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**FIH Mobile Limited**  
**富智康集團有限公司**

**(formerly known as Foxconn International Holdings Limited)**  
*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 2038)

**CONTINUING CONNECTED TRANSACTIONS**

**Financial adviser**



**REORIENT Financial Markets Limited**

The Group from time to time has been carrying out the Continuing Connected Transactions consisting of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction and the Other Transactions. On 17 October 2013, the Company entered into the relevant supplemental agreements with Hon Hai in respect of the extension of the respective terms of the Continuing Connected Transactions to 31 December 2016, and in particular, the supplemental agreements relating to the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction respectively will become effective only after obtaining the Independent Shareholders' approval. The Company has also set or proposed (as the case may be) new annual caps for the Continuing Connected Transactions for the three years ending 31 December 2016.

Based on the maximum amount of the new annual cap amounts for the three years ending 31 December 2016 in respect of each of the Other Transactions, all relevant percentage ratios are less than 5%. The Other Transactions are only subject to the reporting and announcement requirements of the Listing Rules.

Based on the maximum amount of the proposed annual cap amounts for the three years ending 31 December 2016 in respect of each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction, each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction is a non-exempt continuing connected transaction for the Company under the Listing Rules. Accordingly, the Purchase Transaction, the Product Sales Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Sub-contracting Income Agreement and the proposed annual cap amounts in respect of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction for the three years ending 31 December 2016 are subject to the approval of the Independent Shareholders.

Based on the maximum amount of the proposed annual cap amounts for the three years ending 31 December 2016 in respect of the Non-real Property Lease Expense Transaction, the relevant percentage ratios are less than 5%. In view of the connections between the Non-real Property Lease Expense Transaction and the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Supplemental Non-real Property Lease Expense Agreement and the relevant proposed annual cap amounts for the three years ending 31 December 2016 are also subject to the approval of the Independent Shareholders.

The Company will convene an extraordinary general meeting to seek the Independent Shareholders' approval for the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement and the relevant proposed annual cap amounts for the three years ending 31 December 2016. The Company has established the Independent Board Committee and will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular will be despatched to the Shareholders on or before 7 November 2013.

## **INTRODUCTION**

The Group is a vertically integrated manufacturing service provider for the handset industry worldwide. It provides a wide range of manufacturing services to its customers in connection with the production of handsets.

The Hon Hai Group is the leading global manufacturing service provider in the 3C industries. Hon Hai is the ultimate controlling shareholder of the Company holding approximately 67.87% of the issued share capital of the Company.

The Group from time to time has been carrying out the Continuing Connected Transactions with the Hon Hai Group, each of which is more particularly described below.

## **PURCHASE TRANSACTION**

Pursuant to the Purchase Agreement, the Group has agreed to purchase materials and components from the Hon Hai Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) in respect of purchases from an Approved Vendor, at the price agreed between the supplier and the Group's customer; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based upon reasonable commercial principles.

Payment for the Purchase Transaction is usually made by the Group within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the transaction.

On the date of this announcement, the Company and Hon Hai entered into the Supplemental Purchase Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Purchase Agreement to 31 December 2016.

## **PRODUCT SALES TRANSACTION**

Pursuant to the Framework Product Sales Agreement, the Company has agreed to sell or procure its subsidiaries to sell to the Hon Hai Group parts or other products manufactured or owned by the Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) where the Group has been approved or otherwise designated by the relevant customers of the Hon Hai Group, at the price agreed between the Group and such customers; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based on reasonable commercial principles.

Payment for the Product Sales Transaction is usually received by the Group within 90 days after the date of the relevant invoice.

On the date of this announcement, the Company and Hon Hai entered into the Supplemental Product Sales Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Framework Product Sales Agreement to 31 December 2016.

## **NON-REAL PROPERTY LEASE EXPENSE TRANSACTION**

Pursuant to the Framework Non-real Property Lease Expense Agreement, the Group has agreed to lease the Non-real Properties from the Hon Hai Group as agreed between the parties from time to time for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein.

The rental payable by the Group under the Non-real Property Lease Expense Transaction shall be determined on a fair and reasonable basis with reference to the average market rental of other similar properties in the market. If the average market rental is not available, the rental payable under the Non-real Property Lease Expense Transaction shall be determined on a "cost plus" basis. If both the average market rental basis and the "cost-plus" basis are not appropriate or applicable, the rental payable under the Non-real Property Lease Expense Transaction shall be agreed between the relevant parties based on reasonable commercial principles.

