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FIH[®] 富智康[®]

FIH Mobile Limited

富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

**(1) CERTAIN FINANCIAL INFORMATION FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2023,
(2) UPDATE ON EXPECTED 2023 ANNUAL PERFORMANCE
AND
(3) ADDITIONAL INFORMATION RELATING TO PREVIOUS SHARE GRANTS**

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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

**(1) CERTAIN FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2023**

Further to the second paragraph on page 150 of the Company’s 2023 interim report as issued and published on 14 September 2023 (the “**2023 Interim Report**”), under applicable disclosure requirements of the Taiwan Stock Exchange Corporation, Hon Hai Precision Industry Co. Ltd. (for identification purposes only, being the Company’s ultimate controlling shareholder whose shares are listed on the Taiwan Stock Exchange Corporation) is required to disclose on or about 14 November 2023 (as currently scheduled) certain unaudited consolidated financial information of the Group for the nine months ended 30 September 2023 (the “**current period**”).

To facilitate timely dissemination of information to investors and potential investors in Hong Kong and Taiwan, the Company’s board of directors (the “**Board**”) would like to inform the Company’s shareholders and potential investors of the following unaudited consolidated financial information of the Group for the current period, which is extracted from the Group’s latest unaudited management accounts and other relevant information currently available:

IMPORTANT

As mentioned above, the Group’s results for the current period as set out in this announcement are unaudited, but have been reviewed in accordance with the relevant financial standards. The Group’s results of operations in the past have fluctuated and may in the future continue to fluctuate (possibly significantly) from one period to another period. Accordingly, the Group’s results of operations for any period should not be considered to be indicative of the results to be expected for any future period, and shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. For more details, please refer to pages 150 to 153 of the 2023 Interim Report in respect of the Group’s quarterly performance.

Condensed Consolidated Statement of Financial Position

	As at		
	30 September 2023	31 December 2022	30 September 2022
	US\$ '000	US\$ '000	US\$ '000
	(unaudited)	(audited)	(unaudited)
Current assets	4,232,214	4,486,932	5,100,790
Non-current assets	877,458	1,023,358	1,038,366
Current liabilities	(3,509,194)	(3,708,432)	(4,316,556)
Non-current liabilities	(21,740)	(14,082)	(28,013)
Total net assets	<u>1,578,738</u>	<u>1,787,776</u>	<u>1,794,587</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the period from 1 July to 30 September	
	2023	2022
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Revenue and other operating revenue	<u>2,384,272</u>	<u>2,712,403</u>
Loss for the period	(20,365)	(14,639)
Other comprehensive income (expense), net of tax	19,734	(137,315)
Total comprehensive expense for the period	<u>(631)</u>	<u>(151,954)</u>

	For the nine-month period ended 30 September	
	2023	2022
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Revenue and other operating revenue	<u>5,189,537</u>	<u>6,999,640</u>
Loss for the period	(70,200)	(38,462)
Other comprehensive expense, net of tax	(133,314)	(334,116)
Total comprehensive expense for the period	<u>(203,514)</u>	<u>(372,578)</u>

Condensed Consolidated Statement of Cash Flows

	For the nine-month period ended 30 September	
	2023	2022
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	(557,511)	258,936
Net cash used in investing activities	(13,968)	(90,335)
Net cash from financing activities	195,566	59,386
Effect of foreign exchange changes	(27,444)	(153,926)
Net (decrease) increase in cash and cash equivalents	<u>(403,357)</u>	<u>74,061</u>
Cash and cash equivalents, beginning of period	<u>1,825,109</u>	<u>1,884,719</u>
Cash and cash equivalents, end of period	<u>1,421,752</u>	<u>1,958,780</u>

The above information is subject to possible adjustments following further internal review and/or external auditor's review, and is not based on any figure(s) or information which has/have been reviewed by the Company's auditor or audit committee.

The Group's finalised audited consolidated final results and other related details will be disclosed in the 2023 final results announcement and annual report to be published by the Company.

(2) UPDATE ON EXPECTED 2023 ANNUAL PERFORMANCE

Reference is made to the Company's statements regarding the Group's expected performance for the full year ending 31 December 2023 ("FY 2023") on page 149 of the 2023 Interim Report (including the statements that the Company currently expects conditions in the second half of 2023 to remain difficult and volatile, and on currently-available information, the Company believes there is a realistic likelihood of a year-on-year material decline in FY 2023 sales and a year-on-year material deterioration in FY 2023 gross profit and operating performance, which are then likely to result in a substantially enlarged operating loss for FY 2023 compared with the full year ended 31 December 2022 ("FY 2022")).

The Board informs shareholders of the Company and potential investors that, after further assessment of the Group's latest unaudited management accounts and other relevant information currently available (which are subject to possible adjustments following further internal review), the Company currently expects the Group to record a consolidated net loss for FY 2023, which is likely to be significantly bigger than the Group's consolidated net loss of around US\$72.14 million for FY 2022. Because of the factors referred to below (amongst others), however, it is not reasonably possible at present for the Company to provide a more precise indication of the Group's likely final results for FY 2023. The Company will keep matters under close review as the last quarter of 2023 progresses, and will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

Various factors are expected to be relevant to the Company's likely FY 2023 loss as mentioned above, including the following primary factors:

- (1) Suppressed consumer demand dampened global mobile phone shipments: consumer demand continues to face very challenging environment amid the ongoing global economic slowdown in 2023 and the global consumer electronics market continues to be adversely affected by various headwinds, including prolonged geopolitical tensions, slowdown of the general economy and slow recovery, limited visibility, high inflation, high interest rates, commoditisation and increasing life cycle of smartphones. It has recently been reported that even with normalised inventory level, the majority brand mobile phone market players are cautious in short term business planning as consumer demand remains subdued. The year-to-date 2023 shipments have dropped again and the FY 2023 shipments are forecasted to be 1.15 billion units, being the lowest volumes in a decade.
- (2) Losses, costs and/or expenses from continuing rightsizing/restructuring activities: while the Group continues to closely monitor the global economy and rapidly-changing and competitive handset market and conditions of the Group's customers and the Group's sales performance, capacity and asset utilisation and intensifying margin erosion pressure, the Group has continued to carry out rightsizing/restructuring activities, including the optimisation of staff workforce and headcount and disposal and/or liquidation of under-utilised/idle/depreciated/obsolete assets. Those rightsizing/restructuring activities have given rise to, among others: (a) severance payments upon optimisation of staff workforce and headcount (estimated to be around, or below, a total of US\$21.6 million for the current period, compared with a total of US\$7.7 million for the nine months ended 30 September 2022 ("YTD September 2022")); and (b) losses from asset disposals, write-offs and impairments (estimated to be around, or below, a total of US\$2.4 million for the current period, compared with a total of US\$8.1 million for YTD September 2022).
- (3) Challenging market conditions since late 2017 having continued into 2023.

- (4) Additional allowance against the Group's expected increasing credit and collection risks for its trade receivables (estimated to be around, or below, US\$96.1 million for the current period, compared with US\$40.9 million for YTD September 2022).
- (5) Share of losses of the Group's associates and joint venture, amounting to around, or below, US\$4.0 million and US\$3.0 million respectively for the current period (compared with losses of US\$5.6 million and US\$4.2 million for YTD September 2022) and there may be possible losses from the impairment of investments in those associates and joint venture as the uncertain global environment may give rise to potential losses in the operations of those associates and joint venture.
- (6) Net interest expenses, which are currently estimated to be around, or below, US\$3.2 million for the current period, compared with a net interest income of US\$16.1 million for YTD September 2022.

The above negative factors are currently expected to be partially offset by: (A) the before-tax gain of approximately US\$78.5 million as recorded in April 2023 from a portion of the compensation for resumption of the land and buildings in Hangzhou of the Group's subsidiary as more particularly described in the Company's discloseable transaction announcement dated 2 November 2022; (B) the before-tax gain of approximately US\$9.2 million as recorded in July 2023 from disposal of the land, buildings and structures in Hungary of the Group's subsidiary as more particularly described in the Company's announcement dated 7 July 2023; and (C) the before-tax gain of approximately US\$14.4 million as recorded in September 2023 from disposal of certain buildings, structures and facilities in Beijing of the Group's subsidiary as more particularly described in the Company's announcement dated 7 June 2023; and (D) a foreign exchange gain, which is currently estimated to be around, or above, US\$0.4 million for the current period, compared with a gain of US\$19.3 million for YTD September 2022 and a loss of US\$8.4 million for the three-month period ended 31 March 2023.

Additionally, the above negative factors and the risks indicated in the section headed "Risks and Opportunities of 2023" from page 136 to page 145 of the 2023 Interim Report have continued and are currently expected to continue into the remainder of 2023.

The Company has been working hard and doing everything that it reasonably can to improve its performance through these long-lasting challenging times.

As mentioned above, the Group's finalised audited consolidated final results and other related details will be disclosed in the 2023 final results announcement and annual report to be published by the Company.

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

(3) ADDITIONAL INFORMATION RELATING TO PREVIOUS SHARE GRANTS

Reference is made to the Company's 2021 annual report as issued and published on 13 April 2022 (the "2021 Annual Report") and 2022 annual report as issued and published on 13 April 2023 (the "2022 Annual Report") respectively, and in particular, the Company's grant of 7,328,361 ordinary shares on 23 December 2021 (the "Previous Share Grants") pursuant to the Company's previous share scheme which was approved by the Company's then shareholders on 26 November 2013 and was terminated by the Company's then shareholders on 19 May 2023, where certain particulars of the Previous Share Grants were disclosed in page 93 of the 2021 Annual Report and page 137 of the 2022 Annual Report respectively.

To facilitate the Company's shareholders and potential investors in better understanding the Previous Share Grants, the Company wishes to present the information provided in the 2021 Annual Report and the 2022 Annual Report as aforesaid in a table, together with the additional information highlighted in the Note below, as follows:

Name of participant	Date of share grant	Date of share vesting	Number of unvested shares as at 1 January 2022	Purchase price (HK\$)	Number of shares vested during 2022	Number of unvested shares as at 31 December 2022
Director/Chief Executive						
CHIH Yu Yang (also acting as the chief executive officer)	23 December 2021	10 January 2022	6,154,215	Nil	6,154,215 (Note)	0
MENG Hsiao-Yi (also acting as the chief operating officer, and resigned with effect from 10 March 2023)	23 December 2021	10 January 2022	1,174,146	Nil	1,174,146 (Note)	0
Total			7,328,361	-	7,328,361	0
Note: The weighted average closing price of the shares on 7 January 2022 (being the trading date immediately before the date on which the shares were vested) was HK\$1.41 per share.						

For the avoidance of doubt, the above additional information does not affect the other information set out in the 2021 Annual Report and the 2022 Annual Report.

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 2 November 2023

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. CHIH Yu Yang, Dr. KUO Wen-Yi and Mr. LIN Chia-Yi (also known as Charles LIN); one non-executive director, namely Mr. CHANG Chuan-Wang; and three independent non-executive directors, namely Mr. LAU Siu Ki, Ms. CHEN Shu Chuan (also known as Nadia CHEN) and Mr. CHIU Yen-Tsen (also known as CHIU Yen-Chen, Dennis).