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FIH Mobile Limited

富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

**INSIDE INFORMATION AND MAJOR TRANSACTION —
JOINT VENTURE RELATING TO
AUTOMOTIVE SMART COCKPIT AND ASSISTANT SYSTEMS**

Financial Adviser to the Company



JOINT VENTURE RELATING TO AUTOMOTIVE SMART COCKPIT AND ASSISTANT SYSTEMS

On 24 August 2021, the Company entered into the JV Agreement with Stellantis, Wonderful Stars and the JV Co to establish a joint venture through the JV Co to pursue the business objectives as more particularly described below, and to provide for the manner in which the JV Co's business shall be conducted and the rights and obligations of the JV Partners shall be regulated, upon and subject to the terms and conditions set out therein. According to the JV Agreement, among other things, Wonderful Stars (through the Company) shall contribute the Mobile Drive Group to the JV Co as part of the FIH Internal Restructuring.

Under the JV Agreement, (i) Stellantis granted Wonderful Stars the Wonderful Stars Call Option and the Wonderful Stars Put Option; and (ii) Wonderful Stars granted Stellantis the Stellantis Call Option and the Stellantis Put Option. The Options are exercisable upon occurrence of certain Option Events. The Call Options and the Put Options form part of the terms of the JV Agreement and no premium will be paid by each Party for the grant of the Options.

IMPLICATIONS UNDER THE LISTING RULES

Formation of JV Co and Contribution of Mobile Drive Group to JV Co

As all relevant percentage ratios in relation to each of the formation of the joint venture and the contribution of the Mobile Drive Group to the JV Co under the JV Agreement are below 5%, each of the formation of the joint venture and the contribution of the Mobile Drive Group to the JV Co under the JV Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Call Options and Put Options

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of the Wonderful Stars Call Option or the Wonderful Stars Put Option, which are mutually exclusive, is at the discretion of Wonderful Stars, the premium, being the price paid and/or payable by Wonderful Stars to acquire the Wonderful Stars Call Option or the Wonderful Stars Put Option, will be taken into consideration for the purpose of classification of notifiable transaction. As no premium will be paid by Wonderful Stars for the grant of these Options, each of the Wonderful Stars Call Option and the Wonderful Stars Put Option is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Stellantis Call Option or the Stellantis Put Option, which are mutually exclusive, is not at Wonderful Stars' discretion, the Stellantis Call Option or the Stellantis Put Option will be classified as if it had been exercised upon its grant. As the highest possible monetary value of the Option Price cannot be determined at the time of the grant using the information currently available, the grant of the Stellantis Call Option or the Stellantis Put Option will be classified as a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will comply with the applicable Listing Rules requirements if any of the Options is exercised, as and when necessary.

On an aggregated basis, the formation of the joint venture under the JV Agreement and the grant of the Stellantis Call Option or the Stellantis Put Option will be classified as a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Proposed Transaction. As such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Transaction.

As at the date of this announcement, Foxconn Far East is interested in 5,081,034,525 Shares, representing approximately 63.43% of the total number of issued Shares. As such, the Proposed Transaction may be approved by Foxconn Far East by way of its written Shareholder's approval in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, the Company has obtained written approval of the Proposed Transaction from Foxconn Far East in lieu of holding a general meeting for the approval of the Proposed Transaction pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Proposed Transaction will be convened and held.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular setting out, among others, further details of the Proposed Transaction is required to be despatched to the Shareholders within 15 business days after the publication of this announcement (i.e. on or before 14 September 2021). As additional time is required for the Company to prepare and finalise certain financial information to be included in the Circular, the Company will submit an application to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to such waiver being granted, it is expected that the Circular will be despatched to the Shareholders on or before 29 October 2021.

IMPORTANT

As Completion is conditional upon the satisfaction or waiver of the Conditions Precedent and the fulfillment of the obligations as set out in this announcement, Completion may or may not take place. Accordingly, Shareholders and potential investors in the Company are advised to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09(2) of 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).

