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If you have sold or transferred all your shares in **FIH Mobile Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

**CONTINUING CONNECTED TRANSACTION
ANNUAL CAPS REVISION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser



云锋金融

REORIENT Financial Markets Limited

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



FIRST SHANGHAI GROUP

First Shanghai Capital Limited

A letter from the board of directors of FIH Mobile Limited is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) is set out on page 13 of this circular. A letter from First Shanghai Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Kowloon Room I, Mezzanine Level, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Hong Kong on Thursday, 21 September 2017 at 10:00 a.m. is set out on pages 27 and 28 of this circular. Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the extraordinary general meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting in person should you so wish.

Hong Kong, 30 August 2017

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DEFINITIONS

In this circular, the following terms shall have the meanings set out below unless the context requires otherwise:

“Announcement”	the announcement of the Company dated 11 August 2017 regarding the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019
“Approved Vendor(s)”	supplier(s) of materials and components for the manufacture of handsets and other consumer electronic products as approved by the customer(s) of the Group
“associate(s)”	having the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Company”	FIH Mobile Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 21 September 2017 at 10:00 a.m. to approve the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019, or where the context so admits, any adjournment thereof
“First Shanghai”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity which has been appointed by the Company to be the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019
“Group”	the Company and/or its subsidiaries (as the case may be)
“Hon Hai”	鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co. Ltd. for identification purposes only), the ultimate controlling shareholder of the Company
“Hon Hai Group”	Hon Hai, its subsidiaries and/or associates (as the case may be)

DEFINITIONS

“Independent Board Committee”	the independent board committee established by the Board to consider the Purchase Transaction and the Proposed Annual Caps and to advise the Independent Shareholders in respect thereof
“Independent Shareholders”	Shareholders other than Hon Hai and its associates
“Latest Practicable Date”	25 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and/or supplemented from time to time
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Proposed Annual Caps”	the proposed annual caps for the Purchase Transaction for the three years ending 31 December 2019
“Purchase Agreement”	the framework materials and components supply agreement entered into among the Company, Hon Hai, Innolux Corporation (formerly known as Innolux Display Corporation and then Chimei Innolux Corporation) and 鴻準精密工業股份有限公司 (Foxconn Technology Company Limited for identification purposes only) (both associates of Hon Hai) on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007, 19 November 2010, 17 October 2013 and 11 August 2016, and further amended by the Supplemental Purchase Agreement)
“Purchase Transaction”	purchase of materials and components by the Group from the Hon Hai Group contemplated under the Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holders of the Shares
“Share(s)”	the ordinary share(s) of US\$0.04 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	having the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

DEFINITIONS

“Supplemental Purchase Agreement”	the supplemental agreement dated 31 July 2017 entered into between the Company and Hon Hai, effective 1 July 2013, to expand the scope of materials and components contemplated thereby for the purposes of the Company’s businesses from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“3C”	computer, communication and consumer electronics

LETTER FROM THE BOARD

FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

Executive Directors:

CHIH Yu Yang (*Acting Chairman and
Chief Executive Officer*)

WANG Chien Ho

HUANG Chin Hsien

LUO Zhongsheng

Independent Non-executive Directors:

LAU Siu Ki

Daniel Joseph MEHAN

TAO Yun Chih

Registered Office:

P.O. Box 31119

Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205 Cayman Islands

Head Office:

No. 18 Youyi Road

Langfang Economic and

Technological Development Zone

Hebei Province

People's Republic of China

*Principal Place of Business
in Hong Kong:*

8th Floor, Peninsula Tower

538 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

30 August 2017

Dear Shareholders,

**CONTINUING CONNECTED TRANSACTION
ANNUAL CAPS REVISION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The Group is a vertically integrated manufacturing service provider for the handset industry worldwide. It provides a wide range of manufacturing services, including ancillary logistics and distribution services, to its customers in connection with the production and distribution of handsets.

LETTER FROM THE BOARD

The Hon Hai Group is the leading global manufacturing service provider in the 3C industries. Hon Hai is the ultimate controlling shareholder of the Company holding approximately 63.63% of the total number of issued shares of the Company as at the Latest Practicable Date, and hence a connected person of the Company under the Listing Rules.

The Group from time to time has been carrying out the Purchase Transaction with the Hon Hai Group, which is more particularly described below. Reference is made to the announcements of the Company dated 11 August 2016, 21 September 2016 and 11 August 2017 as well as the circular of the Company dated 1 September 2016 in relation to, among other things, the Purchase Transaction and the existing annual caps for the Purchase Transaction for the three years ending 31 December 2019.

As stated in the Announcement, the Company envisages that the annual caps for the Purchase Transaction for the three years ending 31 December 2019 may not be sufficient and proposes to revise such annual caps.

Based on the maximum amount of the Proposed Annual Caps, the Purchase Transaction and the Proposed Annual Caps are subject to the approval of the Independent Shareholders. The Company has established the Independent Board Committee to advise the Independent Shareholders in respect thereof, and has appointed First Shanghai as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide the Shareholders with information regarding the proposed revision of the annual caps for the Purchase Transaction, and to seek approval of the Independent Shareholders in respect of the ordinary resolution set out in the notice of the EGM on pages 27 and 28 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the aforesaid is set out on page 13 of this circular. The letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the aforesaid is set out on pages 14 to 22 of this circular.

