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 2015

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2015 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 2015

	NOTES	**2015** *US$'000*	2014 *US$'000*
Revenue	2	**7,450,992**	6,829,890
Cost of sales		**(7,064,953)**	(6,406,769)
Gross profit		**386,039**	423,121
Other income, gains and losses	3	**247,304**	259,528
Selling expenses		**(18,513)**	(17,846)
General and administrative expenses		**(187,813)**	(195,450)
Research and development expenses		**(114,633)**	(142,921)
Impairment loss recognised for property, plant and equipment	4	**(2,554)**	(34,932)
Impairment loss recognised for interests in associates		**(8,112)**	(4,750)
Interest expense on bank borrowings		**(5,777)**	(10,441)
Share of loss of associates		**(5,172)**	(6,693)
Share of loss of joint ventures		**(605)**	(1,466)
Profit before tax	5	**290,164**	268,150
Income tax expense	6	**(61,500)**	(98,843)
Profit for the year		**228,664**	169,307

	NOTE	**2015** **US$'000**	2014 US$'000
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension plans		**(655)**	1,915
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(241,383)**	(55,866)
Fair value loss on available-for-sale financial assets		**(547)**	(749)
Share of translation reserve of associates		**(349)**	(45)
Share of translation reserve of joint ventures		**(171)**	(219)
		(242,450)	(56,879)
Other comprehensive expense for the year, net of income tax		**(243,105)**	(54,964)
Total comprehensive (expense) income for the year		**(14,441)**	114,343
Profit (loss) for the year attributable to:			
Owners of the Company		**229,066**	169,437
Non-controlling interests		**(402)**	(130)
		228,664	169,307
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(13,761)**	115,015
Non-controlling interests		**(680)**	(672)
		(14,441)	114,343
Earnings per share	*8*		
Basic		**US2.96 cents**	US2.24 cents
Diluted		**US2.93 cents**	US2.20 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 US$'000	2014 US$'000
Non-current assets			
Property, plant and equipment		**853,547**	907,718
Investment properties		**6,515**	2,271
Prepaid lease payments		**42,317**	47,084
Available-for-sale investments	*9*	**255,939**	25,217
Interests in associates	*10*	**29,359**	35,077
Interests in joint ventures		**3,897**	4,673
Deferred tax assets		**47,082**	61,280
Deposit for acquisition of prepaid lease payments		**30,700**	31,160
		1,269,356	1,114,480
Current assets			
Inventories		**332,636**	595,572
Trade and other receivables	*11*	**1,595,361**	2,445,104
Short-term investments	*12*	**385,138**	299,440
Bank deposits		**272,218**	523,734
Bank balances and cash		**1,950,306**	1,844,192
		4,535,659	5,708,042
Current liabilities			
Trade and other payables	*13*	**1,857,110**	2,494,056
Bank borrowings		**13,367**	178,730
Provision		**19,093**	27,985
Tax payable		**132,662**	160,916
		2,022,232	2,861,687
Net current assets		**2,513,427**	2,846,355
Total assets less current liabilities		**3,782,783**	3,960,835

	2015	2014
	US$'000	*US$'000*
Capital and reserves		
Share capital	**315,748**	311,579
Reserves	**3,431,194**	3,609,139
Equity attributable to owners of the Company	**3,746,942**	3,920,718
Non-controlling interests	**8,472**	9,152
Total equity	**3,755,414**	3,929,870
Non-current liabilities		
Deferred tax liabilities	**150**	249
Deferred income	**27,219**	30,716
	27,369	30,965
	3,782,783	3,960,835

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 issued by the International Accounting Standards Board (the "IASB") for the first time:

Amendments to IAS 19	Defined benefit plans: Employee contributions
Amendments to IFRSs	Annual improvements to IFRSs 2010–2012 cycle
Amendments to IFRSs	Annual improvements to IFRSs 2011–2013 cycle

The application of the above amendments to IFRSs 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.

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:

IFRS 9	Financial instruments[1]
IFRS 14	Regulatory deferral accounts[2]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to IAS 1	Disclosure initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[4]
Amendments to IAS 27	Equity method in separate financial statements[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to IAS 7	Disclosure initiative[6]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

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:

- 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 ("AFS") equity 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”

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, which is currently reviewed by the Group. Thus, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the completion of the review.

