

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FIH Mobile Limited

富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

COLLABORATION RELATING TO NOKIA-BRANDED PRODUCTS BUSINESS

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).

The Company is pleased to announce that on 18 May 2016, the Company and TNS Limited, an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands (“**TNS**”) entered into a collaboration agreement (the “**Collaboration Agreement**”) with Nokia Technologies Ltd., a limited liability company incorporated in Finland (“**Nokia Technologies**”), and HMD global Oy, a limited liability company incorporated in Finland (“**HMD**”), to establish a collaboration framework among the parties with a view to building a globally successful business in the field of Nokia-branded mobile phones and tablets based on (i) the “Nokia” brand and certain of Nokia Technologies’ intellectual property; (ii) the Company’s and TNS’ technologies, manufacturing, supply chain, and research and development activities; and (iii) the commercial capabilities in the field of mobile device business to be acquired by HMD and TNS for distribution of Nokia-branded mobile phones and tablets (the “**Collaboration**”) upon and subject to the terms and conditions set out therein.

Pursuant to the Collaboration 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. HMD has agreed to exclusively (subject to certain exceptions) undertake business in Nokia-branded mobile phones and tablets (the “**Nokia-Branded Products Business**”), including designing, manufacturing and sales of such Nokia-branded mobile phones and tablets through subcontractor(s) and agent(s), and using intellectual property (together with the related sales and marketing materials) which is licensed from Nokia Technologies (the “**Nokia-Branded Offering**”), in a manner that meets certain commercial objectives and financial targets;

2. TNS has agreed to work exclusively (subject to certain exceptions) with HMD for the distribution of the Nokia-Branded Offering;
3. The Collaboration Agreement contemplates that HMD may acquire TNS through a share purchase or the purchase of the business of TNS from the Company (the “**Proposed TNS Acquisition**”);
4. The Company has agreed (a) as an objective, to support HMD and TNS and facilitate the investment of sufficient resources to support HMD’s and TNS’ endeavours to ramp-up the Nokia-Branded Products Business; and (b) to enter into agreement(s) with HMD for the manufacturing, research, development and technology cooperation, and distribution in respect of the Nokia-Branded Offering (the “**Proposed Agreement(s)**”);
5. The Collaboration Agreement shall be effective until the earlier of (a) 31 March 2027; and (b) the tenth anniversary of the date of the launch of the first product of the Nokia-Branded Offering, unless earlier terminated in accordance with its terms (the “**Term**”);
6. TNS will be jointly and severally liable with HMD for any and all obligations and commitments of HMD under the Collaboration Agreement, the License Agreements (as defined hereinafter) and the Frame Licensing Agreement (as defined hereinafter) (but excluding assuming HMD’s role as owner of the Nokia-Branded Products Business), and the Company will be jointly and severally liable with TNS for any and all obligations and commitments of TNS under the Collaboration Agreement and the Frame Licensing Agreement (as defined hereinafter); and
7. Except in the case of fraud, intentional acts, wilful misconduct, and gross negligence, the maximum aggregate commitment and liability of the Company and TNS (jointly) (and including any liability arising from any obligation or commitment of TNS or HMD for which the Company and/or TNS may be jointly and severally liable), for claims arising under the Collaboration Agreement, the Frame Licensing Agreement and the License Agreements shall be limited to one hundred and twenty million (120,000,000) U.S. dollars (the “**Cap**”) for the period starting on the effective date of the Trademark License Agreement (as defined hereinafter) and continuing until the earlier of: (i) 31 March 2019; or (ii) the second (2nd) anniversary of the date of the launch of the first product of the Nokia-Branded Offering (the “**Initial Period**”), the Cap being renewable every twenty-four (24) months thereafter until the end of the Term (each such period, a “**Subsequent Period**”). Three months prior to the end of the Initial Period or a Subsequent Period, the parties shall negotiate in good faith the amount of the Cap. In the event the amount of the Cap is not agreed no later than fourteen days prior to the end of the Initial Period or the relevant Subsequent Period, Nokia Technologies has the right to terminate the Collaboration Agreement, the Frame Licensing Agreement and/or the License Agreements. In the event Nokia Technologies does not exercise its right to terminate within the first 60 days of the next Subsequent Period, the existing Cap shall continue to be applicable. The Company will re-comply with any applicable Listing Rules when a new Cap is agreed.

The detailed terms and conditions governing each of the Proposed TNS Acquisition and the Proposed Agreement(s) are subject to negotiation among the parties thereto.

Simultaneously upon signing of the Collaboration Agreement, (i) Nokia Technologies and HMD entered into a trademark license agreement (the “**Trademark License Agreement**”) and a patent license agreement (collectively, the “**License Agreements**”), pursuant to which Nokia Technologies has granted HMD certain patent and trademark licenses in relation to the Nokia-Branded Offering; and (ii) TNS, Nokia Technologies and HMD entered into the frame licensing agreement (the “**Frame Licensing Agreement**”), which sets forth a framework for the patent and trademark licensing and the exploitation of the licenses granted to HMD under the License Agreements.

Nokia Technologies is Nokia's advanced technology and licensing business. Formed in 2014, Nokia Technologies builds upon Nokia's solid foundation of industry-leading licensing and technology R&D capabilities. By focusing on Digital Health, Digital Media, Brand Licensing, and Patent Licensing, Nokia Technologies is expanding the human possibilities of the ever-evolving world of technology. In 2015, Nokia Technologies launched OZO, the world's first virtual reality (VR) camera designed for professionals.

HMD will engage exclusively in the Nokia-Branded Products Business (subject to certain exceptions).

Through the Collaboration with Nokia Technologies and HMD pursuant to the Collaboration Agreement, the Group could develop business with HMD covering primarily smart phones and tablets under the proposed manufacturing and distribution of the Nokia-Branded Offering, thereby generating more revenue as well as enhancing the utilisation of its assets, capacities and capabilities in its handset manufacturing business and fulfillment services for the benefit of the Company and its shareholders as a whole.

To the best of knowledge, information and belief of the directors of the Company having made all reasonable enquiries, each of Nokia Technologies and HMD is a third party independent of the Company and its connected persons within the meaning of the Listing Rules.

The entering into of the Collaboration Agreement and the Frame Licensing Agreement does not constitute a notifiable transaction or a connected transaction for the Company under the Listing Rules.

As the detailed terms and conditions governing each of the Proposed TNS Acquisition and the Proposed Agreement(s) may or may not be agreed by the parties thereto, there is no guarantee that the Proposed TNS Acquisition and/or the Proposed Agreement(s) will eventuate. Accordingly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares in the Company.

By Order of the Board
Tong Wen-hsin
Chairman

Hong Kong, 18 May 2016

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.