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FIH® 富智康™

FIH Mobile Limited
富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

PRELIMINARY ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2014 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	NOTES	**2014** *US$'000*	2013 *US$'000*
Turnover	*2*	**6,829,890**	4,996,949
Cost of sales		**(6,406,769)**	(4,773,061)
Gross profit		**423,121**	223,888
Other income, gains and losses	*3*	**259,528**	270,638
Selling expenses		**(17,846)**	(18,439)
General and administrative expenses		**(195,450)**	(191,282)
Research and development expenses		**(142,921)**	(155,747)
Impairment loss recognised for property, plant and equipment	*4*	**(34,932)**	(16,819)
Impairment loss recognised for interest in an associate		**(4,750)**	(4,130)
Interest expense on bank borrowings		**(10,441)**	(6,115)
Share of loss of associates		**(6,693)**	(681)
Share of loss of joint ventures		**(1,466)**	(369)
Profit before tax	*5*	**268,150**	100,944
Income tax expense	*6*	**(98,843)**	(23,660)
Profit for the year		**169,307**	77,284

	NOTE	**2014** US$'000	2013 US$'000
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans		**1,915**	326
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(55,866)**	46,313
Fair value loss on available-for-sale financial assets		**(749)**	–
Share of translation reserve of associates		**(45)**	(264)
Share of translation reserve of joint ventures		**(219)**	(73)
		(56,879)	45,976
Other comprehensive (expense) income for the year, net of income tax		**(54,964)**	46,302
Total comprehensive income for the year		**114,343**	123,586
Profit (loss) for the year attributable to:			
Owners of the Company		**169,437**	77,714
Non-controlling interests		**(130)**	(430)
		169,307	77,284
Total comprehensive income (expense) attributable to:			
Owners of the Company		**115,015**	124,255
Non-controlling interests		**(672)**	(669)
		114,343	123,586
Earnings per share	*8*		
Basic		**US2.24 cents**	US1.04 cents
Diluted		**US2.20 cents**	US1.04 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	**2014** **US$'000**	2013 *US$'000*
Non-current assets			
Property, plant and equipment		**907,718**	987,286
Investment properties		**2,271**	2,795
Prepaid lease payments		**47,084**	48,492
Available-for-sale investments		**25,217**	1,188
Interests in associates	*9*	**35,077**	25,249
Interests in joint ventures		**4,673**	6,358
Deferred tax assets		**61,280**	61,790
Deposit for acquisition of prepaid lease payments		**31,160**	31,275
		1,114,480	1,164,433
Current assets			
Inventories		**595,572**	225,919
Trade and other receivables	*10*	**2,445,104**	1,678,245
Short-term investments	*11*	**299,440**	–
Bank deposits		**523,734**	393,089
Bank balances and cash		**1,844,192**	2,124,079
		5,708,042	4,421,332
Current liabilities			
Trade and other payables	*12*	**2,494,056**	1,585,167
Bank borrowings		**178,730**	137,780
Provision		**27,985**	31,503
Tax payable		**160,916**	90,140
		2,861,687	1,844,590
Net current assets		**2,846,355**	2,576,742
Total assets less current liabilities		**3,960,835**	3,741,175

	2014	2013
	US$'000	*US$'000*
Capital and reserves		
Share capital	**311,579**	302,963
Reserves	**3,609,139**	3,395,702
Equity attributable to owners of the Company	**3,920,718**	3,698,665
Non-controlling interests	**9,152**	9,824
Total equity	**3,929,870**	3,708,489
Non-current liabilities		
Deferred tax liabilities	**249**	15
Deferred income	**30,716**	32,671
	30,965	32,686
	3,960,835	3,741,175

Notes:

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board (the "IASB") and IFRS Interpretation Committee (the "IFRIC") of the IASB for the first time:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies

Except as described below, the application of the above amendments to IFRSs and the new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements of the Group.

Amendments to IAS 32 "Offsetting financial assets and financial liabilities"

The Group has applied the amendments to IAS 32 "Offsetting financial assets and financial liabilities" for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IAS 32 have been applied retrospectively.