Amendments to IFRS 11 “Accounting for acquisitions of interests in joint operations”

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 “Business combinations”. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 “Income taxes” regarding the recognition of deferred taxes at the time of acquisition and IAS 36 “Impairment of assets” regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation"

The amendments to IAS 16 "Property, plant and equipment" prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 "Intangible assets" introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"

The amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

The directors of the Company do not anticipate that the application of the other new and revised IFRSs will have a material impact on the results and financial position 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:

	2015	2014
	US$'000	*US$'000*
Segment revenue (external sales)		
Asia	**5,269,301**	4,260,700
Europe	**313,320**	805,266
America	**1,868,371**	1,763,924
Total	**7,450,992**	6,829,890
Segment profit		
Asia	**368,257**	418,148
Europe	**829**	13,050
America	**67,657**	88,403
	436,743	519,601
Other income, gains and losses	**178,087**	145,202
General and administrative expenses	**(187,813)**	(195,450)
Research and development expenses	**(114,633)**	(142,921)
Impairment loss recognised for property, plant and equipment	**(2,554)**	(34,932)
Impairment loss recognised for interests in associates	**(8,112)**	(4,750)
Interest expense on bank borrowings	**(5,777)**	(10,441)
Share of loss of associates	**(5,172)**	(6,693)
Share of loss of joint ventures	**(605)**	(1,466)
Profit before tax	**290,164**	268,150

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. 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:

	2015	2014
	US$'000	*US$'000*
ASSETS		
Segment assets		
Allocated		
Asia	**1,115,940**	1,491,054
Europe	**142,218**	339,475
America	**541,775**	791,573
Total	**1,799,933**	2,622,102
Unallocated		
Property, plant and equipment	**829,002**	872,011
Inventories	**308,475**	552,569
Cash and bank deposits	**1,769,560**	2,086,433
Others	**562,292**	558,965
Corporate assets	**535,753**	130,442
Consolidated total assets	**5,805,015**	6,822,522
LIABILITIES		
Segment liabilities		
Allocated		
Europe	**318**	238
America	**71,036**	124,796
Total	**71,354**	125,034
Unallocated		
Trade and other payables	**1,784,935**	2,368,411
Others	**45,978**	58,175
Corporate liabilities	**147,334**	341,032
Consolidated total liabilities	**2,049,601**	2,892,652

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

	2015	2014
	US$'000	*US$'000*
An analysis of the Group's other income, gains and losses is as follows:		
Interest income from bank deposits	**43,379**	61,868
Service income	**69,217**	114,326
Sales of materials and scraps	**22,652**	13,717
Repairs and modifications of mouldings	**25,666**	28,252
Net foreign exchange gain (loss)	**49,607**	(315)
Government subsidies *(note)*	**17,010**	16,085
Rental income	**9,233**	6,396
(Loss) gain on disposal of property, plant and equipment	**(1,429)**	3,179
Gain from changes in fair value of financial assets designated as fair value through profit or loss ("FVTPL")	**18,447**	14,894
(Loss) gain from changes in fair value of financial assets classified as held-for-trading	**(1,902)**	971
Gain on disposal of prepaid lease payments	**224**	–
Impairment loss recognised for an AFS investment	**(5,000)**	–
Others	**200**	155
	247,304	259,528

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 2015, directors of the Company appointed independent 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 and determined that a number of those assets were impaired. Impairment losses of US$2,554,000 (2014: US$26,923,000, US$8,007,000 and US$2,000) have been recognised in respect of plant and machinery (2014: buildings, plant and machinery and fixtures and equipment, respectively) for the year.

