

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 2023

FINANCIAL HIGHLIGHTS

- Revenue: HK\$492.6 million, down 7.3% (2022: HK\$531.3 million)
- Gross profit margin: 20.8%, up 3.6 points (2022: 17.2%)
- Profit attributable to equity holders of the Company: HK\$18.2 million, up 531.2% (2022: Loss of HK\$4.2 million)
- Basic earnings per share: HK4.28 cents (2022: basic loss per share of HK0.99 cents)
- Dividends (per share): HK2.0 cents (2022: 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 2023.

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	2023	2022
		HK\$'000	HK\$'000
Revenue	3	492,564	531,317
Cost of sales		(390,242)	(439,810)
Gross profit		102,322	91,507
Other gains - net		2,148	2,022
Distribution and selling expenses		(4,720)	(6,084)
General and administrative expenses		(66,145)	(77,514)
Provision for impairment of trade receivables		(11)	-
Operating profit	4	33,594	9,931
Finance income - net		6,299	1,133
Profit before income tax		39,893	11,064
Income tax expenses	5	(8,087)	(4,642)
Profit for the period		31,806	6,422
Profit/(loss) attributable to:			
Equity holders of the Company		18,212	(4,224)
Non-controlling interests		13,594	10,646
		31,806	6,422
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the period:			
- Basic (HK cents per share)	7	4.28	(0.99)
- Diluted (HK cents per share)	7	4.28	(0.99)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period	31,806	6,422
	<u> </u>	<u> </u>
Other comprehensive income:		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>		
- Currency translation differences	(13,978)	(26,206)
- Fair value gains/(losses) on financial assets at fair value through other comprehensive income	4	(238)
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
- Currency translation differences	(1,628)	-
	<u> </u>	<u> </u>
Other comprehensive income for the period, net of tax	(15,602)	(26,444)
	<u> </u>	<u> </u>
Total comprehensive income for the period	16,204	(20,022)
	<u> </u>	<u> </u>
Total comprehensive income attributable to:		
Equity holders of the Company	4,238	(28,143)
Non-controlling interests	11,966	8,121
	<u> </u>	<u> </u>
	16,204	(20,022)
	<u> </u>	<u> </u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 September 2023 HK\$'000	Audited As at 31 March 2023 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment		102,287	83,832
Investment property		1,500	1,500
Right-of-use assets		20,416	23,552
Intangible assets		13	20
Non-current deposits and other assets		3,175	5,451
Financial assets at fair value through other comprehensive income		3,876	3,872
Deferred income tax assets		5,254	5,786
Total non-current assets		136,521	124,013
Current assets			
Inventories		156,474	149,110
Trade receivables	8	201,516	242,406
Other receivables		16,343	13,603
Financial assets at fair value through profit or loss		948	1,044
Current income tax recoverable		235	235
Cash and cash equivalents		404,960	369,796
Total current assets		780,476	776,194
Current liabilities			
Trade payables	9	134,705	114,714
Contract liabilities, accruals and other payables	9	91,434	85,539
Lease liabilities		7,100	7,516
Current income tax liabilities		15,591	12,359
Total current liabilities		248,830	220,128
Net current assets		531,646	556,066
Total assets less current liabilities		668,167	680,079
Non-current liabilities			
Lease liabilities		2,296	4,985
Deferred income tax liabilities		1,984	1,861
Total non-current liabilities		4,280	6,846
Net assets		663,887	673,233
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		42,584	42,584
Reserves		536,690	558,002
Non-controlling interests		579,274	600,586
		84,613	72,647
Total equity		663,887	673,233

NOTES

1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2023 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 2023, 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 2023, except as mentioned below.

(a) Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for its financial year commencing on 1 April 2023:

• HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies
• HKAS 8 (Amendments)	Definition of accounting estimates
• HKAS 12 (Amendments)	Deferred tax related to assets and liabilities arising from a single transaction
• HKAS 12 (Amendments)	International tax reform – Pillar two model rules
• HKFRS 17 and HKFRS 17 (Amendments)	Insurance contracts and the related amendments
• HKFRS 17	Initial application of HKFRS 17 and HKFRS 9 – Comparative information

The adoption of the above did not have any material impact on the Group’s accounting policies and did not require any adjustments.