The relevant parties may enter into a separate specific lease agreement for the relevant Non-real Property to be leased by the Group from the Hon Hai Group under the Non-real Property Lease Expense Transaction. Such specific lease agreement, containing terms and conditions consistent with the terms and conditions of the Framework Non-real Property Lease Expense Agreement, specifies in detail the term, rental and other terms and conditions governing the lease of such Non-real Property. The rental under the Non-real Property Lease Expense Transaction will be payable by the Group to the Hon Hai Group within such period(s) agreed

by the relevant parties from time to time on a case-by-case basis and is expected to be usually payable within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the Non-real Property Lease Expense Transaction (as the case may be).

On the date of this announcement, the Company and Hon Hai entered into the Supplemental Non-real Property Lease Expense Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Framework Non-real Property Lease Expense Agreement to 31 December 2016.

## **SUB-CONTRACTING INCOME TRANSACTION**

Pursuant to the Sub-contracting Income Agreement, the Hon Hai Group has agreed to engage the Group to provide certain services, such as molding, metal stamping for handsets and desktop computers, handset repair services and other services, to the Hon Hai Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) where the Group has been approved or otherwise designated by the relevant customers of the Hon Hai Group, at the price agreed between the Group and such customers; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based on reasonable commercial principles.

Payment for the Sub-contracting Income Transaction is usually received by the Group within 90 days after the date of the relevant invoice.

On the date of this announcement, the Company and Hon Hai entered into the Supplemental Sub-contracting Income Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Sub-contracting Income Agreement to 31 December 2016.

## **OTHER TRANSACTIONS**

### ***General Services Expense Transaction***

Pursuant to the General Services Expense Agreement, the Hon Hai Group has agreed to provide general administrative, support, utility and other related services to the Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) where there is a price determined by the relevant state, at such state-determined price; or
- (2) where there is no state-determined price, at the market price; or
- (3) where there is no state-determined price or market price, on the principle of "cost plus"; or

- (4) where none of the above pricing bases is appropriate, at a price to be agreed between the relevant parties.

At present, the Hon Hai Group charges the Group for the cost of the General Services Expense Transaction based on the actual costs incurred by the Hon Hai Group and certain allocation bases as agreed between the parties from time to time depending on the nature of the General Services Expense Transaction. The Company considers the historic and present allocation bases and ratios are fair and reasonable. The Company will endeavour to agree with Hon Hai on any future allocation bases and ratios on a fair and equitable basis.

Payment for the General Services Expense Transaction is usually made by the Group within 45 days after the date of the relevant invoice.

On the date of this announcement, the Company entered into a supplemental agreement with Hon Hai to extend the term of the General Services Expense Agreement to 31 December 2016.

#### ***Consolidated Services and Sub-contracting Expense Transaction***

Pursuant to the Consolidated Services and Sub-contracting Expense Agreement, the Hon Hai Group has agreed to provide services including research and development services, design services, repair services and sub-contracting services to the Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) where the Hon Hai Group has been approved or otherwise designated by the relevant customers of the Group, at the price agreed between the Hon Hai Group and such customers; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based on reasonable commercial principles.

Payment for the Consolidated Services and Sub-contracting Expense Transaction is usually made by the Group within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the transaction.

On the date of this announcement, the Company entered into a supplemental agreement with Hon Hai to extend the term of the Consolidated Services and Sub-contracting Expense Agreement to 31 December 2016.

#### ***Equipment Purchase Transaction and Equipment Sale Transaction***

Pursuant to the Framework Equipment Purchase Agreement and the Framework Equipment Sale Agreement, the Group has agreed to purchase or sell equipment from or to the Hon Hai Group from time to time for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) at the book value of the relevant equipment as recorded in the accounts of the relevant member of the Hon Hai Group or the Group (as the case may be); or

- (2) if (1) above is not appropriate or applicable, at a price to be determined by reference to the average market price; or
- (3) where (1) and (2) above are not appropriate or applicable, at a price to be agreed between the relevant parties on the basis of the principle of “cost plus”; or
- (4) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the parties based upon reasonable commercial principles.

