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 2015

FINANCIAL HIGHLIGHTS

- **Revenue: HK$1,264.1 million, down 17.1% (2014: HK$1,525.3 million)**
- **Gross profit margin: 14.4%, down 2.7 points (2014: 17.1%)**
- **Profit attributable to equity holders of the Company: HK$12.6 million, down 79.8% (2014: HK$62.3 million)**
- **Basic earnings per share: HK3.0 cents (2014: HK14.9 cents)**
- **Final dividend (per share): HK5.0 cents (2014: HK9.0 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 2015.

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 2015

	Note	2015 *HK$'000*	2014 *HK$'000*
Revenue	3	**1,264,135**	1,525,276
Cost of sales		**(1,082,479)**	(1,265,028)
Gross profit		**181,656**	260,248
Other gains - net		**15,295**	4,466
Distribution and selling expenses		**(22,753)**	(20,684)
General and administrative expenses		**(158,852)**	(166,518)
Operating profit	4	**15,346**	77,512
Finance income		**9,473**	5,197
Finance costs		**-**	(1,414)
Profit before income tax		**24,819**	81,295
Income tax expenses	5	**(4,345)**	(15,352)
Profit for the year		**20,474**	65,943
Other comprehensive income:			
Items that have been reclassified or may be subsequently reclassified to income statement:			
Currency translation differences		**3,939**	7,554
Fair value losses on available-for-sale financial assets		**(590)**	(399)
Release of investment reserve upon disposal of available-for-sale financial assets		**132**	-
Release of exchange reserve upon disposal of subsidiaries		**(9,607)**	-
Other comprehensive income for the year, net of tax		**(6,126)**	7,155
Total comprehensive income for the year		**14,348**	73,098
Profit attributable to:			
Equity holders of the Company		**12,602**	62,318
Non-controlling interests		**7,872**	3,625
		20,474	65,943
Total comprehensive income attributable to:			
Equity holders of the Company		**6,194**	68,906
Non-controlling interests		**8,154**	4,192
		14,348	73,098
Dividends	6	**37,787**	62,944
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents per share)	7	**3.0**	14.9
- Diluted (HK cents per share)	7	**3.0**	14.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**179,369**	239,129
Investment properties		**3,710**	3,120
Land use rights		**4,895**	9,864
Non-current deposits and other assets		**7,303**	5,202
Available-for-sale financial assets		**7,160**	1,067
Deferred income tax assets		**2,639**	4,189
Total non-current assets		**205,076**	262,571
Current assets			
Inventories		**156,028**	164,579
Trade receivables	8	**234,297**	222,835
Other receivables		**47,369**	22,280
Other financial assets at fair value through profit or loss		**3,700**	8,984
Available-for-sale financial assets		**-**	1,266
Current income tax recoverable		**7,690**	1,468
Cash and cash equivalents		**409,325**	468,852
Total current assets		**858,409**	890,264
Current liabilities			
Trade payables	9	**159,970**	163,028
Accruals and other payables		**93,103**	113,032
Derivative financial instruments		**4,034**	6,834
Current income tax liabilities		**16,701**	18,205
Total current liabilities		**273,808**	301,099
Net current assets		**584,601**	589,165
Total assets less current liabilities		**789,677**	851,736
Non-current liabilities			
Deferred income tax liabilities		**806**	1,967
Net assets		**788,871**	849,769
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		**41,986**	41,986
Other reserves		**206,604**	244,820
Retained earnings			
- Proposed dividends		**20,993**	37,787
- Others		**485,350**	479,037
		754,933	803,630
Non-controlling interests		**33,938**	46,139
Total equity		**788,871**	849,769

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.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative period.

2. Accounting policies

(a) Effect of adopting amendments to standards and interpretation

The following amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 April 2014:

• HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities
• HKAS 32 (Amendment)	Financial instruments: Presentation – offsetting financial assets and financial liabilities
• HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
• HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
• HK (IFRIC) - Int 21	Levies

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

2. Accounting policies (Continued)

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

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year beginning on 1 April 2014 and have not been early adopted.

• HKFRSs (Amendments)	Annual improvements to HKFRSs 2010-2012 cycle[2]
• HKFRSs (Amendments)	Annual improvements to HKFRSs 2011-2013 cycle[1]
• HKFRSs (Amendments)	Annual improvements to HKFRSs 2012-2014 cycle[3]
• HKFRS 9 (2014)	Financial instruments[5]
• HKFRS 10 and HKAS 28 (Amendment)	Sales or contribution of assets between an investor and its associate or joint venture[3]
• HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception[3]
• HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations[3]
• HKFRS 14	Regulatory deferral accounts[3]
• HKFRS 15	Revenue from contracts with customers[4]
• HKAS 1 (Amendment)	Disclosure initiative[3]
• HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation[3]
• HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants[3]
• HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions[1]
• HKAS 27 (Amendment)	Equity method in separate financial statements[3]