Amendments to IAS 36 "Recoverable amount disclosures for non-financial assets"

The Group has applied the amendments to IAS 36 "Recoverable amount disclosures for non-financial assets" for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 "Fair Value Measurements".

The amendments to IAS 36 have been applied retrospectively.

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IAS 1	Presentation of financial statements[3]
IAS 28 (2011)	Investments in associates and joint ventures[3]
IFRS 9	Financial instruments[6]
IFRS 10	Consolidated financial statements[3]
IFRS 12	Disclosure of interests in other entities[3]
IFRS 14	Regulatory deferral accounts[4]
IFRS 15	Revenue from contracts with customers[5]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to IAS 1	Disclosure initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[3]
Amendments to IAS 19	Defined benefit plans: Employee contributions[1]
Amendments to IAS 27	Equity method in separate financial statements[3]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IFRSs 10, IFRSs 12 and IAS 28	Investment entities: Apply the consolidation exception[3]
Amendments to IFRSs	Annual improvements to IFRSs 2010–2012 cycle[2]
Amendments to IFRSs	Annual improvements to IFRSs 2011–2013 cycle[1]
Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 cycle[3]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
4 Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held-for-trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company do not anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial liabilities. Regarding the financial assets, the application may have impact on the amounts reported in respect of the Group's available-for-sale investments which are currently carried at cost less impairment. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 "Revenue from contracts with customers"

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IAS 19 "Defined benefit plans: Employee contributions"

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements, as all the contributions made to the defined benefit plans are dependent on the number of years of the service and are already attributed to the employees' periods of service using the projected unit credit method.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the results and the financial position of the Group, and the disclosures of the consolidated financial statements of the Group.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports reviewed by the chief operating decision maker, the Chief Executive Officer, for the purpose of allocating resources to the segment and to assess its performance.

The Group's operations are organised into three operating segments based on the location of customers – Asia, Europe and America.

Segment revenue and results

The Group's revenue is mainly arising from the manufacturing services to its customers in connection with the production of handsets.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	2014	2013
	US$'000	*US$'000*
Segment revenue (external sales)		
Asia	**4,260,700**	2,911,934
Europe	**805,266**	1,322,450
America	**1,763,924**	762,565
Total	**6,829,890**	4,996,949
Segment profit		
Asia	**418,148**	227,593
Europe	**13,050**	35,065
America	**88,403**	83,302
	519,601	345,960
Other income, gains and losses	**145,202**	124,616
General and administrative expenses	**(195,450)**	(191,282)
Research and development expenses	**(142,921)**	(155,747)
Impairment loss recognised for property, plant and equipment	**(34,932)**	(11,308)
Impairment loss recognised for interest in an associate	**(4,750)**	(4,130)
Interest expense on bank borrowings	**(10,441)**	(6,115)
Share of loss of associates	**(6,693)**	(681)
Share of loss of joint ventures	**(1,466)**	(369)
Profit before tax	**268,150**	100,944

Majority of the Group's sales to Asian customers is attributed to the PRC.

Segment profit represents the gross profit earned by each segment and the service income (included in other income) after deducting all selling expenses and certain impairment recognised for property, plant and equipment, of which nil (2013: US$5,511,000) impairment was deducted in segment profit. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	2014	2013
	US$'000	*US$'000*
ASSETS		
Segment assets		
Allocated		
Asia	**1,491,054**	786,330
Europe	**339,475**	602,032
America	**791,573**	502,203
Total	**2,622,102**	1,890,565
Unallocated		
Property, plant and equipment	**872,011**	946,658
Inventories	**552,569**	167,250
Cash and bank deposits	**2,086,433**	2,237,144
Others	**558,965**	207,632
Corporate assets	**130,442**	136,516
Consolidated total assets	**6,822,522**	5,585,765
LIABILITIES		
Segment liabilities		
Allocated		
Europe	**238**	637
America	**124,796**	104,775
Total	**125,034**	105,412
Unallocated		
Trade and other payables	**2,368,411**	1,479,935
Others	**58,175**	63,647
Corporate liabilities	**341,032**	228,282
Consolidated total liabilities	**2,892,652**	1,877,276

For the purposes of monitoring segment performances and allocating resources among segments, trade receivables from Asia operations are allocated to Asia segment, while certain property, plant and equipment, inventories, trade and other receivables and cash and cash equivalents relating to Europe and America operations are allocated to Europe and America segments. Segment liabilities represent certain trade and other payables and provision for warranty relating to the Europe and America operations.