5. PROFIT BEFORE TAX

	2015	2014
	US$'000	*US$'000*
Profit before tax has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments (included in general and administrative expenses)	**1,071**	1,098
Depreciation of property, plant and equipment	**138,848**	142,682
Depreciation of investment properties	**436**	168
Total depreciation and amortisation	**140,355**	143,948
Staff costs		
Directors' emoluments	**6,438**	3,681
Retirement benefit scheme contributions (excluding directors)	**56,223**	47,584
Other staff costs	**253,207**	300,504
Equity-settled share-based payments	**37,733**	76,893
Total staff costs	**353,601**	428,662
Auditor's remuneration	**912**	796
Cost of inventories recognised as expense	**7,041,549**	6,373,790
Impairment loss recognised (reversed) in respect of trade receivables, net	**1**	(79)
Provision for warranty	**3,552**	8,821
Write down of inventories to net realisable value	**19,852**	24,158

6. INCOME TAX EXPENSE

	2015	2014
	US$'000	*US$'000*
Current tax		
– Hong Kong	**–**	–
– Other jurisdictions	**48,413**	89,558
– Withholding tax for distributed profit of investments in the PRC	**3,206**	3,000
	51,619	92,558
(Over)underprovision in prior years		
– Hong Kong	**–**	–
– Other jurisdictions	**(243)**	7,359
	(243)	7,359
	51,376	99,917
Deferred tax		
– Current year	**10,124**	(1,074)
	10,124	(1,074)
	61,500	98,843

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 is 25% (2014: 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% (2014: 25%).

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

During the year ended 31 December 2014, 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

	2015	2014
	US$'000	*US$'000*
Dividends recognised as distribution during the year		
2014 final – US$0.00544 (2014: nil) per share	**42,359**	–
Special – US$0.01926 (2014: nil) per share	**150,000**	–
	192,359	–

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$0.00869 (2014: US$0.00544) per ordinary share of the Company (which in aggregate amounts to approximately US$68,599,000 (2014: US$42,359,000)), and a special dividend of US$0.019 (2014: US$0.01926) per ordinary share of the Company (which in aggregate amounts to approximately US$150,000,000 (2014: US$150,000,000)), respectively, for the year ended 31 December 2015, 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:

	2015	2014
	US$'000	*US$'000*
Earnings attributable to the owners of the Company		
Earnings for the purposes of basic and diluted earnings per share	**229,066**	169,437

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,745,752,041**	7,554,107,224
Effect of dilutive potential ordinary shares relating to outstanding share awards (2014: share options and share awards) issued by the Company	**82,379,177**	134,537,511
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,828,131,218**	7,688,644,735

9. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	US$'000	*US$'000*
Unlisted equity investments *(note a)*	**248,735**	17,466
Investment in a private fund *(note b)*	**7,204**	7,751
Total of AFS investments analysed for reporting purposes as non-current assets	**255,939**	25,217

Notes:

(a) At 31 December 2015, included in the equity investments, they are investments in unlisted equity securities issued by certain private entities, which are incorporated or operated in the PRC, the United States, India, Switzerland, United Kingdom, Taiwan, Samoa, the British Virgin Islands and the Cayman Islands (2014: the PRC, the United States and the Cayman Islands). They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

Part of the considerations for the purchase of the unlisted equity investments during the year comprised inventories and services of US$9,083,000, which is a major non-cash transaction.

The largest investment included in the unlisted equity investments is the Group's investment in Jasper Infotech Private Limited ("JIP"), a private limited company incorporated in India, with a carrying amount of US$200,004,000. JIP is engaged in owning and operating the website namely www.snapdeal.com, details of which are set out in the Company's announcement dated 18 August 2015.

During the year ended 31 December 2015, an impairment loss of US$5,000,000 (2014: nil) was recognised for an unlisted equity investment which has been fully impaired as the directors of the Company considered that no future cash flow would be generated from that investment which is of no market value.

(b) The amount represents the investment in a private fund domiciled in the Cayman Islands. The investment is measured at fair value derived from observable market values of underlying assets at the end of the reporting period.

10. INTERESTS IN ASSOCIATES

	2015	2014
	US$'000	*US$'000*
Cost of investments in associates, less impairment		
Listed outside Hong Kong	**20,324**	20,432
Unlisted	**18,422**	18,511
Share of post-acquisition loss and other comprehensive expense, net of dividend received	**(9,387)**	(3,866)
	29,359	35,077
Fair value of listed investments	**40,668**	44,336

At 31 December 2015, the fair value of the Group's interests in associates, which are listed outside Hong Kong, was US$40,668,000 (2014: US$44,336,000) based on the market prices available on the respective stock exchanges, which is level 1 input in terms of IFRS 13 "Fair value measurement".