Payment for the Equipment Purchase Transaction is usually made by the Group within 120 days after the date of the relevant invoice, whereas payment for the Equipment Sale Transaction is usually received by the Group within 90 days after the date of the relevant invoice.

On the date of this announcement, the Company entered into supplemental agreements with Hon Hai to extend the respective terms of the Framework Equipment Purchase Agreement and the Framework Equipment Sale Agreement to 31 December 2016.

## **REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS**

The reasons for entering into and carrying out the Continuing Connected Transactions are set out below.

### ***Purchase Transaction***

Hon Hai is the leading player in the 3C manufacturing services industry. Under the convergence trend of the 3C industries, an increasing number of types of materials and components manufactured by the Hon Hai Group are used for the manufacture of handsets. The Company believes that it is an important competitive advantage of the Group in the handset manufacturing service industry that the Group together with the members of the Hon Hai Group can provide a range of vertically integrated manufacturing services to the customers.

### ***Product Sales Transaction***

The Company considers it in its best interests to generate more income as well as enhance utilisation of its assets by carrying out the Product Sales Transaction in response to the Hon Hai Group’s needs from time to time, provided that the Hon Hai Group purchases from the Group at prices comparable to market prices and/or which are considered to be fair and reasonable to the Company.

### ***Non-real Property Lease Expense Transaction***

In carrying out the Product Sales Transaction and other manufacturing projects, the Group may require the use of the Non-real Properties including specialised equipment and machines. By leasing such Non-real Properties from the Hon Hai Group, the Group may gain access to the use of such Non-real Properties at rental rates agreeable to the Company saving capital expenditures.

### ***Sub-contracting Income Transaction***

The Company considers it in its best interests to generate more income as well as enhance utilisation of its assets by carrying out the Sub-contracting Income Transaction as long as the services are provided at prices that are fair and reasonable pursuant to the Sub-contracting Income Agreement.

### ***General Services Expense Transaction***

Certain production facilities of the Group are located at premises owned and managed by the Hon Hai Group and leased to the Group under the Lease Expense Transaction. Within such premises, the Hon Hai Group provides a number of general administrative, support, utility and other related services to all tenants, including the Group, which are necessary for the tenants to carry out their operations in such locations. The Company considers it more cost effective for the Group to share some other services provided by the Hon Hai Group, such as product testing, specialist inspection and information technology and communication services.

### ***Consolidated Services and Sub-contracting Expense Transaction***

The Company considers that the services provided by the Hon Hai Group under the Consolidated Services and Sub-contracting Expense Transaction as requested by the Group can enhance the Group's handset manufacturing and related capacity in its handset manufacturing business, provide the Group with greater flexibility and allow the Group to carry on its business more efficiently.

### ***Equipment Purchase Transaction***

The Hon Hai Group is able to customise standard industry equipment to varying degrees to better suit the production processes of the Group. Purchasing equipment from the Hon Hai Group helps accelerate the delivery time of the equipment to the Group. The Group in the past also purchased used equipment that was in good condition from the Hon Hai Group at the book value of the equipment in Hon Hai's accounts. It is usually more convenient for the Group to obtain the required maintenance services for the customised equipment from the Hon Hai Group.

### ***Equipment Sale Transaction***

From time to time certain equipment of the Group no longer meets the production needs of the Group which may be as a result of a number of factors, such as new product specifications required by customers, capacity planning and new production arrangements. However, such equipment may be useful to the Hon Hai Group for its businesses. The Group may sell such equipment to the Hon Hai Group at prices the Company considers to be fair and reasonable generating more income for the Group.

## **HISTORICAL VALUES AND ANNUAL CAPS**

The table below sets out (1) the historical actual amounts of each of the Continuing Connected Transactions for the year ended 31 December 2012 and for the eight months ended 31 August 2013; (2) the existing annual caps for each of the Continuing Connected Transactions for the year ending 31 December 2013; and (3) the new or proposed (as the case may be) annual caps for each of the Continuing Connected Transactions for the three years ending 31 December 2016.