INTRODUCTION

Reference is made to the announcement of the Company dated 18 May 2021 in respect of the memorandum of understanding entered into between the Company and Stellantis, which sets out the general framework and principles for cooperation on the establishment and operation of a joint venture company under the laws of the Netherlands.

The Company is pleased to announce that on 24 August 2021, the Company entered into the JV Agreement with Stellantis, Wonderful Stars and the JV Co to establish a joint venture through the JV Co to pursue the business objectives as more particularly described below, and to provide for the manner in which the JV Co's business shall be conducted and the rights and obligations of the JV Partners shall be regulated, upon and subject to the terms and conditions set out therein.

JV AGREEMENT

The principal terms of the JV Agreement are summarised as follows:

JV Co's Corporate Structure upon Completion

Immediately following Completion, each of Stellantis and Wonderful Stars shall hold 50% of the JV Co as the holding company for the software and hardware business and two newly-injected direct wholly-owned subsidiaries in Taiwan and Mainland China, namely Mobile Drive Technology Co., Ltd. (“**Mobile Drive Taiwan**”) and 深圳市超捷通訊有限公司 (Shenzhen Mobile Drive Technology Co., Ltd. for identification purposes only) (“**Mobile Drive China**”) respectively, as more particularly described below.

Mobile Drive Taiwan is principally engaged in research and development as well as sales of handsets, whereas Mobile Drive China is principally engaged in research and development of communication systems, handsets as well as other software, hardware and related systems.

Scope of Activities of JV Group

The worldwide geographical scope of the JV Group's activities focuses on the categories of infotainment, telematics and cloud service platform, together with ancillary hardware (such as smart cockpit in-vehicle infotainment cluster front and rear seat display and infotainment, and telematics box) and software (such as AI (Artificial Intelligence)-based applications, navigation, voice assistant, all-around visibility, e-commerce store operation, payment services integration, etc.).

Business Objectives of JV Group

The business objectives of the JV Group will be to:

- (1) create the leading “Digital Cockpit” and “Assistant” in the worldwide automotive market and to build automotive grade solutions in this field;
- (2) integrate internal and/or third party software, hardware and cloud solutions to create market leading solutions; provide an engaging and satisfying user interface with the vehicle; and include onboard (in-vehicle) to offboard interfaces with consumer devices (e.g. mobile phones) and digital ecosystems; and
- (3) target the adoption and installation of the products of the JV Co into the initial Stellantis vehicles and provide for regular maintenance and updates thereafter; seek to provide solutions that can be applied across the entire portfolio of Stellantis vehicles as well as brand-specific products; and sell its solutions to third party OEMs (original equipment manufacturers).

Parties' Obligations prior to Completion

Prior to Completion:

- (1) the Company and Wonderful Stars shall complete the FIH Internal Restructuring; and
- (2) Stellantis and the Company and their relevant affiliates shall enter into the Commercial Agreements.

JV Partners' Contributions

Stellantis shall contribute in EUR a cash amount equivalent to US\$40 million to the JV Co, and grant the licence of mutually-agreed intellectual property, at Completion.

Wonderful Stars (through the Company) shall contribute the mutually-agreed businesses and assets of Mobile Drive Taiwan and Mobile Drive China (collectively, the “**Mobile Drive Group**”) (which are the Company’s two indirect wholly-owned subsidiaries) to the JV Co as part of the FIH Internal Restructuring, and grant the licence of mutually-agreed intellectual property to the JV Co. The Company will disclose the financial effects on the Group of the contribution of the Mobile Drive Group to the JV Co upon Completion in the circular to be despatched to the Shareholders. Following Completion, the Mobile Drive Group (which will become the direct wholly-owned subsidiaries of the JV Co) will no longer be the subsidiaries of the Company, and accordingly, the financial statements of the Mobile Drive Group will not be consolidated into the Company’s or the Group’s financial statements after Completion.

The capital contributions to the JV Co were determined after arm’s length negotiations among the Parties, principally taking into account the expected working capital required for the JV Group and the technology and other support and facilities required for carrying out the business objectives and scope of activities of the JV Group.

