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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

- **Revenue: HK\$1,155.3 million, down 0.4% (2016: HK\$1,160.2 million)**
- **Gross profit margin: 16.1%, down 1.2 points (2016: 17.3%)**
- **Profit attributable to equity holders of the Company: HK\$2.8 million, down 75.4% (2016: HK\$11.3 million)**
- **Basic earnings per share: HK0.7 cent (2016: HK2.7 cents)**
- **Final and special final dividends (per share): HK7.0 cents (2016: HK5.0 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 2017.

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 2017

	Note	2017 HK\$'000	2016 HK\$'000
Revenue	3	1,155,334	1,160,220
Cost of sales		(968,815)	(959,963)
Gross profit		186,519	200,257
Other gains - net		12,465	3,221
Distribution and selling expenses		(14,718)	(14,409)
General and administrative expenses		(155,350)	(164,662)
Operating profit	4	28,916	24,407
Finance income		2,193	5,983
Profit before income tax		31,109	30,390
Income tax expenses	5	(6,808)	(5,424)
Profit for the year		24,301	24,966
Other comprehensive income:			
Items that have been reclassified or may be subsequently reclassified to profit or loss:			
Currency translation differences		(29,254)	(25,214)
Fair value gains/(losses) on available-for-sale financial assets		45	(234)
Release of investment reserve upon disposal of available-for-sale financial assets		822	-
Release of exchange reserve upon deregistration of a subsidiary		390	-
Other comprehensive income for the year, net of tax		(27,997)	(25,448)
Total comprehensive income for the year		(3,696)	(482)
Profit attributable to:			
Equity holders of the Company		2,770	11,259
Non-controlling interests		21,531	13,707
		24,301	24,966
Total comprehensive income attributable to:			
Equity holders of the Company		(23,320)	(12,655)
Non-controlling interests		19,624	12,173
		(3,696)	(482)
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents per share)	7	0.7	2.7
- Diluted (HK cents per share)	7	0.7	2.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Property, plant and equipment		130,381	155,771
Investment properties		1,050	3,530
Land use rights		4,047	4,478
Non-current deposits and other assets		3,713	1,930
Available-for-sale financial assets		4,116	6,926
Deferred income tax assets		4,786	3,904
Total non-current assets		148,093	176,539
Current assets			
Inventories		158,697	169,959
Trade receivables	8	214,005	217,969
Other receivables		24,444	12,629
Other financial assets at fair value through profit or loss		2,938	2,523
Current income tax recoverable		710	251
Cash and cash equivalents		455,945	415,877
Total current assets		856,739	819,208
Current liabilities			
Trade payables	9	194,740	140,904
Accruals and other payables		78,931	74,189
Derivative financial instruments		3,870	8,372
Current income tax liabilities		14,210	17,625
Total current liabilities		291,751	241,090
Net current assets		564,988	578,118
Total assets less current liabilities		713,081	754,657
Non-current liabilities			
Deferred income tax liabilities		700	1,195
Net assets		712,381	753,462
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		42,026	42,019
Other reserves		156,810	182,890
Retained earnings			
- Proposed dividends		29,418	21,010
- Others		436,522	467,312
Non-controlling interests		664,776	713,231
		47,605	40,231
Total equity		712,381	753,462

NOTES

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared 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, which are carried at fair value.

2. Accounting policies

(a) Effect of adopting new standard and amendments to standards

The following new standard and amendments to standards are mandatory for the Group's financial year beginning on 1 April 2016:

• HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception
• HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
• HKFRS 14	Regulatory deferral accounts
• Annual Improvement Projects	Annual improvements to HKFRSs 2012-2014 cycle
• HKAS 1 (Amendment)	Disclosure initiative
• HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
• HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants
• HKAS 27 (Amendment)	Equity method in separate financial statements

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

(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 2016 and have not been early adopted.

• HKAS 7 (Amendment)	Disclosure initiative ¹
• HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses ¹
• HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions ²
• HKFRS 4 (Amendment)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts ²
• HKFRS 9	Financial instruments ²
• HKFRS 10 and HKAS 28 (Amendments)	Sales or contribution of assets between an investor and its associate or joint venture ⁴
• HKFRS 15	Revenue from contracts with customers ²
• HKFRS 15 (Amendment)	Clarifications to HKFRS 15 ²
• HKFRS 16	Leases ³

¹ Effective for financial years beginning on or after 1 January 2017

² Effective for financial years beginning on or after 1 January 2018

³ Effective for financial years beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined

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.