<i>(in US\$ '000)</i>	<b>Actual transaction amounts</b>		<b>Existing annual cap</b>	<b>New/proposed annual caps for the year ending 31 December</b>		
	For the year ended 31 December 2012 <i>(audited)</i>	For the eight months ended 31 August 2013 <i>(unaudited)</i>	For the year ending 31 December 2013	2014	2015	2016
Purchase Transaction <i>(Note 1)</i>	605,647	166,968	847,000	751,000	804,000	860,000
Product Sales Transaction <i>(Note 1)</i>	80,845	66,577	656,000	526,000	563,000	603,000
Non-real Property Lease Expense Transaction <i>(Note 1)</i>	-	761	13,000	22,000	23,000	25,000
Sub-contracting Income Transaction <i>(Note 1)</i>	72,490	90,887	463,000	308,000	329,000	352,000
<i>Other Transactions</i>						
General Services Expense Transaction <i>(Note 2)</i>	24,683	9,613	93,000	20,000	22,000	23,000
Consolidated Services and Sub-contracting Expense Transaction <i>(Note 2)</i>	42,125	25,558	96,000	69,000	74,000	79,000
Equipment Purchase Transaction <i>(Note 2)</i>	14,562	34,761	75,000	91,000	98,000	105,000
Equipment Sale Transaction <i>(Note 2)</i>	58,490	13,740	80,000	25,000	26,000	28,000

*Notes:*

1. Based on the maximum amount of the proposed annual caps for the three years ending 31 December 2016 in respect of each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction, each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction constitutes a non-exempt continuing connected transaction for the Company under the Listing Rules. Accordingly, the proposed annual cap amounts for the three years ending 31 December 2016 for the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction are subject to the approval of the Independent Shareholders. Based on the maximum amount of the proposed annual caps for the three years ending 31 December 2016 in respect of the Non-real Property Lease Expense Transaction, the relevant percentage ratios are less than 5%. In view of the connections between the Non-real Property Lease Expense Transaction and the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the relevant proposed annual cap amounts for the three years ending 31 December 2016 are also subject to the approval of the Independent Shareholders.
2. Based on the maximum amount of the new annual caps for each of the three years ending 31 December 2016 for each of the Other Transactions, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Other Transactions are only subject to the reporting and announcement requirements of the Listing Rules.

The proposed or new (as the case may be) annual cap amounts are determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the actual amounts and recent trends of the Continuing Connected Transactions in 2013;
- the historical percentages of the respective amounts of the Continuing Connected Transactions to the Group's turnover;
- the anticipated growth of the Continuing Connected Transactions taking into account development of the Group's business; and
- an additional buffer of 5%.

The Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) consider that the proposed annual cap amounts for the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction respectively for the three years ending 31 December 2016 are fair and reasonable, and the terms of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction respectively are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. The Directors consider that the new annual cap amounts for the Other Transactions for the three years ending 31 December 2016 are fair and reasonable, and the respective terms of the Other Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. In view of her relationship with Hon Hai, Dr. Lee Kuo Yu (being a non-executive Director) has abstained from voting on the Board's resolutions in relation to the Continuing Connected Transactions.

## **EXEMPT CONTINUING CONNECTED TRANSACTIONS**

In addition, the Group from time to time has been carrying out the Lease Expense Transaction, the Lease Income Transaction and the General Services Income Transaction with the Hon Hai Group under the Framework Lease Expense Agreement, the Framework Lease Income Agreement and the General Services Income Agreement respectively for terms up to 31 December 2013 upon and subject to the respective terms and conditions set out therein. Each of the aforesaid transactions constitutes a continuing connected transaction for the Company and the Company had set annual caps for each of the transactions for the three years ending 31 December 2013. Details of the transactions were set out in the Company's announcement dated 19 November 2010.

On 17 October 2013, the Company also entered into supplemental agreements with Hon Hai to extend the respective terms of the Framework Lease Expense Agreement, the Framework Lease Income Agreement and the General Services Income Agreement to 31 December 2016. Moreover, the supplemental agreement relating to the Framework Lease Income Agreement also provides for the change in the rental payment term so that rentals would be paid within such period(s) agreed by the relevant parties from time to time on a case-by-case basis by check, remittance or other mutually agreed payment method, instead of payment simply on a monthly basis. Based on the Company's estimation of the annual amounts for each of the Lease Expense Transaction, the Lease Income Transaction and the General Services Income Transaction for the three years ending 31 December 2016, the aforesaid transactions will constitute *de minimis* continuing connected transactions for the Company exempt from the reporting, annual review, announcement and independent shareholders' approval

requirements pursuant to Rule 14A.33(3) of the Listing Rules. The Company will continue to monitor the respective amounts derived from any such transactions, and if required, will set annual cap(s) for any subsequent financial year(s) in respect of the relevant transactions and comply with the Listing Rules as and when required.

