversal of provision) for inventory obsolescence | (359) | 587 | 469 | (1,756) | - | - | <u>110</u> | <u>(1,169)</u> |
| Provision/(reversal of provision) for impairment of trade receivables | - | (94) | 19 | (20) | - | - | <u>19</u> | <u>(114)</u> |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 14,780 | 13,179 | 23,817 | 6,336 | - | - | <u>38,597</u> | <u>19,515</u> |

3. Segment information (Continued)

For the year ended 31 March 2023, revenues of approximately HK\$810,685,000 (2022: HK\$728,697,000) were derived from four (2022: five) customers, amounting to approximately HK\$403,786,000, HK\$178,731,000, HK\$114,168,000 and HK\$114,000,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues consisted of approximately HK\$527,883,000 (2022: HK\$576,186,000) and HK\$282,802,000 (2022: HK\$152,511,000) 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 2023 was approximately HK\$1,057,398,000 (2022: HK\$845,524,000), and the total revenue from external customers from China was approximately HK\$27,338,000 (2022: HK\$32,743,000).

At 31 March 2023, the total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and China were approximately HK\$21,180,000 (2022: HK\$23,166,000) and HK\$93,175,000 (2022: HK\$92,693,000) respectively.

4. Operating profit/(loss)

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

| | 2023 HK\$'000 | 2022 <i>HK\$'000</i> |
|--|--------------------------------|--------------------------|
| Depreciation of property, plant and equipment | 16,535 | 26,777 |
| Depreciation of right-of-use assets | 8,374 | 8,236 |
| Amortisation of intangible assets | 83 | 71 |
| Fair value (gains)/losses on financial assets at fair value through profit or loss | (13) | 392 |
| Net gains on disposal of property, plant and equipment | (1,807) | (240) |
| Net foreign exchange gains | (2,639) | (2,131) |
| Provision/(reversal of provision) for inventory obsolescence | 110 | (1,169) |
| Staff costs (including directors' emoluments) | 293,224 | 287,824 |
| | <u><u> </u></u> | <u><u> </u></u> |

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% (2022: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the year. The Group's subsidiaries in China are subject to China Corporate Income Tax at a rate of 25% (2022: 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.

| | 2023 HK\$'000 | 2022 <i>HK\$'000</i> |
|---|--------------------------------|--------------------------|
| Current income tax | | |
| - Current tax on profits for the year | 16,600 | 5,644 |
| - Withholding tax on dividends | 5 | 3,249 |
| - (Over)/under-provision in prior years | (169) | 949 |
| | <u><u> </u></u> | <u><u> </u></u> |
| Deferred income tax charge | 801 | 2,012 |
| | <u><u> </u></u> | <u><u> </u></u> |
| | 17,237 | 11,854 |
| | <u><u> </u></u> | <u><u> </u></u> |

6. Dividends

The Board recommended a final dividend of HK5.0 cents per ordinary share (2022: HK3.0 cents) and a special final dividend of HK1.0 cent (2022: Nil) per ordinary share for the year ended 31 March 2023. 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 2024.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the following:

| | 2023 | 2022 |
|--|-------------------|--------------|
| Profit/(loss) attributable to equity holders of the Company (HK\$'000) | 24,613 | (37,073) |
| Weighted average number of ordinary shares in issue (in thousands) | 425,839 | 425,839 |
| Basic earnings/(loss) per share (HK cents) | <u>5.8</u> | <u>(8.7)</u> |

For the year ended 31 March 2022, diluted loss per share was the same as basic loss per share as the exercise of the Company's share options would have an anti-dilutive effect.

For the year ended 31 March 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. As at 31 March 2023 and 2022, the ageing analysis of the trade receivables by past due date is as follows:

| | 2023 HK\$'000 | 2022 HK\$'000 |
|--|--------------------------------|------------------|
| Current | 199,630 | 128,900 |
| 1 to 30 days | 19,118 | 53,754 |
| 31 to 60 days | 13,368 | 8,985 |
| 61 to 90 days | 6,631 | 1,711 |
| Over 90 days | 5,767 | 2,100 |
| | <u>244,514</u> | <u>195,450</u> |
| Less: Loss allowance for trade receivables | (2,108) | (2,089) |
| Trade receivables - net | <u>242,406</u> | <u>193,361</u> |