PURCHASE TRANSACTION

Pursuant to the Purchase Agreement, the Group has agreed to purchase materials and components from the Hon Hai Group for a term up to 31 December 2019 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (1) in respect of purchases from an Approved Vendor, at the price agreed between the supplier and the Group's customer; if not, at a price to be determined by reference to the average market price; or
- (2) where (1) above is not appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group upon the basis of the principle of "cost plus"; or
- (3) where none of the above pricing bases is appropriate or applicable, at a price to be agreed between the Group and the Hon Hai Group based on reasonable commercial principles.

LETTER FROM THE BOARD

Under the Purchase Transaction, the Group purchases from the Hon Hai Group materials and components used mainly in handset manufacturing including camera modules, LCD modules, moulds used in handset manufacturing and other handset components. Due to changes in product specifications and technological changes, the specifications of such materials and components will change from time to time as they need to be tailored for the specific product being manufactured and having regard to the changing market conditions (which may affect the prices of materials and components), the Group is not able to fix the prices of such materials and components sourced from the Hon Hai Group but has instead agreed to the pricing terms set out above.

Payment for the Purchase Transaction is usually made by the Group within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the transaction.

PRICING DETAILS

With regard to the pricing term numbered (1) above where the Group's customer (which is independent of the Hon Hai Group and the Group) approves or otherwise designates the Hon Hai Group as an Approved Vendor in respect of the supply of certain materials and components to be used in the Group's manufacturing of the final products for the Group's customer and the Group purchases such materials and components from the Hon Hai Group, such materials and components are purchased at prices agreed between the Group's customer and the Hon Hai Group (without the Group's direct involvement). In respect of the materials/components designated to be purchased from the Hon Hai Group, the Group is not allowed to source them from other suppliers. The Group will agree to purchase such materials and components from the Hon Hai Group at the price agreed between the Group's customer and the Hon Hai Group if the Company considers that it is profitable to do so, taking into account factors including the selling price of the relevant final product to the Group's customer as agreed between the Group and its customer (without the Hon Hai Group's involvement) and the relative cost of manufacturing such product, including the cost of materials and components purchased from the Hon Hai Group. Given that such pricing mechanism is in line with market practice and the Group will only agree to purchase such material/component from the Hon Hai Group if it is profitable to do so, the Company considers that such pricing basis is on normal commercial terms or better.

In cases under the pricing term numbered (1) above where the Hon Hai Group is not approved or otherwise designated as an Approved Vendor or where the customers of the Group are not independent of the Hon Hai Group and the Group, the price will be determined by reference to the average market price or the market price (if there is only one independent transaction available). These materials/components mainly include LCD modules, camera modules and processors with specifications which are common and/or readily available in the market. For the purpose of obtaining market prices, the Group refers to recent purchase transaction(s) of the Group of the same materials/components from independent suppliers or quotations from independent suppliers, if available. In general, the Company will select at least one independent transaction or (if independent transactions are not available) three quotations from independent suppliers within three months of the proposed transaction with the Hon Hai Group in order to determine the average market price or the market price (if there is only one independent transaction available).

LETTER FROM THE BOARD

As to the pricing term numbered (2) above, cost plus is determined based on the cost of the products sold to the Group plus a margin as agreed between the Group and the Hon Hai Group. These materials/components mainly include handset cases, LCD modules and camera modules which are tailor-made by the Hon Hai Group according to the Group's or its customers' unique specifications. In determining the margin, the Group takes into account the margin for products of similar nature in the market by way of referring to margins for sales of products of similar nature by the Group or the Hon Hai Group to independent customers. In general, the Company will select one independent transaction (most related to the subject material/component in nature) within three months of the proposed transaction with the Hon Hai Group to determine the market margin. Under the cost-plus pricing, the cost is based on the Hon Hai Group's accounting records which are prepared based on International Financial Reporting Standards. The Group's operation departments will assess the reasonableness of such cost taking into account the cost structure including the materials and manufacturing process involved. The Group's accounting departments will check whether the cost is in accordance with the Hon Hai Group's accounting records.

As to the pricing term numbered (3) above, in consideration of its inventory optimisation management, the Hon Hai Group may agree to prices lower than costs and market prices. In such cases, the Company would make the purchases at such lower prices as agreed by the Hon Hai Group. The Company shall review and ensure such prices are lower than costs and market prices. This pricing term has not been applied since 2015 but remains to be relevant to cater to such circumstances in the future.

REASONS FOR THE PURCHASE TRANSACTION

Hon Hai is the leading player in the 3C manufacturing services industry. Under the convergence trend of the 3C industries, an increasing number of types of materials and components manufactured by the Hon Hai Group are used for the manufacture of consumer electronic products, in particular handsets. The Company believes that it is an important competitive advantage of the Group that the Group together with the members of the Hon Hai Group can provide a wide range of vertically integrated manufacturing services to the customers.

