

FIH Mobile Limited (the “Company”)

Overview on Core Corporate Governance Practices

Adopted by the Company’s board of directors (the “Board”) on 20 December 2023

Introduction

The Company (together with its subsidiaries, the “Group”) recognizes the importance of a robust corporate governance system for its potential impact on the Group’s financial situation, reputation as well as long-term targets, and is dedicated to implementing and integrating good corporate governance practices in all aspects of its operations to drive its sustainable initiatives and strategies.

According to the Corporate Governance Code (the “CG Code”) set out in Appendix 14 (which will become Appendix C1 with effect from 31 December 2023) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), as amended from time to time (the “Listing Rules”), corporate governance provides the framework within which the Board forms its decisions and builds the Company’s businesses, and an effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities.

Corporate Governance Compliance Manual

The Company has adopted and maintained its corporate governance compliance manual (the “Manual”) since 15 April 2010, as amended and supplemented from time to time.

The purpose of the Manual is to set out the corporate governance practices from time to time adopted by the Company and the compliance procedures that apply in specific areas, with the aim to providing an overview of the requirements of the CG Code and the related rules set out in the Listing Rules as well as the Securities and Futures Ordinance, as amended from time to time (Chapter 571 of the laws of Hong Kong) respectively, identifying the roles of the key responsible parties, and also setting out certain guidelines and procedures for the implementation of corporate governance measures of the Company.

According to the Manual, the corporate governance practices of the Company are summarized as follows:

- In devising its corporate governance practices, the Company should aim to fully comply with the code provisions set out in the CG Code, unless there are specific instances that may prevent it from doing so.
- The Board should consider the recommended best practices set out in the Code from time to time and, where necessary, revise the Company’s practices by reference to such recommended best practices to keep abreast of market practices and business developments.
- With a view to pursuing better corporate governance on an ongoing basis, the Company has noted the Stock Exchange’s practical advice and suggestions provided in the Guidance for Boards and Directors and other relevant publications (each as amended from time to time) published by the Stock Exchange, which do not form part of the Listing Rules, and any additional guidelines are not currently mandatory and therefore should be considered, as appropriate or relevant, critically by reference to the specific circumstances of the Company at the relevant times.

In the present context, the Manual covers (among other things) the following aspects of the Company's corporate governance-related matters:

- those matters reserved for the Board and those matters delegated by the Board;
- the policies and procedures governing shareholders' proposal of candidates for election as directors; communications with shareholders; shareholders' rights; Board diversity; nomination for directorship; authorisation of securities dealings/transactions by directors and employees; handling and dissemination of inside information; handling enquiries from the relevant authorities; directors' remuneration; independent views and inputs available to the Board; directors' potential/actual conflicts of interests; preapproval of independent auditor's non-assurance services; dividends; and providing endorsement and guarantee and loaning of funds;
- the terms of reference of the Board committees; and
- the corporate vision, values and mission, and their alignment with the corporate culture.

Board Committees

Under the Company's corporate governance framework, while the Board is responsible for the Company's leadership and control and oversees the Group's overall business, strategic decisions and performance, the Board has established and maintained the following committees in accordance with applicable requirements under the Listing Rules, each to perform certain functions (including corporate governance-related functions) on behalf of the Board:

- the corporate governance committee (currently consisting of two executive directors of the Company, including the Company's chairman/acting chairman), whose principal duties are to develop and review the Company's policies and practices on corporate governance; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company; to review the Company's compliance with the CG Code; and to provide advice and comments to the Board;
- the audit committee (currently consisting of all the three independent non-executive directors of the Company), whose principal duties are to review the Group's financial reporting and accounting policies and practices as well as financial controls, internal control and enterprise risk management ("ERM") systems; and to provide advice and comments to the Board;
- the remuneration committee (currently consisting of all the three independent non-executive directors of the Company), whose principal duties are to consider the policy and structure for the remuneration of the Company's directors and senior management; to review their remunerations by reference to corporate goals and objectives; and to provide advice and comments to the Board; and
- the nomination committee (currently consisting of all the three independent non-executive directors of the Company), whose principal duties are to consider the appointment or re-appointment of the Company's directors and related succession planning; to assess the independence of the Company's independent non-executive directors; to review the Company's director nomination policy and Board diversity policy; and to provide advice and comments to the Board.