[1] Effective for financial years beginning on or after 1 July 2014
[2] Effective for financial years beginning, or transactions occurring, on or after 1 July 2014
[3] Effective for financial years beginning on or after 1 January 2016
[4] Effective for financial years beginning on or after 1 January 2017
[5] Effective for financial years beginning on or after 1 January 2018

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

In addition, the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622) will become effective for the Company's financial year ending 31 March 2016. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
- External revenue	**913,798**	1,158,333	**350,337**	366,943	**-**	-	**1,264,135**	1,525,276
- Inter-segment revenue	**-**	-	**91,673**	85,893	**(91,673)**	(85,893)	**-**	-
Total	**913,798**	1,158,333	**442,010**	452,836	**(91,673)**	(85,893)	**1,264,135**	1,525,276
Segment results	**(16,637)**	75,495	**21,071**	3,560	**-**	-	**4,434**	79,055
Corporate expenses							**(4,383)**	(6,009)
Other gains - net							**15,295**	4,466
Finance income							**9,473**	5,197
Finance costs							**-**	(1,414)
Profit before income tax							**24,819**	81,295
Other segment information:								
Depreciation of property, plant and equipment	**30,827**	22,375	**9,558**	11,109	**-**	-	**40,385**	33,484
Amortisation of land use rights	**172**	172	**43**	128	**-**	-	**215**	300
(Reversal of provision)/ provision for impairment of inventory obsolescence	**(5,583)**	17,223	**1,011**	3,718	**-**	-	**(4,572)**	20,941
Provision/(reversal of provision) for impairment of trade receivables	**421**	(1,184)	**685**	(1,192)	**-**	-	**1,106**	(2,376)
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**20,425**	34,976	**8,731**	23,416	**-**	-	**29,156**	58,392

For the year ended 31 March 2015, revenues of approximately HK$413,987,000 (2014: HK$381,793,000) were derived from two (2014: two) customers, amounted to approximately HK$219,309,000 and HK$194,678,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues of approximately HK$280,976,000 (2014: HK$381,793,000) and HK$133,011,000 (2014: nil) are 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 2015 is approximately HK$1,110,350,000 (2014: HK$1,308,329,000), and the total revenue from external customers from Mainland China is approximately HK$153,785,000 (2014: HK$216,947,000).

At 31 March 2015, the total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and Mainland China is approximately HK$36,168,000 (2014: HK$37,211,000) and HK$159,109,000 (2014: HK$220,104,000) respectively.

4. Operating profit

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

	2015 *HK$'000*	2014 *HK$'000*
Amortisation of land use rights	**215**	300
Depreciation of property, plant and equipment	**40,385**	33,484
Fair value (gains)/losses on derivative financial instruments	**(2,800)**	6,955
Fair value (gains)/losses on other financial assets at fair value through profit or loss	**(434)**	234
Net losses/(gains) on disposal of available-for-sale financial assets	**77**	(197)
Net gains on disposal of other financial assets at fair value through profit or loss	**(136)**	(92)
Net gains on disposal of property, plant and equipment	**(235)**	(76)
Net gains on disposal of subsidiaries	**(5,544)**	-
Net foreign exchange (gains)/losses	**(1,127)**	9,016
Net realised gains from derivative financial instruments	**(4,506)**	(20,046)
(Reversal of provision)/provision for impairment of inventory obsolescence	**(4,572)**	20,941
Provision/(reversal of provision) for impairment of trade receivables	**1,106**	(2,376)
Staff costs (including directors' emoluments)	**373,797**	388,507

5. Income tax expenses

The Company is exempted from income tax in Bermuda until March 2035.

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 China Corporate Income Tax at a rate of 25% (2014: 25%) on the estimated assessable profits.

	2015 *HK$'000*	2014 *HK$'000*
Current income tax		
- Hong Kong profits tax	**3,341**	12,915
- China corporate income tax	**2,982**	5,228
- Over-provision in prior years	**(2,390)**	(37)
	3,933	18,106
Deferred income tax	**412**	(2,754)
	4,345	15,352

6. Dividends

The Board recommended a final dividend of HK5.0 cents (2014: HK5.0 cents) per ordinary share and no special final dividend was proposed (2014: HK4.0 cents) for the year ended 31 March 2015. The proposed dividends are not reflected as a dividend payable in the consolidated financial statements, and will be reflected as appropriation of retained earnings for the year ending 31 March 2016.

