FIH Mobile Limited
富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2038)

(1) CERTAIN FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 AND (2) UPDATE ON EXPECTED 2022 ANNUAL PERFORMANCE

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").

(1) CERTAIN FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

Further to the second paragraph on page 154 of the Company's 2022 interim report as issued and published on 15 September 2022 (the "2022 Interim Report"), under applicable disclosure requirements of the Taiwan Stock Exchange Corporation, Hon Hai Precision Industry Co. Ltd. (for identification purposes only, being the Company's ultimate controlling shareholder whose shares are listed on the Taiwan Stock Exchange Corporation) is required to disclose on or about 10 November 2022 (as currently scheduled) certain unaudited consolidated financial information of the Group for the nine months ended 30 September 2022 (the "current period").

To facilitate timely dissemination of information to investors and potential investors in Hong Kong and Taiwan, the Company's board of directors (the "Board") would like to inform the Company's shareholders and potential investors of the following unaudited consolidated financial information of the Group for the current period, which is extracted from the Group's latest unaudited management accounts and other relevant information currently available:

IMPORTANT

As mentioned above, the Group's results for the current period as set out in this announcement are unaudited, but have been prepared in accordance with the relevant financial standards. The Group's results of operations in the past have fluctuated and may in the future continue to fluctuate (possibly significantly) from one period to another period. Accordingly, the Group's results of operations for any period should not be considered to be indicative of the results to be expected for any future period, and shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. For more details, please refer to pages 154 to 157 of the 2022 Interim Report in respect of the Group's quarterly performance.

Condensed Consolidated Statement of Financial Position

	As at		
	30 September 2022	31 December 2021	30 September 2021
	US$'000	*US$'000*	*US$'000*
	(unaudited)	(audited)	(unaudited)
Current assets	5,100,790	4,751,025	4,808,943
Non-current assets	1,038,366	1,228,666	1,225,118
Current liabilities	(4,316,556)	(3,778,285)	(3,935,870)
Non-current liabilities	(28,013)	(34,137)	(35,471)
Total net assets	1,794,587	2,167,269	2,062,720

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the period from 1 July to 30 September	
	2022	2021
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue and other operating revenue	2,712,403	1,829,997
(Loss) profit for the period	(14,639)	21,593
Other comprehensive expense, net of tax	(137,315)	(7,386)
Total comprehensive (expense) income for the period	(151,954)	14,207

	For the nine-month period ended 30 September	
	2022	2021
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Revenue and other operating revenue	6,999,640	5,933,781
Loss for the period	(38,462)	(6,736)
Other comprehensive (expense) income, net of tax	(334,116)	4,370
Total comprehensive expense for the period	(372,578)	(2,366)

Condensed Consolidated Statement of Cash Flows

	For the nine-month period ended 30 September	
	2022	2021
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Net cash from operating activities	258,936	81,691
Net cash used in investing activities	(90,335)	(83,582)
Net cash from financing activities	59,386	101,572
Effect of foreign exchange changes	(153,926)	3,507
Net increase in cash and cash equivalents	74,061	103,188
Cash and cash equivalents, beginning of period	1,884,719	1,779,332
Cash and cash equivalents, end of period	1,958,780	1,882,520

The above information is subject to possible adjustments following a further internal review, and is not based on any figure(s) or information which has/have been reviewed by the Company's auditors or audit committee.

The Group's finalised audited consolidated final results and other related details will be disclosed in the 2022 final results announcement and annual report to be published by the Company.

(2) UPDATE ON EXPECTED 2022 ANNUAL PERFORMANCE

Reference is made to the Company's statements about the Group's expected performance for the full year ending 31 December 2022 ("FY2022") on pages 153 and 154 of the 2022 Interim Report. The Board informs shareholders of the Company and potential investors that, after further assessment of the Group's latest unaudited management accounts and other information currently available (which are subject to possible adjustments following further internal review), the Company currently expects the Group to record a consolidated net loss for FY2022 (compared with the Group's consolidated net profit of around US$56.42 million for the year ended 31 December 2021). Because of the factors referred to below (amongst others), however, it is not reasonably possible at present for the Company to provide a more precise indication of the Group's likely final results for FY2022. The Company will keep matters under close review as the last quarter of 2022 progresses, and will make further announcement(s) in compliance with the Listing Rules and/or the SFO, as appropriate.

