

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2025**

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2025 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 2025

| | <i>NOTES</i> | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| Revenue | 2 | 6,657,663 | 5,702,949 |
| Cost of sales | | (6,452,434) | (5,568,309) |
| Gross profit | | 205,229 | 134,640 |
| Other income, gains and losses | 3 | 52,794 | 91,309 |
| Impairment loss reversed (recognised) under expected credit loss model, net of reversal | | 459 | (9,768) |
| Impairment loss recognised for property, plant and equipment | | (4,204) | (16,022) |
| Selling expenses | | (6,627) | (5,349) |
| General and administrative expenses | | (64,023) | (87,019) |
| Research and development expenses | | (80,110) | (49,965) |
| Interest expenses | | (24,784) | (57,633) |
| Share of profit of associates | | 7,473 | 9,116 |
| Share of loss of a joint venture | | (3,711) | (3,815) |
| Profit before tax | 4 | 82,496 | 5,494 |
| Income tax expense | 5 | (28,361) | (25,686) |
| Profit (loss) for the year | | 54,135 | (20,192) |

| | <i>NOTE</i> | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Other comprehensive (expense) income | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Fair value loss on investments in equity instruments at fair value through other comprehensive income | | (19,673) | (6,966) |
| Remeasurement of defined benefit pension plans | | 220 | 305 |
| | | <u>(19,453)</u> | <u>(6,661)</u> |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | 23,378 | (68,192) |
| Share of translation reserve of associates | | 676 | (1,013) |
| Share of translation reserve of a joint venture | | 241 | (887) |
| | | <u>24,295</u> | <u>(70,092)</u> |
| Other comprehensive income (expense) for the year, net of income tax | | <u>4,842</u> | <u>(76,753)</u> |
| Total comprehensive income (expense) for the year | | <u>58,977</u> | <u>(96,945)</u> |
| Profit (loss) for the year attributable to: | | | |
| Owners of the Company | | 52,727 | (20,331) |
| Non-controlling interests | | 1,408 | 139 |
| | | <u>54,135</u> | <u>(20,192)</u> |
| Total comprehensive income (expense) attributable to: | | | |
| Owners of the Company | | 57,441 | (96,911) |
| Non-controlling interests | | 1,536 | (34) |
| | | <u>58,977</u> | <u>(96,945)</u> |
| Earnings (loss) per share | 7 | | (restated) |
| Basic | | US6.7 cents | (US2.6 cents) |
| Diluted | | US6.7 cents | (US2.6 cents) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

| | <i>NOTES</i> | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 622,654 | 586,162 |
| Right-of-use assets | | 43,260 | 36,757 |
| Investment properties | | 1,222 | 258 |
| Equity instruments at fair value through other comprehensive income | <i>8</i> | 36,548 | 56,704 |
| Interests in associates | | 33,111 | 26,268 |
| Interest in a joint venture | | 5,931 | 9,401 |
| Deferred tax assets | <i>9</i> | 15,989 | 21,128 |
| Deposit for acquisition of right-of-use assets | | 27,118 | 26,508 |
| Other receivables | | 34,895 | 34,110 |
| | | <u>820,728</u> | <u>797,296</u> |
| Current assets | | | |
| Inventories | | 710,880 | 547,695 |
| Trade and other receivables | <i>10</i> | 859,371 | 791,958 |
| Bank deposits | | 346,143 | 168,833 |
| Cash and cash equivalents | | 1,006,882 | 1,516,241 |
| | | <u>2,923,276</u> | <u>3,024,727</u> |
| Current liabilities | | | |
| Trade and other payables | <i>11</i> | 1,544,843 | 1,527,060 |
| Contract liabilities | | 475,096 | 416,885 |
| Lease liabilities | | 3,320 | 38 |
| Bank borrowings | <i>12</i> | 108,370 | 341,420 |
| Provision | <i>13</i> | 14,133 | 1,438 |
| Tax payable | | 48,777 | 51,482 |
| | | <u>2,194,539</u> | <u>2,338,323</u> |
| Net current assets | | <u>728,737</u> | <u>686,404</u> |
| Total assets less current liabilities | | <u>1,549,465</u> | <u>1,483,700</u> |