As to any proposed transaction (such as a major transaction or a connected transaction) which is subject to the approval of the Company's shareholders in general meeting, the Board will establish an independent board committee (consisting of all the three independent non-executive directors of the Company) to consider the relevant matters relating to such proposed transaction and then make recommendations to the Company's shareholders.

Accountability and Audit

The Board (through the audit committee) oversees and evaluates the Group's internal control and ERM system on an ongoing basis. In particular, the audit committee (in discharging the aforesaid responsibility as delegated by the Board) semi-annually reviews the design, operational adequacy and continuing effectiveness of the Group's internal control and ERM system, and also reviews the Group's internal audit function, which in turn reviews the risks associated with and internal controls of the Group over various operations and activities, and evaluates their overall adequacy, effectiveness and compliance, including compliance with the Group's policies, plans and procedures.

Risk management is one of the fundamental parts of the Group's strategic management, and is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business and strategic objectives, and safeguarding the interests of the Group's key stakeholders. Existing and emerging risks are identified, evaluated and managed via the Group's ERM system which is operated and monitored by the Group's internal audit function, with support from the Group's ERM team which consists of the relevant heads/leaders from different business units and functional divisions/departments.

Linkage between Corporate Governance and Environmental, Social and Governance ("ESG")

Corporate governance and ESG are complementary, with corporate governance inextricably linked to good governance of environmental and social issues.

According to the CG Code, an effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities).

According to the ESG Reporting Guide set out in Appendix 27 (which will become Appendix C2 with effect from 31 December 2023) to the Listing Rules, the Board should be responsible for effective governance and oversight of ESG matters as well as assessment and management of material environmental and social risks.

In the present context, the Company has adopted and maintained (among other things) the following policies from the ESG perspective:

- the global code of conduct (the "Global CoC"), which provides for the policies and standards relating to business ethics, labour and human rights, health and safety, environment, management systems, responsible sourcing of minerals, anti-corruption, anti-trafficked and forced labour as well as community engagement;
- the responsibility standards, which are supplemental to the Global CoC and provide for an explicit interpretation of the requirements of the Global CoC;
- the chapter on employee human rights, which provides for the Group's core commitment, beliefs and key requirements in relation to its employees with the aim to upholding and promoting respect for human rights, creating a work environment and culture with dignity, facilitating human rights progress and achieving a positive long-term social impact;
- the anti-corruption code of conduct, which describes the types of conduct which are strictly prohibited on the part of the Group's directors, officers and employees; and
- the whistle-blowing policies and the related procedures, which apply to the Group's key stakeholders (including employees and suppliers) where complaints concerning fraudulent acts, unethical acts or improper business conduct can be raised through established hotlines and other channels.

Public Disclosures

The Company issues and publishes its corporate governance report and ESG report for each financial year, addressing (among other things) the requisite disclosure of the foregoing in compliance with applicable requirements under the Listing Rules.

Further, the Company will upload the foregoing (and its subsequent revised version) to its website on a voluntary basis.

Annual Review

The corporate governance committee will continuously monitor and annually review the foregoing to ensure that the Company's core corporate governance practices as described above have remained appropriate and effective and relevant to the Company's needs, and have also reflected both the then current regulatory requirements and good corporate governance practices. As appropriate, the corporate governance committee will recommend any proposed changes to the foregoing for the Board's consideration.

Upon the basis of the recommendations from the corporate governance committee, the Board will annually review the foregoing, and (as appropriate) make any changes.