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	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Segment revenue								
- External revenue	862,178	887,777	293,156	272,443	-	-	1,155,334	1,160,220
- Inter-segment revenue	-	-	30,834	44,916	(30,834)	(44,916)	-	-
Total	<u>862,178</u>	<u>887,777</u>	<u>323,990</u>	<u>317,359</u>	<u>(30,834)</u>	<u>(44,916)</u>	<u>1,155,334</u>	<u>1,160,220</u>
Segment results	<u>(29,247)</u>	<u>(395)</u>	<u>50,072</u>	<u>25,867</u>	<u>-</u>	<u>-</u>	<u>20,825</u>	<u>25,472</u>
Corporate expenses							(4,374)	(4,286)
Other gains - net							12,465	3,221
Finance income							2,193	5,983
Profit before income tax							<u>31,109</u>	<u>30,390</u>
Other segment information:								
Depreciation of property, plant and equipment	24,993	27,414	8,930	9,649	-	-	<u>33,923</u>	<u>37,063</u>
Amortisation of land use rights	157	167	-	-	-	-	<u>157</u>	<u>167</u>
Provision for inventory obsolescence	7,158	4,867	1,263	1,476	-	-	<u>8,421</u>	<u>6,343</u>
Provision/(reversal of provision) for impairment of trade receivables	2,176	829	(112)	(521)	-	-	<u>2,064</u>	<u>308</u>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	10,839	9,060	5,464	7,556	-	-	<u>16,303</u>	<u>16,616</u>

3. Segment information (Continued)

For the year ended 31 March 2017, revenues of approximately HK\$613,324,000 (2016: HK\$590,527,000) were derived from three (2016: three) customers, amounted to approximately HK\$262,012,000, HK\$187,013,000 and HK\$164,299,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues of approximately HK\$400,764,000 (2016: HK\$400,187,000) and HK\$212,560,000 (2016: HK\$190,340,000) were 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 2017 was approximately HK\$879,358,000 (2016: HK\$933,683,000), and the total revenue from external customers from Mainland China was approximately HK\$275,976,000 (2016: HK\$226,537,000).

At 31 March 2017, the total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and Mainland China were approximately HK\$28,708,000 (2016: HK\$32,620,000) and HK\$110,483,000 (2016: HK\$133,089,000) respectively.

4. Operating profit

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Amortisation of land use rights	157	167
Depreciation of property, plant and equipment	33,923	37,063
Fair value (gains)/losses on derivative financial instruments	(4,502)	4,338
Fair value (gains)/losses on other financial assets at fair value through profit or loss	(415)	1,177
Net gains on deregistration of a subsidiary	(390)	-
Net losses on disposal of available-for-sale financial assets	822	-
Net gains on disposal of other financial assets at fair value through profit or loss	(8)	-
Net (gains)/losses on disposal of property, plant and equipment	(571)	784
Net foreign exchange gains	(15,783)	(8,523)
Net realised losses/(gains) from derivative financial instruments	8,652	(1,177)
Provision for inventory obsolescence	8,421	6,343
Provision for impairment of trade receivables	2,064	308
Staff costs (including directors' emoluments)	323,470	339,700

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% (2016: 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% (2016: 25%) on the estimated assessable profits.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax		
- Current tax on profits for the year	7,734	6,570
- Under/(over)-provision in prior years	668	(107)
	<u>8,402</u>	<u>6,463</u>
Deferred income tax	<u>(1,594)</u>	<u>(1,039)</u>
	<u>6,808</u>	<u>5,424</u>

6. Dividends

The Board recommended a final dividend of HK5.0 cents (2016: HK5.0 cents) and a special final dividend of HK2.0 cents (2016: Nil) per ordinary share for the year ended 31 March 2017. The proposed dividends are not reflected as a dividend payable in these consolidated financial statements, and will be reflected as appropriation of retained earnings for the year ending 31 March 2018.