7. Earnings per share

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

	2015	2014
Profit attributable to equity holders of the Company (HK$'000)	**12,602**	62,318
Weighted average number of ordinary shares in issue (in thousands)	**419,859**	418,153
Adjustment for potential dilutive effect in respect of outstanding share options (in thousands)	**6,940**	14,933
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**426,799**	433,086

8. Trade receivables

The Group grants credit periods to its customers ranging from 7 to 120 days. As at 31 March 2015 and 2014, the ageing analysis of the trade receivables by past due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**173,999**	175,919
1 to 30 days	**30,056**	33,980
31 to 60 days	**17,610**	8,975
61 to 90 days	**10,709**	3,552
Over 90 days	**5,636**	3,319
	238,010	225,745
Less: Provision for impairment of trade receivables	**(3,713)**	(2,910)
Trade receivables, net	**234,297**	222,835

9. Trade payables

As at 31 March 2015 and 2014, the ageing analysis of the trade payables by past due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**122,005**	106,939
1 to 30 days	**28,119**	43,762
31 to 60 days	**1,588**	2,295
61 to 90 days	**1,991**	1,881
Over 90 days	**6,267**	8,151
Trade payables	**159,970**	163,028

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK5.0 cents per ordinary share for the year ended 31 March 2015 to the shareholders whose names appeared on the Register of Members of the Company on 21 August 2015. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed final dividend is expected to be paid on 7 September 2015 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 Wednesday, 12 August 2015 to Friday, 14 August 2015 (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 Tuesday, 11 August 2015.

(b) In order to qualify for the proposed final dividend, the register of members of the Company will be closed from Friday, 21 August 2015 to Tuesday, 25 August 2015 (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 Thursday, 20 August 2015.

BUSINESS REVIEW

During the past financial period, the global economic recovery struggled to gain momentum. With consumer sentiment remaining weak, and consolidation of the headset and headphones industry continuing, the Group consequently operated in an unfavourable business environment

For the year ended 31 March 2015, Fujikon reported revenue of HK$1,264.1 million against HK$1,525.3 million for the corresponding period of last year. The decline was principally the result of the discontinuation of a particular product manufactured for one of its customers, as well as the aforementioned lacklustre global economic recovery which impacted on the consumer electronics industry. Due to the fall in revenue, gross profit slid to HK$181.7 million (2014: HK$260.2 million), and was further affected by a product specification adjustment to meet a customer's requirements as disclosed in an announcement dated 28 July 2014. Further, an increase in cost to retain skilled labour also contributed to the decline in gross profit. Correspondingly, profit attributable to equity holders fell to HK$12.6 million (2014: HK$62.3 million). Basic earnings per share were HK3.0 cents (2014: HK14.9 cents)

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

The headsets and headphones business continued to constitute the core business of the Group. As at the close of the review year, the operation contributed revenue of HK$913.8 million (2014: HK$1,158.3 million) or accounted for 72.3% of the total revenue of the Group.

BUSINESS SEGMENT ANALYSIS (Continued)

Headsets and Headphones (Continued)

During the past year, the Group encountered stiff challenges, including the stoppage of orders for one of its products from a leading electro-acoustic brand. Further, the Group experienced several postponements in product launches as certain customers sought to renew their portfolios amid ongoing market consolidation. Such conditions also led a number of customers to engage in cut-throat competition in order to sustain sales and capture market share. As weaker players subsequently exited the market, many of the established brands sought to bolster their positions and differentiate themselves by introducing appealing products that are in step with current trends. With a successful track record of developing appealing products by leveraging its product development prowess and capacity to innovate, the Group remained the preferred partner of leading electro-acoustic brands. Also, indicative of its competence, the Group increased its patent portfolio and commercialised several products towards the close of the calendar year.

Accessories and Components

The accessories and components business is important to the Group as it not only represents a key element of Fujikon's vertical integration structure but also enables clients to benefit from an additional and complementary service. For the year ended 31 March 2015, the segment recorded revenue of HK$350.3 million (2014: HK$366.9 million). Despite the modest decline in revenue resulting from intense competition, the business benefitted from the patronage of a client that introduced a new product series which required higher-margin accessories from the Group. Moreover, strategies implemented by the management to streamline operations were effective at raising profitability, among which included the disposal of subsidiaries as announced on 30 July 2014. Consequently, profit rose by over 5.9 folds to HK$21.1 million. The management will continue to closely monitor this business, and make the necessary adjustments in product mix and operations as and when deemed necessary.

PROSPECTS

The new financial year will continue to be a highly challenging period for members of the electro-acoustic industry as volatility associated with market consolidation is expected to persist. Such conditions will motivate leading brands to update their product lines as they jostle for top position in a market that has seen the departure of weaker competitors. Fujikon will thus serve as an important ally, given its expertise in new product and technology development and strategic focus on cooperating with brands with strong potential.

Having served as the preferred and trusted partner of leading electro-acoustic brands, the management is well aware of the need to constantly monitor developing trends and enhance core competencies so as to translate such trends into appealing and profitable products. Already, the emergence of wearable smart devices represents one avenue that the Group will explore. Given Fujikon's expertise in various technologies, including Bluetooth, Active Noise Cancellation and Near Field Communication, in the coming few years, the Group has a competitive edge for tapping the wearable segment to the benefit of customers and itself.

