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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

(formerly known as Foxconn International Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

**(1) PROPOSALS FOR
ADOPTION OF NEW SHARE OPTION SCHEME AND
NEW SHARE SCHEME AND TERMINATION OF
EXISTING SHARE OPTION SCHEME AND
EXISTING SHARE SCHEME;
(2) PROPOSED RE-APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR;
(3) CONTINUING CONNECTED TRANSACTIONS;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser



REORIENT Financial Markets Limited

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



First Shanghai Capital Limited

A letter from the board of directors of FIH Mobile Limited is set out on pages 6 to 22 of this circular. A letter from the Independent Board Committee (as defined herein) containing its advice to the Independent Shareholders (as defined herein) in respect of the Continuing Connected Transactions (as defined herein) is set out on page 23 of this circular. A letter from First Shanghai Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions (as defined herein) is set out on pages 24 to 35 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 26 November 2013 at 10:00 a.m. is set out on pages 54 to 62 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, 7 November 2013

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted, and the New Share Scheme is adopted, by resolutions of the Company in the EGM
“Announcement”	the announcement of the Company dated 17 October 2013 regarding, among other things, the Continuing Connected Transactions
“Approved Vendor(s)”	supplier(s) of materials and components for the manufacture of handsets 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 or a duly authorised committee thereof
“CMCS”	Chiun Mai Communication Systems, Inc. (formerly known as Chi Mei Communication Systems, Inc.)
“Company”	FIH Mobile Limited (formerly known as Foxconn International Holdings Limited), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“connected person”	having the meaning as defined in the Listing Rules
“Continuing Connected Transactions”	collectively, the Purchase Transaction, the Product Sales Transaction, the Non-real Property Lease Expense Transaction and the Sub-contracting Income Transaction
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 26 November 2013 at 10:00 a.m. or, where the context so admits, any adjournment thereof
“Eligible Persons”	the employees, directors and other members of senior management, and third party service providers (including without limitation the employees of Hon Hai and its subsidiaries other than the Group), of the Group who or which may be eligible to participate in the New Share Option Scheme or the New Share Scheme (as the case may be) in accordance with its terms
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 12 January 2005

DEFINITIONS

“Existing Share Scheme”	the share scheme of the Company adopted on 12 January 2005, as amended and supplemented from time to time
“First Shanghai”	First Shanghai Capital Limited, 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 Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps
“Framework Non-real Property Lease Expense Agreement”	the framework lease agreement relating to movable non-real properties entered into between the Company and Hon Hai on 13 June 2013
“Framework Product Sales Agreement”	the framework product sales agreement entered into among the Company, Hon Hai and Innolux Corporation (an associate of Hon Hai formerly known as Innolux Display Corporation and then Chimei Innolux Corporation) on 18 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007 and 19 November 2010)
“Group”	the Company and/or its subsidiaries (as the case may be)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee established by the Board to consider the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps
“Independent Shareholders”	Shareholders other than Hon Hai and its associates
“Latest Practicable Date”	5 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and supplemented from time to time
“New Share Option Scheme”	the new share option scheme of the Company proposed to be adopted by the Shareholders at the EGM, a summary of the principal terms of which is set out in Appendix I to this circular
“New Share Scheme”	the new share scheme of the Company proposed to be adopted by the Shareholders at the EGM, a summary of the principal terms of which is set out in Appendix II to this circular
“Non-real Property(ies)”	movable non-real property(ies) which include(s) but not limited to equipment, machines, materials, gears, kits, apparatus and other movable assets
“Non-real Property Lease Expense Transaction”	the transactions contemplated under the Framework Non-real Property Lease Expense Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Non-real Property Lease Expense Agreement
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Product Sales Transaction”	sale of parts or other products manufactured or owned by the Group to the Hon Hai Group as contemplated under the Framework Product Sales Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Product Sales Agreement
“Proposed Annual Caps”	the proposed annual caps for each of the Continuing Connected Transactions for the three years ending 31 December 2016
“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 and 19 November 2010)

DEFINITIONS

“Purchase Transaction”	purchase of materials and components by the Group from the Hon Hai Group contemplated under the Purchase Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares with a nominal value of US\$0.04 each in the share capital of the Company
“SIM Card”	subscriber identity module card in handsets
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-contracting Income Agreement”	the framework sub-contracting agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007, 19 November 2010 and 26 July 2012)
“Sub-contracting Income Transaction”	the transactions contemplated under the Sub-contracting Income Agreement which will (subject to obtaining the Independent Shareholders’ approval) be amended by the Supplemental Sub-contracting Income Agreement
“subsidiary(ies)”	having the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Supplemental Agreements”	collectively, the Supplemental Purchase Agreement, the Supplemental Product Sales Agreement, the Supplemental Sub-contracting Income Agreement and the Supplemental Non-real Property Lease Expense Agreement
“Supplemental Non-real Property Lease Expense Agreement”	the supplemental agreement dated 17 October 2013 entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Framework Non-real Property Lease Expense Agreement to 31 December 2016
“Supplemental Product Sales Agreement”	the supplemental agreement dated 17 October 2013 entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Framework Product Sales Agreement to 31 December 2016

DEFINITIONS

“Supplemental Purchase Agreement”	the supplemental agreement dated 17 October 2013 entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Purchase Agreement to 31 December 2016
“Supplemental Sub-contracting Income Agreement”	the supplemental agreement dated 17 October 2013 entered into between the Company and Hon Hai, conditional upon obtaining the Independent Shareholders’ approval, to extend the term of the Sub-contracting Income Agreement to 31 December 2016
“US\$”	United States dollar(s), 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

(formerly known as Foxconn International Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

Executive Directors:

TONG Wen-hsin (*Chairman*)
CHIH Yu Yang (*Chief Executive Officer*)
LEE Jer Sheng

Non-executive Director:

LEE Kuo Yu

Independent Non-executive Directors:

LAU Siu Ki
Daniel Joseph MEHAN
CHEN Fung Ming

Registered Office:

Floor 4, Willow House
Cricket Square, P O Box 2804
Grand Cayman KY1-1112
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

7 November 2013

Dear Shareholders,

- (1) PROPOSALS FOR
ADOPTION OF NEW SHARE OPTION SCHEME AND
NEW SHARE SCHEME AND TERMINATION OF
EXISTING SHARE OPTION SCHEME AND
EXISTING SHARE SCHEME;
(2) PROPOSED RE-APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR;
(3) CONTINUING CONNECTED TRANSACTIONS;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Proposals for adoption of New Share Option Scheme and New Share Scheme and termination of Existing Share Option Scheme and Existing Share Scheme

As the Existing Share Option Scheme and the Existing Share Scheme will be valid and effective only until (inclusive of) 2 February 2015 and considering that the permitted option period provided under the Existing Share Option Scheme limits the vesting period of the options only up to 2 February 2015 (same as the expiry date of the Existing Share Option Scheme) which limits the flexibility for the Board when considering the grant of options, ordinary resolutions will be proposed at the EGM to approve the adoption of the New Share Option Scheme and the New Share Scheme as well as the consequential termination of the Existing Share Option Scheme and the Existing Share Scheme.

Proposed re-appointment of independent non-executive Director

The current term of appointment of Mr. LAU Siu Ki with the Company as an independent non-executive Director will end on 30 November 2013, and if he were to continue with his appointment, he would be serving on the Board for more than nine years from 1 December 2013. According to the code provision contained in Paragraph A.4.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules (the “Corporate Governance Code”), the proposed re-appointment of Mr. Lau as an independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Accordingly, an ordinary resolution will be proposed at the EGM to approve the proposed re-appointment of Mr. Lau.

Continuing Connected Transactions

The Group is a vertically integrated manufacturing service provider for the handset industry worldwide. It provides a wide range of manufacturing services to its customers in connection with the production of handsets. 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 67.09% of the issued share capital of the Company as at the Latest Practicable Date. The Group from time to time has been carrying out the Continuing Connected Transactions with the Hon Hai Group. As stated in the Announcement, on 17 October 2013, the Company and Hon Hai entered into, among other things, the Supplemental Agreements, which will become effective only after obtaining the Independent Shareholders’ approval, to extend the respective terms of the Continuing Connected Transactions to 31 December 2016.

Based on the maximum amount of the Proposed Annual Caps and the connections between the Product Sales Transaction and the Non-real Property Lease Expense Transaction, the Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules. Accordingly, the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps are subject to the Independent Shareholders’ approval as more particularly described in the paragraph headed “Listing Rules requirements in respect of the Continuing Connected Transactions” below. The

LETTER FROM THE BOARD

Company has established the Independent Board Committee to advise the Independent Shareholders and has appointed First Shanghai as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Purpose of circular

The purpose of this circular is to provide the Shareholders with information regarding, among other things, (a) the proposals for the adoption of the New Share Option Scheme and the New Share Scheme as well as the consequential termination of the Existing Share Option Scheme and the Existing Share Scheme; (b) the proposed re-appointment of Mr. Lau as an independent non-executive Director; and (c) the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps and to seek approval of the Shareholders or the Independent Shareholders (as the case may be) in respect of the ordinary resolutions set out in the notice of the EGM on pages 54 to 62 of this circular. The recommendations of the Board to the Shareholders in respect of items (a) and (b) above are set out on page 22 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions is set out on page 23 of this circular. The letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Continuing Connected Transactions is set out on pages 24 to 35 of this circular.

PROPOSALS FOR ADOPTION OF NEW SHARE OPTION SCHEME AND NEW SHARE SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME AND EXISTING SHARE SCHEME

On 1 December 2004, the then Shareholders conditionally approved the Existing Share Option Scheme and the Existing Share Scheme. On 12 January 2005, the Board adopted the Existing Share Option Scheme and the Existing Share Scheme, both of which shall be valid and effective until (inclusive of) 2 February 2015. The Existing Share Scheme was amended by the Shareholders on 4 August 2006 and was further amended by the Board on 29 October 2009. The Existing Share Option Scheme complies with the requirements laid down by Chapter 17 of the Listing Rules, whereas the Existing Share Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.

In order to ensure the continuity of a share option scheme and a share scheme for the Company to reward, motivate and retain the Eligible Persons, the Board proposes to adopt the New Share Option Scheme and the New Share Scheme and consequentially terminate the Existing Share Option Scheme and the Existing Share Scheme. The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. Pursuant to Chapter 17 of the Listing Rules, the proposed adoption of the New Share Option Scheme is subject to the approval of the Shareholders at the EGM. The proposed adoption of the New Share Scheme will also be presented for approval of the Shareholders.

LETTER FROM THE BOARD

The Board believes that attracting, rewarding, motivating and retaining high-calibre personnel with appropriate qualifications, skills, knowledge and experience (particularly those who have made contributions to the Group) is a key to the continuous growth and success of the Group, and the New Share Option Scheme and the New Share Scheme will provide the Eligible Persons with the opportunity to participate in the continuous growth and development of the Group by acquiring Shares representing ownership interest in the Company.

The major difference of these two schemes is that under the share option scheme (for both the existing one or the new one), the grantees will need to pay the exercise price upon the exercise of the options, whereas the shares granted under the share scheme (for both the existing one or the new one) will be granted to the beneficiaries free of consideration.

The coverage of the Eligible Persons is the same under both the New Share Option Scheme and the New Share Scheme. The Board (or its duly authorised officer(s) or delegate(s)), in accordance with the terms and procedures of the New Share Scheme and New Share Option Scheme, may determine or propose to the remuneration committee of the Company which Eligible Persons should be entitled to receive grants of Shares or options. The Board (or its duly authorised officer(s) or delegate(s)), when choosing between making a grant or award under the New Share Scheme and the New Share Option Scheme for the designated Eligible Persons, will consider and assess a number of factors which may include (among other things) the past services and contributions of the designated Eligible Persons, incentives and motivations for future contributions of the designated Eligible Persons, the performance of the Group and the prevailing share price of the Company.