7. Earnings per share

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

	2017	2016
Profit attributable to equity holders of the Company (HK\$'000)	<u>2,770</u>	<u>11,259</u>
Weighted average number of ordinary shares in issue (in thousands)	420,213	420,111
Adjustment for potential dilutive effect in respect of outstanding share options (in thousands)	<u>953</u>	<u>1,095</u>
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	<u>421,166</u>	<u>421,206</u>

8. Trade receivables

The Group grants credit periods to customers ranging from 7 to 120 days. As at 31 March 2017 and 2016, the ageing analysis of the trade receivables by past due date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current	177,071	155,820
1 to 30 days	25,652	31,204
31 to 60 days	4,386	22,837
61 to 90 days	1,985	2,900
Over 90 days	<u>9,476</u>	<u>8,052</u>
	218,570	220,813
Less: Provision for impairment of trade receivables	<u>(4,565)</u>	<u>(2,844)</u>
Trade receivables, net	<u>214,005</u>	<u>217,969</u>

9. Trade payables

As at 31 March 2017 and 2016, the ageing analysis of the trade payables by past due date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current	150,394	98,700
1 to 30 days	26,747	30,388
31 to 60 days	2,914	2,501
61 to 90 days	9,935	5,908
Over 90 days	<u>4,750</u>	<u>3,407</u>
Trade payables	<u>194,740</u>	<u>140,904</u>

FINAL DIVIDENDS

The Board recommended the payment of a final dividend of HK5.0 cents and a special final dividend of HK2.0 cents per ordinary share (the "Dividends") for the year ended 31 March 2017 to the shareholders whose names appeared on the Company's register of members on 17 August 2017. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the proposed Dividends are expected to be paid on 5 September 2017 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 Tuesday, 8 August 2017 to Friday, 11 August 2017 (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 Monday, 7 August 2017.
- (b) In order to qualify for the proposed Dividends, the register of members of the Company will be closed from Thursday, 17 August 2017 to Monday, 21 August 2017 (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 Wednesday, 16 August 2017.

BUSINESS REVIEW

For the year ended 31 March 2017, the Group recorded revenue of HK\$1,155.3 million (2016: HK\$1,160.2 million), representing a modest decline of 0.4% when compared with the corresponding period of last year. The contraction was principally due to market consolidation and intense competition within the electro-acoustic industry. Furthermore, gross profit of HK\$186.5 million (2016: HK\$200.3 million) and profit attributable to equity holders of HK\$2.8 million (2016: HK\$11.3 million) were recorded for the review year. The decline in financial performance was mainly due to a drop in the overall gross profit margin, which was the result of the change in combination of products sold; significant decline in handling income; and rise in cost of sales, mainly resulting from an increase in the provision for obsolete stock. Basic earnings per share were HK0.7 cent (2016: HK2.7 cents).

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

The headsets and headphones operation contributed HK\$862.2 million (2016: HK\$887.8 million) in revenue during the latest financial year, accounting for 74.6% of the Group's total revenue. This segment recorded a loss for the year amounting to HK\$29.2 million (2016: HK\$0.4 million), mainly due to a drop in the overall gross profit margin as mentioned in the paragraph of "Business Review".

The drop in revenue was the result of lacklustre demand which only began to improve towards the latter half year, as well as a change in product mix. Despite the less favourable performance, Fujikon continued to intensely develop a number of important technologies including True Wireless and Hybrid Active Noise Cancellation (ANC), both of which have the potential to significantly influence the electro-acoustic industry. In the case of the former, the Group has launched two products subsequent to the review year that were positively received by customers, as well as registered patents covering areas such as radio frequency (RF). As for the latter, combining feedback and feedforward ANC through the placement of a microphone on the inside and outside of the ear cup, the hybrid architecture raises sound reproduction to a new level.

Apart from True Wireless and Hybrid ANC, the Group has also registered a number of patents during the past year, including bass enhancement, antenna placement and radio frequency.

BUSINESS SEGMENT ANALYSIS (Continued)

Accessories and Components

The accessories and components business performed favourably, generating revenue of HK\$293.2 million (2016: HK\$272.4 million), and accounting for 25.4% of the Group's total revenue for the year ended 31 March 2017. Segment profits increased to HK\$50.1 million (2016: HK\$25.9 million). The notable rise in revenue and performance were mainly due to increasing sales of high gross profit margin products of the packaging business. The said business has again highlighted the importance of the accessories and components segment as a whole, which, besides being a key component of the Group's vertical integration structure is also valued for offering additional services to its clients while delivering supplemental income to the Group. The management will look to further develop the accessories and components business and its various components so as to continue deriving its many benefits.

