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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)

**CERTAIN FINANCIAL INFORMATION FOR
THE THREE MONTHS ENDED 31 MARCH 2020
AND**

UPDATE ON EXPECTED 2020 INTERIM 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 second paragraph at page 44 of the Company’s 2019 annual report as issued and published on 16 April 2020 (the “2019 Annual 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 the date of this announcement certain unaudited consolidated financial information of the Group for the three months ended 31 March 2020.

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 three months ended 31 March 2020**, 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 three months ended 31 March 2020 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 the third paragraph at page 44 of the 2019 Annual Report in respect of the Group’s quarterly performance.

Condensed Consolidated Statement of Financial Position

	As at		
	31 March 2020	31 December 2019	31 March 2019
	US\$ '000	US\$ '000	US\$ '000
	(unaudited)	(audited)	(unaudited)
Current assets	4,511,293	5,731,252	5,645,170
Non-current assets	1,228,959	1,271,269	1,308,825
Current liabilities	(3,754,389)	(4,864,087)	(4,796,059)
Non-current liabilities	(34,879)	(37,834)	(27,131)
Total net assets	<u>1,950,984</u>	<u>2,100,600</u>	<u>2,130,805</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the three-month period ended 31 March	
	2020	2019
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Revenue and other operating revenue	1,847,800	3,133,888
Loss for the period	(62,483)	(68,767)
Other comprehensive (expense) income, net of tax	(87,131)	49,290
Total comprehensive expense for the period	<u>(149,614)</u>	<u>(19,477)</u>

Condensed Consolidated Statement of Cash Flows

	For the three-month period ended 31 March	
	2020	2019
	US\$ '000	US\$ '000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	(47,168)	287,414
Net cash from investing activities	102,910	106,443
Net cash from (used in) financing activities	183,965	(456,697)
Effect of foreign exchange changes	8,513	17,044
Net increase (decrease) in cash and cash equivalents	<u>248,220</u>	<u>(45,796)</u>
Cash and cash equivalents, beginning of period	<u>1,545,270</u>	<u>1,418,569</u>
Cash and cash equivalents, end of period	<u>1,793,490</u>	<u>1,372,773</u>

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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 unaudited consolidated interim results and other related details will be disclosed in the 2020 interim results announcement and interim report to be published by the Company.

With reference to the Company's statements regarding the Group's expected performance for the six months ending 30 June 2020 in the first paragraph at page 44 of the 2019 Annual Report, the Company wishes to take this opportunity to update its shareholders and potential investors as follows:

- (1) Because of the unprecedented, quickly-evolving and potentially long-lasting nature of the novel coronavirus (COVID-19) pandemic, together with its associated uncertainties and negative implications (actual and potential), the Company considers it remains difficult at present to predict with any precision the extent of any adverse impact that COVID-19 and its current and future developments might have on the Group's performance for the six months ending 30 June 2020.
- (2) The challenging conditions arising from and relating to COVID-19 have further aggravated downward pressure on demand and the already-difficult operational environment that the Group faces. As the Company has previously explained, the challenging conditions that the Group has faced since late 2017 have continued into 2020, with the Group's gross margins generally continuing to come under pressure from competition. Whilst that pressure eased over the course of 2019, it has increased since January 2020. These challenging conditions are collectively expected to give rise to some degree of ongoing material adverse impact (actual and potential) on the Group's operations (for example, and in particular, the unforeseen contraction of originally-planned production and manufacturing activities at its major facilities and sites in Mainland China, India and Vietnam) and ultimately on the Group's sales, revenue, asset utilisation and collectibles and hence overall performance.

In particular, a number of countries (where the Group has major facilities and sites, as well as where some of the Group's customers, suppliers and business associates, are located or carry on business) have implemented local lockdowns, precautionary and quarantine measures as well as travel restrictions. Those measures have led to the suspension of the Group's principal production and manufacturing activities as well as a slowdown in overall local demand and commercial activities for some time (for example, in India, local lockdowns are currently expected to remain until at least 17 May 2020), all of which have contributed to a drop in the Group's sales, revenue, asset utilisation and contribution margin***. The Company understands that such decline in demand is also expected to adversely impact on the Group's customers, suppliers and business associates, many of whom also face the risk of a decline in sales and revenue and pressure on cash flow. To address the internal challenges arising from the COVID-19 crisis, the Group has enhanced its measures to further control overall costs and operating expenses as well as margins erosion pressure and will continue to closely monitor further developments; as appropriate, it may implement further measures, and in light of the increasing potential risk of duly and timely collecting trade receivables, may widen the allowance given to expected credit losses arising from trade receivables.

Notwithstanding all of that, the Group's financial resources (including cash, cash flow and liquidity positions) remain sufficient to finance its continuing operations.

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 second 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, 14 May 2020

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. CHIH Yu Yang, Mr. WANG Chien Ho and Dr. KUO Wen-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*

** *As the Group has discontinued its logistics and distribution business with effect from 1 January 2019, the figures shown in this announcement relate to the Group's continuing operations only*

*** *Contribution margin is computed as the difference between the sale price of a product/service and the variable costs associated with its production/provision and sales process (i.e. contribution margin = sales revenue – variable costs)*