The Board proposes that subject to the adoption of the New Share Option Scheme and the New Share Scheme, the Existing Share Option Scheme and the Existing Share Scheme will be terminated with effect from the Adoption Date, subject to the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, on the Stock Exchange, any Shares to be issued pursuant to the exercise of options granted from time to time under the New Share Option Scheme. For the avoidance of doubt, no further options will be granted under the Existing Share Option Scheme after its termination, and no further Shares will be granted under the Existing Share Scheme after its termination, but in all other respects, the provisions of the Existing Share Option Scheme and the Existing Share Scheme respectively shall remain in full force and effect. Accordingly, all options granted prior to the termination of the Existing Share Option Scheme and not then exercised shall remain valid and shall continue to be subject to the provisions of the Existing Share Option Scheme and Chapter 17 of the Listing Rules, and all Shares granted prior to the termination of the Existing Share Scheme and not then vested shall remain valid and shall continue to be subject to the provisions of the Existing Share Scheme.

As at the Latest Practicable Date, the Company has granted options relating to 694,458,719 Shares under the Existing Share Option Scheme, representing approximately 9.17% of the issued share capital of the Company. Among such options, options relating to 159,753,673 Shares are valid and outstanding and will remain valid and outstanding under the Existing Share Option Scheme after the termination of the Existing Share Option Scheme. The

LETTER FROM THE BOARD

Board has no intention of granting any further options under the Existing Share Option Scheme, nor any further Shares under the Existing Share Scheme, during the period from the Latest Practicable Date up to the date of the EGM.

Apart from the Existing Share Option Scheme and the Existing Share Scheme, there was no other subsisting share option scheme, share scheme or similar scheme of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,573,160,274 Shares. On the basis that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the Adoption Date and subject to passing of the ordinary resolutions approving the adoption of the New Share Option Scheme and the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, on the Stock Exchange, any Shares to be issued pursuant to the exercise of options granted from time to time under the New Share Option Scheme, the total number of Shares issuable upon exercise of all options which may be granted pursuant to the New Share Option Scheme as at the Adoption Date will be 757,316,027 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

The Board considers that it is not appropriate to state the value of all the options that can be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date, given that the variables which are crucial for the calculation of the value of such options cannot be reasonably determined. Such variables include the subscription price for the Shares to be allotted and issued upon the exercise of such options, the timing of the grant of such options, their respective exercise/vesting periods, whether or not such options (if granted) will be exercised by the corresponding option grantees, and other relevant variables. It follows that the calculation of the value of such options depends on a number of variables which are either difficult to be ascertained for the time being or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Board takes the view that any calculation of the value of such options as at the Latest Practicable Date would not be meaningful and may be misleading to the Shareholders in the circumstances. Nevertheless, for compliance with the Listing Rules, estimated fair valuations at the end of the relevant financial period for any interim or final results of the Group would be disclosed to the Shareholders in the corresponding interim or annual report of the Company.

Although the New Share Option Scheme does not prescribe any minimum period for which an option must be held before it can be exercised, the Board believes that the terms and conditions governing the New Share Option Scheme (as summarised in Appendix I to this circular), including without limitation, the requirements for a minimum subscription price and the conditions (if any, such as any exercise/vesting period and/or performance criteria) that may be imposed by the Board (or its duly authorised officer(s) or delegate(s)) as it thinks fit when it offers to grant any option to any Eligible Person under the New Share Option Scheme, will serve to protect the value of the Shares as well as to achieve the purposes of the New Share Option Scheme.

LETTER FROM THE BOARD

As at the Latest Practicable Date, having made all reasonable enquiries, the Company is not aware that any Shareholder is required to abstain from voting at the EGM on the resolutions as set out in the notice of the EGM approving the adoption of the New Share Option Scheme and the consequential termination of the Existing Share Option Scheme, or the resolutions as set out in the notice of the EGM approving the adoption of the New Share Scheme and the consequential termination of the Existing Share Scheme.

None of the Directors is a trustee of the New Share Scheme (the “Trustee”) or has any direct or indirect interest in the Trustee. The Trustee is a professional institution. Upon the application by the Company, the Company has obtained a waiver from the Stock Exchange from strict compliance with Chapter 14A of the Listing Rules to allow the Trustee to subscribe for new Shares for the purpose of the New Share Scheme.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the options granted from time to time under the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular, and a summary of the principal terms of the New Share Scheme is set out in Appendix II to this circular.

SCHEME MANDATE

In accordance with the terms of the New Share Scheme, the maximum number of new Shares for allotment and issue under the New Share Scheme, which may be granted by the Company during the period commencing from the Adoption Date and ending on the date of the first annual general meeting thereafter, will be 2% of the Company’s issued share capital as at the Adoption Date (the “Scheme Mandate”). An ordinary resolution with respect to the Scheme Mandate will be proposed for the Shareholders to consider and, if thought fit, to approve the Scheme Mandate.

The Scheme Mandate will only remain in effect until whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company’s articles of association to be held; and (c) the date on which the Scheme Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

As at the Latest Practicable Date, having made all reasonable enquiries, the Company is not aware that any Shareholder is required to abstain from voting at the EGM on the resolution granting the Scheme Mandate as set out in the notice of the EGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,573,160,274 Shares of US\$0.04 each. Subject to passing of the ordinary resolution approving the New Share Scheme and the Scheme Mandate and on the basis that no further Shares will be issued or repurchased prior to the EGM and that no Shares will be purchased from the market pursuant to the Existing Share Scheme, exercise in full of the Scheme Mandate will result in up to 2% of the issued share capital of the Company as at the Latest Practicable Date or 151,463,205 Shares being allotted and issued and the interest of each existing Shareholder will be reduced by approximately 1.96% based on the enlarged issued share capital of 7,724,623,479 Shares (assuming the number of Shares held by the existing Shareholders remains unchanged). On the basis of the closing price of HK\$4.28 per Share as at the Latest Practicable Date and the Scheme Mandate being exercised in full, the aggregate market value of the 151,463,205 Shares to be allotted and issued pursuant thereto would be approximately HK\$648,262,517. The Company expects that the costs attributable to the grant of any Shares under the New Share Scheme will be accounted for by reference to the market value of such Shares at the time of grant. The Company will give due consideration to any financial impact arising from the grant of Shares under the New Share Scheme before exercising the Scheme Mandate. Since the date of the last annual general meeting to the Latest Practicable Date, 86,558,631 Shares were allotted and issued to the employees of the Group under the Existing Share Scheme. Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be allotted and issued by the Company pursuant to any subscription for new Shares under the New Share Scheme.

PROPOSED RE-APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. LAU Siu Ki, an independent non-executive Director, has extensive experience in corporate finance, financial advisory and management, accounting and auditing as well as in-depth understanding of the business operations and affairs of the Group, and has been giving independent guidance, views and comments to the Company over the past years.

The current term of appointment of Mr. Lau with the Company as an independent non-executive Director will end on 30 November 2013, and if he were to continue with his appointment, he would be serving on the Board for more than nine years from 1 December 2013.

Having received written confirmation from Mr. Lau of his independence pursuant to Rule 3.13 of the Listing Rules (in addition to his annual confirmation referred to in the Company's 2012 Annual Report), and taking into account that Mr. Lau has not been involved in the daily operations and management of the Group during the years that he has been a Director, the Board considers that Mr. Lau's long service with the Company as an independent non-executive Director has not and will not affect his effective exercise of independent judgment, and hence, he has remained and will continue to remain independent. Accordingly, the Board recommends Mr. Lau to be re-appointed as an independent non-executive Director for a further term of three years from 1 December 2013 to 30 November 2016 (both dates inclusive), subject to retirement and re-election under the Company's articles of association in force for the time being. Under the proposed re-appointment, Mr. Lau will be entitled to a fee for his services as an independent non-executive Director of HK\$20,000 per month (less any necessary statutory deductions) as well as an allowance for his services as the chairman of the audit committee,

LETTER FROM THE BOARD

remuneration committee and nomination committee respectively of the Company of HK\$6,000 per month (less any necessary statutory deductions). The aforesaid fee and allowance were determined by the Board mainly based on Mr. Lau's duties and responsibilities with the Company, his contribution to the Company and the prevailing market practice.

According to the code provision contained in Paragraph A.4.3 of the Corporate Governance Code, the proposed re-appointment of Mr. Lau as an independent non-executive Director should be subject to a separate resolution to be approved by the Shareholders. Accordingly, an ordinary resolution will be proposed at the EGM to approve such proposed re-appointment. As at the Latest Practicable Date, having made all reasonable enquiries, the Company is not aware that any Shareholder is required to abstain from voting on such ordinary resolution as set out in the notice of the EGM.

The biographical details of Mr. Lau is set out in Appendix III to this circular.

CONTINUING CONNECTED TRANSACTIONS

1. Details of the Continuing Connected Transactions

Purchase Transaction

Pursuant to the Purchase Agreement, the Group has agreed to purchase materials and components (such as handset displays, batteries, camera modules, keypads and components for handset manufacturing) from the Hon Hai Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (a) 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
- (b) where (a) 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
- (c) 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 upon reasonable commercial principles.

Under pricing term (a), in cases where the Group's customers have approved or otherwise designated 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 product for the Group's customer, the Group may purchase such materials and components from the Hon Hai Group at prices agreed between the Group's customers and the Hon Hai Group. In determining whether 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, the Company would consider whether the cost of the materials and components purchased from the Hon Hai Group has been taken into account in the selling price of the relevant final product to the Group's customer. The Group does not charge the Hon Hai Group any fees under such arrangement. In cases where the Hon Hai Group is not approved or otherwise designated as an Approved Vendor, the

LETTER FROM THE BOARD

price will be determined by reference to the average market price. For the purpose of obtaining market prices, the Group may refer to recent purchase transaction(s) of the Group of similar materials/components from independent suppliers, if available.

The Hon Hai Group may be an Approved Vendor of the Group's specific customer in respect of a specific material and component such as a liquid crystal display (LCD) module or a camera module. In such case, the Group may purchase the material and component at a price as agreed between the Group's customer and the Hon Hai Group. However, the Hon Hai Group may not be an Approved Vendor of another customer of the Group in respect of the aforesaid material and component. In case the Hon Hai Group is not an Approved Vendor of the Group's relevant customer and there are available market prices for the material and component, the Group may purchase the material and component from the Hon Hai Group with reference to market prices.

Under pricing term (b), cost plus is determined based on the cost of the materials and components purchased from the Hon Hai Group plus a margin as agreed between the Group and the Hon Hai Group and the cost is estimated with reference to the records showing the costing of the materials/components. In determining the margin to be used, the Group will make reference to the margin for materials and components of similar nature in the market by way of such as referring to margins for the sales of materials and components of similar nature by the Group and the Hon Hai Group to independent customers. The cost plus pricing may be adopted in cases of a more tailor-made material and component such as molds, where the Hon Hai Group is not an Approved Vendor and market prices are not available. In such case, the Group may purchase the material and component from the Hon Hai Group on cost plus basis.

Under pricing term (c), the price is determined based on reasonable commercial principles taking into account the costs and return (rather than cost plus an agreed margin) of entering into the Purchase Transaction at such price. In determining the price, the Company would take into account the overall benefits to the Group arising from the transaction such as the net income that may be derived from the Group's sales of products which use the materials and components purchased from the Hon Hai Group. The reasonable commercial principle pricing provides a reasonable pricing basis for the Purchase Transaction in the circumstances that all the aforesaid bases (a) and (b) are not applicable or appropriate. The pricing of the Purchase Transaction is primarily based on the pricing that the Hon Hai Group is an Approved Vendor or on market prices.

Before entering into any Purchase Transaction, the Group will check and ensure that the pricing adheres to the pricing terms governing the Purchase Transaction.

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.

On 17 October 2013, the Company and Hon Hai entered into the Supplemental Purchase Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Purchase Agreement to 31 December 2016.