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

• HKAS 1 (Amendments)	Classification of liabilities as current or non-current ¹
• HKAS 1 (Amendments)	Non-current liabilities with covenants ¹
• HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements ¹
• HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ²
• HKFRS 16 (Amendments)	Lease liability in a sale and leaseback 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 January 2024

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 reports 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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Segment revenue								
- External revenue	318,714	354,851	173,850	176,466	-	-	492,564	531,317
- Inter-segment revenue	-	-	10,122	13,519	(10,122)	(13,519)	-	-
Total	<u>318,714</u>	<u>354,851</u>	<u>183,972</u>	<u>189,985</u>	<u>(10,122)</u>	<u>(13,519)</u>	<u>492,564</u>	<u>531,317</u>
Segment results	<u>17,137</u>	<u>(3,645)</u>	<u>17,793</u>	<u>14,988</u>	<u>-</u>	<u>-</u>	<u>34,930</u>	<u>11,343</u>
Corporate expenses							(3,484)	(3,434)
Other gains - net							2,148	2,022
Finance income - net							6,299	1,133
Profit before income tax							<u>39,893</u>	<u>11,064</u>
Other segment information:								
Depreciation of property, plant and equipment	5,160	5,411	2,756	3,615	-	-	<u>7,916</u>	<u>9,026</u>
Depreciation of right-of-use assets	806	785	2,824	3,209	-	-	<u>3,630</u>	<u>3,994</u>
Amortisation of intangible assets	7	52	-	-	-	-	<u>7</u>	<u>52</u>
Provision/(reversal of provision) for inventory obsolescence	961	(752)	56	(25)	-	-	<u>1,017</u>	<u>(777)</u>
Provision for impairment of trade receivables	-	-	11	-	-	-	<u>11</u>	<u>-</u>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	27,705	9,811	6,572	15,225	-	-	<u>34,277</u>	<u>25,036</u>

3. Segment information (Continued)

For the six months ended 30 September 2023, revenues of approximately HK\$390,130,000 (2022: HK\$437,132,000) were derived from four (2022: four) customers, amounting to approximately HK\$171,513,000, HK\$106,202,000, HK\$61,319,000 and HK\$51,096,000 respectively, which individually accounted for over 10% of the Group's total revenue. These revenues of approximately HK\$225,603,000 (2022: HK\$284,208,000) and HK\$164,527,000 (2022: HK\$152,924,000) 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 2023 was approximately HK\$484,368,000 (2022: HK\$511,027,000), and the total revenue from external customers from China is approximately HK\$8,196,000 (2022: HK\$20,290,000).

At 30 September 2023, total non-current assets other than financial instruments and deferred income tax assets located in Hong Kong and China is approximately HK\$21,086,000 (31 March 2023: HK\$21,180,000) and HK\$106,305,000 (31 March 2023: HK\$93,175,000) respectively.

4. Operating profit

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

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	7,916	9,026
Depreciation of right-of-use assets	3,630	3,994
Amortisation of intangible assets	7	52
Fair value losses on financial assets at fair value through profit or loss	96	217
Net losses/(gains) on disposal of property, plant and equipment	133	(462)
Net foreign exchange gains	(2,377)	(1,771)
Provision/(reversal of provision) for inventory obsolescence	1,017	(777)
Staff costs (including directors' emoluments)	143,346	160,091

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% (2022: 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% (2022: 25%) on the estimated assessable profits.

	Unaudited	
	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
- Current tax on profits for the period	7,163	5,239
- Under/(over)-provision in prior years	447	(154)
- Withholding tax on dividends	3	5
	<u>7,613</u>	<u>5,090</u>
Deferred income tax charge/(credit)	474	(448)
	<u>8,087</u>	<u>4,642</u>

6. Dividends

The Board has resolved to declare an interim dividend of HK2.0 cents (2022: HK2.0 cent) per ordinary share for the six months ended 30 September 2023. 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 2024.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the following:

	Unaudited Six months ended 30 September	
	2023	2022
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	18,212	(4,224)
Weighted average number of ordinary shares in issue (in thousands)	425,839	425,839
Basic earnings/(loss) per share (HK cents)	<u>4.28</u>	<u>(0.99)</u>

For the six months ended 30 September 2023 and 2022, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share as there are no potential dilutive shares.

8. Trade receivables

The Group grants credit periods to its customers ranging from 30 to 120 days. As at 30 September 2023 and 31 March 2023, the ageing analysis of the trade receivables by past due date is as follows:

	Unaudited As at 30 September 2023 HK\$'000	Audited As at 31 March 2023 HK\$'000
Current	162,759	199,630
1 to 30 days	30,897	19,118
31 to 60 days	6,181	13,368
61 to 90 days	1,425	6,631
Over 90 days	2,373	5,767
	<u>203,635</u>	<u>244,514</u>
Less: Loss allowance for trade receivables	(2,119)	(2,108)
Trade receivables – net	<u>201,516</u>	<u>242,406</u>

9. Trade payables, contract liabilities, accruals and other payables

As at 30 September 2023 and 31 March 2023, the ageing analysis of the trade payables by past due date is as follows:

	Unaudited As at 30 September 2023 HK\$'000	Audited As at 31 March 2023 HK\$'000
Current	103,712	94,874
1 to 30 days	27,092	18,626
31 to 60 days	1,287	326
61 to 90 days	1,523	535
Over 90 days	1,091	353
Trade payables	134,705	114,714
Accruals and other payables (Note)	88,379	83,161
Contract liabilities	3,055	2,378
	226,139	200,253

Note: On 8 August 2023, Fujikon Industrial Company Limited, a wholly-owned subsidiary of the Company, received a letter (the "Letter") from a customer of the Group (the "Customer") concerning quality issue (the "Quality Issue") with a particular model of headphones (the "Headphones"). Such Quality Issue was allegedly caused by defects in a particular model of rechargeable batteries (the "Batteries"), which had been supplied by a reputable overseas supplier of the Group (the "Supplier") which only supplied the Batteries to the Group on this particular model of Headphones concerned.

Based on management assessment with reference being made to the sale and purchase agreement entered into between the Group and the Customer regarding the Headphones, the provision of warranty claim amounted to approximately HK\$9,116,000 is recognised as expense and included in cost of sales for the six months ended 30 September 2023.

The Group is actively negotiating with the Customer and the Supplier on the Quality Issue. Any reimbursement subsequently agreed with the Supplier would offset the amount charged as mentioned above.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.0 cents (2022: HK2.0 cent) per ordinary share for the six months ended 30 September 2023. The interim dividend is expected to be paid on or around 29 December 2023 to shareholders whose names are registered in the books of the Company on 13 December 2023.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the interim dividend for the Period, the register of members will be closed from Wednesday, 13 December 2023 to Friday, 15 December 2023 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer of shares 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 Tuesday, 12 December 2023 for registration.

BUSINESS REVIEW

In the first half of 2023, as the world sought to return to normality in the post COVID-19 pandemic (the "Pandemic") era, both existing and new challenges affected the global economy including geopolitical conflicts, high inflation, and interest rate hikes. Still, by leveraging its unique product mix and strategic decades-long ties with top-tier audio brands, the Group was able to maintain a healthy inflow of revenue, which totalled HK\$492.6 million (2022: HK\$531.3 million) for the six months ended 30 September 2023 (the "Interim Period"). During the Interim Period, as the impact of the Pandemic waned, and the Group benefitted from the change in its product mix and the absence of a one-off expense from ceasing the operation of an underperforming business in the accessories and components segment as recorded in the same period last year, the Group's gross profit increased by 11.8% to HK\$102.3 million (2022: HK\$91.5 million), and gross profit margin rose to 20.8% (2022: 17.2%). Moreover, despite recording a decline in revenue and making a provision of warranty claim of HK\$9.1 million in relation to an announcement dated 22 September 2023, the Group still achieved a turnaround, with profit attributable to equity holders of the Group amounting to HK\$18.2 million (2022: loss of HK\$4.2 million).

BUSINESS SEGMENT ANALYSIS

Headsets and Headphones

Notwithstanding uncertainties in the market, the Group remained resilient and focused on strengthening its product development capabilities to enhance its product portfolio as well as to tighten cooperation with top-tier audio brands in co-development projects. During the Interim Period, revenue from the headsets and headphones business reached HK\$318.7 million (2022: HK\$354.9 million), which accounted for 64.7% of the Group's total revenue.

Given the Group's competitive advantage in the application of sophisticated technologies, such as True Wireless, ANC and Hybrid ANC, in its electroacoustic products which are well recognised by discerning brand customers, such products have been contributing an increasing proportion of revenue. Moreover, backed by strong engineering and product development capabilities, the Group's Adaptive ANC products – introduced in the previous financial year, have continued to enjoy favourable market response. The Group has also captured emerging market opportunities through the launch of sophisticated headsets that feature head-tracking and low-latency wireless communication technology, and via the Call Centre & Office ("CC&O") product series. Separately, the Group's restructuring and streamlining efforts have contributed to the improvement in productivity and production efficiency, resulting in reduced costs and increased profitability, driving an improvement in segment profit to HK\$17.1 million (2022: loss of HK\$3.6 million) for the Interim Period.

Accessories and Components

Owing to the Group's strong ties with top-tier brands and its quality products, revenue from the accessories and components segment remained stable at HK\$173.9 million (2022: HK\$176.5 million), which accounted for 35.3% of the Group's total revenue for the Interim Period. While revenue inflow has remained stable, the segment profit has increased by 18.7% to HK\$17.8 million (2022: HK\$15.0 million). Such an improvement can principally be attributed to the ceasing of an underperforming business under this segment in the previous financial period, and enhanced productivity and efficiency resulting from streamlining measures and restructuring of operations conducted by the Group.