HISTORICAL VALUES AND ANNUAL CAPS

With reference to the Company's announcements dated 11 August 2016, 21 September 2016 and 11 August 2017 and circular dated 1 September 2016, the Company has set the existing annual caps for the Purchase Transaction for the three years ending 31 December 2019.

Three new product lines of the Group began in 2016 and 2017. Anticipating additional projects from such new product lines to manufacture and sell products that may require materials and components from the Hon Hai Group under the Purchase Transaction, the Company envisages that the existing annual caps for the Purchase Transaction may not be sufficient and has therefore proposed the Proposed Annual Caps in place of such existing annual caps.

LETTER FROM THE BOARD

The table below sets out (a) the historical actual amounts of the Purchase Transaction for the year ended 31 December 2016 and for the six months ended 30 June 2017; (b) the existing annual caps for the Purchase Transaction for the three years ending 31 December 2019; and (c) the Proposed Annual Caps.

	Actual transaction amounts for the		Existing annual caps for the year ending 31 December			Proposed annual caps for the year ending 31 December		
	for the year ended 31 December 2016 <i>(in US\$'000)</i> <i>(audited)</i>	six months ended 30 June 2017 <i>(unaudited)</i>	2017	2018	2019	2017	2018	2019
Purchase Transaction	1,141,540	564,922	977,000	1,045,000	1,118,000	2,260,000	2,482,000	2,725,000

Note: Based on the maximum amount of the Proposed Annual Caps, the relevant percentage ratios are more than 5% and the Purchase Transaction constitutes a non-exempt continuing connected transaction for the Company under the Listing Rules. Accordingly, the Purchase Transaction and the Proposed Annual Caps are subject to the approval of the Independent Shareholders.

The Proposed Annual Caps are determined with reference to projections of the Company which in turn are prepared by the Company mainly with reference to the following major factors:

- the latest available actual amounts of the transactions under the Purchase Transaction during the period from 1 January 2017 to 30 June 2017 (both dates inclusive), where according to the Group's management accounts, certain transactions under the Purchase Transaction relating to the Group's three product lines which began in 2016 and 2017 recorded amounts of up to approximately US\$56.9 million per month, US\$18 million per month and US\$47.6 million per month respectively during the aforesaid period;
- the historical amounts and budgets of the Purchase Transaction, where the remaining transactions under the Purchase Transaction (other than those relating to the aforesaid three product lines) amounted to approximately US\$1,035.3 million for the year ended 31 December 2016;
- the Group's historical turnover during 2013–2016, which mainly arose from the Group's manufacturing services in connection with production of handsets. Materials and components as acquired under the Purchase Transaction are essential in providing such manufacturing services where the growth in turnover would generally require more materials and components; and
- an additional buffer of 5%, to cater for any increase in the transaction which is unexpected but not substantial.

LETTER FROM THE BOARD

The Proposed Annual Caps are based on information currently available to the Group including the latest available actual amounts of the Purchase Transaction which took into account the effects of the new product lines of the Group up to 30 June 2017. The Company will continue to monitor the amounts of the Purchase Transaction and its business plan and development including the demand of the new product lines. Should the Proposed Annual Caps become insufficient for instance due to new manufacturing projects not presently anticipated by the Company or future demand of the new product lines exceeding budgets based on currently available information, the Company would re-comply with the Listing Rules as and when appropriate.

The Directors (including the independent non-executive Directors whose view is stated under the paragraph headed “Recommendation” below) consider that the Proposed Annual Caps are fair and reasonable, and the terms of the Purchase Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. In view of his relationship with Hon Hai, Mr. WANG Chien Ho (being an executive Director) has abstained from voting on the Board resolutions in relation to the Purchase Transaction and the Proposed Annual Caps.

INTERNAL CONTROL

The Group has adopted the following internal control procedures over the continuing connected transactions of the Company including the Purchase Transaction:

- Before entering into a transaction under the continuing connected transactions of the Company, the purchase departments and/or the operation departments (as the case may be) of the Group will review and check whether the pricing is fair and reasonable adhering to the pricing terms and details. In addition to reviewing the pricing before entering into a transaction under the continuing connected transactions of the Company where the pricing terms under the relevant agreements are applied for the first time or the pricing terms are different from those used previously, the accounting departments of the relevant member companies of the Group will review the aforesaid works carried out by the purchase departments and/or the operation departments (as the case may be) on a quarterly basis.
- The accounting department of the Company is primarily responsible to review and monitor the continuing connected transactions ensuring that the annual caps of the relevant continuing connected transactions are not exceeded and the continuing connected transactions have been conducted in accordance with the pricing policies or mechanisms under the framework agreements relating to such continuing connected transactions. The accounting department of the Company will consult with the Group’s internal audit function in respect of continuing connected transaction compliance issues and annually report to the chief financial officer of the Company, who (in his own capacity and on behalf of the Group’s management designated for the purposes of the Group’s enterprise risk management and internal controls) will report to the audit committee of the Company and also provide a confirmation to the audit committee that the continuing connected transactions of the Company which are subject to the annual review and disclosure requirements under

LETTER FROM THE BOARD

the Listing Rules have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and that the Group's internal control procedures applicable to continuing connected transactions are adequate and effective to ensure that such transactions were so conducted. The audit committee will consider this accordingly.