LETTER FROM THE BOARD

Product Sales Transaction

Pursuant to the Framework Product Sales Agreement, the Company has agreed to sell or procure its subsidiaries to sell to the Hon Hai Group parts or other products manufactured or owned by the Group (including parts and components of handsets such as SIM Card trays and metal casing) for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (a) where the Group has been approved or otherwise designated by the relevant customers of the Hon Hai Group, at the price agreed between the Group and such customers; if not, at a price to be determined by reference to the average market price; or
- (b) where (a) 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
- (c) 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.

Under pricing term (a), the Hon Hai Group enters into agreements with its customers and the Group is approved or otherwise designated by the customers of the Hon Hai Group to supply parts or other products to the Hon Hai Group at prices agreed between the Group and the Hon Hai Group’s customers. The Hon Hai Group does not charge the Group any fees under such arrangement. For the purpose of obtaining market prices, the Group may refer to recent sales transaction(s) of the Group of similar products to independent customers, if available. Under pricing term (b), cost plus is determined based on the cost of the products sold to the Hon Hai Group plus a margin as agreed between the Group and the Hon Hai Group taking into account the margin for products of similar nature in the market by way of such as referring to margins for the Group’s sales of products of similar nature to independent customers, and the cost is estimated with reference to the records showing the costing of the products. Under pricing term (c), the price is determined based on reasonable commercial principles taking into account the costs and return (rather than cost plus an agreed margin) of entering into the Product Sales Transaction at such price. In determining the price, the Company would take into account the overall benefits to the Group (including any enhancement of asset utilisation) arising from the transaction. Before entering into any Product Sales Transaction, the Group will check and ensure that the pricing adheres to the pricing terms governing the Product Sales Transaction. Given that the Group is not approved or otherwise designated by the Hon Hai Group’s customers at present and the products sold to the Hon Hai Group are mostly tailor-made where market prices are not available, the pricing for the Product Sales Transaction is primarily based on cost plus.

Payment for the Product Sales Transaction is usually received by the Group within 90 days after the date of the relevant invoice.

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On 17 October 2013, the Company and Hon Hai entered into the Supplemental Product Sales Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Framework Product Sales Agreement to 31 December 2016.

Non-real Property Lease Expense Transaction

Pursuant to the Framework Non-real Property Lease Expense Agreement, the Group has agreed to lease the Non-real Properties from the Hon Hai Group as agreed between the parties from time to time for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein.

The rental payable by the Group under the Non-real Property Lease Expense Transaction shall be determined on a fair and reasonable basis with reference to the average market rental of other similar properties in the market. If the average market rental is not available, the rental payable under the Non-real Property Lease Expense Transaction shall be determined on a "cost plus" basis. If both the average market rental basis and the "cost-plus" basis are not appropriate or applicable, the rental payable under the Non-real Property Lease Expense Transaction shall be agreed between the relevant parties based on reasonable commercial principles.

For the purpose of obtaining market rental prices, the Group may refer to recent lease transaction(s) of the Group of similar Non-real Properties from independent third parties, if available. If the aforesaid is not available, the rental will be determined on the cost-plus basis. Cost plus is determined based on the relevant cost of the transaction plus a margin as agreed between the Group and the Hon Hai Group taking into account the margin for lease of equipment of similar nature in the market by way of such as referring to margins for the Group's lease of equipment of similar nature from independent parties, and the cost is usually determined on the basis of the depreciation charge of the Non-real Property to be leased, the borrowing interest for the capital involved and the related insurance cost with reference to the records showing the book value and the depreciation charge of the Non-real Property and the related costs. If all of the aforesaid are not applicable or appropriate, the rental will be determined on the basis of reasonable commercial principles taking into account the costs and return (rather than cost plus an agreed margin) of entering into the Non-real Property Lease Expense Transaction at such rental. In determining the rental, the Company would take into account the overall benefits to the Group arising from the transaction such as the net income that may be derived from the manufacturing projects which utilise the Non-real Properties. Before entering into any Non-real Property Lease Expense Transaction, the Group will check and ensure that the rental adheres to the pricing terms governing the Non-real Property Lease Expense Transaction. Given that market prices for leasing the Non-real Properties are not available, the pricing of the Non-real Property Lease Expense Transaction is primarily based on cost plus.

The relevant parties may enter into a separate specific lease agreement for the relevant Non-real Property to be leased by the Group from the Hon Hai Group under the Non-real Property Lease Expense Transaction. Such specific lease agreement, containing terms and conditions consistent with the terms and conditions of the Framework Non-real Property Lease

LETTER FROM THE BOARD

Expense Agreement, specifies in detail the term, rental and other terms and conditions governing the lease of such Non-real Property. The rental under the Non-real Property Lease Expense Transaction will be payable by the Group to the Hon Hai Group within such period(s) agreed by the relevant parties from time to time on a case-by-case basis and is expected to be usually payable within 90 days after the date of the relevant invoice or the Group's accounting record posting date for the Non-real Property Lease Expense Transaction (as the case may be). The insurance costs of the leased Non-real Property will be paid by the Hon Hai Group which will be taken into account in determining the rental for the Non-real Property Lease Expense Transaction. The routine repair and maintenance costs of the leased Non-real Property in general will be borne by the Group. In case the leased Non-real Property is covered by the relative warranty, the Group will not need to bear the repair cost.

On 17 October 2013, the Company and Hon Hai entered into the Supplemental Non-real Property Lease Expense Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Framework Non-real Property Lease Expense Agreement to 31 December 2016.

Sub-contracting Income Transaction

Pursuant to the Sub-contracting Income Agreement, the Hon Hai Group has agreed to engage the Group to provide certain services, such as molding, metal stamping for handsets and desktop computers, handset repair services and other services (such as manufacturing of handset parts and components), to the Hon Hai Group for a term up to 31 December 2013 upon and subject to the terms and conditions set out therein at a price determined as follows:

- (a) where the Group has been approved or otherwise designated by the relevant customers of the Hon Hai Group, at the price agreed between the Group and such customers; if not, at a price to be determined by reference to the average market price; or
- (b) where (a) 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
- (c) 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.

Under pricing term (a), the Hon Hai Group enters into agreements with its customers and the Group is approved or otherwise designated by the customers of the Hon Hai Group to provide sub-contracting services to the Hon Hai Group at prices agreed between the Group and the Hon Hai Group's customers. The Hon Hai Group does not charge the Group any fees under such arrangement. For the purpose of obtaining market prices, the Group may refer to recent transaction(s) of the Group involving the provision of similar sub-contracting services to independent customers, if available. Under pricing term (b), cost plus is determined based on the cost of the sub-contracting services provided to the Hon Hai Group plus a margin as agreed between the Group and the Hon Hai Group taking into account the margin for sub-contracting services of similar nature in the market by way of such as referring to margins for the Group's provision of sub-contracting services of similar nature to independent customers, and the cost

LETTER FROM THE BOARD

is estimated with reference to the records showing the costing of the sub-contracting services. Under pricing term (c), the price is determined based on reasonable commercial principles taking into account the costs and return (rather than cost plus an agreed margin) of entering into the Sub-contracting Income Transaction at such price. In determining the price, the Company would take into account the overall benefits (including any enhancement of asset utilisation) to the Group arising from the transaction. Before entering into any Sub-contracting Income Transaction, the Group will check and ensure that the pricing adheres to the pricing terms governing the Sub-contracting Income Transaction. Given that the Group is not approved or otherwise designated by the Hon Hai Group's customers at present and the Group provides sub-contracting services as specifically requested by the Hon Hai Group where market prices for such services are not available, the pricing of the Sub-contracting Income Transaction is primarily based on cost plus.

Payment for the Sub-contracting Income Transaction is usually received by the Group within 90 days after the date of the relevant invoice.

On 17 October 2013, the Company and Hon Hai entered into the Supplemental Sub-contracting Income Agreement, which will become effective only after obtaining the Independent Shareholders' approval, to extend the term of the Sub-contracting Income Agreement to 31 December 2016.

2. Reasons for the Continuing Connected Transactions

The reasons for entering into and carrying out the Continuing Connected Transactions are set out below.

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 handsets. The Company believes that it is an important competitive advantage of the Group in the handset manufacturing service industry that the Group together with the members of the Hon Hai Group can provide a range of vertically integrated manufacturing services to the customers.

Product Sales Transaction

The Company considers it in its best interests to generate more income as well as enhance utilisation of its assets by carrying out the Product Sales Transaction in response to the Hon Hai Group's needs from time to time, provided that the Hon Hai Group purchases from the Group at prices comparable to market prices and/or which are considered to be fair and reasonable to the Company.

LETTER FROM THE BOARD

Non-real Property Lease Expense Transaction

In carrying out the Product Sales Transaction and other manufacturing projects, the Group may require the use of the Non-real Properties including specialised equipment and machines. By leasing such Non-real Properties from the Hon Hai Group, the Group may gain access to the use of such Non-real Properties at rental rates agreeable to the Company saving capital expenditures.

Sub-contracting Income Transaction

The Company considers it in its best interests to generate more income as well as enhance utilisation of its assets by carrying out the Sub-contracting Income Transaction as long as the services are provided at prices that are fair and reasonable pursuant to the Sub-contracting Income Agreement.

3. Historical values and annual caps

The table below sets out (a) the historical actual amounts of each of the Continuing Connected Transactions for the year ended 31 December 2012 and for the eight months ended 31 August 2013; (b) the existing annual caps for each of the Continuing Connected Transactions for the year ending 31 December 2013; and (c) the Proposed Annual Caps.

<i>(in US\$'000)</i>	Actual transaction amounts		Existing annual cap	Proposed Annual Caps for the year ending 31 December		
	For the year ended 31 December 2012 <i>(audited)</i>	For the eight months ended 31 August 2013 <i>(unaudited)</i>	For the year ending 31 December 2013	2014	2015	2016
Purchase Transaction	605,647	166,968	847,000	751,000	804,000	860,000
Product Sales Transaction	80,845	66,577	656,000	526,000	563,000	603,000
Non-real Property Lease Expense Transaction	–	761	13,000	22,000	23,000	25,000
Sub-contracting Income Transaction	72,490	90,887	463,000	308,000	329,000	352,000

LETTER FROM THE BOARD

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 actual amounts and recent trends of the Continuing Connected Transactions in 2013;
- the historical percentages of the respective amounts of the Continuing Connected Transactions to the Group's turnover;
- the anticipated growth of the Continuing Connected Transactions taking into account development of the Group's business; and
- an additional buffer of 5%.

In determining the Proposed Annual Caps, the Company notes the upward trends of the Continuing Connected Transactions in July and August 2013. For the purpose of estimating the relevant Proposed Annual Caps, the Company anticipates that such growth would continue and estimates the amounts of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction respectively for the four months ending 31 December 2013 based on the respective growth rates of such transactions in July and August 2013 (up to 27%, 79% and 20% for the respective transactions). Based on the aforesaid estimation of transaction amounts for the four months ending 31 December 2013 and taking into account anticipated growth of the transactions based on the development of the Group's business, the Company estimates the Proposed Annual Caps for the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction respectively for the three years ending 31 December 2016. The Company estimates the amounts of the Non-real Property Lease Expense Transaction based on the ratio of the actual amount of the Non-real Property Lease Expense Transaction to the actual amount of the Product Sales Transaction in August 2013 in view of the relationship that the Non-real Property is utilised in the production process of the Product Sales Transaction.

The Directors (including the independent non-executive Directors whose view is stated under the paragraph headed "Recommendations" below) consider that the Proposed Annual Caps are fair and reasonable, and the respective terms of the Continuing Connected Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. In view of her relationship with Hon Hai, Dr. LEE Kuo Yu (being a non-executive Director) has abstained from voting on the Board's resolutions in relation to the Continuing Connected Transactions.