Conditions Precedent

Completion is conditional upon the satisfaction or waiver of the Conditions Precedent, including (without limitation) the following:

- (1) completion of the FIH Internal Restructuring to the satisfaction of Stellantis and in accordance with the JV Agreement;
- (2) due execution and delivery of the Commercial Agreements by the relevant parties; and
- (3) all approvals from the relevant governmental, regulatory or administrative authorities in the applicable jurisdictions having been obtained.

If any of the Conditions Precedent is not satisfied on or before 31 October 2021 (the “**Long Stop Date**”) or if prior to such date it transpires that any of the Conditions Precedent is incapable of satisfaction and is not waived by the relevant Party/Parties, each Party (except the Party in breach of any of its obligations in relation to the satisfaction of the Conditions Precedent) shall be entitled to terminate the JV Agreement by written notice. However, if the Condition Precedent numbered (3) above is not satisfied on or before the Long Stop Date, the Long Stop Date shall be postponed until such approvals are obtained, provided that the Long Stop Date cannot be extended beyond 31 March 2022 without the approval of the relevant Parties.

Completion shall take place on the date that is ten Business Days after the satisfaction or waiver of the Conditions Precedent or on such other date as the Parties may agree.

Board Composition of JV Co

The JV Co Board shall consist of two executive directors and four non-executive directors. Each of Stellantis and Wonderful Stars is entitled to nominate one executive director and two non-executive directors respectively. The executive director nominated by Stellantis shall act as the chief financial officer of the JV Co, whereas the executive director nominated by Wonderful Stars shall act as the chief executive officer of the JV Co.

The chairman of the JV Co Board shall be a non-executive director appointed by the JV Co Board for a three-year term upon the recommendation of the Parties on an alternating basis. Stellantis shall appoint the first chairman. The chairman shall have all rights attributed to him under the JV Agreement as a non-executive director, but shall not have a casting vote or any special rights, namely any additional vote in the event the number of votes on a certain matter is equal.

Restrictions on Transfer of JV Co Shares

The JV Partners shall not transfer the legal and/or beneficial ownership of the JV Co Shares except in accordance with the JV Agreement. Also, except for certain permitted transfers of JV Co Shares, no JV Partner shall be allowed to transfer any of its JV Co Shares before the fifth anniversary of Completion (the “**Lock-Up Period**”), except with the prior written consent of the other JV Partner. After the Lock-Up Period, no JV Partner shall be allowed to transfer any of its JV Co Shares to certain restricted transferees, except with the prior written consent of the other JV Partner. Moreover, following the Lock-Up Period, if a JV Partner intends to accept a bona fide offer received from a third party for all its JV Co Shares, such JV Co Shares shall first be offered for purchase by the other JV Partner in accordance with the JV Agreement.

Call Options and Put Options

If an Option Event occurs in relation to a JV Partner (the “**Affected Party**”), the Affected Party shall (except in the case of a Material Breach) be obliged to notify the other JV Partner and the JV Co promptly of such Option Event. Upon an Option Event, the other JV Partner (the “**Non-Affected Party**”) shall be entitled (but not be obliged) to either: (i) require the Affected Party to purchase all JV Co Shares (and not part only) held by it (the “**Put Option**”); or (ii) purchase all JV Co Shares (and not part only) held by the Affected Party (except if the Option Event is triggered by a Material Event) (the “**Call Option**”), in each case by sending a written notice to the Affected Party to this effect (the “**Option Notice**”) in accordance with the terms of the JV Agreement.

