

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Fujikon Industrial Holdings Limited

富士高實業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 927)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue: HK\$531.3 million, up 28.9% (2021: HK\$412.2 million)
- Gross profit margin: 17.2%, up 4.6 points (2021: 12.6%)
- Loss attributable to equity holders of the Company: HK\$4.2 million, down 82.0% (2021: HK\$23.5 million)
- Basic loss per share: HK0.99 cents (2021: HK5.51 cents)
- Dividends (per share): HK2.0 cents (2021: HK1.0 cent)

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Fujikon Industrial Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("Fujikon" or the "Group") for the six months ended 30 September 2022.

The interim results have been reviewed by the Company's Audit Committee and independent auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

** for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 September	
	Note	2022 HK\$'000	2021 HK\$'000
Revenue	3	531,317	412,239
Cost of sales		(439,810)	(360,280)
Gross profit		91,507	51,959
Other gains - net		2,022	682
Distribution and selling expenses		(6,084)	(4,740)
General and administrative expenses		(77,514)	(66,036)
Reversal of provision for impairment of trade receivables		-	113
Operating profit/(loss)	4	9,931	(18,022)
Finance income - net		1,133	2,704
Profit/(loss) before income tax		11,064	(15,318)
Income tax expenses	5	(4,642)	(5,936)
Profit/(loss) for the period		6,422	(21,254)
Profit/(loss) attributable to:			
Equity holders of the Company		(4,224)	(23,471)
Non-controlling interests		10,646	2,217
		6,422	(21,254)
Loss per share for loss attributable to the equity holders of the Company during the period:			
- Basic (HK cents per share)	7	(0.99)	(5.51)
- Diluted (HK cents per share)	7	(0.99)	(5.51)
Profit/(loss) for the period		6,422	(21,254)
Other comprehensive income:			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>			
- Currency translation differences		(26,206)	5,728
- Fair value losses on financial assets at fair value through other comprehensive income		(238)	(18)
Other comprehensive income for the period, net of tax		(26,444)	5,710
Total comprehensive income for the period		(20,022)	(15,544)
Total comprehensive income attributable to:			
Equity holders of the Company		(28,143)	(18,146)
Non-controlling interests		8,121	2,602
		(20,022)	(15,544)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Non-current assets	Note		
Property, plant and equipment		81,520	88,561
Investment property		1,600	1,600
Right-of-use assets		28,255	21,543
Intangible assets		194	246
Non-current deposits and other assets		2,576	3,909
Financial assets at fair value through other comprehensive income		3,734	3,973
Deferred income tax assets		6,264	6,188
Total non-current assets		<u>124,143</u>	<u>126,020</u>
Current assets			
Inventories		234,829	207,259
Trade receivables	8	186,451	193,361
Other receivables		13,792	13,909
Financial assets at fair value through profit or loss		814	1,031
Current income tax recoverable		800	747
Cash and cash equivalents		354,522	369,862
Total current assets		<u>791,208</u>	<u>786,169</u>
Current liabilities			
Trade payables	9	156,796	121,429
Contract liabilities, accruals and other payables		82,132	85,228
Lease liabilities		8,987	5,775
Current income tax liabilities		8,090	12,109
Total current liabilities		<u>256,005</u>	<u>224,541</u>
Net current assets		<u>535,203</u>	<u>561,628</u>
Total assets less current liabilities		<u>659,346</u>	<u>687,648</u>
Non-current liabilities			
Lease liabilities		7,236	2,783
Deferred income tax liabilities		1,212	1,170
Total non-current liabilities		<u>8,448</u>	<u>3,953</u>
Net assets		<u>650,898</u>	<u>683,695</u>
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		42,584	42,584
Reserves		530,528	571,446
		<u>573,112</u>	<u>614,030</u>
Non-controlling interests		<u>77,786</u>	<u>69,665</u>
Total equity		<u>650,898</u>	<u>683,695</u>

NOTES

1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2. Accounting policies

The accounting policies adopted are consistent with those of the Group’s annual financial statements for the year ended 31 March 2022, except as mentioned below.

(a) Amended standards and annual improvements adopted by the Group

The following amended standards and annual improvements are mandatory for the financial year beginning on or after 1 April 2022:

• HKFRS 3 (Amendments)	Reference to the conceptual framework
• HKFRS 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 and annual improvements did not have a significant impact on the Group’s accounting policies and did not require any adjustments.