## **UPDATES ON THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED BY THE JV**

With reference to the announcement of the Company dated 31 January 2013 (the “31 January 2013 Announcement”), pursuant to the JV Agreement, First Honest Enterprises Limited (a wholly-owned subsidiary of the Company) formed the 51%-owned JV with RSH, upon which certain ancillary transactions were agreed on the same date. Among such ancillary transactions, the following transactions constituted continuing connected transactions for the Company.

### ***HH Master Sourcing Agreement***

It was agreed that the JV and the relevant members of the Hon Hai Group would enter into the HH Master Sourcing Agreement pursuant to which the JV Group will from time to time purchase consumer electronics and related products from the Hon Hai Group from the date of the agreement until two years thereafter. As Hon Hai is the ultimate controlling shareholder of the Company, the HH Master Sourcing Agreement constituted a continuing connected transaction for the Company and as set out in the 31 January 2013 Announcement, the Company set the annual cap for the HH Master Sourcing Transaction for the year ending 31 December 2013. Further details (including the terms) of the HH Master Sourcing Transaction were set out in the 31 January 2013 Announcement.

The JV and the relevant members of the Hon Hai Group are still negotiating further detailed terms of the HH Master Sourcing Agreement, on the basis of the form agreed in principle back in January 2013. After the JV and the relevant member(s) of the Hon Hai Group finalise and enter into the HH Master Sourcing Agreement, the Company will monitor the transaction amounts and any related plans in respect of the HH Master Sourcing Agreement, and if required, will set annual cap(s) for any subsequent financial year(s) in respect of the HH Master Sourcing Transaction and comply with the Listing Rules as and when required.

### ***Other continuing connected transactions***

With reference to the 31 January 2013 Announcement, the transactions contemplated by the RSH Master Sourcing Agreement, the RSH Licence Agreement, the RSH Royalty Agreement, the SMS Marketing Licence Agreement and the HH Royalty Agreement (each term being defined in the 31 January 2013 Announcement) respectively constituted continuing connected transactions for the Company. Pursuant to Rule 14A.33(4) of the Listing Rules, the transactions contemplated under the RSH Master Sourcing Agreement, the RSH Licence Agreement and the RSH Royalty Agreement respectively were continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under the Listing Rules. Pursuant to Rule 14A.33(3) of the Listing Rules, the transactions contemplated under the SMS Marketing Licence Agreement and the HH Royalty Agreement respectively were *de minimis* continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under the Listing Rules.

As at the date of this announcement, (1) the transactions contemplated under the RSH Master Sourcing Agreement, the RSH Licence Agreement and the RSH Royalty Agreement respectively remain to be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules; and (2) the transactions contemplated under the SMS Marketing Licence Agreement remain to be a *de minimis* continuing connected transaction exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules. The Company will continue to monitor the respective amounts derived from any such transactions, and if required, will set annual cap(s) for any subsequent financial year(s) in respect of the relevant transactions and comply with the Listing Rules as and when required.

Further, as to the HH Royalty Agreement, the JV and Hon Hai are still discussing the need to enter into the HH Royalty Agreement. The Company will continue to monitor the situation and comply with the Listing Rules as and when required.

## **LISTING RULES REQUIREMENTS**

Based on the maximum amount of the new annual cap amounts for the three years ending 31 December 2016 in respect of each of the Other Transactions, all relevant percentage ratios are less than 5%. In accordance with Rule 14A.34 of the Listing Rules, the Other Transactions are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Based on the maximum amount of the proposed annual cap amounts for the three years ending 31 December 2016 in respect of each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction, each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction is a non-exempt continuing connected transaction for the Company under the Listing Rules. Accordingly, the Purchase Transaction, the Product Sales Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Sub-contracting Income Agreement and the proposed annual cap amounts in respect of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction for the three years ending 31 December 2016 are subject to the approval of the Independent Shareholders. Based on the maximum amount of the proposed annual cap amounts for the three years ending 31 December 2016 in respect of the Non-real Property Lease Expense Transaction, the relevant percentage ratios are less than 5%. In view of the connections between the Non-real Property Lease Expense Transaction and the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Supplemental Non-real Property Lease Expense Agreement and the relevant proposed annual cap amounts for the three years ending 31 December 2016 are also subject to the approval of the Independent Shareholders.

