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Fujikon Industrial Holdings Limited

富士高實業控股有限公司*

(incorporated in Bermuda with limited liability)

(stock code: 927)

INSIDE INFORMATION

This announcement is made by Fujikon Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.51B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

On 3 April 2018, the Company was notified by the Securities and Futures Commission (the “**SFC**”) that it appears to the SFC a breach of a disclosure requirement within the meaning of sections 307A, 307B and 307G of Part XIVA of the SFO has or may have taken place in relation to the securities of the Company, and the Market Misconduct Tribunal (the “**MMT**”) is required to conduct proceedings (the “**Proceedings**”) and determine (i) whether a breach of a disclosure requirement has taken place; and (ii) the identity of any person who is in breach of a disclosure requirement. The persons and/or corporate bodies appearing to the SFC to have breached or may have breached a disclosure requirement are (i) the Company; (ii) Mr. Yeung Chi Hung (“**Mr. Johnny Yeung**”), the Chairman and the Chief Executive Officer of the Company; and (iii) Ms. Chow Lai Fung (“**Ms. Dorothy Chow**”), an executive director, the Chief Financial Officer and the company secretary of the Company.

Pursuant to the notice served by the SFC to the Company on 3 April 2018 (the “**Notice**”), among others, the SFC has the following findings:

- (i) on 12 April 2014, one of the Company’s top customers notified a subsidiary of the Company that a type of headphone (the “**Headphone**”) which such subsidiary manufactured for such customer would be discontinued (the “**Discontinuance**”), and approximately 10% and 14% of the Group’s revenue in 2013 and 2014 was attributable to revenue derived from the manufacture of the Headphone;

* *For identification purposes only*

- (ii) the Discontinuance was “inside information” within the meaning of section 307B of the SFO, and such inside information came to the knowledge of Mr. Johnny Yeung and Ms. Dorothy Chow on or about 12 April 2014 and 16 April 2014 respectively;
- (iii) the Discontinuance was disclosed to the public on 6 June 2014 (the “**Announcement**”) and there was substantial delay on the part of the Company and its officers in disclosing the inside information to the public;
- (iv) as officers of the Company, Mr. Johnny Yeung and Ms. Dorothy Chow are themselves in breach of the disclosure requirement if the breach of the disclosure requirement by the Company was the result of their reckless or negligent conduct, or their failure to take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach;
- (v) both Mr. Johnny Yeung and Ms. Dorothy Chow were aware of the Discontinuance long before (more than 7 weeks before) the publication of the Announcement. However, they failed to take steps to cause the board of the Company to disclose the information about the Discontinuance to the public as soon as reasonably practicable. Such failure amounted to reckless or negligent conduct on the part of Mr. Johnny Yeung and Ms. Dorothy Chow. Their recklessness or negligence results in, or may have resulted in, the Company’s breach of the disclosure requirement. Both Mr. Johnny Yeung and Ms. Dorothy Chow were, or may have been, in breach of the disclosure requirement pursuant to section 307G(2)(a) of the SFO; and
- (vi) further or alternatively, neither Mr. Johnny Yeung nor Ms. Dorothy Chow took all reasonable measures to ensure that proper safeguards exist to prevent the breach of the disclosure requirement by the Company. Both Mr. Johnny Yeung and Ms. Dorothy Chow were, or may have been, also in breach of the disclosure requirement pursuant to section 307G(2)(b) of the SFO.

For further details of the alleged market misconduct and the Notice, please refer to the notice released on the website of the MMT under the link below:

http://www.mmt.gov.hk/eng/rulings/Fujikon_28032018_e.pdf

The Company, Mr. Johnny Yeung and Ms. Dorothy Chow are seeking legal advice in respect of the Notice and further announcement will be made by the Company as and when appropriate.

It is not expected that the Proceedings will have any material impact of the business operations of the Group.

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

Hong Kong, 10 April 2018

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.