(b) New and amended standards and interpretations to standards (the “Amendments”) which have been issued but are not effective and not early adopted

The following Amendments have been issued, but are not effective for the Group’s financial year beginning on 1 April 2022 and have not been early adopted:

• HKFRS 4 (Amendments)	Extension of the temporary exemption from applying HKFRS 9 ¹
• HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ²
• HKFRS 17 and HKFRS 17 (Amendments)	Insurance contracts ¹
• HKAS 1 (Amendments)	Classification of liabilities as current or non-current ¹
• 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
• 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 April 2023

² 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 position.

3. Segment information

The chief operating decision-maker (the "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 condensed consolidated statement of comprehensive income.

Unaudited Six months ended 30 September								
	Headsets and headphones		Accessories and components		Elimination		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment revenue								
- External revenue	354,851	297,316	176,466	114,923	-	-	531,317	412,239
- Inter-segment revenue	-	-	13,519	13,522	(13,519)	(13,522)	-	-
Total	<u>354,851</u>	<u>297,316</u>	<u>189,985</u>	<u>128,445</u>	<u>(13,519)</u>	<u>(13,522)</u>	<u>531,317</u>	<u>412,239</u>
Segment results	<u>(3,645)</u>	<u>(20,541)</u>	<u>14,988</u>	<u>4,437</u>	<u>-</u>	<u>-</u>	<u>11,343</u>	<u>(16,104)</u>
Corporate expenses							(3,434)	(2,600)
Other gains - net							2,022	682
Finance income - net							1,133	2,704
Profit/(loss) before income tax							<u>11,064</u>	<u>(15,318)</u>
Other segment information:								
Depreciation of property, plant and equipment	5,411	10,445	3,615	4,094	-	-	<u>9,026</u>	<u>14,539</u>
Depreciation of right-of-use assets	785	789	3,209	3,426	-	-	<u>3,994</u>	<u>4,215</u>
Amortisation of intangible assets	52	18	-	-	-	-	<u>52</u>	<u>18</u>
Reversal of provision for inventory obsolescence	(752)	(2,080)	(25)	(1,288)	-	-	<u>(777)</u>	<u>(3,368)</u>
Reversal of provision for impairment of trade receivables	-	(94)	-	(19)	-	-	<u>-</u>	<u>(113)</u>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	9,811	9,168	15,225	1,623	-	-	<u>25,036</u>	<u>10,791</u>

3. Segment information (Continued)

For the six months ended 30 September 2022, revenues of approximately HK\$437,132,000 (2021: HK\$340,466,000) were derived from four (2021: five) customers, amounting to approximately HK\$221,139,000, HK\$91,913,000, HK\$69,239,000 and HK\$54,841,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues of approximately HK\$284,208,000 (2021: HK\$274,659,000) and HK\$152,924,000 (2021: HK\$65,807,000) 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 six months ended 30 September 2022 is approximately HK\$511,027,000 (2021: HK\$395,407,000), and the total revenue from external customers from China is approximately HK\$20,290,000 (2021: HK\$16,832,000).

At 30 September 2022, total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and China is approximately HK\$22,826,000 (31 March 2022: HK\$23,166,000) and HK\$91,319,000 (31 March 2022: HK\$92,693,000) respectively.

4. Operating profit/(loss)

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	9,026	14,539
Depreciation of right-of-use assets	3,994	4,215
Amortisation of intangible assets	52	18
Fair value losses on financial assets at fair value through profit or loss	217	260
Net gains on disposal of property, plant and equipment	(462)	(29)
Net foreign exchange gains	(1,771)	(913)
Reversal of provision for inventory obsolescence	(777)	(3,368)
Staff costs (including directors' emoluments) (Note)	160,091	142,733

Note: Government subsidies were granted under the Employment Support Scheme as the second round of the Anti-epidemic Fund in Hong Kong and Notice by the Ministry of Human Resources and Social Security, the Ministry of Finance and the State Taxation Administration of Effectively Conducting the Work of Stabilizing Employment, Improving Skills and Preventing Unemployment through Unemployment Insurance in China. For the six months ended 30 September 2022, approximately HK\$2,575,000 government subsidies have been recognised by the Group to net off with "Staff costs" in the condensed consolidated statement of comprehensive income (2021: Nil).

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% (2021: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong for the period. The Group's subsidiaries in China are subject to China Corporate Income Tax at a rate of 25% (2021: 25%) on the estimated assessable profits.

	Unaudited	
	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
- Current tax on profits for the period	5,239	4,746
- Over-provision in prior years	(154)	(258)
- Withholding tax on dividends	5	3,249
	5,090	7,737
Deferred income tax	(448)	(1,801)
	4,642	5,936

6. Dividends

The Board has resolved to declare an interim dividend of HK2.0 cents (2021: HK1.0 cent) per ordinary share for the six months ended 30 September 2022. This dividend is not reflected as a dividend payable in the condensed consolidated interim financial information, and will be reflected as appropriation of retained earnings for the year ending 31 March 2023.