Various factors are relevant to the Company's likely FY2022 loss as mentioned above, including the following:

(1) Suppressed consumer demand: the global consumer electronics market continues to be affected by various headwinds, including prolonged geopolitical uncertainty, slowdown of the general economy, soaring inflation, high interest rates, supply chain instability, material price volatility, and sluggish consumer demand. Low- and middle-income groups have been materially impacted by inflation and many have reduced non-essential spending.

(2) Continuing decline in handset shipments: it has recently been reported that worldwide smartphone shipments faced the fifth consecutive quarter of decline, and the third quarter of 2022 was the largest ever third quarter decline in smartphone history. The majority of the decline came from economies on which some of the Group's customers are heavily focusing, and such decline has had a significant impact on the Group's performance. Because of that and factor (1) above, many handset brands have faced inventory accumulation challenges and struggled to clear inventory since the third quarter of 2022. The Group's two main regional markets – Mainland China and India – have both faced this issue.

(3) Continuing adverse impact from the COVID-19 pandemic: the Group's sites in Mainland China have been adversely affected by the COVID-19 pandemic and unexpected Mainland China lockdowns in the first half of 2022. Many countries have adopted a "living with the virus" policy, so there have been fewer large-scale lockdowns, quarantine measures and other public health restrictions. Accordingly, manufacturing activities have progressively resumed. In contrast, Mainland China (one of the Group's main markets) and its "Dynamic zero-COVID" approach have impacted local industrial production, business activities and consumer spending, and adversely affected recovery in the Group's sources of revenue/income and, ultimately, its performance.

(4) Likely losses, costs, and/or expenses from continuing rightsizing/restructuring activities: while the Group continues to closely monitor the rapidly-changing handset market and conditions and the Group's capacity and asset utilisation, the Group has continued to carry out rightsizing/restructuring activities, including disposing of and/or liquidating under-utilised/depreciated/obsolete assets, and optimising staff force. Those rightsizing/restructuring activities may give rise to, among others: (a) losses on asset disposals and asset impairment losses (estimated to be around, or below, a total of US$8.1 million for the current period, compared with a total of US$13.7 million for the nine months ended 30 September 2021 ("YTD September 2021")); and (b) severance payments upon optimisation of staff force (estimated to be around, or below, a total of US$7.7 million for the current period, compared with a total of US$10.5 million for YTD September 2021).

(5) Challenging market conditions since late 2017 have continued into 2022.

(6) Estimated increase in the Group's expected credit loss allowance for its trade receivables as global economic and political uncertainties, market volatility, and reduction in end market demand have collectively increased credit risk (estimated to be around, or below, US$40.9 million for the current period, compared with US$5.5 million for YTD September 2021).

(7) Share of losses of the associates and a joint venture of the Group, amounting to around, or below, US$5.6 million and US$4.2 million respectively for the current period (compared with a profit of US$0.01 million and nil for YTD September 2021) and there may be possible losses from the impairment of associates as the uncertain global environment may give rise to potential losses in the operation of associates.

The above factors are currently expected to be partially offset by the Group's likely foreign exchange gain (estimated to be around, or above, US$19.3 million for the current period, compared with US$1.9 million for YTD September 2021). Additionally, the above factors and the risks indicated in the section headed "Key Risks Faced in the First Half of 2022" on pages 135 to 157 of the 2022 Interim Report have continued and are currently expected to continue into the remainder of 2022.

For completeness, the Company wishes to add that in order to ensure the Group's cashflow is appropriately managed, the Company is assessing whether intra-Group dividends ought to be declared by subsidiaries within the Group. Any declaration of such dividends can have dividend withholding tax implications for the Group.

The Company has been working hard and doing everything that it reasonably can to improve its performance through the current, long-lasting, and challenging times.

As mentioned above, the Group's finalised audited consolidated final results and other related details will be disclosed in the 2022 final results announcement and annual report to be published by the Company.

Shareholders of the Company 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, 2 November 2022

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