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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

Reference is made to the announcement (the “**Announcement**”) made by Fujikon Industrial Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 22 September 2023 in relation to the Letter concerning the Quality Issue with the Headphones. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

Subsequent to the receipt of the Letter from the Customer and the tripartite meeting held amongst the Customer, the Supplier and the Group on 21 September 2023 as disclosed in the Announcement, the Group has been actively liaising with the Customer and the Supplier to resolve the Quality Issue amicably.

The Board wishes to inform the shareholders of the Company and potential investors that, on 20 December 2023, the Group received an updated claim letter (the “**Updated Claim Letter**”) from the Customer concerning the Quality Issue with the Headphones. The Customer updated the total amount of claim (the “**Updated Claim Amount**”) to approximately US\$14.4 million (equivalent to approximately HK\$112.3 million), comprising, among others, (i) their alleged handling costs for customer returns of approximately US\$1.9 million (equivalent to approximately HK\$14.8 million); (ii) their alleged material costs for customer returns of approximately US\$5.2 million (equivalent to approximately HK\$40.6 million); and (iii) their alleged lost profits of approximately US\$7.3 million (equivalent to approximately HK\$56.9 million). The Customer represented in the Updated Claim Letter that the Updated Claim Amount may be adjusted as certain claims have not been quantified yet. In the event that no amicable solution be reached, the Customer suggested that it will initiate formal arbitration proceedings against the Group under the Updated Claim Letter.

* For identification purposes only

The Group (i) has issued a further claim letter to the Supplier regarding the Quality Issue allegedly caused by the defects in the Batteries with reference to the Updated Claim Letter; (ii) has been in the course of seeking legal advice from German lawyer on the claims made by the Customer; and (iii) has continued to actively liaise with the Customer and the Supplier in order to resolve the Quality Issue amicably to avoid commencement of any arbitration proceedings.

Subsequent to the date of the Announcement and as at the date of this announcement, the Group continued receiving purchase orders from the Customer with respect to the Customer's other products. In addition, the Customer also continued placing purchase orders with the Group with respect to a new model of its headphones, and did not withdraw its engagement of the Group even in light of the Quality Issue.

Based on the information currently available to the Group, having considered that (i) both the Claim Amount and the Updated Claim Amount are yet to be verified and confirmed; and (ii) the Group had not reached formal conclusive agreement with the Customer and the Supplier regarding the settlement of the Quality Issue as at the date of this announcement, the exact impact of the Quality Issue on the Group's financial condition and results of operations are yet to be assessed by the Company. The Company will continue actively liaise with the Customer and the Supplier, and make further announcement(s) to keep its shareholders and the investors informed of any significant development of the incident as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 22 December 2023

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.

In this announcement, for the purpose of illustration only, amounts quoted in US\$ has been converted into HK\$ at a rate of US\$1.00 to HK\$7.80. Such exchange has been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.