7. Loss per share

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

	Unaudited	
	Six months ended 30 September	
	2022	2021
Loss attributable to equity holders of the Company (HK\$'000)	(4,224)	(23,471)
Weighted average number of ordinary shares in issue (in thousands)	425,839	425,839
Basic loss per share (HK cents)	(0.99)	(5.51)

For the six months ended 30 September 2022, there are no dilutive potential ordinary shares.

For the six months ended 30 September 2021, 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.

8. Trade receivables

The Group grants credit periods to its customers ranging from 30 to 120 days. As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade receivables by past due date is as follows:

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Current	150,607	128,900
1 to 30 days	25,583	53,754
31 to 60 days	8,332	8,985
61 to 90 days	1,356	1,711
Over 90 days	2,662	2,100
	<hr/>	<hr/>
Less: Loss allowance for trade receivables	188,540 (2,089)	195,450 (2,089)
	<hr/>	<hr/>
Trade receivables - net	186,451	193,361
	<hr/> <hr/>	<hr/> <hr/>

9. Trade payables

As at 30 September 2022 and 31 March 2022, the ageing analysis of the trade payables by past due date is as follows:

	Unaudited As at 30 September 2022 HK\$'000	Audited As at 31 March 2022 HK\$'000
Current	99,108	104,849
1 to 30 days	57,163	15,651
31 to 60 days	276	36
61 to 90 days	13	600
Over 90 days	236	293
	<hr/>	<hr/>
Trade payables	156,796	121,429
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.0 cents (2021: HK1.0 cent) per ordinary share for the six months ended 30 September 2022. The interim dividend is expected to be paid on or around 29 December 2022 to shareholders whose names appeared on the Company's register of members on 9 December 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the six months ended 30 September 2022, the register of members will be closed from Friday, 9 December 2022 to Tuesday, 13 December 2022 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer of share accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 pm on Thursday, 8 December 2022 for registration.

BUSINESS REVIEW

In the first half of 2022, the COVID-19 pandemic (the "Pandemic") and various geopolitical conflicts remained unresolved. Consequently, the global economy and general business climate continued to be lacklustre, which inevitably affected the electro-acoustic industry. However, by leveraging its quality products, which effectively addressed the demands of top-tier audio brands and discerning consumers, the Group along with its customers were able to outperform the industry and bolster their business despite the adverse climate. For the six months ended 30 September 2022 (the "Interim Period"), the Group's total revenue rose by 28.9% year-on-year to HK\$531.3 million (2021: HK\$412.2 million). With greater economies of scale and effective staff cost control implemented by the Group – though partially offset by an increase in the cost of materials due to a change in product mix, gross profit surged 76.1% to HK\$91.5 million (2021: HK\$52.0 million). Despite a one-off expense from ceasing the operation of an underperforming business in accessories segment, as well as costs from streamlining the general workforce to enhance efficiency, the Group still managed to narrow the loss attributable to the equity holders of the Company by 82.0% to HK\$4.2 million (2021: HK\$23.5 million). Basic loss per share were HK0.99 cents (2021: HK5.51 cents).

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

Notwithstanding the challenges brought by the Pandemic, which continued to linger during the Interim Period, the Group persisted in boosting its product development capabilities and reinforced ties with top-tier audio brands. Driven by the launch of new products that were well received by the market, the Group's headsets and headphones segment was able to buck the trend and achieve sales growth. Revenue of headsets and headphones business consequently rose 19.4% to HK\$354.9 million (2021: HK\$297.3 million), accounting for 66.8% of the Group's total revenue.

Through continuous effort towards product development, with particular focus on advanced technologies including True Wireless, ANC and Hybrid ANC, the Group launched new solutions for branded customers. These high-quality electro-acoustic products targeted sophisticated consumers, and their sustained demand helped to drive sales. Moreover, to capture opportunities brought by the "New Normal", the Group further expanded the Call Centre & Office ("CC&O") product portfolio during the Interim Period, which also supported the revenue growth.

Despite several challenges that continued to affect the headsets and headphones operation, and thus its profitability during the Interim Period, including the postponement of shipment deliveries and a one-off arrangement to change the delivery destination requested by customers, and production that had yet to reach optimum levels, the segment loss still narrowed significantly to HK\$3.6 million (2021: HK\$ 20.5 million) for the six months ended 30 September 2022.