At 31 December 2015 and 2014, 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		Proportion of voting power held by the Group		Principal activity
					2015	2014	**2015**	2014	
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	**19.96%**	19.90%	**28.57%**	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%	**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	**28.44%**	32%	**28.44%**	32%	Research and development of wearable products
杭州耕德電子有限公司 (also known as Hangzhou Gengde Electronics Co., Ltd.)	Limited company	PRC	PRC	Equity interest	**41.18%**	–	**33.33%**	–	Engaging in the business of design, development and manufacturing of electronic devices and handset accessories

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	US$'000	*US$'000*
Trade receivables	**1,473,407**	2,255,916
Less: Allowance for doubtful debts	**(38)**	(44)
	1,473,369	2,255,872
Other taxes recoverables	**26,025**	85,093
Other receivables, deposits and prepayments	**95,967**	104,139
Total trade and other receivables	**1,595,361**	2,445,104

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:

	2015	2014
	US$'000	*US$'000*
0–90 days	**1,357,778**	2,083,763
91–180 days	**107,902**	159,682
181–360 days	**6,633**	10,684
Over 360 days	**1,056**	1,743
	1,473,369	2,255,872

12. SHORT-TERM INVESTMENTS

	2015	2014
	US$'000	*US$'000*
Listed securities held-for-trading	**–**	6,895
Investments in interest bearing instruments designated as financial assets at FVTPL *(note)*	**385,138**	292,545
	385,138	299,440

Note: The amounts represented investments with guaranteed interests acquired from banks in the PRC.

13. TRADE AND OTHER PAYABLES

	2015	2014
	US$'000	*US$'000*
Trade payables	**1,251,143**	1,969,509
Accruals and other payables	**605,967**	524,547
	1,857,110	2,494,056

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

	2015	2014
	US$'000	*US$'000*
0–90 days	**1,180,589**	1,917,632
91–180 days	**60,489**	43,835
181–360 days	**6,802**	5,824
Over 360 days	**3,263**	2,218
	1,251,143	1,969,509

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

The disclosures set out in the table below include financial assets and financial liabilities that are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off certain bank balances and short-term investments with bank borrowings at the same bank that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

	As at 31 December 2015		
Financial assets/liabilities subject to offsetting	**Gross amounts of recognised financial assets (liabilities)** *US$'000*	**Gross amounts of recognised financial (liabilities) assets set off in the consolidated statement of financial position** *US$'000*	**Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position** *US$'000*
Bank balances	**1,653,685**	**(1,653,685)**	**–**
Short-term investments	**78,540**	**(78,540)**	**–**
Bank borrowings	**(1,732,225)**	**1,732,225**	**–**
Interest receivables	**13,525**	**(11,707)**	**1,818**
Interest payables	**(11,707)**	**11,707**	**–**

	As at 31 December 2014		
Financial assets/liabilities subject to offsetting	Gross amounts of recognised financial assets (liabilities) *US$'000*	Gross amounts of recognised financial (liabilities) assets set off in the consolidated statement of financial position *US$'000*	Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position *US$'000*
Bank balances	799,173	(799,173)	–
Bank borrowings	(799,173)	799,173	–

DISCUSSION AND ANALYSIS

Review of Results and Operations

Financial Performance

For the twelve-month period ended 31 December 2015, the Group recognised a consolidated turnover of US$7,451 million, representing an increase of 9.09% from US$6,830 million for the same period last year. Gross profit for the period reached US$386 million, representing a decrease of US$37 million from that for the same period last year. Gross margin % declined from 6.20% of 2014 to 5.18% of 2015. Fighting against market headwinds, the Group put efforts to control operating expenses. Accordingly, profit attributable to owners of the Company for the period was US$229 million, representing an increase of US$60 million from that for the same period last year, and the 2015 net profit % was 3.07% which is higher than the 2014 net profit % of 2.48% by 0.59%. The improvement in net margin was primarily attributable to (1) the reduction of the Group's effective income tax from 36.9% of 2014 to 21.2% of 2015 which is mainly due to the utilisation of some of the Group's accumulated tax losses triggered by the Group's management actions (including operation turn-around of some of the Group's manufacturing sites, and introduction of new business into previously loss-making entities); (2) less impairment loss incurred by the Group in respect of its property, plant and equipment (US$2.6 million for 2015 when compared with US$34.9 million for 2014), mainly due to the relocation, restructuring and consolidation of some of the Group's manufacturing sites; and (3) the reduction in the Group's operating expenses, mainly due to the Group's tighter control measures.

