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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)

CONNECTED TRANSACTION
JOINT VENTURE AGREEMENT

Financial Adviser



On 25 April 2024, FIH Co., a wholly-owned subsidiary of the Company, and other JV Parties (including HCM and Futai) entered into the JV Agreement, pursuant to which (among other things): (a) the JV Parties have agreed to establish the Joint Venture with an authorised share capital of NTD6,000 million (equivalent to approximately US\$185.8 million); and (b) FIH Co. has agreed to make a total capital contribution in cash of NTD125 million (equivalent to approximately US\$3.9 million), representing an interest of approximately 8.08% in the entire issued JV Shares upon completion of the First Closing and 2.08% upon fulfillment of the Minimum Target Capital, in each case upon and subject to the terms and conditions of the JV Agreement.

Hon Hai is the ultimate controlling shareholder of the Company. HCM and Futai are subsidiaries of Hon Hai and therefore are connected persons of the Company under the Listing Rules. It follows that the parties' entering into of the Transaction contemplated by the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is more than 0.1% but all the applicable percentage ratios are below 5%, the Transaction is subject to the announcement requirement under Chapter 14A of the Listing Rules.

This announcement is made by the Company in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

On 25 April 2024, FIH Co., a wholly-owned subsidiary of the Company, and other JV Parties entered into the JV Agreement, pursuant to which (among other things) the JV Parties have agreed to establish the Joint Venture upon and subject to the terms and conditions of the JV Agreement. Set out below are the principal terms of the JV Agreement.

PRINCIPAL TERMS OF THE JV AGREEMENT

Date

25 April 2024

Parties

- (1) CCM (as a Joint Manager and an Investor);
- (2) HCM (as a Joint Manager);
- (3) KGI Life (as an Investor);
- (4) CVC (as an Investor);
- (5) Futai (as an Investor);
- (6) Hannshine (as an Investor);
- (7) URE (as an Investor);
- (8) Winbond (as an Investor);
- (9) FIH Co. (as an Investor);
- (10) Superalloy (as an Investor); and
- (11) GIS (as an Investor).

Capital contributions

The Joint Venture will be established with an authorised share capital of NTD6,000 million (equivalent to approximately US\$185.8 million). It is targeted that the total capital of the Joint Venture to be contributed by the Investors, including the Initial Investors and the New Investors, will amount to NTD6,000 million (equivalent to approximately US\$185.8 million) or more by stages.

Upon and subject to the terms and conditions of the JV Agreement, FIH Co. has agreed to make an initial capital contribution of NTD25 million (equivalent to approximately US\$0.8 million) in cash, representing an interest of approximately 8.08% in the entire issued JV Shares, upon establishment of the Joint Venture. Upon and subject to the terms and conditions of the JV Agreement, FIH Co. has agreed to increase its capital contributions in cash to a total amount of NTD125 million (equivalent to approximately US\$3.9 million), representing an interest of approximately 8.08% in the entire issued JV Shares upon completion of the First Closing and 2.08% upon fulfilment of the Minimum Target Capital on the basis that each of the First Closing and the Minimum Target Capital would be completed or fulfilled (as the case may be) as contemplated by the JV Agreement.

Futai and the other Initial Investors (excluding Futai and FIH Co.) are committed to make respective total capital contributions of NTD257.92 million (equivalent to approximately US\$8.0 million) and NTD1,164.6 million (equivalent to approximately US\$36.1 million), representing interests in the entire JV Shares of approximately 16.67% and 75.25% respectively, upon completion of the First Closing on the basis that the First Closing would be completed as contemplated by the JV Agreement. Upon fulfilment of the Minimum Target Capital on the basis that it would be fulfilled as contemplated by the JV Agreement, the respective total capital contributions by Futai and the other Investors (excluding Futai and FIH Co.) will amount to NTD1,000 million (equivalent to approximately US\$31.0 million) and NTD4,875 million (equivalent to approximately US\$150.9 million), representing interests in the entire JV Shares of approximately 16.67% and 81.25% respectively.

The capital contributions by FIH Co. and other Investors represent the subscription price of the JV Shares at the nominal value of NTD10 per JV Share, subject to adjustment for the compensation to be made by any New Investors who only become Investors between three and twelve months after establishment of the Joint Venture in accordance with the terms of the JV Agreement.