3. OTHER INCOME, GAINS AND LOSSES

	2014	2013
	US$'000	*US$'000*
An analysis of the Group's other income, gains and losses is as follows:		
Interest income from bank deposits	**61,868**	52,517
Service income	**114,326**	146,022
Sales of materials and scraps	**13,717**	45,894
Repairs and modifications of mouldings	**28,252**	23,609
Net foreign exchange loss	**(315)**	(2,292)
Government subsidies *(note)*	**16,085**	5,650
Rental income	**6,396**	6,272
Gain (loss) on disposal of property, plant and equipment	**3,179**	(6,820)
Gain from changes in fair value of financial assets designated as fair value through profit or loss ("FVTPL")	**14,894**	–
Gain from changes in fair value of financial assets classified as held-for-trading	**971**	–
Loss on disposal of prepaid lease payments	**–**	(277)
Loss on disposal of available-for-sale investments	**–**	(27)
Others	**155**	90
	259,528	270,638

Note: This mainly represented subsidies granted for the Group's operations in the PRC.

4. IMPAIRMENT LOSS RECOGNISED FOR PROPERTY, PLANT AND EQUIPMENT

At 31 December 2014, directors of the Company appointed professional appraisers to perform appraisals on the Group's principal manufacturing assets for the purpose of determining whether the assets have been impaired for those groups of assets that have impairment indications, such as changing market environment, particularly in India, and determined that a number of those assets were impaired. Impairment losses of US$26,923,000, US$8,007,000 and US$2,000 (2013: US$13,658,000, US$3,074,000 and US$87,000) have been recognised in respect of buildings, plant and machinery and fixtures and equipment, respectively, for the year.

5. PROFIT BEFORE TAX

	2014 *US$'000*	2013 *US$'000*
Profit before tax has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments (included in general and administrative expenses)	**1,098**	1,093
Depreciation of property, plant and equipment	**142,682**	153,749
Depreciation of investment properties	**168**	–
Total depreciation and amortisation	**143,948**	154,842
Staff costs		
Directors' remuneration	**3,681**	1,937
Retirement benefit scheme contributions (excluding directors)	**47,584**	52,519
Other staff costs	**300,504**	332,638
Equity-settled share-based payments	**76,893**	47,716
Total staff costs	**428,662**	434,810
Auditor's remuneration	**796**	859
Cost of inventories recognised as expense	**6,373,790**	4,749,394
Impairment loss (reversed) recognised in respect of trade receivables	**(79)**	83
Provision for warranty	**8,821**	8,858
Write down of inventories to net realisable value	**24,158**	14,809

6. INCOME TAX EXPENSE

	2014 *US$'000*	2013 *US$'000*
Current tax		
– Hong Kong	**–**	–
– Other jurisdictions	**89,558**	45,921
– Withholding tax for distributed profit of investments in the PRC	**3,000**	4,890
	92,558	50,811
Underprovision in prior years		
– Hong Kong	**–**	1,253
– Other jurisdictions	**7,359**	279
	7,359	1,532
	99,917	52,343
Deferred tax		
– Current year	**(1,074)**	(23,932)
– Change in tax rates	**–**	(4,751)
	(1,074)	(28,683)
	98,843	23,660

No provision for Hong Kong Profits Tax has been made as the Group does not have assessable profit in Hong Kong.