- The Company's external auditors will review the continuing connected transactions (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm (among others) whether the pricing terms have been adhered to and whether the relevant caps have been exceeded.
- The independent non-executive Directors will review the continuing connected transactions of the Company (which are subject to the annual review and disclosure requirements under the Listing Rules) annually to check and confirm whether such continuing connected transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such continuing connected transactions were conducted in accordance with the pricing policies set out in such relevant agreements.

LISTING RULES REQUIREMENTS

Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the existing annual caps for the Purchase Transaction for the three years ending 31 December 2019 are exceeded.

Based on the maximum amount of the Proposed Annual Caps, the relevant percentage ratios are more than 5% and the Purchase Transaction constitutes a non-exempt continuing connected transaction for the Company under the Listing Rules and therefore the Purchase Transaction and the Proposed Annual Caps are subject to the approval of the Independent Shareholders. The Company has established the Independent Board Committee to advise the Independent Shareholders in respect thereof, and has appointed First Shanghai as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Purchase Transaction is also subject to the annual review requirements under Rules 14A.55 to 14A.59 of the Listing Rules.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at Kowloon Room I, Mezzanine Level, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Hong Kong on Thursday, 21 September 2017 at 10:00 a.m. is set out on pages 27 and 28 of this circular. At the EGM, an ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019.

The ordinary resolution proposed at the EGM will be determined by way of poll by the Independent Shareholders. Pursuant to Rule 14A.36 of the Listing Rules, any connected person (as defined in the Listing Rules) and any Shareholder and their respective associates with a material interest (other than by virtue of being a Shareholder) in the Purchase Transaction are required to abstain from voting at the EGM. Hon Hai and its associates who in aggregate were interested in 5,081,034,525 Shares (representing approximately 63.63% of the total number of Shares in issue) as at the Latest Practicable Date are required to and will abstain from voting at the EGM in respect of such ordinary resolution.

A form of proxy for use in connection with the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of First Shanghai, is of the view that (i) the terms of the Purchase Transaction are fair and reasonable, on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable; and (ii) the entering into of the Purchase Transaction is in the Group's ordinary and usual course of business and, together with the Proposed Annual Caps, is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the Purchase Transaction and the Proposed Annual Caps at the EGM.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from First Shanghai, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
CHIH Yu Yang
Acting Chairman

FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

30 August 2017

Dear Independent Shareholders,

**CONTINUING CONNECTED TRANSACTION
ANNUAL CAPS REVISION**

We refer to the circular dated 30 August 2017 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you regarding the fairness and reasonableness of the Purchase Transaction and the Proposed Annual Caps. First Shanghai has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this regard.

Having considered the terms of the Purchase Transaction as well as the Proposed Annual Caps, and having taken into account the principal factors and reasons considered by, and the opinion of, First Shanghai as stated in its letter dated 30 August 2017, we consider that (i) the terms of the Purchase Transaction are fair and reasonable, on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable; and (ii) the entering into of the Purchase Transaction is in the Group’s ordinary and usual course of business and, together with the Proposed Annual Caps, is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed at the EGM approving the Purchase Transaction and the Proposed Annual Caps.

We draw the attention of the Independent Shareholders to (i) the letter from the Board; (ii) the letter from First Shanghai; and (iii) the appendix to the Circular.

Yours faithfully,

Independent Board Committee

LAU Siu Ki

Daniel Joseph MEHAN

TAO Yun Chih

Independent Non-executive Directors

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019 for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

30 August 2017

*To the Independent Board Committee and
the Independent Shareholders of FIH Mobile Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION ANNUAL CAPS REVISION

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed revision of the annual caps for the Purchase Transaction for the three years ending 31 December 2019, the details of which are set out in the circular of the Company to the Shareholders dated 30 August 2017 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

The Purchase Transaction involves the purchase of materials and components by the Group from the Hon Hai Group contemplated under the Purchase Agreement. The Group has been conducting the Purchase Transaction with the Hon Hai Group from time to time. The Company envisages that the existing annual caps for the Purchase Transaction for the three years ending 31 December 2019 may not be sufficient and proposes to revise the existing annual caps to the Proposed Annual Caps.

Hon Hai is the ultimate controlling shareholder of the Company and is, therefore, a connected person of the Company. Hence, the Purchase Transaction constitutes a continuing connected transaction for the Company under the Listing Rules. As stated in the letter from the Board in the Circular, the Purchase Transaction and the Proposed Annual Caps are subject to approval by the Independent Shareholders at the EGM.