Conditions precedent

The obligations of the Joint Venture to issue new JV Shares to an Investor under the JV Agreement are subject to fulfilment (or waiver by the Joint Venture except for condition (i) which is not waivable) of the following conditions:

- (i) the Joint Venture having not violated any applicable laws and not received any notice of violation of laws from the relevant authorities in respect of the issuance of new JV Shares;
- (ii) the representations and warranties provided by the Investor under the JV Agreement remaining true, complete and accurate in all material respects as at (if applicable) the date of the JV Agreement and the date of the deed of adherence to the JV Agreement to be signed by the New Investor in respect of its investment in the Joint Venture, except when the Investor has made sufficient disclosure to the Joint Venture, followed by the Joint Venture's written waiver; and
- (iii) the Investor having complied with its obligations under the JV Agreement in all material respects.

The obligations of an Investor to make its cash contribution under the JV Agreement are subject to the fulfilment (or waiver by the Investor except for condition (i) which is not waivable) of the following conditions:

- (i) the Investor having not violated any applicable laws and not received any notice of violation of laws from the relevant authorities in respect of the capital contribution to be made in full by the Investor by the corresponding deadline; and
- (ii) the representations and warranties provided by the Joint Venture under the JV Agreement remaining true, complete and accurate in all material respects as at (if applicable) the date of the JV Agreement and the date of deed of adherence to the JV Agreement to be signed by the New Investor in respect of its investment in the Joint Venture, except when the Joint Venture has made sufficient disclosure to the Investor, followed by the Investor's written waiver.

If any Investor has not satisfied the relevant condition precedent but has not yet obtained the Joint Venture's written waiver as aforesaid, this will not affect the obligations of the Joint Venture to issue new JV Shares to the other Investors under the JV Agreement.

Business of the Joint Venture

The Joint Venture will primarily engage in investments in public utility/renewable energy projects relating to solar energy, wind power and electrical energy storage in Taiwan.

Duration of the Joint Venture

Except as otherwise extended by approval of the JV Shareholders in accordance with the terms of the JV Agreement, the Joint Venture will have a duration of eight years commencing from (and inclusive of) the date of its establishment, of which the first five years represent the Investment Period and the remaining three years represent the Exit Period.

Upon expiry of the duration (or extended duration as aforesaid) of the Joint Venture, the Joint Venture will undergo dissolution and liquidation process according to the applicable laws in Taiwan.

Management of the Joint Venture

JV Board, committees and senior management

The JV Board will comprise nine directors with Futai nominating three directors and the remaining six directors to be nominated by other Investors and/or the Joint Managers.

The JV Board will establish a project establishment committee and an investment committee, both with each of CCM and HCM nominating an equal number of members. All investment opportunities of the Joint Venture will be subject to assessment and approval by the project establishment committee, the investment committee and the JV Board in accordance with the terms of the JV Agreement.

The Joint Venture will have three supervisors, with Futai nominating one supervisor and the remaining two supervisors to be nominated by other Initial Investors in accordance with the terms of the JV Agreement. The general manager of the Joint Venture will be nominated by CCM.

Joint Managers and Management Deed

The Joint Venture, CCM and HCM will enter into the Management Deed to appoint CCM and HCM as the Joint Managers to provide day-to-day operational and management consultancy services and investment advisory services to the Joint Venture upon and subject to the terms and conditions of the JV Agreement. The duration of the Management Deed shall end on the duration (or extended duration) of the Joint Venture.

During the Investment Period, a management fee (inclusive of tax) calculated based on 1.5% per annum of the total capital commitments of the Investors in accordance with the JV Agreement shall be payable by the Joint Venture to the Joint Managers. During the Exit Period, a management fee (inclusive of tax) is calculated based on 1.2% per annum of the total carrying (at cost) amount (deducting any investment amount written-off) of the investments of the Joint Venture not yet realised. In case the total investment income of the Joint Venture (as calculated under the JV Agreement) amounts to the required return of at least 6% per annum (as simple interest) of the total amount of capital contributions made by the Investors, such total investment income will be

allocated between the Joint Managers and the Investors on the 20/80 basis in accordance with the terms of the JV Agreement, provided that the aforesaid required return of the Investors shall be satisfied first and subject to certain mechanism to claw back amounts allocated to the Joint Managers as provided and calculated under the JV Agreement.