4. Listing Rules requirements in respect of the Continuing Connected Transactions

Based on the maximum amount of the Proposed Annual Caps in respect of each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction, each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction is a non-exempt continuing connected transaction for the Company under the Listing Rules. Accordingly, the Purchase Transaction, the Product Sales Transaction, the Sub-contracting Income Transaction, the Supplemental Purchase Agreement,

LETTER FROM THE BOARD

the Supplemental Product Sales Agreement, the Supplemental Sub-contracting Income Agreement and the Proposed Annual Caps in respect of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction are subject to the approval of the Independent Shareholders. Based on the maximum amount of the Proposed Annual Caps in respect of the Non-real Property Lease Expense Transaction, the relevant percentage ratios are less than 5%. In view of the connections between the Non-real Property Lease Expense Transaction and the Product Sales Transaction, the Non-real Property Lease Expense Transaction, the Supplemental Non-real Property Lease Expense Agreement and the relevant Proposed Annual Caps are also subject to the approval of the Independent Shareholders. The Company has established the Independent Board Committee to advise the Independent Shareholders in respect of the Continuing Connected Transactions and has appointed First Shanghai as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

All the Continuing Connected Transactions are also subject to the annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules.

EGM

A notice convening the EGM to be held at 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 26 November 2013 at 10:00 a.m. is set out on pages 54 to 62 of this circular. At the EGM, ordinary resolutions will be proposed for the Shareholders or the Independent Shareholders (as the case may be) to consider and, if thought fit, to approve (a) the adoption of the New Share Option Scheme and the New Share Scheme as well as the consequential termination of the Existing Share Option Scheme and the Existing Share Scheme; (b) the proposed re-appointment of Mr. LAU Siu Ki as an independent non-executive Director; and (c) the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps.

The ordinary resolutions proposed at the EGM will be determined by way of poll by the Shareholders or the Independent Shareholders (as the case may be). Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any Shareholder and their respective associates with a material interest (other than by virtue of being a Shareholder) in the Continuing Connected Transactions are required to abstain from voting on the ordinary resolutions in respect of the Continuing Connected Transactions at the EGM. Hon Hai and its associates who in aggregate were interested in 5,081,034,525 Shares (representing approximately 67.09% of the total Shares in issue) as at the Latest Practicable Date are required to and will abstain from voting at the EGM in respect of the ordinary resolutions relating to the Continuing Connected Transactions.

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, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong

LETTER FROM THE BOARD

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.

RECOMMENDATIONS

The Board considers that (a) the proposals for the adoption of the New Share Option Scheme and the New Share Scheme as well as the consequential termination of the Existing Share Option Scheme and the Existing Share Scheme; and (b) the proposed re-appointment of Mr. LAU Siu Ki as an independent non-executive Director are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions relating to the aforesaid to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of First Shanghai, is of the view that (a) the entering into of the Continuing Connected Transactions and the Supplemental Agreements 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; and (b) the respective terms of the Continuing Connected Transactions and the Supplemental Agreements are on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps at the EGM.

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 appendices to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
Tong Wen-hsin
Chairman

FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(formerly known as Foxconn International Holdings Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

7 November 2013

Dear Independent Shareholders,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 7 November 2013 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 Continuing Connected Transactions, the Supplemental Agreements 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 Continuing Connected Transactions, the terms of the Supplemental Agreements and 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 7 November 2013, we consider that (i) the entering into of the Continuing Connected Transactions and the Supplemental Agreements 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; and (ii) the respective terms of the Continuing Connected Transactions and the Supplemental Agreements are on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable. We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolutions proposed at the EGM approving the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps.

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

Yours faithfully,

Independent Board Committee

LAU Siu Ki

Daniel Joseph MEHAN

CHEN Fung Ming

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 Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

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

7 November 2013

*To the Independent Board Committee and the Independent Shareholders of
FIH Mobile Limited (formerly known as Foxconn International Holdings Limited)*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Continuing Connected Transactions; (ii) the Supplemental Agreements; and (iii) the Proposed Annual Caps, details of which are set out in the circular of the Company to the Shareholders dated 7 November 2013 (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 Group has been conducting the Continuing Connected Transactions with the Hon Hai Group from time to time. Nonetheless, each of the framework agreements underlying the Continuing Connected Transactions, as amended and supplemented from time to time, (the “Framework Agreements”) will expire on 31 December 2013 and the Continuing Connected Transactions are expected to continue to be carried out after 31 December 2013. Accordingly, (i) the Company has entered into the Supplemental Agreements with Hon Hai to extend the term of each of the Framework Agreements to 31 December 2016, subject to the approval of the Independent Shareholders at the EGM; and (ii) the Company has also proposed the Proposed Annual Caps.

Hon Hai is the controlling shareholder of the Company, and therefore, Hon Hai is a connected person of the Company and each of the Continuing Connected Transactions constitutes a continuing connected transaction for the Company under the Listing Rules. As stated in the letter from the Board in the Circular, the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps are subject to approval by the Independent Shareholders by poll at the EGM.

LETTER FROM FIRST SHANGHAI

The Independent Board Committee, comprising all the independent non-executive Directors namely Messrs. Lau Siu Ki and Chen Fung Ming and Dr. Daniel Joseph Mehan, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transactions, the Supplemental Agreements 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.

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 time of the holding of the EGM. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Continuing Connected Transactions, the Supplemental Agreements and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Background to and reasons for the Continuing Connected Transactions and the Supplemental Agreements

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 controlling shareholder of the Company and the Hon Hai Group is the leading global manufacturing service provider in the 3C industries.

LETTER FROM FIRST SHANGHAI

The Group has been conducting the Continuing Connected Transactions with the Hon Hai Group from time to time. The following table summarises the nature of and the major reasons for the Continuing Connected Transactions:

	Nature	Major reasons
Purchase Transaction	<ul style="list-style-type: none"> ● The Group purchases materials and components from the Hon Hai Group. 	<ul style="list-style-type: none"> (i) The Hon Hai Group is the leading 3C industry player providing vertically integrated manufacturing services. (ii) Several members of the Hon Hai Group are Approved Vendors and the customers of the Group may source materials and components from Approved Vendors, including these members, through the Group.
Product Sales Transaction	<ul style="list-style-type: none"> ● The Group sells parts or other products to the Hon Hai Group. 	<ul style="list-style-type: none"> (i) The Group can generate more income. (ii) The Group can increase asset utilisation rate and achieve economies of scale.
Non-real Property Lease Expense Transaction	<ul style="list-style-type: none"> ● The Group leases the Non-real Properties from the Hon Hai Group. 	<ul style="list-style-type: none"> (i) In carrying out the Product Sales Transaction and other manufacturing projects, the Group may require the use of the Non-real Properties, which include specialised equipment and machines. (ii) The Group can save capital expenditures.
Sub-contracting Income Transaction	<ul style="list-style-type: none"> ● The Group provides certain services, such as molding, metal stamping for handsets and desktop computers and handset repair services to the Hon Hai Group. 	<ul style="list-style-type: none"> (i) The Group can generate more income. (ii) The Group can increase asset utilisation rate and achieve economies of scale.

Each of the Framework Agreements will expire on 31 December 2013 and the Continuing Connected Transactions are expected to continue to be carried out after 31 December 2013. Accordingly, the Company has entered into the Supplemental Agreements with Hon Hai to extend the term of each of the Framework Agreements to 31 December 2016, subject to the approval of the Independent Shareholders at the EGM.

LETTER FROM FIRST SHANGHAI

Taking into account, in particular, (i) the Hon Hai Group is the 3C leading industry player providing vertically integrated manufacturing services; (ii) the Group can leverage on the platform of the Hon Hai Group via the Purchase Transaction and the Non-real Property Lease Expense Transaction to more efficiently facilitate the business operations and enhance the competitiveness of the Group; (iii) the Group can generate more income, increase asset utilisation rate and achieve economies of scale via the Product Sales Transaction and the Sub-contracting Income Transaction; and (iv) the terms of the Supplemental Agreements and the Continuing Connected Transactions are fair and reasonable as discussed below, we are of the view that the entering into of the Supplemental Agreements and the Continuing Connected Transactions is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Supplemental Agreements and the Continuing Connected Transactions

The Supplemental Agreements extend the term of each of the Framework Agreements to 31 December 2016, subject to the approval of the Independent Shareholders at the EGM. With reference to the letter from the Board in the Circular and as advised by the management of the Group, the pricing bases of the Continuing Connected Transactions in accordance with their respective Framework Agreements are as follows:

Purchase Transaction	Product Sales Transaction and Sub-contracting Income Transaction	Non-real Property Lease Expense Transaction
Based on the price agreed between the supplier and the independent customer of the Group ⁽¹⁾	Based on the price agreed between the Group and the independent customer of the Hon Hai Group ⁽²⁾	
<i>if the above pricing basis is not appropriate or applicable</i>	<i>if the above pricing basis is not appropriate or applicable</i>	
Based on average market price		
	<i>if the above pricing basis is not appropriate or applicable</i>	
Based on “cost plus” principle ⁽³⁾		
	<i>if the above pricing basis is not appropriate or applicable</i>	
Based on reasonable commercial principles ⁽⁴⁾		

LETTER FROM FIRST SHANGHAI

Notes:

1. We are advised by the management of the Group that, under the circumstances where (i) an independent customer of the Group 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 plans to procure materials or components 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, where the Group would then confirm the pricing terms with the independent customer based on such negotiation and agreement. We are further advised by the management of the Group and we understand that, despite 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 of the Group; (ii) the pricing terms of the materials or components are primarily set with the independent customer after negotiation and agreement; (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 has the discretion to confirm whether to accept such pricing terms to procure materials or components from the Hon Hai Group as part of the resources for the production of products by the Group to be sold to the independent customer after having regard to the interests of the Group. Hence, we consider such arrangement to be acceptable.
2. We are advised by the management of the Group that, under the circumstances where (i) an independent customer of the Hon Hai Group specifies and requests certain goods from the Hon Hai Group; (ii) the Group is approved or otherwise designated by the independent customer as a supplier or sub-contractor to the Hon Hai Group; and (iii) the Hon Hai Group plans to procure products or services from the Group, such pricing basis shall be adopted, pursuant to which the Group shall directly negotiate and then agree the pricing terms with the independent customer, where the Hon Hai Group would then confirm the pricing terms with the independent customer based on such negotiation and agreement.
3. The price is derived from adding a percentage margin to the cost of the transaction.
4. The reasonable commercial principles are for special circumstances where bases including average market price and cost plus principle are not applicable. It takes into account factors applicable to the special circumstances on a case by case basis, including the relevant costs and return.

We are advised by the management of the Group and we understand that the pricing basis adopted under the Continuing Connected Transactions could vary from case to case given the difference in the nature of the subject products/services, for instance, (i) the average market price basis may not be applicable for a tailor-made product which has no readily available market price; therefore the average market price basis would not be applicable and the cost plus principle could be adopted; and (ii) the reasonable commercial principle could be applied when the Group wishes to make better use of its surplus production capacity where production capacity is underutilised, where the Group would evaluate whether the transaction negotiated on an arm's length basis would, among other benefits, enhance the overall asset utilisation rate so that any surplus production capacity can be utilised to contribute to cover part of the fixed costs of the Group. In respect of the internal control measures of the Group for the Continuing Connected Transactions, we are advised by the management of the Group that the relevant departments of the Group are responsible for, whichever applicable to the relevant pricing basis, (i) the review of documents to ensure the pricing terms are determined based on negotiation and agreement with the independent customer; (ii) the review of recent transaction(s) of the Group entered into with independent third parties, if available, to obtain the market prices; (iii) the assessment of whether the margins of prices determined on cost plus basis are no less favourable than those for transactions conducted with independent third parties; and (iv) the assessment of whether the reasonable commercial principles, which may include pricing based on arm's length negotiation with the Hon Hai Group, are fair and

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reasonable after evaluation of related costs and return. We have reviewed the procedures in place as detailed in the letter from the Board in the Circular and sample documents in connection with each category of the Continuing Connected Transactions recently carried out and we understand that (i) these historical transactions have adopted the aforementioned pricing mechanism, where the actual pricing bases adopted were on a case by case basis depending on the nature of the subject products/services in accordance with the mechanism and the procedures; and (ii) their terms were in general no less favourable than those with independent third parties, for instance, the margin above the cost of the transaction with the Hon Hai Group was comparable to or no less favourable than those with independent third parties for comparable products.

