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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)

(the “Company”)

STRATEGIC INVESTMENT IN CEXCHANGE, LLC

This announcement is made by the Company on a voluntary basis.

The Company (together with its subsidiaries, the “**Group**”) is pleased to announce that on 5 September 2014, SP International, Inc., an indirect wholly-owned subsidiary of the Company incorporated in the State of Illinois, the United States of America (“**SPI**”) entered into a contribution and option agreement (the “**Contribution Agreement**”) with CExchange, LLC, a limited liability company incorporated in the State of Texas, the United States of America (“**CEx**”) and two CEx members currently holding an aggregate of approximately 69% of CEx’s entire membership interests (the “**Relevant CEx Members**”) in relation to SPI’s acquisition of certain membership interest of CEx upon and subject to the terms and conditions set out therein.

Pursuant to the Contribution Agreement, the parties have agreed (among other things) as follows, in each case upon and subject to the terms and conditions set out therein:-

1. SPI has agreed to make the Initial Capital Contribution to CEx in exchange for a Class A membership interest representing thirty percent (30%) ownership of CEx on a fully-diluted basis (excluding any preferred membership interest in CEx);
2. Only if the 2014 Valuation is greater than US\$35,000,000.00 (representing the agreed minimum valuation of CEx), SPI will make to CEx a further capital contribution equivalent to eighty percent (80%) of the difference between 30% of the 2014 Valuation minus the Initial Capital Contribution;
3. Only if the 2015 first-half EBITDA equals to or exceeds the 2014 first-half EBITDA, SPI will make to CEx a final capital contribution equivalent to twenty percent (20%) of the difference between 30% of the 2014 Valuation minus the Initial Capital Contribution;

4. SPI shall have an option, but no contractual obligation, to acquire additional Class A membership interests in CEx representing an additional thirty percent (30%) interest in CEx on a fully-diluted basis during three intermittent option periods between 1 January 2016 and 31 January 2017 (both dates inclusive) for the Additional Capital Contributions; and
5. Upon closing of the transactions contemplated by the Contribution Agreement, SPI and the existing members of CEx will execute and deliver a second amended and restated company agreement in the form attached to the Contribution Agreement (the “**Restated Company Agreement**”, and together with the Contribution Agreement, the “**Agreements**”) in relation to the management of the business and affairs of CEx and also the respective rights and obligations of CEx’s members (including SPI) in respect of their respective membership interests in CEx upon and subject to the terms and conditions set out therein.

Since its establishment in 2006, CEx has been engaging in the business of consumer electronics, including electronic trade-in and buy-back (including purchasing and reselling), refurbish management, overstock and return goods management and purchasing and sales representation.

By making a strategic investment in CEx, the Group could gain exposure to the consumer electronics trade-in, buy-back and reverse logistics businesses in the United States of America, capitalise on the growth of this aspect of the handset industry, and leverage on CEx’s unique service positioning, familiarity with the retail and wireless industries and the related legal and regulatory regimes, sophisticated pricing mechanism and information technology systems, as well as comprehensive network of resale and distribution channels.

To the best of knowledge, information and belief of the directors of the Company having made all reasonable enquiries, each of CEx and its members being parties to the Agreements is a third party independent of the Company and its connected persons within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The entering into of the Agreements does not constitute a notifiable transaction or a connected transaction for the Company under the Listing Rules.

As SPI may or may not exercise any option to acquire additional Class A membership interests in CEx as aforesaid, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares in the Company.

DEFINITIONS

For the purposes of this announcement, the following terms shall have the following meanings:-

“2014 Valuation” means nine (9) multiplied by the 2014 EBITDA, subject to the maximum of US\$150,000,000.00.

“Additional Capital Contribution” means, in relation to each additional capital contribution to be made by SPI to CEx upon exercise of an option pursuant to the Contribution Agreement, the corresponding percentage interest to be acquired upon such option exercise multiplied by nine (9) times the EBITDA for the calendar year of 2015 (in relation to the first option period), for the twelve (12) months ended 30 June 2016 (in relation to the second option period), and for the twelve (12) months ended 31 December 2016 (in relation to the third option period).

“EBITDA” means, in relation to the relevant period, CEx’s earnings before interest, taxes, depreciation and amortisation as more particularly described in the Contribution Agreement, after certain agreed adjustments.

“Initial Capital Contribution” means an agreed sum of US\$10,500,000.00.

By Order of the Board
Tong Wen-hsin
Chairman

Hong Kong, 5 September 2014

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.