LETTER FROM FIRST SHANGHAI

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LAU Siu Ki, Mr. TAO Yun Chih and Dr. Daniel Joseph MEHAN, has been established to advise the Independent Shareholders in respect of the Purchase Transaction and the Proposed Annual Caps. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Within the past two years from the Latest Practicable Date, apart from our current engagement as the independent financial adviser in respect of the Purchase Transaction and the Proposed Annual Caps, we were engaged as independent financial adviser by the Company in relation to certain continuing connected transactions as detailed in the circulars of the Company dated 1 September 2016 (the “**2016 CCT Circular**”) and dated 8 May 2017 respectively. Given (i) our independent role in these previous engagements; and (ii) our fees for these previous engagements represented an insignificant percentage of the revenue of our parent group, we consider these previous engagements would not affect our independence to form our opinion in respect of the Purchase Transaction and the Proposed Annual Caps.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group in all material respects were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the Hon Hai Group. Notwithstanding the foregoing, we have formulated our opinion and recommendation with due skill and care and have made due inquiry before making such formulation. During the period from the Latest Practicable Date up to the holding of the EGM, should we be aware of any material change to the aforementioned information and representations on which we have relied, which material change has resulted in a material change to this letter, the Independent Board Committee and the Independent Shareholders respectively would be informed accordingly through a supplemental Circular in compliance with applicable requirements laid down by the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Purchase Transaction and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Background to and reasons for the Purchase Transaction

The Group is a vertically integrated manufacturing service provider for the handset industry worldwide. Hon Hai, whose shares are listed on the Taiwan Stock Exchange Corporation, is the ultimate controlling shareholder of the Company. The Hon Hai Group is a leading global manufacturing service provider in the 3C industries.

The Purchase Transaction involves the purchase of materials and components used mainly in handset manufacturing (including camera modules, LCD modules, moulds used in handset manufacturing and other handset components) by the Group from the Hon Hai Group contemplated under the Purchase Agreement. The Group has been conducting the Purchase Transaction with the Hon Hai Group from time to time.

We have been advised by the management of the Group and we understand the major reasons for the Purchase Transaction include:

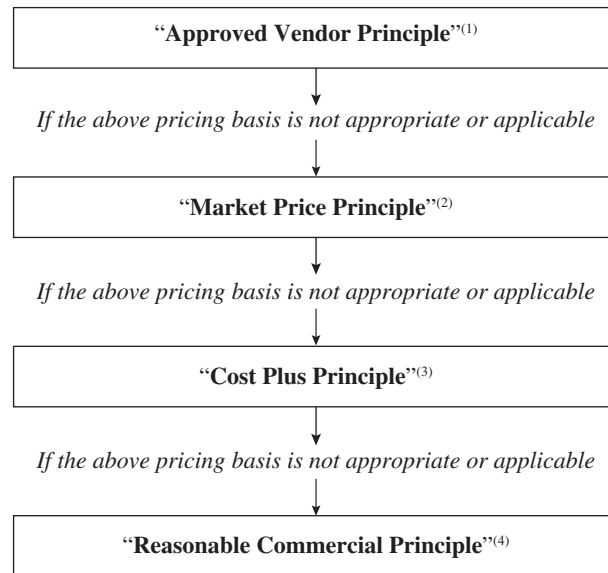
- the key purpose of the materials and components procured from the Hon Hai Group is for the manufacturing of the products of the Group;
- the Hon Hai Group is a leading 3C industry player providing vertically integrated manufacturing services;
- certain members of the Hon Hai Group are Approved Vendors (as approved by the customers of the Group) and the customers of the Group may request the Group to source materials and components from the Hon Hai Group; and
- the terms of the Purchase Transaction are fair and reasonable and on normal commercial terms as discussed below.

Taking into account of the aforesaid, we are of the view that the entering into of the Purchase Transaction (including the Proposed Annual Caps as discussed below) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM FIRST SHANGHAI

2. Principal terms of the Purchase Transaction

The principal terms of the Purchase Transaction are the same as those disclosed in the 2016 CCT Circular. The following flow chart and notes summarise the pricing bases of the Purchase Transaction based on the letter from the Board in the Circular and the advice by the management of the Group:



Notes:

1. Under the circumstances where (i) an independent customer of the Group (the “**Independent Customer**”) specifies and requests certain products from the Group; (ii) the Hon Hai Group is an Approved Vendor of the Independent Customer and acts as a supplier to the Group; and (iii) the Group is not allowed to source from other suppliers materials or components designated to be purchased from the Hon Hai Group, such pricing basis shall be adopted, pursuant to which the Hon Hai Group shall directly negotiate and then agree the pricing terms of the materials or components with the Independent Customer without the direct involvement of the Group. Despite the fact that the Group is not directly involved in the negotiation and agreement of the pricing terms, (i) the Hon Hai Group acts as the supplier of the Group given the Hon Hai Group is an Approved Vendor of the Independent Customer; (ii) the pricing terms of the materials or components are primarily set after negotiation and agreement between the Hon Hai Group and the Independent Customer; (iii) the Hon Hai Group would not charge any fee in addition to the pricing terms negotiated and agreed with the Independent Customer; and (iv) the Group will agree to purchase such materials or components from the Hon Hai Group at the price agreed between the Independent Customer and the Hon Hai Group if the Company considers that it is profitable to do so, taking into account factors including the selling price of the relevant final product to the Independent Customer as agreed between the Group and the Independent Customer (without the involvement of the Hon Hai Group) and the relative cost of manufacturing such product, including the cost of materials or components purchased from the Hon Hai Group.
2. The price is determined by reference to the average market price or the market price (if there is only one independent transaction available).
3. The Group takes into account the margin for products of similar nature in the market by way of referring to margins for sales of products of similar nature by the Group or the Hon Hai Group to independent customers.