Distribution

Subject to approval by the JV Directors and the JV Shareholders in accordance with the JV Agreement, distributable income of the Joint Venture (as calculated under the JV Agreement) will be distributed to the Investors in proportion to their respective capital contributions.

Priority to purchase green electricity

The Investors will be given priority to purchase green electricity to be generated by the investment projects of the Joint Venture. The green electricity will be appropriately and reasonably allocated to the Investors with reference to their respective purchase plans and in proportion to their respective capital contributions to the Joint Venture.

Disposal of JV Shares

In relation to any disposal of the JV Shares (the “**Disposal JV Shares**”) by an Investor (the “**Disposal Investor**”) to a third party, such disposal shall first be notified to the Joint Managers, the Joint Venture and the other Investors and shall be subject to prior approval of the Joint Managers (such approval not to be improperly withheld) and the Disposal JV Shares being first offered to the other Investors upon the terms equivalent to those material transaction terms as agreed with the third party. The Disposal Investor may only dispose of the Disposal JV Shares to the third party only if the other Investors will not acquire (or will be deemed not to acquire) any of the Disposal JV Shares within 30 days after the date of the aforesaid notice.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Joint Venture will primarily invest in public utility/renewable energy projects relating to solar energy, wind power and electrical energy storage in Taiwan. Given the growing demand of renewable energy worldwide (particularly the industries in which the Group is currently engaged or plans to be engaged), the Company considers that: (i) the entering into of the Transaction contemplated by the JV Agreement presents a good, timely and valuable opportunity for the Group to directly participate in the future, comparatively stable return on the investment projects of the Joint Venture; (ii) in view of the current limited availability of green electricity in Taiwan, FIH Co. as an Investor will be given priority to purchase green electricity from the investment projects of the Joint Venture, and FIH Co.’s entering into of the Transaction would effectively support the Group’s initiative to utilise more renewable energy and reduce carbon/greenhouse gas emissions in the course of its business operations, thus enabling the Group to timely and sufficiently address the increasing demands from the Group’s customers in this regard; and (iii) the entering into of the Transaction contemplated by the JV Agreement will provide the Group with frontline and valuable exposure to the renewable energy industry together with the relevant market players and participants as well as exposure to the relevant renewable energy know-how and technologies, thus enabling the Group to develop appropriate networking, accumulate the relevant renewable energy know-how and technologies and capture potential future business opportunities in the industry.

Taking into account the reasons for and benefits of the Transaction and the terms of the JV Agreement, the Directors (including the independent non-executive Directors) consider that although the entering into of the Transaction contemplated by the JV Agreement is not in the

ordinary and usual course of business of the Group (being its existing principal activities or an activity wholly necessary for its principal activities), the terms governing the Transaction are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Mr. CHIH Yu Yang, an executive Director, is a director of a subsidiary and an associate of Hon Hai and, in view of his relationship with the Hon Hai Technology Group, has abstained from voting on the Board's resolutions in relation to the Transaction and the JV Agreement. Moreover, Mr. CHANG Chuan-Wang, a non-executive Director, is an employee of the Hon Hai Technology Group and, in view of his relationship with the Hon Hai Technology Group, has abstained from voting on the Board's resolutions in relation to the Transaction and the JV Agreement. Save as disclosed above, no other Directors are regarded as having a material interest in the Transaction and/or the JV Agreement nor have to abstain from voting on the Board's resolutions in relation to the Transaction and/or the JV Agreement.

INFORMATION IN RELATION TO THE JV PARTIES, THE HON HAI TECHNOLOGY GROUP AND THE GROUP

CCM is principally engaged in private equity investment and the related advisory services. KGI Life is a life insurance company. CVC is principally engaged in venture capital investment. CCM, KGI Life and CVC are wholly-owned subsidiaries of China Development Financial Holding Corporation ("CDF"). CDF, whose shares are listed on the Taiwan Stock Exchange Corporation, is a leading financial group in Taiwan which invests in and manages the businesses of finance-related institutions, including CCM, KGI Life and CVC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CCM, KGI Life, CVC and CDF are Independent Third Parties.