The Company will convene an extraordinary general meeting to seek the Independent Shareholders' approval for the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement and the relevant proposed annual cap amounts for the three years ending 31 December 2016. Hon Hai and its associates will abstain from voting on the resolutions to be proposed at the extraordinary general meeting for approving the above matters. The Independent Board Committee has been established to consider the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the

Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement and the relevant proposed annual cap amounts for the three years ending 31 December 2016. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular will be despatched to the Shareholders on or before 7 November 2013 setting out, among other things, details of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement, the relevant proposed annual cap amounts for the three years ending 31 December 2016 and the respective letters from the Independent Board Committee and the Independent Financial Adviser.

All the Continuing Connected Transactions are also subject to the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

## **DEFINITIONS**

“Approved Vendor(s)”	supplier(s) of materials and components for the manufacture of handsets as approved by the customer(s) of the Group
“associate(s)”	having the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Company”	FIH Mobile Limited (formerly known as Foxconn International Holdings Limited), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Consolidated Services and Sub-contracting Expense Agreement”	the framework consolidated services and sub-contracting agreement entered into among the Company, Hon Hai, PCE Industry Inc. (a subsidiary of Hon Hai) and Sutech Industry Inc. (a wholly-owned subsidiary of the Company) on 24 October 2007 (as amended by a supplemental agreement dated 19 November 2010)
“Consolidated Services and Sub-contracting Expense Transaction”	the transactions contemplated under the Consolidated Services and Sub-contracting Expense Agreement as amended by a supplemental agreement of the date of this announcement
“Continuing Connected Transactions”	collectively, the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction and the Other Transactions
“Directors”	the directors of the Company

“Equipment Purchase Transaction”	purchase of equipment by the Group from the Hon Hai Group contemplated under the Framework Equipment Purchase Agreement as amended by a supplemental agreement of the date of this announcement
“Equipment Sale Transaction”	sale of equipment by the Group to the Hon Hai Group contemplated under the Framework Equipment Sale Agreement as amended by a supplemental agreement of the date of this announcement
“Framework Equipment Purchase Agreement”	the framework equipment purchase agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007 and 19 November 2010)
“Framework Equipment Sale Agreement”	the framework equipment sale agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007 and 19 November 2010)
“Framework Lease Expense Agreement”	the framework lease agreement entered into between Shenzhen Futaikhong Precision Industrial Co., Ltd. (a wholly-owned subsidiary of the Company), which was subsequently replaced by the Company as the party thereto, and Hon Hai dated 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 20 September 2006, 24 October 2007 and 19 November 2010)
“Framework Lease Income Agreement”	the framework lease agreement entered into between the Company and Hon Hai on 24 October 2007 (as amended by a supplemental agreement dated 19 November 2010)
“Framework Non-real Property Lease Expense Agreement”	the framework lease agreement relating to movable non-real properties entered into between the Company and Hon Hai on 13 June 2013
“Framework Product Sales Agreement”	the framework product sales agreement entered into among the Company, Hon Hai and Innolux Corporation (an associate of Hon Hai formerly known as Innolux Display Corporation and then Chimei Innolux Corporation) on 18 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007 and 19 November 2010)
“General Services Expense Agreement”	the general services agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007 and 19 November 2010)

“General Services Expense Transaction”	the general services provided by the Hon Hai Group to the Group under the General Services Expense Agreement as amended by a supplemental agreement of the date of this announcement
“General Services Income Agreement”	the framework general services agreement entered into between the Company and Hon Hai on 24 October 2007 (as amended by a supplemental agreement dated 19 November 2010)
“General Services Income Transaction”	the general services provided by the Group to the Hon Hai Group under the General Services Income Agreement as amended by a supplemental agreement of the date of this announcement
“Group”	the Company and/or its subsidiaries (as the case may be)
“HH Master Sourcing Agreement”	the agreement proposed to be entered into between the JV and the relevant member(s) of the Hon Hai Group in relation to the JV Group’s sourcing of consumer electronics and related products from the Hon Hai Group
“HH Master Sourcing Transaction”	the proposed transactions contemplated under the HH Master Sourcing Agreement
“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
“Hon Hai Group”	Hon Hai, its subsidiaries and/or associates (as the case may be)
“Independent Board Committee”	the independent board committee established by the Board to consider the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement and the relevant proposed annual caps in respect of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction for each of the three years ending 31 December 2016