According to the letter from the Board in the Circular, the payments for the Continuing Connected Transactions are usually settled within 90 days after the date of the relevant invoice or the accounting record posting date of the Group, where applicable. As such, we have reviewed the annual report of the Company for the year ended 31 December 2012, where we note that the Group normally allows a credit period of 30 to 90 days to its trade customers and the credit period of the Continuing Connected Transactions is within such range.

Taking into account the above factors, in particular, (i) our review of the pricing terms of the Continuing Connected Transactions, which are based on either the prices agreed with independent customers, the average market prices, the prices based on a cost plus principle or the prices based on reasonable commercial principles; (ii) the internal control measures of the Group described in this section to ensure that the pricing terms of the Continuing Connected Transactions are primarily, where applicable, based on negotiation and agreement with independent customers or no less favourable than the terms with independent third parties or on arm's length basis; (iii) the credit period of the Continuing Connected Transactions is within the range of the credit period generally granted by the Group to its trade customers; and (iv) measures are in place as required under Rules 14A.37 to 14A.40 of the Listing Rules to govern the internal control of the Group and monitor the Continuing Connected Transactions as detailed in the section headed "Annual review requirements under the Listing Rules" below, we are of the view that the terms of the Continuing Connected Transactions and the Supplemental Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

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3. Proposed Annual Caps

The following is a summary of the actual transaction amounts of the Continuing Connected Transactions for each of the years ended 31 December 2010, 2011 and 2012 and the eight months ended 31 August 2013 as well as the Proposed Annual Caps for each of the years ending 31 December 2014, 2015 and 2016:

<i>(in US\$ million)</i>	Actual transaction amounts				Proposed Annual Caps		
	For the year ended 31 December			For the eight months ended	For the year ending 31 December		
	2010	2011	2012	31 August 2013	2014	2015	2016
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>			
Purchase Transaction	489	387	606	167	751	804	860
Product Sales Transaction	90	103	81	67	526	563	603
Non-real Property Lease Expense Transaction	–	–	–	0.8	22	23	25
Sub-contracting Income Transaction	28	46	72	91	308	329	352

With reference to the above table, the actual transaction amounts of the Continuing Connected Transactions have been fluctuating during the past few years. We are advised by the management of the Group that such fluctuations reflect the unstable nature of the actual project schedules of the Group and the Hon Hai Group from time to time, where the actual order amounts between the Group and the Hon Hai Group are not regular and consistent, which may be due to, among other factors, design changes, stability of material supply, availability of direct labour and machines and equipment, development progress of the electronic goods and unexpected change of market demand of the electronic goods. For instance, we understand that, in respect of the Product Sales Transaction, based on the demand from the customers of the Hon Hai Group, the schedule for the Hon Hai Group to procure products from the Group might fluctuate accordingly. We understand that the Framework Non-real Property Lease Expense Agreement was recently entered into on 13 June 2013, and therefore, minimal or no transaction amount was recorded for the Non-real Property Lease Expense Transaction during the period covered in the table.

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We are advised by the management of the Group and we understand that the bases of determining the Proposed Annual Caps are as follows:

Bases of determining the Proposed Annual Caps

- Purchase Transaction, Product Sales Transaction and Sub-contracting Income Transaction**
- (i) the transaction amount for each of the four months ending 31 December 2013 is estimated based on a monthly growth rate which is the higher of the actual growth rates recently recorded for each of the two months ended 31 August 2013 (the “Actual Growth Rate”). For instance, the transaction amount for the month ended 30 September 2013 would be derived from multiplying the transaction amount for the month ended 31 August 2013 by the Actual Growth Rate;
 - (ii) the estimated transaction amount for the year ending 31 December 2014 is derived from multiplying the annualised transaction amount for the four months ending 31 December 2013 as estimated above by the annual growth rate of 7% (the “General Growth Rate”);
 - (iii) the estimated transaction amount for each of the years ending 31 December 2015 and 2016 is derived from multiplying the estimated transaction amount for the preceding year by the General Growth Rate; and
 - (iv) the buffer of 5% is applied to the estimated transaction amounts for each of the years ending 31 December 2014, 2015 and 2016 to arrive at the relevant proposed annual caps.

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Non-real Property Lease Expense Transaction

- (i) the transaction amounts of the Non-real Property Lease Expense Transaction and the Product Sales Transaction are highly correlated given that a major reason for the lease of the Non-real Properties is to cope with the manufacturing projects under the Product Sales Transaction;
- (ii) the actual transaction amount of the Non-real Property Lease Expense Transaction represented approximately 4% of the actual transaction amount of the Product Sales Transaction for the month ended 31 August 2013 (the “Ratio”);
- (iii) the estimated transaction amount for each of the four months ending 31 December 2013 is derived from multiplying the corresponding estimated transaction amount for the Product Sales Transaction as aforementioned by the Ratio;
- (iv) the estimated transaction amount for the year ending 31 December 2014 is derived from multiplying the annualised transaction amount for the four months ending 31 December 2013 as estimated above by the General Growth Rate;
- (v) the estimated transaction amount for each of the years ending 31 December 2015 and 2016 is derived from multiplying the estimated transaction amount for the preceding year by the General Growth Rate; and
- (vi) the buffer of 5% is applied to the estimated transaction amounts for each of the years ending 31 December 2014, 2015 and 2016 to arrive at the relevant proposed annual caps.

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We have reviewed the calculation of the Proposed Annual Caps. We note that the Actual Growth Rates of 27%, 79% and 20% were respectively adopted for each of the Purchase Transaction, the Product Sales Transaction and the Sub-contracting Income Transaction to calculate the estimated transaction amount for each of the four months ending 31 December 2013. Given that the Actual Growth Rates are based on recently and actually recorded transaction growth trend, we consider the adoption of the Actual Growth Rates to be acceptable. We are advised by the management of the Group that the higher growth of the Product Sales Transaction is primarily attributable to the sales of new products to the Hon Hai Group, which commenced in July 2013, as disclosed in the circular of the Company dated 2 July 2013 in connection with the revision of the annual cap for the Product Sales Transaction for the year ending 31 December 2013. We have also reviewed the October 2013 edition of the World Economic Outlook published by the International Monetary Fund and we note that the real gross domestic product of the People's Republic of China (the "PRC") is expected to record an annual growth rate of approximately 7% for each of the years ending 31 December 2014, 2015 and 2016. Given that the operations of the Group and the Continuing Connected Transactions are mainly based in the PRC and the general economic growth of the PRC could be an indicator regarding the general trend of the Continuing Connected Transactions, we consider the adoption of the General Growth Rate, which is in line with the expected growth of the gross domestic product of the PRC, to be acceptable. We are also advised by the management of the Group that, given the Framework Non-real Property Lease Expense Agreement was recently entered into on 13 June 2013, the transaction amount ratio of the Non-real Property Lease Expense Transaction to the Product Sales Transaction shall be better reflected from the month ended 31 August 2013 than in the preceding months. We understand that, before the inclusion of the additional 5% buffer, the estimated transaction amounts already represent significant growth as compared with the actual transaction amount for the year ended 31 December 2012, and therefore, we consider the buffer, which is relatively insignificant but may mitigate the burden of the Group to bear additional costs to conduct another revision of the relevant annual cap(s) in the near future, to be acceptable.

Based on the foregoing, in particular, (i) the estimation of the transaction amounts have made reference to the actual monthly growth rates recently recorded; (ii) the General Growth Rate is in line with the expected economic growth of the PRC; and (iii) the buffer is relatively insignificant but may mitigate the burden of the Group to bear additional costs to conduct another revision of the relevant annual cap(s), we are of the view that the bases of determining the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Nonetheless, the Independent Shareholders should note that the Proposed Annual Caps should not be construed as an assurance or forecast by the Group of its future income or expenditures.

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4. Annual review requirements under the Listing Rules

The Continuing Connected Transactions are subject to a number of annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules which include:

- (i) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts of the Company that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; 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;
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Continuing Connected Transactions (a) have received the approval of the Board; (b) are in accordance with the pricing policies of the Company if the Continuing Connected Transactions involve provision of goods or services by the Company; (c) have been entered into in accordance with the relevant agreements; and (d) have not exceeded the respective annual caps following the approval by the Independent Shareholders;
- (iii) the Company will allow, and will procure that Hon Hai will allow, the auditors of the Company sufficient access to the relevant records of the Continuing Connected Transactions for the purpose of reporting on the Continuing Connected Transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above; and
- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the values of the Continuing Connected Transactions by way of the corresponding annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Continuing Connected Transactions and the corresponding annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

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RECOMMENDATION

Having considered the above, we are of the opinion that the entering into of the Continuing Connected Transactions and the Supplemental Agreements 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. We are also of the opinion that the terms of the Continuing Connected Transactions and the Supplemental Agreements are on normal commercial terms and, together with the bases of determining the Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the aforesaid at the EGM.

Yours faithfully,
For and on behalf of

First Shanghai Capital Limited

Eric Lee
Managing Director

Fanny Lee
Managing Director

The following is a summary of the principal terms of the New Share Option Scheme, which does not form part of the New Share Option Scheme and thus not affect its interpretation. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(A) PURPOSE

The purpose of the New Share Option Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company.

(B) WHO MAY JOIN

The Board (or its duly authorised officer(s) or delegate(s)) may, at its absolute discretion, offer to grant to any Eligible Persons options ("Options") to subscribe for Shares on and subject to the terms and conditions set out in the New Share Option Scheme.

As to Options to be granted to any Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company:

- (a) Any Options to be granted to a Director, chief executive or substantial shareholder of the Company or any of their respective associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the Options), which approval may relate to the exact number of Options to be granted or the maximum number of Options to be granted over a specified period of time.
- (b) Without prejudice to the generality of Sub-paragraph (B)(a) above, if any Options to be granted to a substantial shareholder or independent non-executive Director of the Company, or any of their respective associates, would result in the total number of Shares issued and to be issued upon exercise of all the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the period of 12 months up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue from time to time and having an aggregate value (based on the closing price of the Shares at the date of each grant) in excess of HK\$5,000,000, such further grant of Options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders containing such information as is required under Rule 17.04 of the Listing Rules, which shall include: (i) details of the number and terms (including the exercise price) of the Options (including information required under Rules 17.03(5) to 17.03(10) of the Listing Rules) to be granted to each participant, which must be fixed before the Shareholders' meeting; (ii) a recommendation from the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the Options) to the independent Shareholders as to voting; (iii) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the

disclaimer required under Rule 17.02(4) of the Listing Rules; and (iv) the information required under Rule 2.17 of the Listing Rules. All the Company's connected persons shall abstain from voting at such general meeting, and any vote taken at such meeting must be taken on a poll.

- (c) Any change in the terms governing the grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, shall be approved by the Shareholders in general meeting in the manner described in Sub-paragraph (B)(b) above.