The Option Notice shall be made in writing and shall include the option price (the “**Option Price**”). The Option Price shall be:

- for the JV Co Shares sold under a Put Option that is triggered by a Material Event: the subscription price paid by the Non-Affected Party (Stellantis only in case of a Material Event) in immediately available funds to the JV Co at Completion plus such Non-Affected Party’s pro rata part of the JV Co’s retained earnings plus all amounts contributed by the Non-Affected Party or its affiliates from time to time to any JV Group company or spent on acquiring or subscribing for securities in any JV Group company (including any loans) the extent such Party is not otherwise entitled to those amounts after closing of the relevant share transfer;

- for the JV Co Shares sold under a Put Option other than a Put Option that is triggered by a Material Event: the higher of: (i) the Fair Market Value of the JV Co Shares subject to the Put Option; and (ii) the subscription price paid by the Non-Affected Party in immediately available funds or contributions in kind to the JV Co at Completion plus such Non-Affected Party's pro rata part of the JV Co's retained earnings plus all amounts contributed by the Non-Affected Party or its affiliates from time to time to any JV Group company or spent on acquiring or subscribing for securities in any JV Group company (including any loans) the extent such Party is not otherwise entitled to those amounts after closing of the relevant share transfer; and
- for the JV Co Shares sold under a Call Option: the Fair Market Value minus 50%.

If the Affected Party notifies the Non-Affected Party within 30 Business Days following the receipt of the Option Notice that it disagrees with the calculation of the Option Price and the Affected Party and the Non-Affected Party fail to agree on the calculation of the Option Price within 20 Business Days after such notice from the Affected Party has been received by the Non-Affected Party, an independent valuation expert shall be appointed in accordance with the JV Agreement to determine the Option Price. If the Affected Party fails to respond within the period of 20 Business Days, it shall be deemed to have accepted the Option Price. The conclusions of the expert shall be final and binding upon the Parties.

Upon the occurrence of an Option Event, in case the Affected Party is Stellantis, Wonderful Stars (i.e. the Non-Affected Party) shall be entitled (but not be obliged) to either:

- (i) require Stellantis to purchase all JV Co Shares (and not part only) held by Wonderful Stars (the "**Wonderful Stars Put Option**"); or
- (ii) purchase all JV Co Shares (and not part only) held by Stellantis (except if the Option Event is triggered by a Material Event) (the "**Wonderful Stars Call Option**").

Upon the occurrence of an Option Event, in case the Affected Party is Wonderful Stars, Stellantis (i.e. the Non-Affected Party) shall be entitled (but not be obliged) to either:

- (i) require Wonderful Stars to purchase all JV Co Shares (and not part only) held by Stellantis (the "**Stellantis Put Option**"); or
- (ii) purchase all JV Co Shares (and not part only) held by Wonderful Stars (except if the Option Event is triggered by a Material Event) (the "**Stellantis Call Option**").

Termination of JV Agreement

No later than 12 months prior to the 10th anniversary of Completion (the "**Initial Expiration Date**"), the Parties shall discuss whether another 10-year term is desirable for the JV Co to pursue its business objectives. Upon mutual agreement between the Parties, the JV Agreement shall be deemed extended until the 20th anniversary of Completion (the "**Second Expiration Date**").

No later than 12 months prior to the Second Expiration Date, the Parties shall discuss whether options other than a liquidation of the JV Co are available to allow the pursuit of the JV Co's business objectives and the possibility of a partial or full sale of the JV Co and/or a partial or full exit of Stellantis and/or Wonderful Stars, in each case with a view to obtaining the best market value for the JV Co's assets.

If the Parties have not agreed on their future cooperation after the Second Expiration Date, before the date that is 6 months prior to the Second Expiration Date, Stellantis and Wonderful Stars are entitled to instruct the JV Co Board to appoint a liquidating committee to liquidate the JV Co. If the JV Co enters into dissolution and/or liquidation, the JV Co shall assign all its intellectual property rights to Stellantis (at fair, reasonable and non-discriminatory terms and conditions no less favourable than those applicable directly before the termination of the JV Agreement in accordance with its terms) upon Stellantis' written confirmation.

The JV Agreement shall also terminate:

- (1) in respect of Stellantis or Wonderful Stars from such moment it ceases to hold any JV Co Shares under the JV Agreement;
- (2) by a Party upon the non-fulfillment of any of the Conditions Precedent or obligations under the sections headed "Parties' Obligations prior to Completion" and "JV Partners' Contributions" above; or
- (3) by unanimous written consent from the Parties.

