

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 2020

#### FINANCIAL HIGHLIGHTS

- Revenue: HK\$503.3 million, down 37.6% (2019: HK\$806.3 million)
- Gross profit margin: 18.0%, down 1.4 points (2019: 19.4%)
- Profit attributable to equity holders of the Company: HK\$4.6 million, down 86.5% (2019: HK\$33.9 million)
- Basic earnings per share: HK1.08 cents (2019: HK7.96 cents)
- Dividends (per share): HK2.0 cents (2019: HK2.0 cents)

#### 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 2020.

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	2020 HK\$'000	2019 HK\$'000
Revenue	3	503,336	806,328
Cost of sales		(412,708)	(649,692)
<b>Gross profit</b>		<b>90,628</b>	<b>156,636</b>
Other (losses)/gains - net		(3,966)	7,256
Distribution and selling expenses		(3,611)	(5,971)
General and administrative expenses		(71,132)	(88,524)
Reversal of provision/(provision) for impairment of trade receivables		965	(2,005)
<b>Operating profit</b>	4	<b>12,884</b>	<b>67,392</b>
Finance income - net		1,506	2,082
<b>Profit before income tax</b>		<b>14,390</b>	<b>69,474</b>
Income tax expenses	5	(2,471)	(14,113)
<b>Profit for the period</b>		<b>11,919</b>	<b>55,361</b>
<b>Other comprehensive income:</b>			
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>			
- Currency translation differences		13,106	(23,840)
- Fair value gains on financial assets at fair value through other comprehensive income		129	146
- Release of exchange reserve upon deregistration of a subsidiary		(4,207)	-
<b>Other comprehensive income for the period, net of tax</b>		<b>9,028</b>	<b>(23,694)</b>
<b>Total comprehensive income for the period</b>		<b>20,947</b>	<b>31,667</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		4,587	33,884
Non-controlling interests		7,332	21,477
		<b>11,919</b>	<b>55,361</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		12,822	12,333
Non-controlling interests		8,125	19,334
		<b>20,947</b>	<b>31,667</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the period:</b>			
- Basic (HK cents per share)	7	1.08	7.96
- Diluted (HK cents per share)	7	1.08	7.94

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2020 <i>HK\$'000</i>	Audited As at 31 March 2020 <i>HK\$'000</i>
<b>Non-current assets</b>	Note		
Property, plant and equipment		104,746	113,119
Investment property		1,500	1,500
Right-of-use assets		19,442	24,419
Non-current deposits and other assets		2,148	2,417
Financial assets at fair value through other comprehensive income		4,192	4,063
Deferred income tax assets		11,484	8,543
<b>Total non-current assets</b>		143,512	154,061
<b>Current assets</b>			
Inventories		135,774	172,582
Trade receivables	8	266,727	168,276
Other receivables		28,068	30,021
Financial assets at fair value through profit or loss		1,410	1,448
Current income tax recoverable		471	316
Cash and cash equivalents		448,373	421,768
<b>Total current assets</b>		880,823	794,411
<b>Current liabilities</b>			
Trade payables	9	168,075	108,809
Contract liabilities, accruals and other payables		117,595	106,429
Lease liabilities		3,842	6,880
Current income tax liabilities		6,939	4,714
<b>Total current liabilities</b>		296,451	226,832
<b>Net current assets</b>		584,372	567,579
<b>Total assets less current liabilities</b>		727,884	721,640
<b>Non-current liabilities</b>			
Lease liabilities		2,107	3,940
Deferred income tax liabilities		1,730	1,825
<b>Total non-current liabilities</b>		3,837	5,765
<b>Net assets</b>		724,047	715,875
<b>Equity</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		42,584	42,584
Other reserves		155,900	151,280
Retained earnings			
- Dividends		8,517	12,775
- Others		443,298	443,613
		650,299	650,252
<b>Non-controlling interests</b>		73,748	65,623
<b>Total equity</b>		724,047	715,875

## NOTES

### 1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2020 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 2020, 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 2020, except as mentioned below.

(a) New and amended standards (collectively the “Amendments”) adopted by the Group

The following Amendments are mandatory for the financial year beginning on or after 1 April 2020:

- |   |  |
|---|--|
| • HKFRS 3 (Amendments)                              | Definition of a business                             |
| • HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)         | Interest rate benchmark reform                       |
| • HKAS 1 and HKAS 8 (Amendments)                    | Definition of material                               |
| • Conceptual framework for financial reporting 2018 | Revised conceptual framework for financial reporting |

The adoption of these Amendments did not have a significant impact on the Group’s accounting policies and did not require any adjustments.