Hannshine is principally engaged in general investment. It is a wholly-owned subsidiary of HannStar Display Corporation, whose shares are listed on the Taiwan Stock Exchange Corporation and which is principally engaged in the manufacture and sale of TFT-LCD (thin-film-transistor liquid-crystal display) and tablet displays. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Hannshine and HannStar Display Corporation are Independent Third Parties.

URE, whose shares are listed on the Taiwan Stock Exchange Corporation, is principally engaged in research and development, design, manufacture and sale of solar cell and related system, solar module and import and export of related products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, URE is an Independent Third Party.

Winbond, whose shares are listed on the Taiwan Stock Exchange Corporation, is principally engaged in design, development, manufacture and marketing of Very Large Scale Integration (VLSI) integrated circuits (ICs) used in a variety of microelectronic applications. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Winbond is an Independent Third Party.

Superalloy, whose shares are listed on the Emerging Stock Market of the Taipei Exchange, is principally engaged in the provision of the mobility industry with high-end, custom, lightweight forging solutions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Superalloy is an Independent Third Party.

GIS is principally engaged in the manufacture and sale of touch and display modules. It is a wholly-owned subsidiary of General Interface Solution (GIS) Holding Limited, whose shares are listed on the Taiwan Stock Exchange Corporation and which is principally engaged in the manufacture and sale of touch and display modules. While Hon Hai, the ultimate controlling shareholder of the

Company as further set out below, is the largest institutional shareholder of General Interface Solution (GIS) Holding Limited indirectly holding approximately 22.64% of its entire issued shares (through a wholly-owned subsidiary of Hon Hai), GIS and General Interface Solution (GIS) Holding Limited are not connected persons of the Company under the Listing Rules.

HCM is principally engaged in venture capital investment, investment advisory and management consulting. Futai is principally engaged in general investment, venture capital investment, investment advisory and management consulting. HCM and Futai are wholly-owned subsidiaries of Hon Hai. Hon Hai is the ultimate controlling shareholder of the Company holding approximately 64.44% of the total number of issued shares of the Company as at the date of this announcement. The Hon Hai Technology Group is the leading global manufacturing service provider in the 3C (computer, communication and consumer electronics) industries.

FIH Co., an indirect wholly-owned subsidiary of the Company, is principally engaged in the provision of research and development services relating to wireless telecommunications products and management consultancy services. The Group is a vertically integrated manufacturing services provider with business models offering a comprehensive range of leading edge end-to-end manufacturing and engineering services to its customers tailored to meet specific market and customer product lifecycle requirements in respect of handsets and other wireless communication devices and consumer electronic products and this full range and wide array of capabilities provide the Group's customers with expertise across the entire value chain. The products and services include 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, supply chain services and solutions, and after-market services of return management and product repair/refurbishment solutions in mobile devices and smart consumer electronics devices. 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 eReaders, tablets, and voice interaction products like smart speakers.

IMPLICATIONS UNDER THE LISTING RULES

Hon Hai is the ultimate controlling shareholder of the Company. HCM and Futai are subsidiaries of Hon Hai and therefore are connected persons of the Company under the Listing Rules. It follows that the parties' entering into of the Transaction contemplated by the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated under Chapter 14A of the Listing Rules is more than 0.1% but all the applicable percentage ratios are below 5%, the Transaction is subject to the announcement requirement under Chapter 14A of the Listing Rules.