“Independent Financial Adviser”	a licensed corporation to be appointed by the Company to be the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Non-real Property Lease Expense Agreement, the Supplemental Sub-contracting Income Agreement and the relevant proposed annual caps in respect of the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction for each of the three years ending 31 December 2016
“Independent Shareholders”	Shareholders other than Hon Hai and its associates
“JV”	FIH RadioShack (Asia) Retail Holdings Limited (formerly known as Perfect Legend Development Limited), a joint venture owned as to 51% by First Honest Enterprises Limited (a wholly-owned subsidiary of the Company) and 49% by RSH
“JV Agreement”	the amended and restated joint venture agreement dated 31 January 2013 entered into among First Honest Enterprises Limited (a wholly-owned subsidiary of the Company), RSH and the JV in relation to the formation of the JV between First Honest Enterprises Limited and RSH and the management of the JV Group
“JV Group”	the JV and any subsidiaries of the JV
“Lease Expense Transaction”	the lease of premises by the Group from the Hon Hai Group contemplated under the Framework Lease Expense Agreement as amended by a supplemental agreement of the date of this announcement
“Lease Income Transaction”	the lease of premises by the Group to the Hon Hai Group contemplated under the Framework Lease Income Agreement as amended by a supplemental agreement of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-real Property(ies)”	movable non-real property(ies) which include(s) but not limited to equipment, machines, materials, gears, kits, apparatus and other movable assets

“Non-real Property Lease Expense Transaction”	the transactions contemplated under the Framework Non-real Property Lease Expense Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Non-real Property Lease Expense Agreement
“Other Transactions”	collectively, the General Services Expense Transaction, the Consolidated Services and Sub-contracting Expense Transaction, the Equipment Purchase Transaction and the Equipment Sale Transaction
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Product Sales Transaction”	sale of parts or other products manufactured or owned by the Group to the Hon Hai Group as contemplated under the Framework Product Sales Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Product Sales Agreement
“Purchase Agreement”	the framework materials and components supply agreement entered into among the Company, Hon Hai, Innolux Corporation (formerly known as Innolux Display Corporation and then Chimei Innolux Corporation) and 鴻準精密工業股份有限公司 (Foxconn Technology Company Limited for identification purposes only) (both associates of Hon Hai) on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007 and 19 November 2010)
“Purchase Transaction”	purchase of materials and components by the Group from the Hon Hai Group contemplated under the Purchase Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Purchase Agreement
“RSH”	RadioShack Global Sourcing (Hong Kong) Ltd., a wholly-owned subsidiary of RadioShack Corporation
“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares of US\$0.04 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-contracting Income Agreement”	the framework sub-contracting agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007, 19 November 2010 and 26 July 2012)
“Sub-contracting Income Transaction”	the transactions contemplated under the Sub-contracting Income Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Sub-contracting Income Agreement
“subsidiary(ies)”	having the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Supplemental Non-real Property Lease Expense Agreement”	the supplemental agreement of the date of this announcement entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Framework Non-real Property Lease Expense Agreement to 31 December 2016
“Supplemental Product Sales Agreement”	the supplemental agreement of the date of this announcement entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Framework Product Sales Agreement to 31 December 2016
“Supplemental Purchase Agreement”	the supplemental agreement of the date of this announcement entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Purchase Agreement to 31 December 2016
“Supplemental Sub-contracting Income Agreement”	the supplemental agreement of the date of this announcement entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Sub-contracting Income Agreement to 31 December 2016
“US\$”	United States dollars, the lawful currency of the United States of America
“3C”	computer, communication and consumer electronics

By Order of the Board  
**Tong Wen-hsin**  
*Chairman*

Hong Kong, 17 October 2013

*As at the date of this announcement, the executive directors of the Company are Messrs. Tong Wen-hsin and Chih Yu Yang and Dr. Lee Jer Sheng, the non-executive director of the Company is Dr. Lee Kuo Yu and the independent non-executive directors of the Company are Messrs. Lau Siu Ki and Chen Fung Ming and Dr. Daniel Joseph Mehan.*