9. Trade payables

As at 31 March 2023 and 2022, the ageing analysis of the trade payables by past due date is as follows:

| | 2023 HK\$'000 | 2022 HK\$'000 |
|----------------|--------------------------------|------------------|
| Current | 94,874 | 104,849 |
| 1 to 30 days | 18,626 | 15,651 |
| 31 to 60 days | 326 | 36 |
| 61 to 90 days | 535 | 600 |
| Over 90 days | 353 | 293 |
| Trade payables | <u>114,714</u> | <u>121,429</u> |

FINAL DIVIDENDS

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 2023 to the shareholders whose names appeared on the Company’s register of members on 31 August 2023. 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 15 September 2023 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, 22 August 2023 to Friday, 25 August 2023 (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 4:30p.m. on Monday, 21 August 2023.
- (b) In order to qualify for the proposed Dividend, the register of members of the Company will be closed from Thursday, 31 August 2023 to Monday, 4 September 2023 (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 4:30p.m. on Wednesday, 30 August 2023.

BUSINESS REVIEW

The year ended 31 March 2023 (the “Review Year”) was a period of two halves, with the first half continuing to be shadowed by the COVID-19 pandemic (the “Pandemic”), while the latter half witnessed a gradual return to normality. Leveraging its quality products, which effectively addressed the demands from top-tier audio brands and discerning consumers, the Group and its customers were able to outpace the industry and strengthen their business despite the adverse economic climate. By sustaining the growth momentum generated in the first half of FY2022/23, the Group’s total revenue increased by 23.5% to HK\$1,084.7 million (2022: HK\$878.3 million) for the Review Year. Moreover, gross profit increased to HK\$210.4 million (2022: HK\$115.3 million), with gross profit margin up to 19.4% (2022: 13.1%). Despite an increase in the cost of materials due to a change in product mix and a one-off expense incurred from ceasing the operation of an underperforming business in the accessories segment, as well as costs from streamlining the general workforce to enhance efficiency, the Group managed to achieve a business turnaround, primarily due to the aforementioned rise in the Group’s revenue and implementation of effective controls on staff costs, as well as enhancement in the efficiency of production procedures and general operations. Consequently, the Group recorded a profit attributable to the equity holders of HK\$24.6 million (2022: loss of HK\$37.1 million) for the Review Year.

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

During the Review Year, the Group maintained efforts at strengthening its product development capabilities and reinforcing ties with top-tier audio brands. Moreover, on top of further advancing its pillar technologies, such as True Wireless, ANC and Hybrid ANC, the Group made great strides in Adaptive ANC, which is an enhancement of and new direction for its Hybrid ANC technology. As a result, the Group introduced a number of new products for brand customers, as well as launched several new products in the first half year that enjoyed favourable market response and sales. In addition, the Group continued to further expand the Call Centre & Office (“CC&O”) product range to seize opportunities brought by the “New Normal”, leading to sustained sales momentum. Owing to the aforementioned developments, revenue from the headsets and headphones business rose by 22.4% to HK\$764.3 million (2022: HK\$624.7 million), which accounted for 70.5% of the Group’s total revenue.

BUSINESS SEGMENT ANALYSIS (Continued)

Headsets and Headphones (Continued)

It is worth noting that container shortages and shipment delays have gradually been alleviated, hence easing associated cost pressures. In addition, the Group has been streamlining its workforce and enhancing production efficiency. The combination of such efforts have resulted in increased productivity and profitability for the headsets and headphones segment, contributing to a segment profit of HK\$23.0 million (2022: loss of HK\$31.7 million) for the Review Year.

Accessories and Components

Owing to the Group's strong ties with top-tier brands, the delivery of high-quality products that appeal to customers, and the robust performance of the packaging business, revenue from the accessories and components segment rose by 26.3% to HK\$320.4 million (2022: HK\$253.6 million), which accounted for 29.5% of the Group's total revenue.

During the first half of the Review Year, the Group strived to enhance the performance of the accessories and components business by consolidating resources, and decided to close an underperforming business in the accessories segment. As a result, the Group incurred one-off expenses, mainly in connection with redundancy costs. Nevertheless, the Group also benefitted from a more streamlined workforce and greater efficiency, which contributed to an upsurge in segment profit of 366.3% to HK\$36.8 million (2022: HK\$7.9 million).