To remain competitive, the Group has remained lean and managed to maintain operating expenses at reasonable stable level of US$321 million for 2015 (when compared with US$356 million for the same period last year) on the basis of the corresponding turnover, with expense ratio being improved to 4.3% for 2015 from 5.2% for the same period last year. The 2015 ROE (Return On Equity, representing the amount of net income returned as a percentage of shareholders' equity, which measures a company's profitability by revealing how much profit such company generates with the money that its shareholders have invested) increased to 6.11%, when compared with the 2014 ROE of 4.32%, as the net profit attributable to owners of the Company increased by US$60 million for 2015 when compared to that for 2014. The Group strives to achieve a better ROE.

Basic earnings per share for the period were US2.96 cents.

Dividends

The Board has resolved to recommend the declaration and payment of the Final Dividend of US$0.00869 per Share (which in aggregate amounts to approximately US$68,599,000), and the Special Dividend of US$0.019 per Share (which in aggregate amounts to approximately US$150,000,000), respectively, for the year ended 31 December 2015, subject to the approval of the Shareholders at the Annual General Meeting.

Sales

The Group started its business serving international brands by manufacturing feature phones. With the launch of smart phones and the subsequent popularisation which has driven smart phone outsourcing, the Group has benefited from the trend. In the past couple of years, there has been market share reshuffles between international brands and other market players (like Chinese brands), and the Group saw diverse performance across its customers. According to IDC (International Data Corporation), there are 7 Chinese brands among the top 10 players in 2015. To mitigate the risks of reliance on a limited number of key customers, the Group has put efforts to diversify its customer base, and has successfully developed Chinese brand customers that are rapidly gaining market shares. As a result, the Group has maintained a healthy and diversified customer mix, while taking advantage of the market share shifts by working with the rising players. From the customers' perspective, they found the Group's solid R&D (research and development) capability, advanced technology and large capacity instrumental to their competitive edge in the dynamic market. The Company believes that the Group is well positioned to capture the strong momentum of these customers' growth. However, given the fierce competition in the market and increasing capacity in the industry, it does need to pay extra attention to its cost control and competitiveness enhancement.

To remain competitive, the Group's production capacity and R&D capabilities were increased to cope with higher customer demands; at the same time, the Group has continued to review its global capacities to optimise resources and increase capacity in emerging markets like India, with the aim to enjoying operating leverage expansion alongside an upturn in the capital expenditure cycle.

P&L (Profit and Loss)

In 2015, several major bouts of financial volatility emanating from China shocked global markets and businesses. All these sudden developments caused increasing concern on the global economic outlook. Other unfavourable factors like the weakening of crude oil price, fear of slowdown of global economy and smart phone shipment, intensified competition and market share reshuffle have induced pricing pressure to impact the Group's 2015 2nd half performance and the whole year's gross margin. To mitigate its gross margin erosion and for the purpose of increasing business visibility, the Group has strived to improve efficiency and yield by enhancing production automation and tighter control on manufacturing overheads, asset utilisation and capacity optimisation. The Group's automation engineering team has continued to increase automation coverage across different manufacturing processes to lighten the impact of rising labour cost and enhance efficiency. The Group's dedicated and professional procurement team is leveraged to source materials with competitive prices. Also, there has been continuous strong support from the Company's ultimate controlling shareholder, Hon Hai Precision Industry Co. Ltd., and its other subsidiaries, to offer in scale, solid component support and stable supply of key components and vertical integration. All these initiatives have been implemented thus mitigating the impacts from gross margin erosion.