(C) MAXIMUM NUMBER OF SHARES

- (a) The maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme when aggregated with the maximum number of Shares in respect of which options may be granted under any other option scheme involving the issue or grant of options over Shares or other securities by the Company or any of its subsidiaries (the "Maximum Number of Shares") shall not exceed 10% of the Company's issued share capital as of the Adoption Date. Options lapsed in accordance with the terms of the New Share Option Scheme or any other option scheme shall not be counted for the purpose of calculating the 10% limit.
- (b) The Maximum Number of Shares may, with the approval of the Shareholders in general meeting, be "refreshed" from time to time as required up to a maximum of 10% of the Company's issued share capital as at the date of the Shareholders' approval. Options previously granted under the New Share Option Scheme or any other option scheme, including options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.
- (c) The Company may obtain a separate approval from the Shareholders in general meeting to grant Options which will result in the number of Shares in respect of all the Options granted under the New Share Option Scheme and all the options granted under any other option scheme exceeding 10% of the Company's issued share capital, provided that such Options are granted only to Eligible Persons specifically identified by the Company before the separate approval of the Shareholders is sought.
- (d) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other options granted and yet to be exercised under any other option scheme involving the issue or grant of options over Shares or other securities by the Company or any of its subsidiaries shall not exceed 30% of the Company's issued share capital from time to time.

- (e) No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to and including the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

(D) GRANT OF OPTIONS

- (a) The period within which the Options must be exercised will be specified by the Board (or its duly authorised officer(s) or delegate(s)) at the time of grant.
- (b) An offer of grant of Options shall be made by letter to the proposed beneficiary, specifying the number of Options proposed to be granted and the applicable terms and conditions relating to the Options. These terms and conditions may include provisions as to the performance criteria which must be satisfied before the Option can be exercised, the minimum period for which an Option must be held before it can be exercised, vesting conditions (if any) and such other provisions as the Board (or its duly authorised officer(s) or delegate(s)) may determine. The proposed beneficiary is required to accept the offer and undertake to hold the Option on and subject to the terms and conditions governing the grant and, upon receipt by the Company or any of its subsidiaries of such acceptance, together with the payment of HK\$1.00 by way of consideration, the Option shall be deemed to have been granted to and accepted by the proposed beneficiary ("Option holder") and to have taken effect.
- (c) The Directors shall not grant any Option under the New Share Option Scheme after any inside information relating to the Company or any of its subsidiaries has come to the knowledge of the Company, until such inside information has been announced by the Company. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period, and ending on the date of the results announcement.

(E) MINIMUM HOLDING PERIOD AND VESTING

- (a) The New Share Option Scheme does not contain any minimum period(s) for which an Option must be held before it can be exercised. However, at the time of grant of the Options, the Board (or any of its duly authorised officer(s) or delegate(s)) may specify any such minimum period(s).
- (b) The Options granted will be subject to vesting periods of up to six years (or such other period which must not be more than 10 years from the date of grant of the relevant Options) as determined by the Board (or its duly authorised officer(s) or delegate(s)) at the time of granting the relevant Option, which will vary from Option

holder to Option holder. Upon the expiry of the vesting period, the Shares will become vested and the Option holders will become entitled to exercise the Options in accordance with the terms of the New Share Option Scheme.

(F) PERFORMANCE TARGETS

The New Share Option Scheme does not contain any performance target(s) which must be achieved before the Options can be exercised in whole or in part, unless otherwise determined by the Board (or its duly authorised officer(s) or delegate(s)). At the time of grant of the Options, the Board (or its duly authorised officer(s) or delegate(s)) may specify any performance target(s).

(G) AMOUNT PAYABLE FOR OPTIONS

The amount payable on acceptance of an Option is HK\$1.00.

(H) EXERCISE PRICE

The amount payable for each Share to be subscribed for upon exercise of an Option shall be determined by the Board and notified to a proposed beneficiary at the time of offer of the Option and shall be the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date, which must be a business day, of the date of grant; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

(I) VOTING AND OTHER RIGHTS

No voting rights shall be exercisable and no dividends shall be payable in respect of Options that have not been exercised.

(J) RIGHTS ON DEATH

If an Option holder dies and none of the events which would be a ground for termination of his employment or his services engagement under Sub-paragraph (Q)(c) or (Q)(f) below has occurred, the legal personal representative(s) of the Option holder shall be entitled within a period of 12 months from the date of death (or such other period as the Board may determine) to exercise the Option up to his entitlement (to the extent not already exercised).

(K) RIGHTS ON CEASING TO BE AN EMPLOYEE

- (a) If the Option holder ceases to be an employee for any reason other than his death or the termination of his employment on one or more of the grounds specified in Sub-paragraph (K)(b) or (Q)(c) below, the Option holder may exercise the Option up to his entitlement at the date of cessation of his employment (to the extent not already

exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with the Company or its relevant subsidiary, whether salary is paid in lieu of notice or not.

- (b) If the Option holder ceases to be an employee by reason of ill-health, injury or disability not attributable to his own misconduct or redundancy (as defined in the Employment Ordinance (Chapter 57 of the Laws of Hong Kong)), retirement, agreement with the Board or transfer of business in relation to which the employee was engaged to a company outside the Group and none of the events which would be a ground for termination of his employment under Sub-paragraph (Q)(c) below has occurred, the Option holder may exercise the Option up to his entitlement at the date of cessation of his employment (to the extent not already exercised) within the period of three months following the date of such cessation, which date shall be the last actual working day with the Company or its relevant subsidiary, whether salary is paid in lieu of notice or not.

(L) RIGHTS ON CEASING TO BE A THIRD PARTY SERVICE PROVIDER

- (a) If the Option holder ceases to be a third party service provider under a fixed term contract by reason of termination or expiry of the term of the relevant fixed term contract without any extension or renewal by the Company or its relevant subsidiary for reasons other than (i) on one or more of the grounds specified in Sub-paragraph (Q)(f) below; or (ii) on his death, the Option holder may exercise the Option up to his entitlement at the date of cessation (to the extent not already exercised) within the period of nine months (or such other period as the Board may determine) following the date of such cessation, which date shall be the date of termination or expiry of the relevant fixed term contract.
- (b) If the Option holder ceases to be a third party service provider not under any fixed term contract by reason of such Option holder ceasing to provide any further advisory or consultancy or other kind of services, support, assistance or contribution to the Company or its relevant subsidiary as may be determined by the Board and notified to such third party service provider in writing within three months after the provision of its last services, support, assistance or contribution to the Company or its relevant subsidiary for reasons other than (i) on one or more of the grounds specified in Sub-paragraph (Q)(f) below; or (ii) on his death, the Option holder may exercise the Option up to his entitlement at the date of cessation (to the extent not already exercised) within the period of nine months (or such other period as the Board may determine) following the date of such cessation, which date shall be the date of the written notification to the third party service provider.

(M) RIGHTS ON GENERAL OFFER

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours

to procure that such offer is extended to all the Option holders (on the same terms *mutatis mutandis*, and assuming that they will become, by the exercise in full of the Options granted to them, the Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Option holder (or his legal personal representative(s)) shall be entitled to exercise the Option up to his entitlement (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

(N) RIGHTS ON A VOLUNTARY WINDING-UP

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company, the Company shall give notice thereof to all Option holders. The Option holder (or his legal personal representative(s)) may by notice in writing to the Company within 21 days after the date of such resolution or order elect to be treated as if the Option (to the extent not already exercised) had been exercised immediately before the passing of such resolution or making of such order either up to his entitlement or to the extent specified in the Option holder's notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Option holder will be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares being the subject of such election.

(O) RIGHTS ON SCHEMES OF COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or the Company's amalgamation with any other company or companies, the Company shall give notice thereof to all Option holders (together with a notice of the existence of the provisions of this Paragraph (O)) on the same date as it dispatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Option holder (or his legal personal representative(s)) shall be entitled to exercise the Option up to his entitlement at any time prior to 12:00 noon (Hong Kong time) on the day immediately preceding the date of the meeting directed to be convened by the Court for the purpose of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all Option holders to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminate. The Directors shall endeavour to procure that the Shares issued as a result of the exercise of Options under this Paragraph (O) shall for the purposes of such compromise or arrangement form part of the Company's issued share capital on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the Court (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of Option holders to exercise their respective Options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable

(but subject to the other terms of the New Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of the Directors or its officers for any loss or damage sustained by any Option holder as a result of the aforesaid suspension.

(P) LIFE OF NEW SHARE OPTION SCHEME

Unless otherwise terminated by the Board or the Shareholders in general meeting in accordance with the terms of the New Share Option Scheme, the New Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date, subject to the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in on the Stock Exchange any Shares to be issued pursuant to the exercise of Options to be granted under the New Share Option Scheme, after which period no further Options will be granted under the New Share Option Scheme, but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

(Q) LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the period for exercise of the Option;
- (b) 12 months from the date of death of the Option holder (or such other period as the Board may determine);
- (c) an Option holder ceasing to be an employee of the Company or any of its subsidiaries on the ground of (i) the Option holder's misconduct; (ii) the Option holder being convicted of any criminal offence involving his integrity, honesty or fraud; or (iii) his employer being entitled to summarily terminate his employment at common law or pursuant to any applicable laws or his contract of employment;
- (d) three months after the Option holder ceases to be an employee of the Company or any of its subsidiaries by reason of (i) retirement; (ii) redundancy; (iii) ill-health, injury or disability; or (iv) a transfer of business and the employee is transferred to a company outside the Group;
- (e) one month after the termination of the Option holder's employment with the Company or any of its subsidiaries for reasons other than the reasons specified in Sub-paragraphs (Q)(c) and (Q)(d) above;
- (f) the date on which (i) the contract between the third party service provider and the Company or its relevant subsidiary is terminated, where such contract is terminated by reason of breach of contract on the part of the third party service provider; or (ii) the third party service provider appears either to be unable to pay or have no

reasonable prospect to be able to pay its debts, or has become insolvent, or has passed a resolution for its winding-up or an order has been made for its winding-up, or has made any arrangement (including a voluntary arrangement) or composition with his creditors generally, or ceases or threatens to cease to carry on his business, or is bankrupted, or has been convicted of any criminal offence involving integrity, honesty or fraud, provided that whether any one or more of the events specified above has occurred in relation to a third party service provider shall, in its reasonable opinion, be solely and conclusively determined by the Board;

- (g) in the case of any takeover, scheme of compromise or arrangement or voluntary winding-up, the expiry of the periods of notice as specified in the New Share Option Scheme, provided that in the case of a scheme of compromise or arrangement, the proposed compromise or arrangement becomes effective;
- (h) save as otherwise provided in Paragraph (N) above, the date of commencement of the winding-up of the Company; or
- (i) any breach of the provision described in Paragraph (V) below.

(R) ADJUSTMENT

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the Company's share capital while any Option remains exercisable, but excluding, for the avoidance of doubt, any alteration in the Company's capital structure as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Company's auditors for the time being shall determine what adjustment is required to be made to the subscription price, the number of Shares to be issued on exercise of the Options (or any combination of the foregoing), provided that any such adjustments give the Option holder the same proportion of the Company's equity capital and no adjustment may be made to the extent that Shares would be issued at less than their nominal value.

(S) CANCELLATION OF OPTIONS NOT EXERCISED

Any Options granted but not exercised may be cancelled with the consent of the Option holder (such consent not to be unreasonably withheld or delayed) upon approval by a resolution of the Board, and new Options may be granted to the same Option holder provided that such Options fall within the limits specified in Paragraph (C) above and are otherwise granted in accordance with the terms of the New Share Option Scheme.

(T) RANKING OF SHARES

The Shares to be allotted and issued to an Option holder upon the exercise of an Option shall be subject to all the provisions of the Company's articles of association for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Option holder is registered on the Company's register of members. Prior to the Option holder being registered on the Company's register of members, the Option holder shall not have any

voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the Option.

(U) TERMINATION

The Company, by resolution of the Shareholders in general meeting or the Board, may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the New Share Option Scheme shall remain in full force and effect. Any granted but unexercised and unexpired Options shall continue to be exercisable in accordance with their terms of issue after the termination of the New Share Option Scheme.

(V) TRANSFERABILITY

The Options are personal to the Option holders and are not transferable, except for the transmission of an Option on the death of an Option holder to his legal personal representative(s) on the terms of the New Share Option Scheme. Please refer to the previous Paragraph (J) headed “Rights on Death” for further information.