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

The following new and amended standards have been issued, but are not effective for the Group’s financial year beginning on 1 April 2020 and have not been early adopted:

- |                                     |  |
|-------------------------------------|--|
| • HKFRSs (Amendments)               | Annual improvements to HKFRSs 2018-2020 cycle <sup>1</sup>   |
| • HKFRS 3 (Amendments)              | Reference to the conceptual framework <sup>2</sup>   |
| • HKFRS 10 and HKAS 28 (Amendments) | Sale or contribution of assets between an investor and its associate or joint venture <sup>4</sup> |
| • HKFRS 16 (Amendments)             | Covid-19 – Related rent concessions <sup>1</sup>   |
| • HKFRS 17                          | Insurance contracts <sup>3</sup>   |
| • HKAS 1 (Amendments)               | Classification of liabilities as current or non-current <sup>3</sup>                               |
| • HKAS 16 (Amendments)              | Proceeds before intended use <sup>2</sup>  |
| • HKAS 37 (Amendments)              | Onerous contracts – costs of fulfilling a contract <sup>2</sup>                                    |

<sup>1</sup> Effective for financial years beginning on or after 1 June 2020

<sup>2</sup> Effective for financial years beginning on or after 1 January 2022

<sup>3</sup> Effective for financial years beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined

The Group is in the process of making an assessment of the impact of these new and amendments to standards upon initial application but is not yet in a position to state whether these new and amendments to standards 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.

	Six months ended 30 September (Unaudited)							
	Headsets and headphones		Accessories and components		Elimination		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment revenue								
- External revenue	369,438	577,723	133,898	228,605	-	-	503,336	806,328
- Inter-segment revenue	-	-	13,136	25,561	(13,136)	(25,561)	-	-
Total	<u>369,438</u>	<u>577,723</u>	<u>147,034</u>	<u>254,166</u>	<u>(13,136)</u>	<u>(25,561)</u>	<u>503,336</u>	<u>806,328</u>
Segment results	<u>1,848</u>	<u>16,154</u>	<u>17,315</u>	<u>47,397</u>	<u>-</u>	<u>-</u>	<u>19,163</u>	<u>63,551</u>
Corporate expenses							(2,313)	(3,415)
Other (losses)/gains - net							(3,966)	7,256
Finance income - net							1,506	2,082
Profit before income tax							<u>14,390</u>	<u>69,474</u>
Other segment information:								
Depreciation of property, plant and equipment	12,143	12,542	4,482	4,501	-	-	<u>16,625</u>	<u>17,043</u>
Depreciation of right-of-use assets	803	552	3,333	3,501	-	-	<u>4,136</u>	<u>4,053</u>
Amortisation of land use rights	-	77	-	-	-	-	<u>-</u>	<u>77</u>
Provision for inventory obsolescence	1,305	16,529	644	378	-	-	<u>1,949</u>	<u>16,907</u>
(Reversal of provision)/provision for impairment of trade receivables	(936)	1,935	(29)	70	-	-	<u>(965)</u>	<u>2,005</u>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	3,514	10,570	1,750	3,922	-	-	<u>5,264</u>	<u>14,492</u>

For the six months ended 30 September 2020, revenues of approximately HK\$386,774,000 (2019: HK\$614,418,000) were derived from three (2019: three) customers, amounting to approximately HK\$184,387,000, HK\$103,533,000 and HK\$98,854,000 respectively, which individually accounted for over 10% of the Group’s total revenue. These revenues of approximately HK\$292,488,000 (2019: HK\$422,807,000) and HK\$94,286,000 (2019: HK\$191,611,000) are attributable to headsets and headphones segment and accessories and components segment respectively.

### 3. Segment information (Continued)

The Company is domiciled in Hong Kong. Revenue from external customers attributed to Hong Kong for the six months ended 30 September 2020 is approximately HK\$477,286,000 (2019: HK\$754,144,000), and the total revenue from external customers from China is approximately HK\$26,050,000 (2019: HK\$52,184,000).

At 30 September 2020, total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and China is approximately HK\$26,621,000 (31 March 2020: HK\$28,267,000) and HK\$101,215,000 (31 March 2020: HK\$113,188,000) respectively.

### 4. Operating profit

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

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Amortisation of land use rights	-	77
Depreciation of property, plant and equipment	16,625	17,043
Depreciation of right-of-use assets	4,136	4,053
Fair value losses on financial assets at fair value through profit or loss	38	247
Net losses on disposal of property, plant and equipment	62	31
Net foreign exchange losses/(gains)	8,073	(7,534)
Provision for inventory obsolescence	1,949	16,907
Staff costs (including directors' emoluments)	146,540	207,830

### 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% (2019: 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% (2019: 25%) on the estimated assessable profits.