Tax charge mainly consists of income tax in the PRC attributable to the assessable profits of the Company's subsidiaries established in the PRC. Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25% (2013: 25%). Two of the Company's PRC subsidiaries were awarded with the Advanced – Technology Enterprise Certificate and entitled for a tax reduction from 25% to 15% during 2013 to 2016, respectively. Except these two subsidiaries, other PRC subsidiaries are subject to Enterprise Income Tax at 25% (2013: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

During the current year, one of the Company's subsidiaries received a tax notice from the tax authority in Reynosa which required such subsidiary to pay the tax undercharged in 2009 of approximately US$18,614,000 (of which US$10,529,000 is the related potential tax penalty). The Group lodged objection to the tax authority and the negotiation on this tax assessment has not yet finalised up to the date of this announcement. In the opinion of the directors of the Company, it was considered the exposure should be less than US$18,614,000, and therefore, the Group has made a tax provision of US$17,888,000 (of which US$10,529,000 is the related potential tax penalty which has been charged to administrative expenses) during the year ended 31 December 2014.

According to a joint circular of the Ministry of Finance and State Administration of Taxation in the PRC, Cai Shui 2010 No.1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules.

7. DIVIDENDS

Subsequent to the end of the reporting period, the board of directors of the Company has resolved to recommend the declaration and payment of a final dividend of US$0.00544 per ordinary share of the Company (which in aggregate amounts to approximately US$42,359,000), and a special dividend of US$0.01926 per ordinary share of the Company (which in aggregate amounts to approximately US$150,000,000), respectively, for the year ended 31 December 2014 (2013: nil), subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014 ***US$'000***	2013 *US$'000*
Earnings attributable to the owners of the Company		
Earnings for the purposes of basic and diluted earnings per share	**169,437**	77,714

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,554,107,224**	7,437,113,182
Effect of dilutive potential ordinary shares relating to outstanding share options and share awards issued by the Company	**134,537,511**	31,490,951
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,688,644,735**	7,468,604,133

9. INTERESTS IN ASSOCIATES

	2014 US$'000	2013 US$'000
Cost of investments in associates, less impairment		
Listed outside Hong Kong	**20,432**	15,442
Unlisted	**18,511**	6,935
Share of post-acquisition (loss) profit and other comprehensive (expense) income, net of dividend received	**(3,866)**	2,872
	35,077	25,249
Fair value of listed investments	**44,336**	18,267

At 31 December 2014, the fair value of the Group's interests in associates, which are listed outside Hong Kong, was US$44,336,000 (2013: US$18,267,000) based on the market prices available on the respective stock exchanges, which is level 1 input in terms of IFRS 13.

At 31 December 2014 and 2013, the Group had interests in the following associates:

Name of associate	Form of entity	Place of incorporation/ registration	Principal place of operation	Class of share/interest held	Proportion of nominal value of issued capital/interest held by the Group 2014	2013	Proportion of voting power held by the Group 2014	2013	Principal activity
Ways Technical Corp., Ltd.	Limited company	Taiwan	Taiwan	Ordinary	**13.04%**	13.04%	**28.57%**	28.57%	Providing special coating surface treatment services to branded handheld devices (such as handsets and GPS) manufacturers or original designing and manufacturing companies
migme Limited	Limited company	Australia	Singapore	Ordinary	**19.9%**	–	**28.57%**	–	Operating a multi-platform mobile and internet business focusing on social networking and entertainment in emerging markets
Diabell Co., Ltd.	Limited company	Republic of Korea ("Korea")	Korea	Ordinary	**19.998%**	19.998%	**20%**	20%	Designing, developing, manufacturing and selling hinges and window lens for handsets as well as connectors, switches, metal decoration, vibration motors and related products
CExchange, LLC	Limited liability company	USA	USA	Class A membership interest	**30%**	–	**30%**	–	Engaging in the business of consumer electronics, including electronic trade-in and buy-back (including purchasing and reselling), refurbish management, overstock and return goods management and purchasing and sales representation
Rooti Labs Limited	Limited company	Cayman Islands	Taiwan	Ordinary	**32%**	–	**32%**	–	Research and development of wearable products

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	US$'000	*US$'000*
Trade receivables	**2,255,916**	1,537,812
Less: Allowance for doubtful debts	**(44)**	(123)
	2,255,872	1,537,689
Other taxes recoverables	**85,093**	55,585
Other receivables, deposits and prepayments	**104,139**	84,971
Total trade and other receivables	**2,445,104**	1,678,245

The Group normally allows an average credit period of 30 to 90 days to its trade customers, except certain customers with a good track record which may be granted a longer credit period.