INFORMATION OF THE COMPANY

The Group is a vertically integrated manufacturing services provider with business models offering a comprehensive range of end-to-end components and manufacturing and engineering services to its customers in respect of handsets and other wireless communication devices and consumer electronic products, including unique and innovative product development and design, casings (including casings sold to customers and casings used to manufacture complete handsets for delivery to customers), components, PCBA (Printed Circuit Board Assembly), full-system assembly, etc., and supply chain services and solutions, and repair and other after-sales services which are located close to the customers. In addition to handsets, the Group is engaged in the manufacturing of other wireless communication devices and consumer electronic products and accessories and related areas, such as e-Readers, tablets and voice interaction products like smart speakers.

INFORMATION OF STELLANTIS

Stellantis is one of the world's leading automakers and a mobility provider, guided by a clear vision: to offer freedom of movement with distinctive, affordable and reliable mobility solutions.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Stellantis (as a listed company with its public shares traded in the French, Italian and U.S. stock markets) is a third party independent of the Company and its connected persons within the meaning of the Listing Rules.

INFORMATION OF WONDERFUL STARS AND JV CO

Wonderful Stars is principally engaged in investment holding and wholesale of handphones and other telecommunication apparatus.

As to the JV Co's principal business activities, please see the section headed "Scope of Activities of JV Group" above.

For the sake of completeness, Wonderful Stars and the JV Co are the Company's indirect wholly-owned subsidiaries as at the date of this announcement.

FINANCIAL INFORMATION OF THE JV CO

As the JV Co was incorporated on 7 June 2021 that has not yet commenced business, financial information (including the net asset value and net profits (both before and after taxation)) of the JV Co is not yet available as at the date of this announcement.

REASONS FOR, AND BENEFITS OF, THE PROPOSED TRANSACTION

Through the collaboration with Stellantis pursuant to the JV Agreement, the Group could develop business with Stellantis covering primarily smart cockpit and assistant systems together with ancillary hardware and software, thereby generating more revenue as well as enhancing utilisation of its assets, capacities, intellectual property, research and development achievements as well as capabilities (particularly the Group's expertise and experience in providing its innovative software design and hardware development services and solutions as well as wireless communication and information exchange technologies and cloud services, together with ancillary networks and ecosystem) in the IoV (Internet of Vehicles) business segment for the benefit of the Company and its shareholders as a whole, in furtherance of the Group's business strategy to actively expand its engagement in the IoV business segment to continuously build up a better Internet and mobile ecosystem.

The Directors, having regard to the reasons for and benefits of the Proposed Transaction referred to above, consider that the terms of the Proposed Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Formation of JV Co and Contribution of Mobile Drive Group to JV Co

As all relevant percentage ratios in relation to each of the formation of the joint venture and the contribution of the Mobile Drive Group to the JV Co under the JV Agreement are below 5%, each of the formation of the joint venture and the contribution of the Mobile Drive Group to the JV Co under the JV Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Call Options and Put Options

Pursuant to Rule 14.75(1) of the Listing Rules, as the exercise of the Wonderful Stars Call Option or the Wonderful Stars Put Option, which are mutually exclusive, is at the discretion of Wonderful Stars, the premium, being the price paid and/or payable by Wonderful Stars to acquire the Wonderful Stars Call Option or the Wonderful Stars Put Option, will be taken into consideration for the purpose of classification of notifiable transaction. As no premium will be paid by Wonderful Stars for the grant of these Options, each of the Wonderful Stars Call Option and the Wonderful Stars Put Option is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Stellantis Call Option or the Stellantis Put Option, which are mutually exclusive, is not at Wonderful Stars' discretion, the Stellantis Call Option or the Stellantis Put Option will be classified as if it had been exercised upon its grant. As the highest possible monetary value of the Option Price cannot be determined at the time of the grant using the information currently available, the grant of the Stellantis Call Option or the Stellantis Put Option will be classified as a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will comply with the applicable Listing Rules requirements if any of the Options is exercised, as and when necessary.