| | <i>NOTES</i> | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Capital and reserves | | | |
| Share capital | | 315,380 | 315,380 |
| Reserves | | 1,202,180 | 1,145,432 |
| | | <hr/> | <hr/> |
| Equity attributable to owners of the Company | | 1,517,560 | 1,460,812 |
| Non-controlling interests | | 4,387 | 2,851 |
| | | <hr/> | <hr/> |
| Total equity | | 1,521,947 | 1,463,663 |
| | | <hr/> | <hr/> |
| Non-current liabilities | | | |
| Deferred tax liabilities | <i>9</i> | 14,526 | 9,090 |
| Deferred income | <i>14</i> | 6,028 | 6,404 |
| Lease liabilities | | 6,964 | 4,543 |
| | | <hr/> | <hr/> |
| | | 27,518 | 20,037 |
| | | <hr/> | <hr/> |
| | | 1,549,465 | 1,483,700 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Notes:

1. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

| | |
|----------------------|-------------------------|
| Amendments to IAS 21 | Lack of Exchangeability |
|----------------------|-------------------------|

The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|--|
| Amendments to IAS 21 | Translation to a Hyperinflationary Presentation Currency ³ |
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments ² |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity ² |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹ |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards Volume 11 ² |
| IFRS 18 | Presentation and Disclosure in Financial Statements ³ |

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 “Presentation and Disclosure in Financial Statements” (“IFRS 18”)

IFRS 18 sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements” (“IAS 1”). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

2. REVENUE AND SEGMENT INFORMATION

The management 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 from contracts with customers and mainly arising from the manufacturing services (including sales of goods and processing service) amounting to US\$6,657,663,000 (2024: US\$5,702,949,000) to its customers in connection with the production of handsets.

The Group applies the practical expedient that information regarding the transaction prices allocated to the remaining performance obligation for contracts with customers is not disclosed as the original expected duration of the contracts is less than one year.

As at 1 January 2024, contract liabilities amounted to US\$331,543,000. All the contract liabilities at the beginning of the reporting period were included in the revenue recognised in the reporting period.

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

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Segment revenue (external sales) | | |
| Asia | 2,363,042 | 2,597,525 |
| Europe | 1,936,218 | 1,174,562 |
| America | 2,358,403 | 1,930,862 |
| | <u>6,657,663</u> | <u>5,702,949</u> |
| Total | | |
| Segment profit | | |
| Asia | 43,448 | 38,621 |
| Europe | 67,318 | 25,559 |
| America | 88,295 | 55,343 |
| | <u>199,061</u> | 119,523 |
| Other income, gains and losses | 52,794 | 91,309 |
| Impairment loss recognised for property, plant and equipment | (4,204) | (16,022) |
| General and administrative expenses | (64,023) | (87,019) |
| Research and development expenses | (80,110) | (49,965) |
| Interest expenses | (24,784) | (57,633) |
| Share of profit of associates | 7,473 | 9,116 |
| Share of loss of a joint venture | (3,711) | (3,815) |
| | <u>82,496</u> | <u>5,494</u> |
| Profit before tax | | |

Segment profit represents the gross profit earned by each segment after deducting all selling expenses and impairment loss under ECL model, net of reversal. 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:

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--------------------------------|-------------------------|-------------------------|
| Segment assets | | |
| Allocated | | |
| Asia | 442,354 | 491,064 |
| Europe | 177,158 | 51,920 |
| America | 358,518 | 281,158 |
| | <hr/> | <hr/> |
| Total | 978,030 | 824,142 |
| Unallocated | | |
| Property, plant and equipment | 603,321 | 571,966 |
| Inventories | 648,954 | 531,242 |
| Cash and bank deposits | 1,206,241 | 1,524,288 |
| Others | 212,581 | 246,589 |
| Corporate assets | 94,877 | 123,796 |
| | <hr/> | <hr/> |
| Consolidated total assets | 3,744,004 | 3,822,023 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment liabilities | | |
| Allocated | | |
| Asia | 100,293 | 52,653 |
| Europe | 23,534 | 29,370 |
| America | 405,675 | 357,007 |
| | <hr/> | <hr/> |
| Total | 529,502 | 439,030 |
| Unallocated | | |
| Trade and other payables | 1,503,345 | 1,504,139 |
| Others | 16,312 | 10,985 |
| Corporate liabilities | 172,898 | 404,206 |
| | <hr/> | <hr/> |
| Consolidated total liabilities | 2,222,057 | 2,358,360 |
| | <hr/> <hr/> | <hr/> <hr/> |

For the purposes of monitoring segment performances and allocating resources among segments, trade receivables from Asia operations are allocated to Asia, Europe and America segments based on customers' locations, 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, contract liabilities and provision were allocated to Asia, Europe and America segments.

