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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

References are made to the (i) 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; and (ii) announcement made by the Company dated 22 December 2023 in relation to the Updated Claim Letter (collectively, the “**Announcements**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to provide further information about the Headphones and the Updated Claim Letter. The German lawyer of the Group has, on behalf of the Group, commenced communication with the Customer regarding matters set out in the Updated Claim Letter. The Group has been assessing the amount of the Headphones-related inventory on hand. Based on the information currently available to the Group, the carrying amount of the Headphones-related inventory amounted to approximately HK\$27.5 million (unaudited) (which has been covered in the Group’s claim against the Supplier) as at 31 December 2023. The Customer is still in the process of calculating certain costs and expenses related to the Quality Issue, and it is expected that the Customer may revise the Updated Claim Amount and the total damages to be claimed by the Customer would be in excess of US\$20 million (equivalent to approximately HK\$156.0 million). The Group has been actively liaising with (1) the Customer and the Supplier in order to resolve the Quality Issue amicably to avoid commencement of any arbitration proceedings; and (2) the Customer regarding the treatment of the Headphones-related inventory on hand in order to avoid them becoming obsolete inventory.

Subsequent to the date of the Announcements and as at the date of this announcement, the Group has been receiving purchase orders from the Customer with respect to the Customer’s other various products.

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 of the Company 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, 8 January 2024

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.

* *For identification purposes only*