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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)

PROFIT WARNING

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 “**SFO**”).

The Company refers to its 2019 annual report published on 16 April 2020 and also its announcements of 17 and 27 March and 14 May 2020, the last of which provided an update on the Group’s expected performance for the six months ending 30 June 2020 (“**1H 2020**”).

The Company’s board of directors (the “**Board**”) would like to inform shareholders and potential investors that on the basis of a preliminary review of the Group’s latest unaudited management accounts and other information currently available*, the Company estimates that the Group’s revenue for the four months ended 30 April 2020 (“**YTD April 2020**”) is likely to be around US\$2.4 billion (compared with US\$4.2 billion for the four months ended 30 April 2019 (“**YTD April 2019**”)). Further, the Company expects the Group to record a consolidated net loss of around US\$75.1 million for YTD April 2020 (compared with a consolidated net loss of US\$86.4 million for YTD April 2019).

The Company currently expects the Group to record a consolidated net loss for 1H 2020 which is likely to be greater than the Group’s consolidated net loss of US\$83.8 million for the six months ended 30 June 2019. Various factors are relevant to that, including the following: (1) the challenging conditions that the Group has faced since late 2017 having continued into 2020; and (2) the novel coronavirus (COVID-19) pandemic which has adversely impacted on not only global supply chains but also consumer demand and has contributed to a slowdown in the global economy generally, in part as a result of various lockdowns and restrictions. Those challenging conditions referred to in (1) and (2) above have further increased surplus production capacity and competition in the handset market as well as price and margin erosion pressure on the Group. Those conditions are currently expected to continue into the remainder of 2020.

The Company currently expects: (a) the Group’s gross margins to record a loss of around 0.89% for YTD April 2020 (compared with a loss of 0.4% for YTD April 2019); (b) the Group’s operating expenses to be around US\$112.6 million for YTD April 2020 (compared with US\$132.2 million for YTD April 2019); and (c) the Group’s other income to be around US\$78.7 million for YTD April 2020 (compared with US\$75.4 million for YTD April 2019).

The Company will keep matters under close review as the second quarter of 2020 progresses, and will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

Shareholders 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, 5 June 2020

* The Group has discontinued its logistics and distribution business with effect from 1 January 2019. The figures for 2019 (i.e. YTD April 2019 and the six months ended 30 June 2019) shown in this announcement relate to both the continuing operations and discontinued operations of the Group, though the proportion relating to such discontinued operations is not material. For the avoidance of doubt, the figures for 2020 (i.e. 1H 2020 and YTD April 2020) shown in this announcement relate to the Group’s continuing operations only.

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.