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4. In consideration of its inventory optimisation management, the Hon Hai Group may agree to prices lower than costs and market prices. In such cases, the Company would make the purchases at such lower prices as agreed by the Hon Hai Group. This pricing principle has not been applied in the recent years but remains to be relevant to cater to such circumstances in the future.

In respect of the pricing bases set out in the above chart, we are advised by the management of the Group that the pricing basis adopted under the Purchase Transaction could vary from case to case given the difference in the nature of the subject transaction, where, for example, (i) the Approved Vendor Principle may not be applicable because the Hon Hai Group may not be an approved/designated vendor for the subject transaction or where the customers of the Group are not independent of the Hon Hai Group and the Group; (ii) the Market Price Principle may not be applicable for a tailor-made product which is unique and has no readily available market price; and (iii) the Cost Plus Principle may not be applicable when the margin of a comparable product with independent third party is not available for reference. The Reasonable Commercial Principle had not been applied in the recent years.

In respect of payment terms, according to the letter from the Board in the Circular, the payments of the Purchase Transaction are usually settled within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the transaction. As such, we have reviewed the annual report of the Company for the year ended 31 December 2016 (the "**2016 Annual Report**"), where we note that (i) over 97% of the trade payables of the Group as at 31 December 2016 was within 0 to 90 days; and (ii) the credit period of the Purchase Transaction of 90 days is in line with the aforesaid.

In respect of the key internal control measures of the Group for the Purchase Transaction, we are advised by the management of the Group that the relevant departments of the Group are responsible for, (i) in respect of the Approved Vendor Principle, the review of documents to ensure the pricing terms are determined based on the negotiation and agreement with the Independent Customer; (ii) in respect of the Market Price Principle, the review of at least one independent transaction or (if independent transactions are not available) three quotations from independent suppliers within three months of the proposed transaction with the Hon Hai Group in order to determine the average market price or the market price (if there is only one independent transaction available) to ensure that the pricing terms with the Hon Hai Group are no higher than such average market price or market price (if there is only one independent transaction available); (iii) in respect of the Cost Plus Principle, the assessment of whether the margins of prices for the transactions conducted with the Hon Hai Group are no less favourable to the Group when compared with those with independent third parties; and (iv) in respect of the Reasonable Commercial Principle, the Company shall review and ensure such prices are lower than costs and market prices. In addition, the terms of the Purchase Transaction have been and will continue to be reviewed by the auditors and the independent non-executive Directors in accordance with the Listing Rules on an annual basis.

LETTER FROM FIRST SHANGHAI

In respect of our work done, apart from the Reasonable Commercial Principle which had not been applied in the recent years as stated above, we have reviewed four sets of sample documents (such as invoices and purchase orders and documents with independent third parties) provided by the Group from its internal control records for each of the Approved Vendor Principle, the Market Price Principle and the Cost Plus Principle, under the Purchase Transaction carried out within two years before the Latest Practicable Date (the “**Review Period**”). We consider the Review Period to be a suitable timeframe for our sampling and evaluating the current application of pricing principles and current internal control measures of the Group in practice. In addition, we are advised by the management of the Group and we understand that the number of actual transactions carried out under the Purchase Transaction is enormous, i.e. over 80,000 actual transactions under the Purchase Transaction actually took place during the year ended 31 December 2016. Taking into account, in particular, (i) a main purpose of our review is to obtain an understanding about how the pricing principles of the Purchase Transaction work in practice; (ii) the sample size basis covers each type of pricing principles which had been practically applied under the Purchase Transaction during the Review Period; (iii) the terms of the Purchase Transaction have been and will continue to be reviewed by the auditors and the independent non-executive Directors in accordance with the Listing Rules on an annual basis; and (iv) the enormous number of actual transactions carried out under the Purchase Transaction during the Review Period, we consider our sample size basis as aforesaid to be acceptable and in line with our usual practice. Based on our work done aforementioned (being the review of sample documents of the Group with the Hon Hai Group and with independent third parties) and advice by the management of the Group, (i) in respect of the Approved Vendor Principle, we note that the pricing terms with the Hon Hai Group are based on the prices agreed with the Independent Customer; (ii) in respect of the Market Price Principle, we note that the pricing terms with the Hon Hai Group are no less favourable to the Group when compared with those with independent third parties; and (iii) in respect of the Cost Plus Principle, the margins of prices for the transactions conducted with the Hon Hai Group are no less favourable to the Group when compared with those with independent third parties. We also consider that the pricing principles of the Purchase Transaction to be fair and reasonable. During our review process as detailed above, we have not identified any factor which caused us to doubt the application of the pricing principles by the Group in respect of the Purchase Transaction.