PROSPECTS

Over the past 12 months, there has been a convergence of events that have led to highly unpredictable global economic conditions. While the lifting of COVID restrictions in many parts of the world and improvement in supply chains are positive developments, rising inflation and the resultant implementation of interest rate hikes by central banks, compounded by the ongoing Russia-Ukraine conflict and other geopolitical tensions have invariably curbed both consumer sentiment and consumer confidence. According to the International Monetary Fund, economic growth is expected to fall from 3.4% in 2022 to 2.8% in 2023, before settling at 3.0% in 2024, with advanced economies contracting from 2.7% to 1.3% and 1.4% respectively. Amid such uncertain conditions, the Group will remain alert to market dynamics, and manage operations in a prudent, pragmatic and shrewd manner.

With respect to the global earphones and headphones market, this segment is expected to be relatively resilient. According to one report, its market size was valued at US\$58.26 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 12.6% from 2023 to 2030, with revenue topping US\$163.83 billion at the start of the new decade¹. The management believes that opportunities are indeed present, hence it will be committed to tightening the Group's partnerships with top-tier audio brands, further honing its product development expertise, and launching still more sophisticated products, particularly for tapping the True Wireless, CC&O and gaming arenas. Already, products that the Group has recently launched in these three categories have been well received, paving the way for their respective growth in business scale going forward. Regarding product development, the Group also plans to increase its competitiveness by investing in sophisticated acoustic simulation software, which includes recruiting relevant engineers and staff. In doing so, the Group be able to get it right the first time round during the testing phase of projects, which in turn leads to shorter product development time.

¹ <https://www.grandviewresearch.com/industry-analysis/earphone-and-headphone-market>

PROSPECTS (Continued)

On the operations front, the Group's restructuring and streamlining efforts have commenced. The primary objectives will be to implement measures that facilitate the management of the Group's production lines and overall operations in an optimum manner, leading to enhanced cost-efficiency and greater profitability. Correspondingly, among the Group's top priorities will be to open a new production line that brings together automated and semi-automated processes. This aligns with the goal of modernising its production facilities – fitted out with advanced, modular equipment that can cater for specific customer requirements. Such facilities would also enable the Group to better address the ongoing escalation in labour and production costs, while at the same time bolster productivity, enhance efficiency and deliver quality products on a consistent basis. Just as significant, the Group would thus be equipped to meet high-volume orders for advanced electro-acoustic products. Separately, the Group will consider upgrading production equipment for high-demand products when deemed necessary. Existing factories will also undergo renovation so that the full production might of the Group can be best utilised.

In view of the unpredictability of the current business climate, the Group's principal focus will be to fortify its operations, strengthen collaborative ties with top-tier audio brand customers and deliver a steady stream of innovative solutions and products that capture the hearts of consumers. With clear strategies in place for realising such objectives – including tapping sophisticated and specialised markets, backed by firm leadership and strong financial position, the management trusts that the Group is well on track for long-term sustainable growth and development.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 31 March 2023 amounted to approximately HK\$556.1 million (2022: HK\$561.6 million). The Group's current and quick ratios were approximately 3.5 times (2022: 3.5 times) and 2.8 times (2022: 2.6 times), respectively.

The Group had cash and cash equivalents of approximately HK\$369.8 million as at 31 March 2023, representing a slight decrease of approximately 0.02% against approximately HK\$369.9 million as at 31 March 2022. Approximately 52.7%, 41.3% and 5.8% 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 2023, the Group had aggregated banking facilities of approximately HK\$160.6 million (2022: HK\$160.6 million) for loans and trade financing, with an unused balance of approximately HK\$160.6 million (2022: HK\$160.6 million).

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\$2.6 million (2022: HK\$2.1 million).

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

FINANCIAL REVIEW (Continued)

Employee Information

As at 31 March 2023, the Group employed a total of approximately 2,400 (2022: 2,400) employees. The staff costs (including the directors' emoluments) accounted for approximately HK\$293.2 million during the year (2022: HK\$287.8 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 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 2023, the Company had provided corporate guarantees of approximately HK\$155.7 million (2022: HK\$155.7 million) to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 31 March 2023 and 2022.

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 on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). 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 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Throughout the year ended 31 March 2023, the Company has complied with the CG Code save for the deviation from the Code Provisions C.2.1 and the reasons for deviation of which are explained below.

CORPORATE GOVERNANCE (Continued)

CG Code provision C.2.1

According to the Code Provision 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 six executive directors, namely, 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; and three independent non-executive directors, namely, Dr. Ng Wang Pun, Dennis, Mr. Che Wai Hang, Allen and Mr. Lee Yiu Pun.

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

Hong Kong, 29 June 2023