IMPORTANT

As the Transaction shall only proceed following the satisfaction or waiver of the conditions precedent referred to in the section headed "Conditions precedent" under "Principal terms of the JV Agreement" in this announcement, the Transaction may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

DEFINITIONS

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

“associate”	having the meaning as defined in the Listing Rules
“Board”	the board of Directors
“CCM”	CDIB Capital Management Corporation (中華開發資本管理顧問股份有限公司), a company incorporated in Taiwan, and one of the Joint Managers and one of the Investors under the JV Agreement
“Company”	FIH Mobile Limited, a limited liability company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange
“connected persons”	having the meaning as defined in the Listing Rules
“CVC”	CDIB Venture Capital Corporation (中華開發創業投資股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“Director(s)”	the director(s) of the Company
“Exit Period”	the period of three years (or as extended pursuant to the JV Agreement) immediately following the Investment Period
“FIH Co.”	FIH Co., Ltd. (富智康國際股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“Financial Adviser”	VS Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 6 (advising on corporate finance) regulated activities, which has been appointed by the Company to be the financial adviser to advise the Company in respect of the Transaction
“First Closing”	the making of a total capital contribution of NTD1,547.52 million (equivalent to approximately US\$47.9 million) to the Joint Venture by the Initial Investors
“Futai”	富泰國際投資股份有限公司 (Futai International Investment Co. Ltd.*), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“GIS”	General Interface Solution Limited (英特盛科技股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“Group”	the Company and its subsidiaries

“Hannshine”	瞳彩投資股份有限公司 (Hannshine Investment Corporation*), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“HCM”	鴻海投資管理顧問股份有限公司 (Hon Hai Investment Management Co. Ltd.*), a company incorporated in Taiwan and one of the Joint Managers under the JV Agreement
“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co. Ltd.*), a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation and the ultimate controlling shareholder of the Company, HCM and Futai respectively
“Hon Hai Technology Group”	Hon Hai, its subsidiaries and/or associates (as the case may be), other than the Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“Initial Investors”	CCM, KGI Life, CVC, Futai, Hannshine, URE, Winbond, FIH Co., Superalloy and GIS, being the Investors upon the establishment of the Joint Venture
“Investment Period”	the period of five years (or as extended pursuant to the JV Agreement) commencing from (inclusive of) the date of establishment of the Joint Venture
“Investor(s)”	the investor(s) under the JV Agreement, including the Initial Investors and the New Investors
“Joint Manager(s)”	CCM and/or HCM, being the joint manager(s) of the Joint Venture under the JV Agreement and the Management Deed
“Joint Venture”	開鴻能源股份有限公司 (Kai-Hong Energy Co., Ltd.*), the joint venture company to be incorporated in Taiwan under the JV Agreement
“JV Agreement”	the joint venture agreement dated 25 April 2024 and entered into between the JV Parties in relation to (among other things) the establishment, operation and management of the Joint Venture
“JV Board”	the board of directors of the Joint Venture
“JV Directors”	the directors of the Joint Venture
“JV Party(ies)”	the party(ies) to the JV Agreement, as set out in the section headed “Parties” under “Principal terms of the JV Agreement” in this announcement

“JV Shareholder(s)”	the holder(s) of the JV Shares
“JV Share(s)”	the ordinary share(s) of the Joint Venture with a nominal value of NTD10 each
“KGI Life”	KGI Life Insurance Co., Ltd. (凱基人壽保險股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Management Deed”	the management deed to be entered into between the Joint Venture and the Joint Managers, setting out (among other things) the terms of appointment of CCM and HCM as the Joint Managers
“Minimum Target Capital”	the minimum target capital amount of the Joint Venture of NTD6,000 million (equivalent to approximately US\$185.8 million)
“New Investor(s)”	the investor(s) of the Joint Venture other than the Initial Investors
“NTD”	New Taiwan dollars, the lawful currency of Taiwan
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	having the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended from time to time
“Superalloy”	Superalloy Industrial Co., Ltd. (巧新科技工業股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“Transaction”	FIH Co.’s investment in the Joint Venture as an Investor so as to become a JV Shareholder, coupled with the corresponding rights and obligations in respect of the Joint Venture under the JV Agreement
“URE”	United Renewable Energy Co., Ltd. (聯合再生能源股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

“Winbond” Winbond Electronics Corporation (華邦電子股份有限公司), a company incorporated in Taiwan and one of the Investors under the JV Agreement

“%” per cent

For the purposes of this announcement, NTD is converted into US\$ at an exchange rate of US\$1.00:NTD32.3 for illustrative purposes only, unless otherwise stated. No representation is made that any amount in NTD/US\$ has been, could have been or may be converted at such rate or any other rate or at all.

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 26 April 2024

As at the date of this announcement, the Board 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).

** For identification purposes only*