We have also reviewed the two most recent published annual reports of the Company and we note that (i) the auditors had issued their unqualified letters containing their findings and conclusions in respect of the Purchase Transaction in accordance with rule 14A.56 of the Listing Rules; and (ii) the independent non-executive Directors had reviewed and confirmed that the Purchase Transaction had been entered into, among other things, on normal commercial terms or better and in accordance with the relevant agreements governing them on terms that are fair and reasonable for the respective years.

LETTER FROM FIRST SHANGHAI

Taking into account the above factors, in particular, (i) no alteration is made to the pricing terms of the Purchase Transaction as compared with those in the 2016 CCT Circular; (ii) the pricing terms are based on either the Approved Vendor Principle, the Market Price Principle, the Cost Plus Principle or the Reasonable Commercial Principle as described in this section; (iii) the key internal control measures of the Group described in this section to ensure that the pricing terms are based on either negotiation and agreement with the Independent Customers or no less favourable than the terms with independent third parties, where applicable; and (iv) the track record of the results of review by the auditors and the independent non-executive Directors and they will continue to review in accordance with the Listing Rules, we are of the view that sufficient internal control measures are in place and the terms of the Purchase Transaction are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned.

3. Proposed Annual Caps

The following table sets out (i) the actual transaction amounts for the year ended 31 December 2016 and the six months ended 30 June 2017; and (ii) the Proposed Annual Caps for each of the three years ending 31 December 2019 in respect of the Purchase Transaction.

Actual transaction amount		Proposed Annual Caps		
For the	For the	For the year ending 31 December		
year ended	six months	2017	2018	2019
31 December	ended 30 June	2017	2018	2019
2016	2017	US\$ million	US\$ million	US\$ million
<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>	<i>US\$ million</i>
(audited)	(unaudited)			
1,142	565	2,260	2,482	2,725

Notes:

1. The existing annual caps for each of the three years ending 31 December 2019 are US\$977 million, US\$1,045 million and US\$1,118 million, respectively.
2. The Proposed Annual Caps and the assumptions involved for their derivations should not be construed as an assurance or forecast by the Group of its future profitability or income.

We have reviewed the historical actual transaction amounts and the calculation breakdown of the Proposed Annual Caps. In respect of the determination of the Proposed Annual Caps, our key understanding based on the advice by the management of the Group is summarised as follows:

- the actual transaction amount for the six months ended 30 June 2017 was approximately US\$565 million, where the existing annual caps for the years ending 31 December 2017, 2018 and 2019 are around US\$1,000 million and are considered insufficient;

LETTER FROM FIRST SHANGHAI

- the actual transaction amount for the six months ended 30 June 2017 represented a year on year growth of approximately 85.7% and was primarily driven by certain new product lines which began in 2016 and 2017 (the “**New Product Categories**”);
- the key assumptions underlying the calculation of the Proposed Annual Cap for the year ending 31 December 2017 include (i) in respect of the New Product Categories, the estimated monthly transaction amounts for the six months ending 31 December 2017 were derived based on the highest monthly level actually achieved during the six months ended 30 June 2017; (ii) in respect of the product categories other than the New Product Categories, the transaction amount for 2017 was derived based on the actual amount achieved in 2016; and (iii) an additional buffer of 5% to cater for any increase in the transaction which is unexpected but not substantial; and
- the Proposed Annual Caps for the years ending 31 December 2018 and 2019 are derived based on an annual growth rate of approximately 9.8% as compared with that for the year ending 31 December 2017 (the “**General Growth Rate**”), where the General Growth Rate is in line with the average of the annual growth of the revenue of the Group for each of the three years ended 31 December 2016 of approximately 9.8%. Given (i) the General Growth Rate reflects the overall general business growth of the Group; and (ii) the purchases of materials and components under the Purchase Transaction are for the manufacturing of the general products of the Group, the General Growth Rate was adopted to determine the Proposed Annual Caps in the longer run for the years ending 31 December 2018 and 2019.

Based on the foregoing, in particular, (i) the actual transaction amount for the six months ended 30 June 2017 represented a year on year growth of approximately 85.7%; (ii) the Proposed Annual Cap for 2017 has taken into account the possible effects of the New Product Categories and the estimated transaction amounts are based on actual achieved figures; (iii) the Proposed Annual Caps for 2018 and 2019 are based on the General Growth Rate, which is in line with the average revenue growth of the Group; and (iv) the buffer of 5% is not substantial and can cater for any unexpected minor increase in transaction amount, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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RECOMMENDATION

Having considered the above, we are of the opinion that (i) the terms of the Purchase Transaction are fair and reasonable, on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable; and (ii) the entering into of the Purchase Transaction is in the ordinary and usual course of business of the Group and, together with the Proposed Annual Caps, is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the Purchase Transaction and the Proposed Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited
Fanny Lee **Allen Wang**
Managing Director *Director*