(W) AMENDMENT

Subject to the provisions set out in this Paragraph (W) below, the Board may amend any of the provisions of the New Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of the New Share Option Scheme which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Option holder at that date). Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Option holders, and no changes to the authority of the Board or administrator of the New Share Option Scheme in relation to any alteration of the terms therein shall be made, without the prior approval of the Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the New Share Scheme, which does not form part of the New Share Scheme and thus not affect its interpretation. The New Share Scheme is not subject to the provisions of Chapter 17 of the Listing Rules.

The purpose of the New Share Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to give effect to the Group's customer-focused corporate culture, and to motivate them to strive for the future development and expansion of the Group, by providing them with the opportunity to acquire equity interests in the Company.

The Board has the power to administer the New Share Scheme, except with respect to the directors and other members of senior management of the Group, whose proposed grants (if any) will be first determined by the remuneration committee of the Company.

The Board (or its duly authorised officer(s) or delegate(s)) may determine as to which of the Eligible Persons (but excluding any director or any other member of senior management of the Group) should be entitled to receive grants of Shares under the New Share Scheme, together with the number of Shares to which each proposed beneficiary should be entitled. However, with regard to any proposed grant to any Eligible Person who is a director or any other senior management of the Group, any proposal from the Board (or its duly authorised officer(s) or delegate(s)) shall be sent to the remuneration committee of the Company for its consideration. The remuneration committee will consider whether to accept the proposal from the Board (or its duly authorised officer(s) or delegate(s)) with or without amendments and select (pursuant to a resolution of the remuneration committee for recommendation to the Board) from, among the proposed beneficiaries, those persons entitled to be granted Shares under the New Share Scheme and determine the number (or maximum number, as the case may be) of Shares to be granted to each of them.

An offer to grant Shares under the New Share Scheme shall be made by way of a notice in such form prescribed by the Board, specifying the number of Shares proposed to be granted and the applicable terms and conditions relating to the grant. Any beneficiary to a grant (the "Beneficiary") is required to accept the offer by way of an acknowledgement in such form prescribed by the Board and undertake to hold the Shares on and subject to the terms and conditions of the grant. Upon acceptance of the grant of Shares by the Beneficiary, the Company will:

- (a) give instructions to and inform the Trustee of (among other things) the following: (i) the name of the Beneficiary and whether the Beneficiary is a connected person of the Company; (ii) the number of Shares to be granted; (iii) the conditions (if any) of the grant of Shares; and (iv) the amount of cash to be made available to the Trustee to subscribe for and/or purchase (as the case may be) the relevant Shares; and
- (b) procure the payment by the Company (or its relevant subsidiary, as the case may be) of the amount of cash under Sub-paragraph (a)(iv) above to the Trustee.

The Trustee will, within 10 business days of receipt of the cash (or such other period as the Company and the Trustee may agree), subscribe for and/or purchase (as the case may be) on behalf of the Beneficiaries, the relevant number of Shares for making grants under the New Share Scheme.

The New Share Scheme provides (among other things) that (a) for grants to Beneficiaries who are not connected persons of the Company, the Trustee shall subscribe, on behalf of the Beneficiaries, for new Shares at nominal value from the Company; and (b) for grants to Beneficiaries who are connected persons of the Company, the Trustee shall purchase, on behalf of the Beneficiaries, Shares from the market, so that the grants under (a) or (b) above will not constitute connected transactions (as defined in the Listing Rules) of the Company.

No Shares shall be granted under the New Share Scheme when any Director is in possession of any unpublished inside information in relation to the Company or any of its subsidiaries or where dealings in Shares have been suspended or dealings in Shares by any Director are prohibited under any code or requirement of the Listing Rules or any applicable legal or regulatory requirement from time to time. Without limiting the generality of the foregoing, no Shares shall be granted (a) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results; and (b) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of such results.

The Shares to be granted to the Beneficiaries under the New Share Scheme will be granted for free and will, including those to be granted to the directors of the Group, form part of their remuneration (being a discretionary bonus in the form of a Share grant or a discretionary cash bonus satisfied in the form of the Shares).

The Shares granted will be subject to lock-up periods of up to three years commencing from the date of grant, which will vary from Beneficiary to Beneficiary as to be determined by the Board (or its duly authorised officer(s) or delegate(s)). During the lock-up period, the Beneficiaries will not be permitted to sell or otherwise dispose of the Shares, which will be held in the custody of the Trustee as custodian on behalf of the Beneficiaries. However, during the lock-up period, the Beneficiaries will be entitled to all voting, dividend or other distribution rights in respect of the Shares. Upon the expiry of the lock-up period, the Beneficiaries will be permitted to sell or otherwise dispose of the Shares through the Trustee in accordance with the terms of the trust deed between the Company and the Trustee (as amended and supplemented from time to time).

During the life of the New Share Scheme, the maximum number of Shares to be subscribed for by the Trustee on behalf of the Beneficiaries (other than Beneficiaries who are connected persons of the Company), during:

- (a) the period commencing from the Adoption Date and ending on the date of the first annual general meeting thereafter granting a separate mandate for the allotment and issue of Shares under the New Share Scheme, will be 2% of the Company's issued share capital as at the Adoption Date; and
- (b) the period between one annual general meeting and the subsequent annual general meeting, will be 2% of the Company's issued share capital as at the date of the earlier annual general meeting.

There is no maximum number of Shares to be purchased by the Trustee on behalf of the Beneficiaries who are connected persons of the Company during the life of the New Share Scheme. However, for grants proposed to be made to Beneficiaries who are the executive or non-executive Directors (other than the independent non-executive Directors) or a director of any of the Company's subsidiaries, the relevant grant must be approved by the independent non-executive Directors (which approval may relate to the exact number of Shares proposed to be granted or the maximum number of Shares proposed to be granted over a specified period of time), and if the proposed grant would result in the Shares granted and to be granted under the New Share Scheme for the purpose of making grants to any such director in the 12-month period up to and including the date of the proposed grant representing in aggregate over 1% of the Shares in issue as at the date of the proposed grant, the grant must be approved by the Shareholders in general meeting, at which such Beneficiaries and their respective associates shall abstain from voting.

The New Share Scheme will have a life of 10 years from the Adoption Date.

For the purpose of allotting and issuing Shares under the New Share Scheme, the Board will seek from the Shareholders in general meeting (voting by poll) a separate mandate which will specify the maximum number of Shares which may be allotted and issued for the purpose of granting Shares under the New Share Scheme. This separate mandate will only remain in effect until: (a) the conclusion of the Company's next annual general meeting; (b) the expiration of the period within which the Company's next annual general meeting is required by any applicable law or the Company's articles of association to be held; and (c) its variation or revocation by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

At the general meeting at which the separate mandate is sought, any Shareholder who is entitled to receive grants through the subscription by the Trustee for new Shares under the New Share Scheme (including such Shareholders being management members and employees of the Group, but excluding, for the avoidance of doubt, directors of the Company or any of its subsidiaries who will not be entitled under the New Share Scheme to receive grants of Shares through subscription by the Trustee for new Shares) shall abstain from voting on the relevant resolution(s) granting the mandate. In addition, the Company will, in the circular to the Shareholders convening the relevant general meeting, disclose the aggregate market value of

the new Shares that may be issued under the New Share Scheme under the separate mandate, the dilution effect on the Shareholders, and details of any Shareholders who are also Beneficiaries under the New Share Scheme and would therefore be required to abstain from voting on the relevant resolution(s) granting the mandate.

Each grant of Shares by way of the allotment and issue of new Shares under the New Share Scheme is subject to the Listing Committee of the Stock Exchange granting approval for, or having granted approval for, the listing of, and permission to deal in, on the Stock Exchange, the Shares which may be allotted and issued pursuant to such grant of the Shares under the New Share Scheme, if required.

The Trustee will not purchase Shares from the market for the purpose of making grants of Shares under the New Share Scheme at any time on any day on which the Company's financial results are published and (a) during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and (b) during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

The Trustee will maintain two separate accounting records for the Shares held by the Trustee under the New Share Scheme: one for Shares subscribed for the benefit of persons not being the Company's connected persons, and one for the Shares purchased from the market for the benefit of the Company's connected persons.

LAU Siu Ki, aged 55, joined the Company as an independent non-executive Director in December 2004. He is the chairman of the audit committee, remuneration committee and nomination committee respectively of the Company. He has over 30 years of experience in corporate finance, financial advisory and management, accounting and auditing. Mr. Lau is currently a financial advisory consultant running his own management consultancy firm, Hin Yan Consultants Limited. Previously, Mr. Lau worked at Ernst & Young for over 15 years. He graduated from Hong Kong Polytechnic in 1981. Mr. Lau is a member of both the Association of Chartered Certified Accountants (“ACCA”) and Hong Kong Institute of Certified Public Accountants. Mr. Lau was a member of the World Council of ACCA from 2002 to 2011 and was the chairman of ACCA Hong Kong in 2000/2001. During these years, he has helped raising the profile of ACCA. Mr. Lau also serves as an independent non-executive director of Binhai Investment Company Limited, COL Capital Limited, Comba Telecom Systems Holdings Limited, Embry Holdings Limited, Samson Holding Ltd. and TCL Communication Technology Holdings Limited, whose shares are listed on the Stock Exchange.

Save as disclosed in this Appendix and except for his ex-directorship with Carry Wealth Holdings Limited (whose shares are listed on the Stock Exchange) from which he resigned with effect from 13 July 2011, he did not hold any directorship in listed public companies in the past three years up to the Latest Practicable Date.

Pursuant to the letter of appointment entered into between Mr. Lau and the Company, Mr. Lau’s appointment is for a term of three years ending on 30 November 2013, but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company’s articles of association in force for the time being. Save as disclosed in this Appendix, Mr. Lau does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr. Lau did not have any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Lau is entitled to a fee for his services as an independent non-executive Director of HK\$17,500 per month (less any necessary statutory deductions) as well as an allowance for his services as the chairman of the audit committee, remuneration committee and nomination committee respectively of the Company of HK\$5,000 per month (less any necessary statutory deductions). Pursuant to the approval of the Board on 17 October 2013, with effect from 1 November 2013, Mr. Lau is entitled to a fee for his services as an independent non-executive Director of HK\$20,000 per month (less any necessary statutory deductions) as well as an allowance for his services as the chairman of the audit committee, remuneration committee and nomination committee respectively of the Company of HK\$6,000 per month (less any necessary statutory deductions).

In relation to the proposed re-appointment of Mr. Lau as an independent non-executive Director, saved as disclosed above, there is no information which is discloseable nor is he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

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
TONG Wen-hsin (<i>Note 1</i>)	Company	Personal Interest	1,183,305	0.0156%
	Hon Hai	Personal Interest	58,604	0.0004%
CHIH Yu Yang	Company	Personal Interest	3,786,396	0.0500%
	Hon Hai	Personal Interest	31,017	0.0002%
	CMCS (<i>Note 2</i>)	Personal Interest	1,000	0.0007%
LEE Jer Sheng (<i>Note 3</i>)	Company	Personal Interest	3,004,976	0.0397%
		Jointly-held Interest	100,000	0.0013%
LEE Kuo Yu	Hon Hai	Personal Interest	307,847	0.0023%

Notes:

1. 1,183,305 Shares include 1,126,063 Shares which are issuable upon exercise of share options granted under the Existing Share Option Scheme.
2. The Company indirectly, through its wholly-owned subsidiaries, holds approximately 85.98% of the entire issued share capital of CMCS, a company incorporated in Taiwan.
3. 3,004,976 Shares include 2,425,904 Shares which are issuable upon exercise of share options granted under the Existing Share Option Scheme and upon vesting of the share grants granted under the Existing Share Scheme. 100,000 Shares are beneficially and jointly owned by Dr. LEE Jer Sheng and Ms. TING Kuei Feng, the spouse of Dr. LEE Jer Sheng. Accordingly, Dr. LEE Jer Sheng is deemed to be interested in 100,000 Shares which are jointly held by him and his spouse for the purposes of the SFO.

