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**CERTAIN FINANCIAL INFORMATION FOR
THE NINE MONTHS ENDED 30 SEPTEMBER 2020
AND
UPDATE ON EXPECTED 2020 ANNUAL 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 88 of the Company’s 2020 interim report as issued and published on 7 September 2020 (the “2020 Interim Report”), pursuant to applicable disclosure requirements laid down by the Taiwan Stock Exchange Corporation, Hon Hai Precision Industry Co. Ltd.* (the Company’s ultimate controlling shareholder whose shares are listed on the Taiwan Stock Exchange Corporation) is required to disclose on or about the date of this announcement certain unaudited consolidated financial information of the Group for the nine months ended 30 September 2020 (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 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 88 (the second paragraph) and 89 of the 2020 Interim Report in respect of the Group’s quarterly performance.

Condensed Consolidated Statement of Financial Position

	As at		
	30 September 2020	31 December 2019	30 September 2019
	US\$ '000	US\$ '000	US\$ '000
Current assets	(unaudited)	(audited)	(unaudited)
4,920,144	5,731,252	6,372,823	
Non-current assets	1,237,734	1,271,269	1,270,631
Current liabilities	(4,136,933)	(4,864,087)	(5,587,135)
Non-current liabilities	(51,413)	(37,834)	(42,396)
Total net assets	<u>1,969,532</u>	<u>2,100,600</u>	<u>2,013,923</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the period from 1 July to 30 September	
	2020	2019
	US\$ '000	US\$ '000
Revenue and other operating revenue	(unaudited)	(unaudited)
2,553,813	4,154,956	
(Loss) profit for the period	(13,767)	20,029
Other comprehensive income (expense), net of tax	99,644	(84,262)
Total comprehensive income (expense) for the period	<u>85,877</u>	<u>(64,233)</u>

	For the nine-month period ended 30 September	
	2020	2019
	US\$ '000	US\$ '000
Revenue and other operating revenue	(unaudited)	(unaudited)
6,382,693	10,804,566	
Loss for the period	(115,065)	(63,810)
Other comprehensive expense, net of tax	(8,774)	(72,549)
Total comprehensive expense for the period	<u>(123,839)</u>	<u>(136,359)</u>

Condensed Consolidated Statement of Cash Flows

	For the nine-month period ended 30 September	
	2020	2019
	US\$ '000	US\$ '000
Net cash (used in) from operating activities	(unaudited)	(unaudited)
(324,418)	158,459	
Net cash from investing activities	94,686	386,931
Net cash from (used in) financing activities	244,483	(614,942)
Effect of foreign exchange changes	(7,093)	4,944
Net increase (decrease) in cash and cash equivalents	7,658	(64,608)
Cash and cash equivalents, beginning of period	1,545,270	1,418,569
Cash and cash equivalents, end of period	<u>1,552,928</u>	<u>1,353,961</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 finalised audited consolidated final results and other related details will be disclosed in the 2020 final results announcement and annual report to be published by the Company.

With reference to the Company's statements regarding the Group's expected performance for the full year ending 31 December 2020 in the penultimate paragraph at page 87 of the 2020 Interim Report, the Company wishes to take this opportunity to update its shareholders and potential investors as follows:

- (A) As the Company has previously explained, the challenging conditions that the Group has faced since late 2017 have continued into 2020. For example, the Group's gross margins generally have continued to come under pressure from competition.
- (B) Since February 2020, the challenging conditions have been further exacerbated by the adverse effects of the COVID-19 pandemic. That pandemic is unprecedented. It has materially and adversely affected not only the Group, but also its customers, suppliers, associates, joint ventures and investees and, accordingly, the Group's and their respective operations and performance as well as (in relation to the Group) the Group's asset utilisation in respect of which the Company envisages a possible need to write off or impair various under-utilised assets of the Group as a result of the overall decline in mobile phone demand. Further, visibility of customers' demand is greatly shortened. Pending further medical developments in a COVID-19 vaccine or other alternative treatment, many of the world's major economies have imposed local restrictions in an effort to control further spread of the virus, and the cumulative effect of those efforts has been to materially and adversely affect consumers' activities and buying behaviour and, ultimately, demand.
- (C) The Sino-U.S. political conflicts have shown no sign of easing, particularly after the U.S. government took steps to restrict the availability of certain U.S. technologies and materials to specific Mainland Chinese companies, and (among others) the recent ban on Mainland China's largest chipmaker. As at the date of this announcement, to the Company's knowledge, none of the manufacturers of chips for mobile phones using U.S. technologies have been granted a licence to continue conducting business with the Mainland Chinese company in question. This has resulted in tighter supplies, and even shortages, in a wide range of common electronic components over the third quarter of 2020, thereby increasing pressure on the supply chain during a typically peak season of demand in the year. Some common electronic components such as ICs (Integrated Circuits), filters, LCDs (Liquid-Crystal Displays), sensors, etc. appear to be subject to tighter supplies, with rising prices and extended order lead times. In addition, Mainland China's smart phone market appears to be undergoing a process of recalibration because of the U.S. sanctions against one of the key players in the market, which, in turn, has caused more uncertainties in planning, production and logistics.
- (D) The U.S. election concluded with a new president-elect, but uncertainties appear to remain about the transition from old administration to new: indeed, there have been indications that that transition might not be smooth or straightforward. While the new president-elect has indicated that his administration will look to advance U.S. security and take steps to protect democracy and renew alliances, many uncertainties remain about what changes, if any, might ultimately arise with respect to the future U.S. foreign / political / trade policies, and how the new administration will pursue those policies in practice. Those uncertainties (and, conversely, any clarification in due course) will likely have an impact on the global economy.

(E) The challenging conditions described above are currently expected to continue into the remainder of 2020 and, potentially, the beginning of 2021. The Group's financial resources (including cash, cash flow and liquidity positions) remain sufficient to finance its continuing operations. However, to seek to ensure that the Group will maintain that, and given the significant change in market demand and consumer-buying behaviour resulting from COVID-19, the Group has continued to focus on measures to control overall costs and operating expenses, and to seek to ease pressure on margin erosion, while at the same time working closely with customers to fill their demand at a reasonable cost amidst fierce market competition. Further, the Group has planned to expand its production capacities in Mainland China in anticipation of increasing orders from one of the Group's major customers. The Group has generally suspended capital expenditure on non-critical investments. The Company will continue to closely monitor the situation, and where it considers necessary, will implement further appropriate measures like carrying out rightsizing activities.

(F) Given the increased risk to the timely collection of trade receivables when payments from certain customers of the Group have been deferred, the Group materially increased year-on-year its allowance for credit losses arising from trade receivables during the current period. The Company will continue to closely monitor the situation, and where it considers necessary, will make a greater allowance for expected credit losses arising from trade receivables.

(G) The Company's subsidiaries in Mainland China are eligible for and have applied for several relief packages supported by the Mainland Chinese government in response to COVID-19. However, that expected Mainland Chinese government support is likely to be provided in instalments over time, and accordingly, it is currently expected that only a portion of those relief packages may be granted by the end of 2020, with the remainder (if any) to follow in the coming year.

Given all of the matters described above, on the basis of a further review of the Group's latest unaudited management accounts and other information currently available, the Company currently expects that the Group is likely to record a consolidated net loss for the year ending 31 December 2020, though the Company is currently unable to reasonably and meaningfully estimate a precise likely magnitude of such consolidated net loss for the year ending 31 December 2020.

The Company has been working hard and doing everything that it reasonably can to maximise its performance through these challenging times. The Company will keep matters under close review as the fourth quarter of 2020 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 November 2020

As at the date of this announcement, the Board 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.

* For identification purposes only