Note: Ms. Fanny Lee and Mr. Allen Wang have been responsible officers of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and 2014, respectively. Both of them have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, the interests and/or short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company were as follows:

Name of director	Name of corporation	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company/ associated corporation
CHIH Yu Yang	Company	Personal Interest	14,227,857	0.1782%
	Hon Hai	Personal Interest	1,054,594	0.0061%
	Chiun Mai Communication Systems, Inc. (“ CMCS ”) (Note)	Personal Interest	1,000	0.0007%
HUANG Chin Hsien	Hon Hai	Personal Interest	914	0.00001%

Note: The Company indirectly, through its wholly-owned subsidiaries, holds approximately 86.82% of the entire number of issued shares of CMCS, a company incorporated in Taiwan.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations

(within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its holding company or any subsidiary of the Company's holding company was a party and in which a director of the Company or an entity connected with a director of the Company (as defined in Section 486 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

(b) Substantial shareholders' interests

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than the Directors or chief executive of the Company) who had interests and/or short positions in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity/ Nature of interest	Total number of ordinary shares	Approximate percentage of interest in the Company
Foxconn (Far East) Limited	Beneficial owner	5,081,034,525	63.63%
Hon Hai (<i>Notes</i>)	Interest of a controlled corporation	5,081,034,525	63.63%

Notes:

1. Foxconn (Far East) Limited is a direct wholly-owned subsidiary of Hon Hai, and therefore, Hon Hai is taken or deemed to be interested in the 5,081,034,525 Shares which are beneficially owned by Foxconn (Far East) Limited for the purposes of the SFO.
2. Mr. WANG Chien Ho, an executive Director, is an employee of the Hon Hai Group, and Mr. HUANG Chin Hsien, an executive Director, is a director of certain subsidiaries of Hon Hai.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be and were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING BUSINESS INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

4. QUALIFICATION

The following is the qualification of the expert who has given an opinion or advice on the information contained in this circular:

Name	Qualification
First Shanghai	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity

5. CONSENT

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear herein.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim results announcement of the Company for the six months ended 30 June 2017 published on 11 August 2017, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up.

7. MISCELLANEOUS

- (a) None of the Directors has entered into a service contract with the Company which does not expire or which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.
- (b) As at the Latest Practicable Date, First Shanghai was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, none of the Directors or First Shanghai had any interest, either directly or indirectly, in any assets which have been, since 31 December 2016 being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (d) The principal share registrar of the Company is SMP Partners (Cayman) Limited.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Purchase Agreement is available for inspection during normal business hours at Suites 3201–3204, One Exchange Square, 8 Connaught Place, Hong Kong from the date of this circular to the date of the EGM (both dates inclusive) and also at the EGM.

NOTICE OF EGM

FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of FIH Mobile Limited (the “**Company**”) will be held at Kowloon Room I, Mezzanine Level, Kowloon Shangri-La Hotel, 64 Mody Road, Tsimshatsui East, Hong Kong on Thursday, 21 September 2017 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the transactions contemplated under the framework materials and components supply agreement entered into among the Company, Hon Hai, Innolux Corporation (formerly known as Innolux Display Corporation and then Chimei Innolux Corporation) and 鴻準精密工業股份有限公司 (Foxconn Technology Company Limited for identification purposes only) (both associates of Hon Hai) on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007, 19 November 2010, 17 October 2013, 11 August 2016 and 31 July 2017) (the “**Purchase Transaction**”) for a term up to 31 December 2019 and the Company’s entering into and implementation thereof from time to time thereunder and the latest terms governing the same be and are hereby approved in all respects;
- (b) the proposed annual caps as set out in the circular of the Company dated 30 August 2017 in respect of the Purchase Transaction for the three years ending 31 December 2019 be and is hereby approved in all respects; and
- (c) any one director of the Company, or any two directors of the Company if affixation of the Company’s common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute and deliver (and affix the Company’s common seal to, if necessary) all such documents, instruments or agreements and to do all such other acts or things which he/they may in his/their absolute discretion consider necessary or desirable in connection with or incidental to any of the matters contemplated under the Purchase Transaction for a term up to 31 December 2019 and/or the said annual caps.”

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 30 August 2017

NOTICE OF EGM

Registered Office:

P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman
KY1-1205 Cayman Islands

Head Office:

No. 18 Youyi Road
Langfang Economic and
Technological Development Zone
Hebei Province
People's Republic of China

Principal Place of Business in Hong Kong:

8th Floor, Peninsula Tower
538 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

- (a) The register of members of the Company will be closed from Monday, 18 September 2017 to Thursday, 21 September 2017, both dates inclusive, during which period no transfer of shares of the Company (“**Shares**”) will be registered. In order to be entitled to attend and vote at the extraordinary general meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 September 2017.
- (b) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.
- (c) Form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for holding of the extraordinary general meeting or any adjourned meeting.
- (d) In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Hon Hai, the ultimate controlling shareholder of the Company, and its associates (as defined in the Listing Rules) are required to abstain from voting on the above ordinary resolution.
- (e) The ordinary resolution set out above will be determined by way of poll.