Accessories and Components

The accessories and components segment remained resilient despite the downward trend experienced by the electro-acoustic market. Owing to the Group's strong ties with top-tier brand clients and the delivery of high-quality products that appealed to customers, revenue from the accessories and components segment rose 53.6% to HK\$176.5 million (2021: HK\$114.9 million), which accounted for 33.2% of the Group's total revenue. During the Interim Period, the Group sought to consolidate resources and optimise its business performance. Consequently, it decided to close an underperforming business. As a result, the segment incurred one-off expenses, mainly in connection with redundancy cost. Nevertheless, bolstered by the strong performance of the packaging business, segment profit surged by over 230% to HK\$15.0 million (2021: HK\$4.4 million).

PROSPECTS

While most of the world has reopened and learned to live with the Pandemic, geopolitical conflict and heightened volatility in the financial markets may create an unpredictable and even volatile business environment. According to Organization for Economic Cooperation and Development, global economic growth is projected to remain subdued in the second half of 2022, before slowing further in 2023 to an annual growth of just 2.2%¹. The Group will stay vigilant and closely monitor market developments, and manage operations in a manner that aligns with the dynamic conditions.

In view of uncertainty in the market, Fujikon remains steadfast in efforts to sharpen its core competitiveness, particularly by enhancing its product development expertise, as well as by proactively pursuing and engaging in co-development projects involving premium headphones to enhance market differentiation. Case in point, the Group in September launched a sophisticated headset that features head-tracking and low-latency wireless communication technology for gaming applications. The product has brought opportunities for diversification to the Group, and has opened the door for welcoming more gaming brands. Meanwhile, in response to steady demand for the Group's CC&O products, it will launch more new products in the second half of 2022, and anticipates sustained sales momentum in the upcoming months

To enhance production capabilities and competitiveness, the Group plans on establishing a new production line that combines fully and semi-automated processes, which it deems as top priority. The production line is consistent with the Group's determination to automate and modernise its production facilities with state-of-the-art, modular equipment that can be customised for specific needs. The automated facilities will not only reduce labour and production costs, but also enhance productivity and ensure consistently high quality products. Moreover, the Group will be able to fulfil high-volume orders for sophisticated electro-acoustic products.

Overall, the Group's main priorities in the immediate future will include the ongoing optimisation of its workforce and workflow, the latter to be achieved through the integration of production lines. Such efforts will enable the Group to further rein in escalating labour cost, as well as counter inflationary headwinds. Separately, the Group will continue the practice of requesting clients to provide longer order forecasts so that it has adequate time to procure components and ensure deliveries. Conversely, the Group will promptly place orders with suppliers and subcontractors as best possible to facilitate accurate production scheduling.

Though the management has witnessed encouraging developments by the Group during the latest Interim Period, it is fully mindful of the many potential challenges that lay ahead. It will therefore continue to manage Fujikon with utmost prudence, pragmatism and professionalism. Increasing the Group's competitiveness will remain its top priority amid these unprecedented times.

¹ <https://www.oecd.org/economic-outlook/september-2022/>

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 30 September 2022 amounted to approximately HK\$535.2 million (31 March 2022: HK\$561.6 million). The Group's current and quick ratios were approximately 3.1 times (31 March 2022: 3.5 times) and 2.2 times (31 March 2022: 2.6 times), respectively.

The Group had cash and cash equivalents of approximately HK\$354.5 million as at 30 September 2022, representing a decrease of approximately 4.1% against approximately HK\$369.9 million as at 31 March 2022. Approximately 62.5%, 34.1% and 2.2% 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 30 September 2022, the Group had aggregated banking facilities of approximately HK\$160.6 million (31 March 2022: HK\$160.6 million) for loans and trade financing, which were fully available for use.

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 Interim Period, the Group had recorded a net foreign exchange gain of approximately HK\$1.8 million (2021: HK\$0.9 million) mainly due to the depreciation of Renminbi.

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 30 September 2022, the Group employed a total of approximately 2,500 (2021: 2,500) employees. The staff costs (including the directors' emoluments) accounted for approximately HK\$160.1 million during the Interim Period (2021: HK\$142.7 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 provided training programs to its management and employees to ensure they are properly trained.

Financial Guarantee

As at 30 September 2022, the Company had provided corporate guarantees of approximately HK\$155.7 million (31 March 2022: HK\$155.7 million) to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 30 September 2022 and 31 March 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 six months ended 30 September 2022.

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 six months ended 30 September 2022.

CORPORATE GOVERNANCE

During the six months ended 30 September 2022, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, save the deviation from the code provision C.2.1 of the CG Code and the reasons for the deviation of which are explained below:

CG Code provision A.2.1

According to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the six months ended 30 September 2022, Mr. Yeung Chi Hung, Johnny acted as the chairman and 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 considers 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, 24 November 2022