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
- Current tax on profits for the period	5,084	17,710
Deferred income tax	(2,613)	(3,597)
	<u>2,471</u>	<u>14,113</u>

### 6. Dividends

The Board has resolved to declare an interim dividend of HK2.0 cents (2019: HK2.0 cents) per ordinary share for the six months ended 30 September 2020. 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 2021.

## 7. Earnings per share

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

For the six months ended 30 September 2020, no adjustment has been made to the weighted average number of shares as the exercise of the Company's share options would have an anti-dilutive effect.

	<b>Unaudited</b> <b>Six months ended 30 September</b> <b>2020</b>	<b>2019</b>
Profit attributable to equity holders of the Company (HK\$'000)	<u>4,587</u>	<u>33,884</u>
Weighted average number of ordinary shares in issue (in thousands)	425,839	425,839
Adjustment for potential dilutive effect in respect of outstanding share options (in thousands)	<u>-</u>	<u>801</u>
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>425,839</u>	<u>426,640</u>

## 8. Trade receivables

The Group grants credit periods to its customers ranging from 7 to 120 days. As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade receivables by past due date is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2020</b> <b>HK\$'000</b>
Current	254,162	126,793
1 to 30 days	10,107	27,977
31 to 60 days	2,683	12,477
61 to 90 days	225	1,697
Over 90 days	<u>5,984</u>	<u>6,731</u>
	273,161	175,675
Less: Loss allowance for trade receivables	<u>(6,434)</u>	<u>(7,399)</u>
Trade receivables - net	<u>266,727</u>	<u>168,276</u>

## 9. Trade payables

As at 30 September 2020 and 31 March 2020, the ageing analysis of the trade payables by past due date is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 September</b> <b>2020</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>31 March</b> <b>2020</b> <b>HK\$'000</b>
Current	124,915	89,730
1 to 30 days	40,682	14,653
31 to 60 days	449	1,240
61 to 90 days	13	952
Over 90 days	<u>2,016</u>	<u>2,234</u>
Trade payables	<u>168,075</u>	<u>108,809</u>

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK2.0 cents (2019: HK2.0 cents) per ordinary share for the six months ended 30 September 2020. The interim dividend is expected to be paid on or around 29 December 2020 to shareholders whose names appeared on the Company's register of members on 9 December 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to the interim dividend for the six months ended 30 September 2020, the register of members will be closed from Wednesday, 9 December 2020 to Friday, 11 December 2020 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers 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 Rooms 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 pm on Tuesday, 8 December 2020 for registration.

## **BUSINESS REVIEW**

During the six months ended 30 September 2020 (the "Interim Period"), the repercussions from the COVID-19 outbreak (the "Epidemic") continued to impact economies around the world. With the ongoing erosion in consumer confidence, the Group's customers took a conservative approach towards placing orders. Consequently, the Group's financial performance was inevitably affected. For the Interim Period, the Group recorded revenue of HK\$503.3 million (2019: HK\$806.3 million), representing a year-on-year contraction of 37.6%, and gross profit of HK\$90.6 million (2019: HK\$156.6 million). Gross profit margin declined modestly to 18.0% (2019: 19.4%) due to lower economies of scale despite a decrease in provision for obsolete stock when compared with the last corresponding period. Affected by lower revenue and appreciation of the Renminbi which led to a net exchange loss, the Group recorded profit attributable to equity holders of HK\$4.6 million (2019: HK\$33.9 million). Basic earnings per share were HK1.08 cents (2019: HK7.96 cents).

## **BUSINESS SEGMENT ANALYSIS**

### **Headsets and Headphones**

During the Interim Period, the Epidemic showed no sign of abating, especially in the United States and Europe, which are the major markets of the Group's headsets and headphones. Customers therefore remained cautious about placing orders with the Group. And even though the Group's production facilities resumed normal operation after citywide lockdowns were lifted in China, revenue still declined to HK\$369.4 million (2019: HK\$577.7 million), accounting for 73.4% of the Group's total revenue. Segment profit was HK\$1.8 million (2019: HK\$16.2 million).

The Group has been developing measures to mitigate the impact of a struggling global economy, with particular focus on optimising its supply chain. Apart from reinforcing ties with suppliers, the Group has also been negotiating with customers for more flexible product delivery schedules. In this way, the Group can be better insulated against Epidemic-related volatility.

Despite the stern market conditions, the Group has continued to direct efforts towards exploring new opportunities. As mentioned in the Group's FY2019/20 Annual Report (the "Report"), the demand for Call Centre & Office ("CC&O") products, including audio and video conferencing related products, has increased since social distancing measures were introduced to combat the Epidemic. On top of its existing CC&O products, the Group has further enriched its portfolio in order to seize opportunities from the growing CC&O market. In addition, the Group remains involved in a number of co-development projects, which is not only integral in forging close ties with top-tier customers, but also essential for expanding the Group's own product portfolio for achieving healthy and sustainable development in the medium and long term.



