**FIH Mobile Limited**
**富智康集團有限公司**
*(incorporated in the Cayman Islands with limited liability)*
(Stock Code: 2038)

# PROFIT WARNING

This announcement is made by FIH Mobile Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

Reference is made to the paragraphs regarding the Group's consolidated interim results for the six months ending 30 June 2019 ("**1H 2019**") as set forth at page 36 of the Company's 2018 annual report (the "**2018 Annual Report**").

The Company's board of directors (the "**Board**") would like to inform shareholders and potential investors that on the basis of a preliminary review of the Group's latest unaudited management accounts and other information currently available, the Company estimates that the Group's turnover for the three months ended 31 March 2019 ("**Q1 2019**") is likely to be around US$3.044 billion (compared with US$3.190 billion for the three months ended 31 March 2018 ("**Q1 2018**")). The Company expects the Group to record a consolidated net loss of around US$69 million for Q1 2019 (compared with US$125.9 million for Q1 2018).

Potentially, the Company expects the Group to record a consolidated net loss for 1H 2019 which is likely to be lower than the Group's consolidated net loss of US$348,567,000 for the six months ended 30 June 2018. Various factors are relevant to the above, including the following: (1) the challenging conditions that the Group has faced since late 2017 having continued through 2018 into 2019; (2) continued pressure on the Group's gross margins generally (although that pressure is expected to ease over the course of 2019); and (3) the Group's cessation of its logistics and distribution business from 1 January 2019. That cessation has resulted in the Group losing sales income that would otherwise be generated from that business (sales income from that business for the year ended 31 December 2018 totalled around US$61.77 million). It has also reduced the Group's selling expenses by more than 93.5% for Q1 2019. These factors are expected to continue into the reminder of 2019.

However, largely as a result of the Group's continued efforts to maintain stringent control over its costs, the Company expects the Group's operating expenses for 1H 2019 to decrease. The Company currently expects the Group's operating expenses to be around US$97 million for Q1 2019 (compared with US$155 million for Q1 2018). In addition, the Company expects the Group's other income for 1H 2019 to increase. The Company currently expects the Group's other income to be around US$56 million for Q1 2019 (compared with US$17 million for Q1 2018).

The Company reminds shareholders and potential investors to note the second and third paragraphs of page 36 of the 2018 Annual Report, and will keep matters under review as the second quarter of 2019 has been progressing. At this stage, the Company is unable to reasonably and meaningfully estimate the likely magnitude of the Group's consolidated net loss for 1H 2019. The Company will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board
**CHIH Yu Yang**
*Acting Chairman*

Hong Kong, 3 May 2019

*As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. CHIH Yu Yang, Mr. WANG Chien Ho and Dr. KUO Wen-Yi; and three independent non-executive directors, namely Mr. LAU Siu Ki, Dr. Daniel Joseph MEHAN and Mr. TAO Yun Chih.*