The following is an aged analysis of trade receivables net of allowance for doubtful debts as presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2014	2013
	US$'000	*US$'000*
0–90 days	**2,083,763**	1,434,496
91–180 days	**159,682**	98,491
181–360 days	**10,684**	342
Over 360 days	**1,743**	4,360
	2,255,872	1,537,689

11. SHORT-TERM INVESTMENTS

	2014	2013
	US$'000	*US$'000*
Listed securities held-for-trading	**6,895**	–
Investments in interest bearing instruments designated as financial assets at FVTPL	**292,545**	–
	299,440	–

12. TRADE AND OTHER PAYABLES

	2014	2013
	US$'000	*US$'000*
Trade payables	**1,969,509**	1,197,758
Accruals and other payables	**524,547**	387,409
	2,494,056	1,585,167

The following is the aged analysis of trade payables as presented based on the invoice date at the end of the reporting period:

	2014	2013
	US$'000	*US$'000*
0–90 days	**1,917,632**	1,169,148
91–180 days	**43,835**	23,534
181–360 days	**5,824**	1,027
Over 360 days	**2,218**	4,049
	1,969,509	1,197,758

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

For the twelve-month period ended 31 December 2014, the Group recognised a consolidated turnover of US$6,830 million, representing an increase of 36.7% from US$4,997 million for the same period last year. We see diverse performance across our customers driven by market share reshuffles and changes of business strategies. Gross profit for the period reached US$423 million, representing an increase from US$224 million for the same period last year. Profit attributable to owners of the Company for the period was US$169 million, representing an increase from US$77 million for the same period last year. Basic earnings per share for the period was US2.24 cents.

The profit increment was mainly driven by gross margin expansion, principally as a result of greater orders from customers, yield and operation efficiency and effective cost control and resources optimisation. In the past two to three years, the Group had succeeded in both customer penetration and new client expansion which diversified the customer mix through strengthening existing relationships and building up new relationships, thereby giving rise to more orders from customers and ultimate earnings. With rising adoption of metal casings in the market, the Group had increased higher margin component business contribution from both existing and new customers, demonstrating its solid experience and competency and advanced technology and strong execution, and comprehensive manufacturing services have been well acknowledged and highly appreciated by its customers and the market. The management has encouraged creation and innovation at work, and will continue to deploy meaningful resources in R&D (research and development), which in turn could further enhance the Group's manufacturing and ODM (original design manufacturing) capabilities, thus enabling the Group to provide more advanced and diversified services to sustain its leading position in the competitive market in the long run, particularly when the ODM business model continues to be a win-win strategy for the Group and its customers.

Despite strong business performance, the Group has remained lean and managed to maintain operating expense at relatively stable level of US$356 million, when compared with US$365 million for the same period last year, with expense ratio being improved to 5.2% from 7.3%. The management has continued cost control initiatives which were implemented a few years ago, including optimising organisation structure, controlling overheads and raw material costs and rationalising capacities and optimising utilisations. The ongoing roll-out of automation manufacturing process has also mitigated the impact of rising labour cost. All these efforts have enabled the Group to be a more nimble and flexible business partner for its customers and to continue to handle high-mix orders with smaller volumes at competitive pricing.