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.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

(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	67.09%
Hon Hai (<i>Notes</i>)	Interest of a controlled corporation	5,081,034,525	67.09%

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. Dr. LEE Kuo Yu, a non-executive Director, is an employee of the Hon Hai Group.

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 activities

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, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, 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 2012 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 Royal Bank of Canada Trust Company (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

Copies of the following documents are available for inspection during normal business hours at Suites 1102-03, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong from the date of this circular to the date of the EGM (both days inclusive) and also at the EGM:

- (a) the New Share Option Scheme;
- (b) the New Share Scheme;
- (c) the Purchase Agreement;
- (d) the Framework Product Sales Agreement;
- (e) the Framework Non-real Property Lease Expense Agreement;
- (f) the Sub-contracting Income Agreement;
- (g) the Supplemental Purchase Agreement;
- (h) the Supplemental Product Sales Agreement;
- (i) the Supplemental Non-real Property Lease Expense Agreement; and
- (j) the Supplemental Sub-contracting Income Agreement.

FIH[®] 富智康[™]

FIH Mobile Limited

富智康集團有限公司

(formerly known as Foxconn International Holdings Limited)

(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 (formerly known as Foxconn International Holdings Limited) (the “Company”) will be held at 3rd Floor, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 26 November 2013 at 10:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of the Company which may be allotted and issued upon the exercise of the options granted from time to time under the new share option scheme of the Company (the “New Share Option Scheme”), the New Share Option Scheme (the terms of which are contained in the document produced to the meeting marked “A” for identification purposes) be and is hereby approved and adopted, and the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s) pursuant to the terms of the New Share Option Scheme) be and is/are hereby authorised for and on behalf of the Company to do any and all such acts and things and to enter into, execute and deliver (and affix the Company’s common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient in connection with or for the purposes of the New Share Option Scheme and/or any of the matters contemplated thereby, including without limitation:
- (i) to administer and operate the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares in the Company;
- (ii) to modify and/or amend the New Share Option Scheme from time to time, provided that such modification and/or amendment is/are effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;

NOTICE OF EGM

- (iii) to allot and issue from time to time such number of shares in the Company as may be required to be allotted and issued pursuant to the exercise of the options granted from time to time under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
 - (iv) to make application at the appropriate time or times to The Stock Exchange of Hong Kong Limited for the listing of, and permission to deal in, any shares in the Company which may from time to time be allotted and issued pursuant to the exercise of the options granted from time to time under the New Share Option Scheme, and where any such application has been made prior to the date of passing this resolution, the same be and is hereby approved, confirmed and ratified in all respects;
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
 - (vi) in addition and without prejudice to the foregoing, 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 enter into, execute and deliver (and affix the Company's common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient involving any and all service providers engaged by or on behalf of the Company from time to time in connection with or for the purposes of the implementation, administration and operation of the New Share Option Scheme; and
- (b) subject to and conditional upon the matter set out in number (1)(a) above, the existing share option scheme adopted by the Company on 12 January 2005 (the "Existing Share Option Scheme") be and is hereby terminated upon which the Existing Share Option Scheme shall cease to have any further force with effect from the date on which the New Share Option Scheme becomes unconditional and effective, except that the Existing Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of the options granted under the Existing Share Option Scheme prior to its termination, or otherwise to the extent as may be required in accordance with the terms of the Existing Share Option Scheme."

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2. “THAT:

- (a) the new share scheme of the Company (the terms of which are contained in the document produced to the meeting marked “B” for identification purposes) (the “New Share Scheme”) be and is hereby approved and adopted, and the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s) pursuant to the terms of the New Share Scheme) be and is/are hereby authorised for and on behalf of the Company to do any and all such acts and things and to enter into, execute and deliver (and affix the Company’s common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient in connection with or for the purposes of the New Share Scheme and/or any of the matters contemplated thereby, including without limitation:
- (i) to administer and operate the New Share Scheme under which shares in the Company will be granted to participants eligible under the New Share Scheme to be granted shares in the Company;
 - (ii) to modify and/or amend the New Share Scheme from time to time, provided that such modification and/or amendment is/are effected in accordance with the provisions of the New Share Scheme relating to modification and/or amendment;
 - (iii) to allot and issue and/or purchase from time to time such number of shares in the Company as may be required to be allotted and issued and/or purchased pursuant to the grants of shares in the Company made from time to time under the New Share Scheme;
 - (iv) to make application at the appropriate time or times to The Stock Exchange of Hong Kong Limited for the listing of, and permission to deal in, any shares in the Company which may from time to time be granted under the New Share Scheme;
 - (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Scheme; and
 - (vi) in addition and without prejudice to the foregoing, 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 enter into, execute and deliver (and affix the Company’s common seal to, if necessary) any and all such transactions, arrangements, deeds, agreements and documents as he/they may in his/their absolute discretion consider necessary or expedient involving any and all service providers engaged by or on behalf of the Company from time to time in connection with or for the purposes of the implementation, administration and operation of the New Share Scheme;

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- (b) subject to and conditional upon the matter set out in number (2)(a) above, the existing share scheme adopted by the Company on 12 January 2005, as amended and supplemented from time to time (the “Existing Share Scheme”) be and is hereby terminated upon which the Existing Share Scheme shall cease to have any further force with effect from the date on which the New Share Scheme becomes effective, except that the Existing Share Scheme will remain in full force and effect to the extent necessary to give effect to the grants of the Company’s shares under the Existing Share Scheme prior to its termination, or otherwise to the extent as may be required in accordance with the terms of the Existing Share Scheme; and
- (c) subject to and conditional upon the matter set out in number 2(a) above, the exercise by the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s)) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional new shares of the Company to be issued under the New Share Scheme be and is hereby generally and unconditionally approved, and the aggregate nominal amount of additional new shares of the Company so allotted, issued or dealt with by the board of directors of the Company (or its duly authorised committee, officer(s) or delegates(s)) shall not exceed 2% of the total nominal amount of the issued share capital of the Company on the date of passing of this resolution. For the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; and
- (ii) the revocation or variation of the authority given to the board of directors of the Company (or its duly authorised committee, officer(s) or delegate(s)) under this resolution by the passing of an ordinary resolution of the shareholders of the Company in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by its memorandum and articles of association or any applicable laws of the Cayman Islands to be held.”

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3. “**THAT** Mr. LAU Siu Ki be re-appointed as an independent non-executive director of the Company for a further term of three years from 1 December 2013 to 30 November 2016 (both dates inclusive) upon and subject to such terms and conditions as the Chairman of the Board of Directors of the Company may in his absolute discretion determine, who is also hereby authorised for and on behalf of the Company to enter into, execute and deliver the letter of appointment with Mr. Lau setting out such terms and conditions.”

4. “**THAT:**
 - (a) the terms of the fourth supplemental agreement to the framework materials and components supply agreement (the “Supplemental Purchase Agreement”) (a copy of which is tabled at the meeting and marked “C” for identification purposes) dated 17 October 2013 entered into between the Company and 鴻海精密工業股份有限公司 (Hon Hai Precision Industry Co. Ltd. for identification purposes only) (“Hon Hai”) and the Company’s execution and delivery thereof be and are hereby approved in all respects;

 - (b) the transactions from 1 January 2014 to 31 December 2016 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) (“Innolux”) and 鴻準精密工業股份有限公司 (Foxconn Technology Company Limited for identification purposes only) on 19 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007 and 19 November 2010) and further amended by the Supplemental Purchase Agreement (the “Purchase Transaction”) and the Company’s entering into and implementation thereof be and are hereby approved in all respects;

 - (c) the annual caps as set out in the circular of the Company dated 7 November 2013 (the “Circular”) in respect of the Purchase Transaction for the three years ending 31 December 2016 be and are hereby approved in all respects; and

 - (d) 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 other 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 Supplemental Purchase Agreement and/or the Purchase Transaction and/or the said annual caps.”

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5. **“THAT:**

- (a) the terms of the fourth supplemental agreement to the framework product sales agreement (the “Supplemental Product Sales Agreement”) (a copy of which is tabled at the meeting and marked “D” for identification purposes) dated 17 October 2013 entered into between the Company and Hon Hai and the Company’s execution and delivery thereof be and are hereby approved in all respects;
- (b) the transactions from 1 January 2014 to 31 December 2016 contemplated under the framework product sales agreement entered into among the Company, Hon Hai and Innolux on 18 January 2005 (as amended by the respective supplemental agreements dated 28 February 2006, 24 October 2007 and 19 November 2010) and further amended by the Supplemental Product Sales Agreement (the “Product Sales Transaction”) and the Company’s entering into and implementation thereof be and are hereby approved in all respects;
- (c) the annual caps as set out in the Circular in respect of the Product Sales Transaction for the three years ending 31 December 2016 be and are hereby approved in all respects; and
- (d) 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 other 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 Supplemental Product Sales Agreement and/or the Product Sales Transaction and/or the said annual caps.”

6. **“THAT:**

- (a) the terms of the supplemental agreement to the framework lease agreement relating to movable non-real properties (the “Supplemental Non-real Property Lease Expense Agreement”) (a copy of which is tabled at the meeting and marked “E” for identification purposes) dated 17 October 2013 entered into between the Company and Hon Hai and the Company’s execution and delivery thereof be and are hereby approved in all respects;
- (b) the transactions from 1 January 2014 to 31 December 2016 contemplated under the framework lease agreement relating to movable non-real properties entered into between the Company and Hon Hai on 13 June 2013 and further amended by the Supplemental Non-real Property Lease Expense Agreement (the “Non-real Property Lease Expense Transaction”) and the Company’s entering into and implementation thereof be and are hereby approved in all respects;

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- (c) the annual caps as set out in the Circular in respect of the Non-real Property Lease Expense Transaction for the three years ending 31 December 2016 be and are hereby approved in all respects; and
- (d) 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 other 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 Supplemental Non-real Property Lease Expense Agreement and/or the Non-real Property Lease Expense Transaction and/or the said annual caps."

7. **“THAT:**

- (a) the terms of the fifth supplemental agreement to the framework sub-contracting agreement (the “Supplemental Sub-contracting Income Agreement”) (a copy of which is tabled at the meeting and marked “F” for identification purposes) dated 17 October 2013 entered into between the Company and Hon Hai and the Company's execution and delivery thereof be and are hereby approved in all respects;
- (b) the transactions from 1 January 2014 to 31 December 2016 contemplated under the framework sub-contracting agreement entered into between the Company and Hon Hai on 18 January 2005 (as amended by the respective supplemental agreements dated 12 January 2006, 24 October 2007, 19 November 2010 and 26 July 2012) and further amended by the Supplemental Sub-contracting Income Agreement (the “Sub-contracting Income Transaction”) and the Company's entering into and implementation thereof be and are hereby approved in all respects;
- (c) the annual caps as set out in the Circular in respect of the Sub-contracting Income Transaction for the three years ending 31 December 2016 be and are hereby approved in all respects; and

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- (d) 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 other 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 Supplemental Sub-contracting Income Agreement and/or the Sub-contracting Income Transaction and/or the said annual caps."

By Order of the Board
Tong Wen-hsin
Chairman

Hong Kong, 7 November 2013

Registered Office:

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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 Friday, 22 November 2013 to Tuesday, 26 November 2013, both days 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 Thursday, 21 November 2013.
- (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.

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- (d) With reference to the resolution number (3) above regarding the re-appointment of Mr. LAU Siu Ki as an independent non-executive director of the Company, the biographical details of Mr. Lau are set out in Appendix III to the circular dated 7 November 2013.
- (e) 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 resolutions number (4) to (7) above.
- (f) The ordinary resolutions set out above will be determined by way of poll.