Operating Segments

Across overall business in 2015, Asia segment remained the Group's core performance contributor, and the revenue of Asia segment was US$5,269 million, representing a growth of 23.7% from that for the same period last year (2014: US$4,261 million), and recorded earnings of US$368 million, reflecting 11.9% decline over those for the same period last year (2014: US$418 million). The emerging Chinese brands have continued to gain market share from international brands and maintain sustainability in the China market due to the former's attractive pricing and localised design. The China smart phone market continues to be the focus of the Group, and this contributed to the growth of sales of Asia segment. Years ago, the Group has shifted the gravity of operations to China (for manufacturing products for the domestic market and export and product development) and Taiwan (for R&D) after the downsizing of European sites, and resources have been continuously devoted to the Asia segment (which is of further growth potential) so as to further enhance the capacity, capability, competence and presence of the Group in the Asia segment (including India) and develop more new businesses and customers there. However, due to those negative factors mentioned above, the earnings of the Asia segment declined.

The Group has also started to become active in India since 2nd half of 2015. New production capacity was added in Andhra Pradesh State catering to the increasing domestic demand and Indian Government's "Make in India" initiatives.

The America segment became gradually stabilised on the basis of improving economic environment and improvement in employment, recorded revenue of US$1,868 million when compared with recorded revenue of US$1,764 million for the same period last year. Similar to the Asia segment, negative factors have also affected the profitability of the America segment. The 2015 recorded earnings were US$68 million when compared with recorded earnings of US$88 million for the same period last year. The performance of America segment had provided positive support and impact to the Group's overall performance.

The performance of Europe segment remained less significant as the economic environment there was comparatively not good and there has been a relatively aggressive pricing strategy, recorded earnings of US$1 million when compared with recorded earnings of US$13 million for the same period last year. The performance of Europe segment did not have much adverse impact on the Group's overall performance as European sites have been downsized in prior years.

Investments

The Group has endeavoured to move up the value chain in the mobile devices ecosystem, and has strategically built a mobile internet platform and ecosystem for emerging markets through investments and M&A (mergers and acquisitions) activities. The Company believes integrating value-added services with hardware devices could create synergy and greater growth for both the invested companies and the Group. The synergy will be significant as the software capability and service would help the Group to provide better user experiences for customers. The Group aims to develop an ecosystem for services in India and other emerging markets. The Group invested US$200 million in India-based Jasper Infotech Private Limited, which runs a leading online marketplace and shopping site known as "snapdeal.com" in India ("Snapdeal"). Snapdeal's vision is to create India's most impactful digital commerce ecosystem that creates life-changing experiences for buyers and sellers. Through such investment, the Group has gained exposure to the mobile e-commerce market in India thus facilitating the set-up of a comprehensive online network of sales, distribution and marketing channels for mobile devices and other consumer products. By offering value-added mobile services, the Group should be able to enhance its business model in India and enable online sales and service channels to the market. The Group also invested US$2.5 million in an Indian company, MoMagic Technologies Private Limited ("MoMagic"), which helps app developers and content firms reach consumers through various means and seek cooperation in mobile networks and penetration into Indian handset market. With the investment of the Group, MoMagic will advance its technological and business edge, and expand as a market leader in the future. In addition to its previous investments of a total of US$9.7 million, the Group further invested US$2.8 million in migme Limited ("migme"), which is an international social media company focusing on emerging markets whose shares are listed on the Australian Stock Exchange. Through mobile applications, migme provides social entertainment, news, e-commerce and artist management services to its users. In 2016, migme will continue working on functionality and user experience improvements on the migme platform, as well as focus on further enhancing quality and operating margin improvements. In addition to its previous investment of US$9.5 million, the Group further invested US$9.5 million in Meitu, Inc. ("Meitu"), a leading mobile internet platform company with a portfolio of photo and video applications, notably MeituPic, BeautyCam, BeautyPlus and Meipai. Meitu also develops and sells fashionable smart phones optimised for selfie experience. The Group has been working with Meitu to develop new handset distribution business in Asia. Going forward, Meitu will focus on three main strategies: globalisation, platformisation and monetisation.

For the year ended 31 December 2015, the Group was not aware of any circumstances which involve any material impairments in respect of the above investments. Such investments are in their growing phases, and on the basis of the information on hand, the Group believes that their prospects are optimistic.

In addition, the Group made some other investments in new start-up software and technology companies and hardware companies in wearables and IoT (Internet of Things) fields. As a result, the Group has a diversified investment portfolio, ancillary to and in support of its business operations.