On an aggregated basis, the formation of the joint venture under the JV Agreement and the grant of the Stellantis Call Option or the Stellantis Put Option will be classified as a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders' Approval and Circular to Shareholders

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has a material interest in the Proposed Transaction. As such, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Proposed Transaction.

As at the date of this announcement, Foxconn Far East is interested in 5,081,034,525 Shares, representing approximately 63.43% of the total number of issued Shares. As such, the Proposed Transaction may be approved by Foxconn Far East by way of its written Shareholder's approval in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, the Company has obtained written approval of the Proposed Transaction from Foxconn Far East in lieu of holding a general meeting for the approval of the Proposed Transaction pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Proposed Transaction will be convened and held.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular setting out, among others, further details of the Proposed Transaction (the "**Circular**") is required to be despatched to the Shareholders within 15 business days after the publication of this announcement (i.e. on or before 14 September 2021). As additional time is required for the Company to prepare and finalise certain financial information to be included in the Circular, the Company will submit an application to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to such waiver being granted, it is expected that the Circular will be despatched to the Shareholders on or before 29 October 2021.

IMPORTANT

As Completion is conditional upon the satisfaction or waiver of the Conditions Precedent and the fulfillment of the obligations as set out in this announcement, Completion may or may not take place. Accordingly, Shareholders and potential investors in the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings stated below unless the context otherwise requires:

“associates”	such term as defined in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday when banks in London are open for business
“Commercial Agreements”	certain agreements including intellectual property licensing agreements, support/service agreements, supply/purchasing agreements and the relevant term sheets as stated in the JV Agreement
“Company”	FIH Mobile Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the JV Agreement in accordance with its terms and conditions
“Conditions Precedent”	the conditions precedent to Completion as set forth in the JV Agreement
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of the Eurozone
“Fair Market Value”	as at the date of determination, with respect to any JV Co Share, the price of such JV Co Shares that a willing and informed purchaser would pay to a willing seller in an arm’s length transaction, determined according to a multi-criteria approach based on the following criteria: (i) the JV Co’s last audited financial statements (based on IFRS (international financial reporting standards) reference) prior to any sale or purchase of JV Co Shares (if such sale or purchase of JV Co Shares occurs after six (6) months of the last audited financial statements, it will be based on new audited financial statements (based on IFRS reference) prepared within six (6) months prior to the time Fair Market Value is determined); and (ii) on the last business plan unanimously validated by the JV Co Board before such sale or purchase of the JV Co Shares

For the avoidance of doubt, the Fair Market Value of the JV Co Shares shall mean the proportionate percentage of the Fair Market Value of the JV Co minus “net debt” as calculated under the JV Agreement and shall not include any special premium or discounts

“FIH Internal Restructuring”	the internal restructuring to be completed by the Company and Wonderful Stars in accordance with the JV Agreement, which includes (without limitation) the injection of Mobile Drive Taiwan and Mobile Drive China (which are the Company’s two indirect wholly-owned subsidiaries) into the JV Co as part of Wonderful Stars’ contribution to the JV Co under the JV Agreement
“Foxconn Far East”	Foxconn (Far East) Limited, the direct controlling shareholder of the Company and a direct wholly-owned subsidiary of Hon Hai
“Group”	collectively, the Company and its subsidiaries
“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co. Ltd., for identification purposes only), the ultimate controlling shareholder of the Company
“JV Agreement”	the joint venture agreement dated 24 August 2021 entered into among the Company, Wonderful Stars, Stellantis and the JV Co
“JV Co”	Mobile Drive Netherlands B.V., a company incorporated in the Netherlands, being a Party to the JV Agreement
“JV Co Board”	the board of directors of the JV Co
“JV Co Shares”	the issued and outstanding shares in the capital of the JV Co with a nominal value of EUR1 each
“JV Group”	collectively, the JV Co and its subsidiaries from time to time, including at Completion, Mobile Drive Taiwan and Mobile Drive China
“JV Partners”	Stellantis and Wonderful Stars, and individually as a “JV Partner”
“Material Breach”	a material breach of the JV Agreement, which will in any event include a breach by a Party of the obligations relating to infringement of intellectual property rights, non-compete and non-solicitation in accordance with the JV Agreement, or any of the relevant intellectual property licensing agreements
“Material Event”	the occurrence of any of the following events: <ul style="list-style-type: none"> (i) due to a reasonable lack of competitiveness, which shall be examined on comparable terms and conditions in the same industry taking into consideration, without limitation, pricing, resources, capacity and material allocation, the JV Co and its subsidiaries fail to obtain, for any two consecutive years in the first seven years of the initial business plan, (at least 50% in terms of aggregate contract value of) the material agreements contemplated to be awarded by the Stellantis Group Companies (i.e. Stellantis and all of its affiliates (except, for the avoidance of doubt, the JV Co)) to the JV Co or any of its subsidiaries for such two consecutive years in the initial business plan (where the JV Co or any of its subsidiaries is the supplier and a Stellantis Group Company is the purchaser); and

