



FIH Mobile Limited
富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2038)

ADDITIONAL INSIDE INFORMATION ABOUT EXPECTED 2022 ANNUAL PERFORMANCE

This announcement is made by FIH Mobile Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Company provides an update on its announcement of 2 November 2022 on (among others) the Group’s expected 2022 annual performance (the “**Announcement**”), pending the Group finalising its consolidated final results for the year ended 31 December 2022 (“**FY2022**”) and publishing its 2022 final results announcement and annual report.

The Company’s board of directors (the “**Board**”) informs shareholders and potential investors that after further assessment of the Group’s latest unaudited management accounts and other information currently available (which are subject to possible adjustments following further internal review and/or external auditor’s review), the Company currently estimates that for FY2022, the Group is likely to record:

- (a) a revenue of around, or above, US\$9,394.3 million (versus around US\$8,582.6 million for the year ended 31 December 2021 (“**FY2021**”));
- (b) a consolidated net loss of around US\$73 million (versus a consolidated net profit of around US\$56.4 million for FY2021), primarily but not exclusively because of the following relevant factors and those addressed in the Announcement:
 - (1) continuing adverse impact from the COVID-19 pandemic: for example, the Group’s manufacturing activities in Northern China were adversely affected in November 2022, after local authorities imposed strict lockdowns and restrictions relating to COVID-19 outbreak in one of the Group’s sites in Mainland China. Subsequently, on 7 December 2022, the Chinese Government lifted its strict “Dynamic zero-COVID” approach, following which COVID-19 infections across Mainland China soared. Those matters have adversely affected the Group’s, and its customers’ and suppliers’, respective operations there;
 - (2) continuing decline in global handset demand and huge margin erosion pressure: according to the reports published by IDC (International Data Corporation) on 14 November 2022 and 25 January 2023 and CAICT (China Academy of Information and Communications Technology) on 4 January 2023: (a) global smartphone shipments in 2022 showed a lowest total shipment since 2013 with a decline of 11.3% year-on-year, adversely impacted by the challenging macroeconomic environment; (b) China, the world’s largest smartphone market, showed a 23.2% decline in smartphone shipments, year-on-year over the 11-month period from January to November 2022; and (c) India showed a 10% decline in smartphone shipments, year-on-year in the third quarter of 2022. As the Group’s Asia segment contributes to a significant portion of the Group’s total revenue and both Mainland China and India are the Group’s two main regional markets, the slow demand in those geographies has had a negative impact on the Group’s performance for FY2022. Although there has been an increase in sales in the European and American markets, the profit margin there is also under pressure;
 - (3) increase in the Group’s expected credit loss allowance for its trade receivables, where the Group’s expected credit loss allowance for its trade receivables is currently estimated to be around, or below, US\$80.5 million for FY2022 (versus around US\$4.7 million for FY2021);
 - (4) losses, costs and/or expenses from continuing rightsizing/restructuring activities, which are currently estimated to be a total of around, or below, US\$13.1 million for FY2022 (versus around US\$30.8 million for FY2021), representing the net difference among: (a) estimated gains of a total of around, or above, US\$6.2 million being that portion of the compensation recorded by the Group for FY2022 in relation to the resumption of properties disclosed in the Company’s discloseable transaction announcement dated 2 November 2022; (b) estimated losses of a total of around, or below, US\$2.3 million for FY2022 (versus losses of a total of around US\$19.1 million for FY2021) from the impairment, disposal and/or write-off of the Group’s under-utilised/obsolete/depreciated assets; and (c) estimated costs and expenses of a total of around, or below, US\$17.0 million for FY2022 (versus around US\$11.7 million for FY2021) arising from the severance payments upon optimisation of staff force;
 - (5) share of losses of the associates and a joint venture of the Group, which are currently estimated to be a total of around, or below, US\$7.4 million for FY2022 (versus around US\$1.1 million for FY2021); and
 - (6) U.S. interest rate increases have resulted in a significant increase in interest expenses and hence lower net interest income for the Group. The Group’s net interest income is currently estimated to be around, or above, US\$14.5 million for FY2022 (versus around US\$26.7 million for FY2021); and
- (c) a foreign exchange gain, which is currently estimated to be around, or above, US\$13.2 million for FY2022 (versus around US\$2.4 million for FY2021).

For clarity and completeness, the Board informs shareholders and potential investors that for FY2022, no material intra-Group dividends were declared nor distributed by subsidiaries within the Group.

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

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 24 February 2023