PROSPECTS

Even though most parts of the world are recovering from the Pandemic, rising inflation and resultant interest rate hikes by central banks have impeded such recovery. Compounding matters are escalating geopolitical tensions as highlighted by the ongoing Russia-Ukraine conflict and outbreak of the Israel-Hamas war, which have curbed overall consumer sentiment and confidence. According to the International Monetary Fund, economic growth is expected to contract from 3.5% in 2022 to 3.0% in 2023, and will hover at 2.9% in 2024, thus well below the historical average of 3.8% (2000-2019). Moreover, advanced economies will contract respectively from 2.6% to 1.5% and 1.4% during the aforementioned periods.¹ Amid this instability, the Group will be extra vigilant and respond to the changing market conditions with utmost discretion.

In terms of the global earphones and headphones market, it is expected to be relatively resilient. The size of this market was valued at US\$58.26 billion in 2022 and is forecasted to expand at a compound annual growth rate (CAGR) of 12.6% from 2023 to 2030, according to one industry report, with revenue projected to reach US\$163.83 billion in 2030.² To capture the opportunities in the market, the Group will make efforts to reinforce ties with top-tier audio brands, direct resources to advancing product development, and roll out a greater number of sophisticated products, especially to tap the ANC, CC&O, gaming and True Wireless segments. In particular, the recently launched Adaptive ANC technology-embedded headphones and headsets are expected to begin a new market trend, with this flagship product series serving as catalyst for the Group's market differentiation and positive sales performance.

As for product development, the Group plans to increase its competitiveness in this respect by continuously investing in research and development. The Group has already invested in a sophisticated acoustic simulation software that shortens product development lead time and product launch cycles, thus allowing it to meet ever-changing market demand more effectively. The Group is also accelerating the expansion of an R&D centre in Shenzhen, so as to further advance its product development capability.

On the operations front, the Group's restructuring and streamlining efforts have started to bear fruit. Having focused on productivity enhancement in the past year, the next phase will involve reinforcing cost control measures in relation to operation flow. With the objective of modernising its production facilities to cater for customer requirements, the Group has been setting up a new production line that brings together automated and semi-automated processes. This advanced production line – commencing operation in November 2023, aims to usher in a new period in state-of-the-art manufacturing, and reduce labour and associated costs; already earning plaudits and recognition from various clients. Just as important, the production line will allow the Group to meet high-volume orders for advanced electroacoustic products in the years ahead. With regard to diversifying production, the Group has formed a partnership to establish an off-shore manufacturing base in Indonesia. Apart from growing its footprint to better serve top-tier clients, the base constitutes an effective means of enhancing risk management.

While uncertainties remain in the global economy and the ever-changing market environment poses challenges from time to time, the Group believes it has reasons to remain cautiously optimistic about its prospects. With substantial efforts being made to strengthen all facets of its operation, longstanding ties with top-tier brands, a seasoned management team and a healthy financial position, the Group has built a solid foundation to advance its development well into the future.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

² <https://www.grandviewresearch.com/industry-analysis/earphone-and-headphone-market>

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group maintained at a strong financial position. Net current assets as at 30 September 2023 amounted to approximately HK\$531.6 million (31 March 2023: HK\$556.1 million). The Group's current and quick ratios were approximately 3.1 times (31 March 2023: 3.5 times) and 2.5 times (31 March 2023: 2.8 times), respectively.

The Group had cash and cash equivalents of approximately HK\$405.0 million as at 30 September 2023, representing an increase of approximately 9.5% against approximately HK\$369.8 million as at 31 March 2023. Approximately 69.6%, 26.7% 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 2023, the Group had aggregated banking facilities of approximately HK\$160.6 million (31 March 2023: 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\$2.4 million (2022: HK\$1.8 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 2023, the Group employed a total of approximately 2,300 (2022: 2,500) employees. The staff costs (including the directors' emoluments) accounted for approximately HK\$143.3 million during the Interim Period (2022: HK\$160.1 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 2023, the Company had provided corporate guarantees of approximately HK\$155.7 million (31 March 2023: HK\$155.7 million) to secure banking facilities of its subsidiaries. No facilities were utilised by the subsidiaries as at 30 September 2023 and 31 March 2023.

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 2023.

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 2023.

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. Throughout the six months ended 30 September 2023, the Company has complied with the CG Code save for the deviation from the Code Provisions C.2.1 and the reasons for deviation of which are explained below.

CG Code provision C.2.1

According to the Code Provision C.2.1 of CG Code, the roles of chairman and chief executive officer 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. 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, 28 November 2023