Across overall business, Asia segment remained our major performance contributor and recorded earnings of US$418 million, reflecting 83.7% growth over those for the same period last year. This was mainly driven by strong growth of Chinese brands and new customer development and greater operation efficiency. The Chinese brands have continued to gain market shares from global brands due to the former's attractive pricing and localised design. The performance of Europe segment remained weak, while US segment became gradually stabilised on the basis of improving economic environment, recording earnings of US$13 million and US$88 million, respectively. The Group recognised US$35 million impairment loss throughout the year due to downsizing of an overseas manufacturing site. While heading into 2015, the Group has planned to add a few production lines, including metal casing, to cope with higher customer demand; at the same time, it will continue to review its global capacities to optimise resources, with the aim to enjoying operating leverage expansion alongside an upturn in the capital expenditure cycle.

The good operating result demonstrates the efforts made by the management team and the staff and our business has been moving on the right track. With the continuing efforts to develop new markets and customers and commitment to upgrade manufacturing technology and efficiency and enhance R&D capability, we expect another strong year ahead.

Liquidity and Financial Resources

As at 31 December 2014, the Group had a cash balance of US$1,844 million (2013: US$2,124 million). The cash balance is expected to be able to finance its operations. The Group's gearing ratio, expressed as a percentage of interest bearing external borrowings of US$179 million (2013: US$138 million) over total assets of US$6,823 million (2013: US$5,586 million), was 2.62% (2013: 2.47%). All of the external borrowings were denominated in US Dollars. The Group borrowed according to real demand and there were no bank committed borrowing facilities and no seasonality of borrowing requirements. The outstanding interest bearing external borrowings were all at fixed rate ranging from 0.95% to 1.46% per annum with original maturity of one to three months.

As at 31 December 2014, the Group's cash and cash equivalents were mainly held in US Dollars and RMB.

Net cash from operating activities for the year ended 31 December 2014 was US$252 million.

Net cash used in investing activities for the year ended 31 December 2014 was US$570 million, of which, mainly, US$139 million represented the expenditures on property, plant and equipment related to the facilities in the Group's major sites in the PRC, US$138 million represented placement of bank deposits, US$1,386 million represented purchase of short-term investments, US$34 million represented purchase of available-for-sale investments, US$12 million represented acquisition of investments in associates, US$35 million represented proceeds from disposal of property, plant and equipment and US$1,104 million represented proceeds from settlements of short-term investments.

Net cash from financing activities for the year ended 31 December 2014 was US$78 million, primarily due to net increase in bank borrowings of US$42 million and proceeds of US$36 million from the issue of shares.

Exposures to Currency Risk and Related Hedges

In order to mitigate foreign currency risks, the Group actively utilised natural hedge technique to manage its foreign currency exposures by non-financial methods, such as managing the transaction currency, leading and lagging payments, receivable management, etc.

Besides, the Group sometimes entered into short-term forward foreign currency contracts (usually with tenors less than 3 months) to hedge the currency risk resulting from its short-term bank borrowings (usually with tenors of 1 to 3 months) denominated in foreign currencies. Also, the Group, from time to time, utilised a variety of forward foreign currency contracts to hedge its exposure to foreign currencies.

Capital Commitment

As at 31 December 2014, the capital commitment of the Group was US$54.6 million (2013: US$15.8 million). Usually, the capital commitment will be funded by cash generated from operations.

Pledge of Assets

There was no pledge of the Group's assets as at 31 December 2014 and 2013.

Outlook

Looking ahead, the Group will continue to devote resources to enhance its core competences and remain agile and competitive and provide its customers with value-added/end-to-end solutions from design and manufacturing to repair, logistics and distribution and develop much more stable long-term business relationships with the Group's existing and potential customers. At the same time, the Group aims to further grow its business through development of new markets, new businesses and new products and services. In addition to China market, the management has also focused on emerging markets, such as Southeast Asia, which are expected to become the next growth driver. As these markets are experiencing product migration from feature phone to smart phone, the Group's scale, solid know-how and wide service platform from design to manufacturing have turned itself into a reliable business partner for local brands. On the other hand, the Group's global presence could also support both global brands and Chinese brands that plan to do overseas expansion.