Efforts to enhance its engineering expertise and capture new opportunities are crucial for the development of more patents, which, while allowing the Group to enhance its own products and strengthen its position in the industry, also provides leverage for bolstering ties with key customers. The offering of patented technologies to select customers further promotes trust and expedites the development of products that enhance the reputation and profitability of the relevant parties. All of the aforementioned activities will duly be endorsed and pursued by the management in the coming years.

Even though conditions of the electro-acoustic industry will remain highly difficult, made worse by cost pressure, Fujikon is determined to move forward by raising its competitiveness and reinforcing ties with existing first-tier customers. The management remains confident in the Group's ability to gradually regain growth momentum once the business environment turns for the better

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 31 March 2015 amounted to approximately HK$584.6 million (2014: HK$589.2 million). The Group's current and quick ratios were approximately 3.1 times (2014: 3.0 times) and 2.6 times (2014: 2.4 times), respectively.

The Group had cash and cash equivalents of approximately HK$409.3 million as at 31 March 2015, representing a decrease of approximately 12.7% against approximately HK$468.9 million as at 31 March 2014. Approximately 50.1%, 43.1% and 6.0% 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 2015, the Group had aggregated banking facilities of approximately HK$160.6 million (2014: HK$273.8 million) from several banks for loans and trade financing, with an unused balance of approximately HK$160.6 million (2014: HK$273.8 million).

Reference is made to the announcements of the Company dated 30 July 2014, 12 January 2015, 13 April 2015 and 27 May 2015 regarding a discloseable transaction. As at 31 March 2015, an indebtedness of RMB25.0 million (equivalent to approximately HK$31.7 million) owing to the Group by Zhejiang Fousine Science & Technology Company Limited ("Zhejiang Fousine"), a former subsidiary of the Group which was disposed of in October 2014. Pursuant to the third supplemental agreement dated 27 May 2015, a partial payment of RMB2.0 million has been repaid by Zhejiang Fousine to the Group on 28 May 2015. The remaining balance of RMB23.0 million shall be repaid in full by 6 July 2015. The Group's right to seize the land and buildings of Zhejiang Fousine which were pledged in favour of a member of the Group shall remain in force.

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 exchange forward contracts to manage such exposure. The net fair value of foreign exchange forward contracts entered into by the Group for managing the risk relating to monetary assets and liabilities in foreign currencies at 31 March 2015 was a liability of HK$4.0 million (2014: HK$6.8 million). Fair value gains on derivative financial instruments accounted for approximately HK$2.8 million (2014: losses HK$7.0 million) for the year and such fair value gains does not have impact to the Group's real cash flow.

Furthermore, net realised gains from derivative financial instruments of approximately HK$4.5 million (2014: HK$20.0 million) represent actual settlements under derivative contracts during the year. The Group also had net foreign exchange gains of approximately HK$1.1 million (2014: losses HK$9.0 million). If these net realised gains from derivative financial instrument and net exchange gains/losses were taken into account, the Group's foreign exchange exposure was in net gains of approximately HK$5.6 million for the year, representing a decrease of approximately 48.9% against approximately HK$11.0 million for last year.

Employee Information

As at 31 March 2015, the Group employed a total of approximately 4,800 (2014: 5,500) employees. The staff costs (including the directors' emoluments) accounted for approximately HK$373.8 million (2014: HK$388.5 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 REVIEW (Continued)

Financial Guarantee

As at 31 March 2015, the Company had provided corporate guarantees of approximately HK$155.7 million (2014: HK$155.7 million) to several banks to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 31 March 2015 and 2014.

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 (the "Stock Exchange"). Throughout the year ended 31 March 2015, the Company has complied with the CG Code save the deviation from the Code Provisions A.2.1 and the reasons for deviation of which are explained below.

CG Code provision A.2.1

According to the Code Provision A.2.1 of CG Code, the roles of chairman and chief executive 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.

CHANGE IN DIRECTOR AND COMPOSITION OF BOARD COMMITTEES

Dr. Chang Chu Cheng ("Dr. Chang") has resigned as an independent non-executive Director with effect from 1 April 2014 due to his other business commitment. Upon resignation of Dr. Chang as an independent non-executive Director, Dr. Chang ceased to be a member of each of the remuneration committee of the Company ("Remuneration Committee"), the nomination committee of the Company ("Nomination Committee") and the audit committee of the Company ("Audit Committee"). Dr. Chung Chi Ping, Roy has been appointed an independent non-executive Director, a member of each of the Remuneration Committee, the Nomination Committee and the Audit Committee effective on the same day to fill the causal vacancy of Dr. Chang.

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. Chung Chi Ping, Roy, 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, 25 June 2015