The Group has been maintaining a healthy and free cash flow for years. As at 31 December 2015, the Group had a cash balance of US$1,950 million. The Group's healthy cash flow can provide operational buffers when the market uncertainties increase. In order to have a better utilisation of the cash and enrich the investment portfolio, the Group has been actively exploring good investment opportunities. Apart from the existing handset manufacturing business, the Group is dedicated to exploring new business by establishing strategic partnerships with technology companies and making equity investments in companies of good potential. The Group has an experienced investment team, and has prioritised investments among the highest long-term growth prospect which may take years before investment can be realised. There had been no material disposals of the Group's subsidiaries, associates and joint ventures in the year ended 31 December 2015.

During the year ended 31 December 2015, the Company is of the opinion that the carrying amount of CExchange, LLC (engaging in the business of consumer electronics trade-in and buy-back, in which the Group invested US$10.5 million) ("CEx") cannot be recovered by the recoverable amount, thus an impairment loss of US$5.2 million was recognised in respect of the Group's investment in CEx. As CEx's gross margin was not able to cover its operating costs due to its reduced business, it ran a loss during the year ended 31 December 2015. Currently, the Group does not have any plan on changing its investment status in CEx. In the future, CEx is dedicated to improve its gross margin by identifying and developing new businesses in its local market.

Liquidity and Financial Resources

As at 31 December 2015, the Group had a cash balance of US$1,950 million (2014: US$1,844 million). Free cash flow, representing the net cash from operating activities of US$877 million (2014: US$252 million) minus capital expenditure and dividends of US$365 million (2014: US$139 million), was US$512 million (2014: US$113 million). The improvement in free cash flow was due to better control over the inventories and the creditability of customers and its outstanding receivables. The Group has abundant cash to finance its operations and investments. The Group's gearing ratio, expressed as a percentage of interest bearing external borrowings of US$13 million (2014: US$179 million) over total assets of US$5,805 million (2014: US$6,823 million), was 0.22% (2014: 2.62%). All of the external borrowings were denominated in US Dollars (2014: 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 of 1.10% (2014: 0.95% to 1.46%) per annum with original maturity of 6 months (2014: 1 to 3 months).

As at 31 December 2015, 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 2015 was US$877 million.

Net cash used in investing activities for the year ended 31 December 2015 was US$271 million, of which, mainly, US$172 million represented the expenditures on property, plant and equipment related to the facilities in the Group's major sites in the PRC, US$203 million represented withdrawal of bank deposits, US$3,121 million represented purchase of short-term investments, US$228 million represented purchase of available-for-sale investments, US$3 million represented acquisition of investments in associates, US$18 million represented proceeds from disposal of property, plant and equipment, US$1 million represented proceeds from disposal of prepaid lease payments, US$5 million represented proceeds from disposal of financial assets classified as held-for-trading and US$3,026 million represented proceeds from settlements of short-term investments.

Net cash used in financing activities for the year ended 31 December 2015 was US$357 million, primarily due to net decrease in bank borrowings of US$165 million and dividends paid of US$192 million.

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 6 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 2015, the capital commitment of the Group was US$16.9 million (2014: US$54.6 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 2015 and 2014.

Outlook

2016 is set to be an uncertain year for the world's economy since the financial and economic crisis of 2008-2009. China's domestic economy started its lower growth era as the Chinese Government has lowered its official 2016 GDP (gross domestic product) growth target and this will continue to affect the Group's performance since the end of 2015. As the deceleration in China's growth deepens in 2016, businesses operating in China should be on the lookout for specific areas of weakness and volatility in order to identify market risks and to monitor potential opportunities to align with government priorities.

Smart phone industry is dynamic and highly competitive. Slower growth could bring about industry consolidation, potentially pressuring the supply chain. As end demand for smart phones remained at over 1.4 billion sets per year with lower year-on-year growth, competition from EMS (electronics manufacturing services)/ODM (original design manufacturing) peers is deemed to intensify to create pressure on the Group's business. Meanwhile, there have been constant changes in both technologies and business models. Each industry shift is an opportunity to conceive new products, new technologies or new ideas that can further transform the industry and the Group's business. The Group has been investing in a broad range of R&D activities that seek to identify and address the changing demands of customers, industry trends and competitive forces.