Apart from the existing business, the Group is dedicated to exploiting new business by establishing strategic partnerships and making equity investments. In 2014, the Group invested in CExchange, LLC, which offers consumer electronics trade-in and buy-back services to US retailers. In particular, CExchange, LLC could help grow the Group's repair service business with its solid service positioning, familiarity with the retail and wireless industries and comprehensive network of resale and distribution channels. The Group has also stepped in mobile Internet business, which creates higher value throughout the handset industry value chain. By investing in companies like migme Limited (operating a multi-platform mobile Internet business focusing on emerging markets), the Group now has greater access to local end users and better understanding of the emerging markets. The Group will also continuously look for other good investment opportunities. In addition to handsets, the Group has gradually accumulated relevant experience involving wearable devices and IOT (Internet Of Things) products, and would be ready once next killer application arises in the market.

With all these activities going forward, the management has the confidence to accelerate the ongoing growth momentum of the strong 2014 performance into 2015.

Employees

As at 31 December 2014, the Group had a total of 83,084 (2013: 63,499) employees. Total staff costs incurred during the year 2014 amounted to US$429 million (2013: US$435 million). The Group offers a comprehensive remuneration policy which is reviewed by the management on a regular basis.

The Company has adopted a share scheme and a share option scheme respectively. The share option scheme complies with the requirements of Chapter 17 of the Listing Rules.

The emoluments payable to the directors of the Company are determined by the Board from time to time with reference to the Company's performance, their duties and responsibilities with the Company, their contributions to the Company and the prevailing market practice as well as the recommendations from the Company's remuneration committee.

PROPOSED DECLARATION AND PAYMENT OF DIVIDENDS

As the proposed declaration and payment of the Dividends may or may not be approved by Shareholders at the Annual General Meeting, Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

1. Final Dividend and Special Dividend

The Board has resolved to recommend the declaration and payment to each Qualifying Shareholder of the Final Dividend of US$0.00544 per Share (which in aggregate amounts to approximately US$42,359,000), and the Special Dividend of US$0.01926 per Share (which in aggregate amounts to approximately US$150,000,000), respectively, for the year ended 31 December 2014, subject to the approval of Shareholders at the Annual General Meeting. The proposed aggregate amount of the Dividends is calculated on the basis of 7,789,472,197 Shares in issue as at the date of this announcement.

Subject to the approval of Shareholders at the Annual General Meeting, the Dividends (to be rounded up to two decimal places, if necessary) are expected to be paid in cash on Thursday, 18 June 2015, and the Dividend warrants will be despatched to the Qualifying Shareholders on the same date.

The Dividends will be payable in United States dollars save that those Shareholders with a registered address in Hong Kong will receive an equivalent amount in Hong Kong dollars (to be rounded up to two decimal places, if necessary) which will be calculated at the rate of exchange as quoted to the Company by its relevant banker at its middle rate of exchange prevailing on the date of the Annual General Meeting.

2. Condition to Declaration and Payment of Dividends

The declaration and payment of the Dividends are conditional upon the passing of the corresponding ordinary resolutions at the Annual General Meeting.

If the condition set out above is not satisfied, the proposed Dividends will not be declared and paid, and the cash representing the proposed Dividends will be used for the Group's general working capital purposes.

3. Reasons for Proposed Declaration and Payment of Dividends

2015 marks the tenth anniversary of the Company's listing of its shares on the Main Board of the Stock Exchange in February 2005. The Board would like to take this opportunity to declare and pay the Dividends to Shareholders to express the Board's gratitude and appreciation of the continuing support from Shareholders throughout the years.

In addition, in light of the Group's accumulation of cash and bank balances (including bank deposits), which add up to an aggregate of approximately US$2,367,926,000 as at 31 December 2014, even with the capital expenditures and investments required to fund and support the Group's continuous growth, the Board has considered that a return of surplus cash to Shareholders will create a more efficient capital structure for the Group's business operations going forward.

