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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)

**CERTAIN FINANCIAL INFORMATION FOR
THE THREE MONTHS ENDED 31 MARCH 2022
AND
UPDATE ON EXPECTED 2022 INTERIM 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Further to the first paragraph at page 87 of the Company’s 2021 annual report as issued and published on 13 April 2022 (the “2021 Annual Report”), pursuant to applicable disclosure requirements laid down by 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 12 May 2022 (as currently scheduled) certain unaudited consolidated financial information of the Group for the three months ended 31 March 2022 (the “current period”).

In order 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 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 87 to 89 of the 2021 Annual Report in respect of the Group’s quarterly performance.

Condensed Consolidated Statement of Financial Position

	As at		
	31 March 2022	31 December 2021	31 March 2021
	US\$ '000	US\$ '000	US\$ '000
	(unaudited)	(audited)	(unaudited)
Current assets	4,806,163	4,751,025	4,538,689
Non-current assets	1,241,170	1,228,666	1,274,368
Current liabilities	(3,867,353)	(3,778,285)	(3,746,453)
Non-current liabilities	(33,746)	(34,137)	(40,182)
Total net assets	<u>2,146,234</u>	<u>2,167,269</u>	<u>2,026,422</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the three-month period ended 31 March	
	2022	2021
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Revenue and other operating revenue	<u>2,209,973</u>	<u>2,015,245</u>
Loss for the period	(18,800)	(38,044)
Other comprehensive income (expense), net of tax	516	(12,645)
Total comprehensive expense for the period	<u>(18,284)</u>	<u>(50,689)</u>

Condensed Consolidated Statement of Cash Flows

	For the three-month period ended 31 March	
	2022	2021
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	(274,114)	91,884
Net cash used in investing activities	(72,860)	(14,589)
Net cash from (used in) financing activities	74,481	(35,856)
Effect of foreign exchange changes	1,293	(21,641)
Net (decrease) increase in cash and cash equivalents	<u>(271,200)</u>	<u>19,798</u>
Cash and cash equivalents, beginning of period	<u>1,884,719</u>	<u>1,779,332</u>
Cash and cash equivalents, end of period	<u>1,613,519</u>	<u>1,799,130</u>

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

The Group's unaudited consolidated interim results and other related details will be disclosed in the 2022 interim results announcement and interim report to be published by the Company.

With reference to the Company's statements regarding the Group's expected performance for the six months ending 30 June 2022 ("1H 2022") at page 86 of the 2021 Annual Report (including the statement that there was a realistic likelihood of incurring a loss for 1H 2022), the Company wishes to take this opportunity to update its shareholders and potential investors that various factors are expected to be relevant to the Company's likely 1H 2022 loss as mentioned above, including the following:

- (1) So far in 2022, demand in China, the largest handset market, has been muted. Although demand in the handset market can often be seasonal, the Chinese market has reported an overall year-on-year decline of 14.1% in shipments for the current period, according to a

recent study published on 28 April 2022 by IDC (International Data Corporation), one of the world's leading media, event and research companies. That softer demand has also seemingly been reflected in reduced end-consumer appetite and reassessments of Chinese brands. Those factors have directly and materially impacted the Group in the current period and may well continue to do so in the second quarter of 2022;

- (2) The COVID-19 pandemic and surge in Omicron-related infections globally have resulted in unpredictable COVID-19 bursts from time to time which have caused forced city lock downs, tighter border controls and lower movements within continents and across borders, and have further resulted in an adverse impact on logistics, the supply and prices of components, the availability of direct labour, manufacturing capacity and schedules, and handset shipments. Those factors have contributed to the Group's variable production in its factories, which has impacted utilisation and order fulfilment and given rise to associated costs;
- (3) The Russia-Ukraine war has increased geopolitical tensions, which, combined with measures taken by a significant number of countries with respect to Russia-related entities and individuals, have further raised the cost of living generally, as the respective prices of oil, gas, wheat, nickel and palladium, and other commodities have increased materially. The ongoing conflict has also potentially, profoundly affected consumer buying behaviour, including by, for example, further lengthening the common handset replacement time cycle; and
- (4) Since late 2017, the Group has faced challenging market conditions, and those conditions have continued into 2022.

The above factors and the risks indicated in the section headed "2022 Outlook" at pages 79 to 89 of the 2021 Annual Report have continued and are currently expected to continue into the remainder of 2022.

The Company has been working hard and doing everything that it reasonably can to improve its performance through these long-lasting challenging times. The Company will keep matters under close review as the second quarter of 2022 progresses, and will make further announcement(s), as necessary, to keep its shareholders and potential investors informed.

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
CHIH Yu Yang
Acting Chairman

Hong Kong, 11 May 2022

As at the date of this announcement, the Board 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.