Despite the uncertainties and competitive landscape, the Group will continue with the customer mix transition and the effort to diversify customer base and will continue to devote resources to enhance its core competences, remain agile and competitive in providing its customers with differentiated contribution to their supply chain and overall business. The Group will focus on especially those in emerging markets and in the mobile internet business. The Group's existing customers from China should continue to gain market shares in their home market and expand aggressively in overseas markets. They want to leverage the Group to extend their footprints in India and other emerging markets. Since 2015, the Group has been expanding its local manufacturing service and component supply chain support in non-China emerging markets like India which are expected to become the next growth driver.

Apart from the existing business, the Group is dedicated to exploiting new business by establishing strategic partnerships and making equity investments, which are expected to be funded by cash generated from the Group's operations and the cash on hand. There are currently no financing plans to meet capital commitments, repayment of current debts, and there will be no fund-raising activities in 2016.

Looking ahead, the Company understands the challenges in 2016. The Group will focus on improving operational efficiency and cost saving in the face of economic uncertainty. Remaining lean and agile enables the Group to be flexible in running even low-volume/high-mix businesses at competitive pricing. Other factors like heightened uncertainty over the global/US macro outlook, rising interest rate and international political instability are the other uncertainties which have far-reaching implications and impacts. In response, the Group has implemented and maintained sound and effective systems of internal control and enterprise risk management to cope with all these challenges and uncertainties from time to time.

Nevertheless, the Company is committed to have execution and continue its relentless drive with extra efforts to stay competitive whilst remaining cautious in investments, capital expenditure and business operations.

Employees

As at 31 December 2015, the Group had a total of 81,013 (2014: 83,084) employees. Total staff costs incurred during the year 2015 amounted to US$354 million (2014: US$429 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$0.00869 per Share (which in aggregate amounts to approximately US$68,599,000), and the Special Dividend of US$0.019 per Share (which in aggregate amounts to approximately US$150,000,000), respectively, for the year ended 31 December 2015, subject to the approval of Shareholders at the Annual General Meeting. The proposed aggregate amount of the Dividends is calculated on the basis of 7,893,703,152 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 Friday, 17 June 2016, 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

The Board would like to declare and pay the Dividends to Shareholders to express the Board's gratitude and appreciation of the continuing support from Shareholders throughout the year ended 31 December 2015.

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$2,222,524,000 as at 31 December 2015, 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 2015 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	Wednesday, 25 May 2016
Last day of trading in Shares quoted cum-Dividends	Monday, 30 May 2016
Last day of trading in Shares quoted ex-Dividends	Tuesday, 31 May 2016
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, 1 June 2016
Closure of the Company's register of members for ascertaining the Qualifying Shareholders	From Thursday, 2 June 2016 to Monday, 6 June 2016
Record Date	Monday, 6 June 2016
Re-opening of the Company's register of members	Tuesday, 7 June 2016
Payment of the Dividends and despatch of the Dividend warrants	Friday, 17 June 2016

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 May 2016 to Wednesday, 25 May 2016, both dates 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, 20 May 2016.

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, 2 June 2016 to Monday, 6 June 2016, both dates 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, 1 June 2016.

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 2015 to 31 December 2015.

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.

As an enhancement of the Company's corporate governance practices and for the purpose of complying with the amendments to the CG Code regarding risk management and internal controls (which are applicable to accounting periods beginning on or after 1 January 2016), in particular, the Board adopted on 15 December 2015 the revised terms of reference for the Company's audit committee and the revised procedures for the handling and dissemination of inside information and handling enquiries from the Stock Exchange (which procedures form part of the Manual).

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 2015.

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 2015.

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 and risk management systems, nominate and monitor external auditors and provide advice and comments to the Board. The audit committee comprises 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 2015 and the annual report 2015 of the Company and recommended the same to the Board for approval.

DISCLOSURE OF INFORMATION ON WEBSITES

The annual report 2015 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 Wednesday, 25 May 2016 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"	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$0.00869 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, 6 June 2016, 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$0.019 per Share as recommended by the Board and subject to the approval of Shareholders at the Annual General Meeting, payable in cash to each Qualifying Shareholder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$"	United States dollars, the lawful currency of the United States of America

By Order of the Board
Tong Wen-hsin
Chairman

Hong Kong, 15 March 2016

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.