Having reviewed and taken into account the Group's future capital needs and cash flow requirements (including working capital commitments, capital expenditures and identifiable investment opportunities) in support of its near-term business operations, the Board has determined that the Group would continue to have surplus cash, of which a portion could be distributed as Dividends to Shareholders in respect of the year ended 31 December 2014 and such distribution is in the interests of the Company and Shareholders as a whole.

4. **Timetable**

Set out below is an indicative timetable showing certain key dates regarding the Dividends for reference:

Event	**Hong Kong Date and Time**
Annual General Meeting and exchange rate determined for payment of Dividends in Hong Kong dollars	Thursday, 28 May 2015
Last day of trading in Shares quoted cum-Dividends	Monday, 1 June 2015
Last day of trading in Shares quoted ex-Dividends	Tuesday, 2 June 2015
Latest time for lodging Share transfers with the Company's Hong Kong branch share registrar for determining entitlement to the Dividends	4:30 p.m. on Wednesday, 3 June 2015
Closure of the Company's register of members for ascertaining the Qualifying Shareholders	From Thursday, 4 June 2015 to Monday, 8 June 2015
Record Date	Monday, 8 June 2015
Re-opening of the Company's register of members	Tuesday, 9 June 2015
Payment of the Dividends and despatch of the Dividend warrants	Thursday, 18 June 2015

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and properly completed and signed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 22 May 2015.

In addition to the closure of the Company's register of members for the purposes of the Annual General Meeting, the register of members of the Company will also be closed from Thursday, 4 June 2015 to Monday, 8 June 2015, both days inclusive, during which period no transfer of Shares will be registered. In order to become a Qualifying Shareholder, 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 Wednesday, 3 June 2015.

CORPORATE GOVERNANCE

The Company has applied and complied with all the code provisions set out in the CG Code during the period from 1 January 2014 to 31 December 2014.

The Company has adopted 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 and setting out certain guidelines for the implementation of corporate governance measures of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code. Following specific enquiry made by the Company, all the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code in respect of the Company's securities throughout the year ended 31 December 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2014.

AUDIT COMMITTEE

The Company has established and maintained an audit committee in accordance with the requirements of the Listing Rules, particularly the CG Code. Its primary duties are to review the Group's financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee is comprised of three non-executive directors, two of whom are independent non-executive directors (among whom one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules).

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014 and the annual report 2014 of the Company and recommended the same to the Board for approval.

DISCLOSURE OF INFORMATION ON WEBSITES

The annual report 2014 of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the websites of the Stock Exchange and the Company respectively in due course.

DEFINITIONS

"Annual General Meeting"	the annual general meeting of the Company to be held at Luxembourg Room, 3/F., Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 28 May 2015 at 10:00 a.m. or, where the context so admits, any adjournment thereof
"Board"	the board of directors of the Company
"CG Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
"Company", "we" or "our"	FIH Mobile Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
"Dividends"	collectively, the Special Dividend and the Final Dividend
"Final Dividend"	US$0.00544 per Share as recommended by the Board and subject to the approval of Shareholders at the Annual General Meeting, payable in cash to each Qualifying Shareholder
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Manual"	Corporate Governance Compliance Manual
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"PRC"	the People's Republic of China

"Qualifying Shareholders"	Shareholders whose respective names appear on the register of members of the Company as at the close of business on the Record Date in order to be entitled to the proposed Dividends
"Record Date"	Monday, 8 June 2015, being the record date for determining entitlement to the proposed Dividends
"Share(s)"	ordinary share(s) with a nominal value of US$0.04 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Special Dividend"	US$0.01926 per Share as recommended by the Board and subject to the approval of Shareholders at the Annual General Meeting, payable in cash to each Qualifying Shareholder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States of America

By Order of the Board
Tong Wen-hsin
Chairman

Hong Kong, 19 March 2015

As at the date of this announcement, the executive directors of the Company are Messrs. Tong Wen-hsin and Chih Yu Yang and Dr. Lee Jer Sheng, the non-executive director of the Company is Dr. Lee Kuo Yu and the independent non-executive directors of the Company are Messrs. Lau Siu Ki and Chen Fung Ming and Dr. Daniel Joseph Mehan.