- (ii) the JV Co and its subsidiaries fail to secure, for any two consecutive years in the first seven years of the initial business plan, by written contract, (at least 50% in terms of aggregate value of) the third party business contemplated to be developed or delivered by the JV Co and its subsidiaries for such two consecutive years in the initial business plan.

A Material Event shall be deemed not to have occurred if the Material Event would have been triggered by a failure to secure any material agreement from either Stellantis Group Companies or a third party that was caused by or due to any unreasonable action or omission on the part of Stellantis Group Companies or a breach by Stellantis Group Companies of any of their respective obligations to the JV Co or its subsidiaries

“Option Event”

any of the following events occurring in relation to a JV Partner shall qualify as an “Option Event” in relation to such JV Partner:

- a court of competent jurisdiction renders an order or a resolution is passed for the dissolution or administration of that JV Partner (otherwise than in the course of a reorganisation or restructuring previously approved in writing by the other JV Partner, such approval not to be unreasonably withheld or delayed);
- any person takes any action (which is not withdrawn or discharged within 10 calendar days) to appoint a liquidator, manager, receiver, administrator, administrative receiver or other similar officer in respect of any assets which include without limitation the JV Co Shares held by the concerned JV Partner or any of its subsidiaries;
- that JV Partner convenes a meeting with its creditors or makes or proposes any arrangement or composition with, or any assignment for the benefit of, its creditors;
- in relation to Wonderful Stars and/or the Company only, a change of control occurs;
- that JV Partner is in Material Breach which the other JV Partner treats as an Option Event;
- to the benefit of Stellantis only, a Material Event occurs; and
- a JV Partner is in breach of the non-compete obligations under the JV Agreement, and such breach has not been remedied within 30 Business Days from the moment such breach has been notified by the other JV Partner in accordance with the JV Agreement

“Options”	collectively, the Wonderful Stars Call Option, the Wonderful Stars Put Option, the Stellantis Call Option and the Stellantis Put Option, and individually as an “Option”
“Parties”	the parties to the JV Agreement, namely the Company, Stellantis, Wonderful Stars and the JV Co
“percentage ratios”	such term as defined in the Listing Rules
“Proposed Transaction”	the transactions contemplated under the JV Agreement, including (without limitation) the formation of the JV Co and the grants of the Options
“Share(s)”	the ordinary share(s) of US\$0.04 each of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stellantis”	Stellantis N.V., a public company (<i>naamloze vennootschap</i>), incorporated under the laws of the Netherlands, being a Party to the JV Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Wonderful Stars”	Wonderful Stars Pte. Ltd., an indirect wholly-owned subsidiary of the Company incorporated in Singapore, being a Party to the JV Agreement

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 24 August 2021

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. MENG Hsiao-Yi; and three independent non-executive directors, namely Mr. LAU Siu Ki, Dr. Daniel Joseph MEHAN and Mr. TAO Yun Chih.