## **Accessories and Components**

With the Epidemic curbing demand for consumer products, this has expectedly affected the packaging business of the accessories and components operation. As a result, revenue from this segment totalled HK\$133.9 million (2019: HK\$228.6 million), and segment profit amounted to HK\$17.3 million (2019: HK\$47.4 million). While the accessories and components operation constitutes an important part of the Group's vertical integration efforts, it also plays a role in generating contributions from external sales, which, during the review period, accounted for a higher proportion of segment revenue. Hence, the significance of the accessories and components business overall cannot be overemphasised.

## **PROSPECTS**

Going forward, the management expects the Epidemic will continue to introduce challenges to the Group's operations, hence it remains cautious about gauging its prospects in the near future. Based on observations made over the past few months, it is evident that the Group's customers do not intend to follow traditional seasonality patterns to place orders, but rather their own projections for how the Epidemic will unfold. The Group will therefore enhance its flexibility and responsiveness to market demands by further optimising inventory levels and maintaining an effective supply chain, complemented by greater automation to increase production efficiency.

As a veteran of the acoustics and electronics industries, Fujikon has overcome numerous hardships and troughs in the nearly four decades since its founding. The Group will remain resilient and will leverage its competitiveness in advanced engineering and manufacturing as well as its ability to introduce increasingly sophisticated and customisable products to meet market demands. In addition, the Group will continue to engage in co-development projects that result in mutual advantages, enrichment of its product portfolio and even stronger relations with top-tier customers. By maintaining a portfolio of internationally renowned clients, complemented by sound business fundamentals, healthy financial position and astute leadership, Fujikon will be well-equipped to weather adversities and reinforce its stature as a preferred strategic partner in the acoustics and electronics industries.

The remainder of 2020 is set to be even more unpredictable and challenging than the preceding half year. In the advent of the new normal, the management is mindful of the importance of being constantly vigilant to difficulties and transitions in the market, and correspondingly, to prudently devise business strategies that are highly fluid and timely. The management will duly take such actions, as well as the aforementioned business adjustments, so that Fujikon will be able to reinforce its market leadership and create greater value for its shareholders.

## **FINANCIAL REVIEW**

### **Liquidity and Financial Resources**

The Group maintained at a strong financial position. Net current assets as at 30 September 2020 amounted to approximately HK\$584.4 million (31 March 2020: HK\$567.6 million). The Group's current and quick ratios were approximately 3.0 times (31 March 2020: 3.5 times) and 2.5 times (31 March 2020: 2.7 times), respectively.

The Group had cash and cash equivalents of approximately HK\$448.4 million as at 30 September 2020, representing an increase of approximately 6.3% against approximately HK\$421.8 million as at 31 March 2020. Approximately 90.0%, 8.2% and 1.6% 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 2020, the Group had aggregated banking facilities of approximately HK\$160.6 million (31 March 2020: HK\$160.6 million) for loans and trade financing, which were fully available for use.

## **FINANCIAL REVIEW (Continued)**

### **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 loss of approximately HK\$8.1 million mainly due to the appreciation of Renminbi, while a net foreign exchange gain of approximately HK\$7.5 million was recorded during the last corresponding period.

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 2020, the Group employed a total of approximately 3,100 (2019: 4,600) employees. The staff costs (including the directors' emoluments) accounted for approximately HK\$146.5 million during the Interim Period (2019: HK\$207.8 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 provided training programs to its management and employees to ensure they are properly trained.

### **Financial Guarantee**

As at 30 September 2020, the Company had provided corporate guarantees of approximately HK\$155.7 million (31 March 2020: HK\$155.7 million) to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 30 September 2020 and 31 March 2020.

## **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 2020.

## **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 2020.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2020, 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 A.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 A.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 2020, 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.

### **Hong Kong Market Misconduct Tribunal (“MMT”) proceedings**

Reference is made to the annual report of the Company for the year ended 31 March 2020.

The total costs and expenses in relation to the MMT proceedings and the insurance indemnities had been finalised during the period. After deduction of the insurance indemnities, the total costs and expenses incurred by the Company amounted to approximately HK\$3.1 million, including a regulatory fine of HK\$1.0 million; the costs of Securities and Futures Commission of approximately HK\$0.9 million; government costs, legal and other professional fees and expenses of approximately HK\$1.2 million.

All the costs and expenses and insurance indemnities of MMT proceedings had been fully settled and recognised in the appropriate accounting periods.

## **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, 18 November 2020