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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)*

POSITIVE PROFIT ALERT

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 announcements of 12 May, 23 July and 11 November 2021 and pages 115 to 118 of its 2021 interim report.

The Company’s board of directors (the “**Board**”) is pleased to inform shareholders and potential investors that after further assessment of the Group’s latest unaudited management accounts and other information currently available (which are subject to possible adjustments following further internal review), the Company currently estimates that for the year ending 31 December 2021 (“**FY2021**”), the Group is likely to record a consolidated net profit, compared with the Group’s consolidated net loss of around US\$173.8 million for the year ended 31 December 2020. It is not reasonably possible at present to provide a more precise indication of the Group’s likely final results for FY2021. The Company will keep matters under close review as December 2021 progresses, and will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

The following factors, among others, have contributed to the Group’s improved financial performance:

- (1) year-on-year improvement in gross margins and operating margins through: (a) better yield and operational efficiency from fewer COVID-19 related production interruptions; (b) reduced costs in 2021 through ongoing rightsizing and restructuring of assets and workforce from 2020; and (c) generally reduced cost of sales and operating expenses through ongoing tight control over costs and overheads. For the ten months ended 31 October 2021: (i) gross profit margins were around 1.56% (versus around 1.03% for the ten months ended 31 October 2020 (“**YTD October 2020**”)); (ii) the cost of sales and operating expenses were around US\$6,667 million and US\$264 million respectively (versus around US\$6,971 million and US\$307 million for YTD October 2020); and (iii) the consolidated net loss was around US\$5.6 million (versus the consolidated net loss of around US\$124.2 million for YTD October 2020); and
- (2) an estimated gain for the Group of around US\$34.7 million (before any taxation) upon completion of the Company’s joint venture, which was disclosed in the Company’s major transaction circular dated 5 November 2021 (the “**Circular**”). The Group’s actual gain from the Proposed Transaction (as defined in the Circular) may vary depending on any changes to the JV Co’s and the Mobile Drive Group’s (both as defined in the Circular) financial conditions respectively on the date of completion.

Those factors have partially offset: (i) the negative factors referred to in the Company’s announcement dated 12 May 2021; and (ii) the implications from the 2021 risks explained in pages 112 to 115 of the Company’s 2021 interim report. Items (i) and (ii) are currently expected to continue into the remainder of 2021 and, potentially, early 2022.

The Company’s 2021 final results announcement (currently scheduled to be published by March 2022) will provide more information about (among other things): (A) the Group’s business, performance and likely future developments; and (B) the revenue, gross margins, other income, gains and losses, operating expenses and other costs and expenses figures which have contributed and would contribute to the Group’s consolidated final results for FY2021.

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, 3 December 2021

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.