PROSPECTS

Global economic activity is expected to gradually pick up according to an International Monetary Fund report¹, and will be driven by the cyclical recovery in investment, manufacturing and trade. Nonetheless, the management is well aware that the constantly evolving electro-acoustic industry will continue to pose challenges for all of its players, in addition to the stiff competition that is an inseparable part of its makeup.

As an industry veteran, Fujikon has overcome various challenges and troughs over the years by capitalising on its foresight and engineering expertise. It has been a leader in ANC, Bluetooth and Near Field Communication technologies, and is set to showcase its development prowess once again through the introduction of the next wave of technologies, the centrepieces of which include True Wireless and Hybrid ANC, both of which hold "game changing" potential. Having conducted extensive development work on the two technologies over the years, it is now able to introduce a full family of products of different price points and levels of sophistication featuring True Wireless and Hybrid ANC. Already, the Group has introduced products on the market co-developed with internationally renowned electro-acoustic brands featuring True Wireless, and is well set to introduce a new portfolio of proprietary products in the coming financial year and beyond.

Complementing the Group's product and business development efforts will be continuing investments in research and development (R&D) and production, including in machinery and automation. Such ongoing investments will allow the Group to raise production efficiency and enhance flexibility further, while also support Fujikon's future product launches. The management believes that such outlays are integral to the overall advancement of the Group.

Controlling cost will be an ongoing endeavour of Fujikon as well. Correspondingly, it will seek to optimise its workforce, and in respect of production, strive to achieve a favourable ratio between human input and automation. Also with production in mind, the Group will look to streamline manufacturing processes to derive greater efficiencies and cost savings.

Looking ahead, the management is cautiously optimistic about Fujikon's prospects in view of the new products that are set to enter the market in the near future. Under the watchful observation of the management, and drawing from their depth of experience, adjustments to the Group's strategies will be made when necessary so as to fully seize the opportunities that will emerge from such products. Fujikon remains committed to further strengthening its market position and becoming an electro-acoustic group of international standing through foresight, innovation, strategic partnerships and solid leadership.

¹ <http://www.imf.org/en/Publications/WEO/Issues/2017/04/04/world-economic-outlook-april-2017>

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 31 March 2017 amounted to approximately HK\$565.0 million (2016: HK\$578.1 million). The Group's current and quick ratios were approximately 2.9 times (2016: 3.4 times) and 2.4 times (2016: 2.7 times), respectively.

The Group had cash and cash equivalents of approximately HK\$455.9 million as at 31 March 2017, representing an increase of approximately 9.6% against approximately HK\$415.9 million as at 31 March 2016. Approximately 72.3%, 24.6% and 2.9% 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 31 March 2017, the Group had aggregated banking facilities of approximately HK\$160.6 million (2016: HK\$160.6 million) from several banks for loans and trade financing, which were fully available for use.

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 contract entered into by the Group for managing the risk relating to monetary assets and liabilities in foreign currencies at 31 March 2017 was a liability of HK\$3.9 million (2016: HK\$8.4 million). Fair value gains on derivative financial instruments accounted for approximately HK\$4.5 million (2016: losses HK\$4.3 million) for the year and such fair value gains/losses did not have impact to the Group's real cash flow.

Furthermore, net realised losses from derivative financial instruments of approximately HK\$8.7 million (2016: gains HK\$1.2 million) represent actual settlements under derivative contracts during the year. The Group also had net foreign exchange gains of approximately HK\$15.8 million (2016: HK\$8.5 million). If these net realised losses from derivative financial instruments and net exchange gains were taken into account, the Group's foreign exchange exposure was in net gains of approximately HK\$7.1 million for the year, representing a decrease of approximately 26.5% against approximately HK\$9.7 million for last year.

As at 31 March 2017, there was one outstanding foreign exchange forward contract which was expected to mature within 3 months. Although the devaluation of Renminbi had negative financial impact derived from such foreign exchange forward contract, it benefited to the Group's operating costs in Mainland China.

Employee Information

As at 31 March 2017, the Group employed a total of approximately 4,300 (2016: 4,200) employees. The staff costs (including the directors' emoluments) accounted for approximately HK\$323.5 million (2016: HK\$339.7 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 Guarantee

As at 31 March 2017, the Company had provided corporate guarantees of approximately HK\$155.7 million (2016: 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 2017 and 2016.

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 2017, 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.

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, 22 June 2017