3. OTHER INCOME, GAINS AND LOSSES

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--|-------------------------|-------------------------|
| An analysis of the Group's other income, gains and losses is as follows: | | |
| Interest income from bank deposits and bank balances | 45,990 | 50,300 |
| Net foreign exchange gain | 1,014 | 15,125 |
| Government subsidies (<i>note</i>) | 11,524 | 16,190 |
| Rental income | 3,953 | 10,090 |
| Net loss on disposal and write-off of property, plant and equipment | (5,883) | (2,866) |
| Loss on closure of subsidiaries | (1,226) | – |
| Impairment loss on interest in an associate | (1,306) | – |
| Gain on deemed disposal of an associate | – | 2,758 |
| Gain on early termination of lease | – | 340 |
| Others | (1,272) | (628) |
| | <u>52,794</u> | <u>91,309</u> |

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

4. PROFIT BEFORE TAX

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Profit before tax for the year has been arrived at after charging: | | |
| Depreciation of property, plant and equipment | 123,244 | 132,242 |
| Depreciation of right-of-use assets | 2,883 | 4,189 |
| Depreciation of investment properties | 212 | 67 |
| | <u>126,339</u> | <u>136,498</u> |
| Total depreciation and amortisation | 126,339 | 136,498 |
| Less: Amount capitalised in inventories | (92,858) | (100,087) |
| Amount included in research and development expenses | (2,961) | (2,711) |
| | <u>30,520</u> | <u>33,700</u> |
| Interest on: | | |
| Bank borrowings | 24,642 | 57,298 |
| Lease liabilities | 142 | 335 |
| | <u>24,784</u> | <u>57,633</u> |
| Staff costs | | |
| Directors' emoluments | 2,387 | 2,307 |
| Retirement benefit scheme contributions (excluding directors) | 11,209 | 11,519 |
| Other staff costs | 242,085 | 254,955 |
| | <u>255,681</u> | <u>268,781</u> |
| Total staff costs | 255,681 | 268,781 |
| Less: Amount capitalised in inventories | (198,298) | (206,787) |
| Amount included in research and development expenses | (36,767) | (22,903) |
| | <u>20,616</u> | <u>39,091</u> |
| Auditor's remuneration | 641 | 649 |
| Cost of inventories recognised as expense | 6,431,241 | 5,554,546 |
| Provision for warranty | 12,965 | 1,508 |
| Write-down of inventories to net realisable value | 8,228 | 12,255 |
| | <u>6,453,810</u> | <u>5,587,794</u> |

5. INCOME TAX EXPENSE

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|-------------------------|-------------------------|
| Current tax | | |
| – Hong Kong | – | – |
| – Other jurisdictions | 6,477 | 11,776 |
| – Top-up Tax under Pillar Two Rules | 2,009 | – |
| – Withholding tax for distributed profit of investments in the PRC | 10,087 | 19,904 |
| | <u>18,573</u> | <u>31,680</u> |
| Overprovision in prior years | | |
| – Hong Kong | – | – |
| – Other jurisdictions | (181) | (977) |
| | <u>(181)</u> | <u>(977)</u> |
| | <u>18,392</u> | <u>30,703</u> |
| Deferred tax | | |
| – Current year | 9,969 | (5,017) |
| | <u>28,361</u> | <u>25,686</u> |

No provision for Hong Kong Profits Tax has been made as the Group does not have assessable profits 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% (2024: 25%). One (2024: Two) of the Company's PRC subsidiaries was awarded the Advanced – Technology Enterprise Certificate and entitled to a tax reduction from 25% to 15% for a period of three years, i.e. effective from 2024. Except for this subsidiary, other PRC subsidiaries are subject to Enterprise Income Tax at 25% (2024: 25%). Besides, another Company's PRC subsidiary was entitled to a concessionary tax rate of 5% under small and micro-enterprises (小微企業) during the current year.

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

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 EIT Law and Article 91 of its Detailed Implementation Rules.

The Group is subject to global minimum top-up tax under Pillar Two Rules. In respect of fiscal year commencing on or after 1 January 2025, Pillar Two Rules are effective and applicable in Brazil, Finland, Hong Kong, Hungary, Netherlands, Singapore, United Kingdom and Vietnam in which the Company and its subsidiaries operate. For jurisdictions where the annual effective income tax rate is estimated to be below 15%, a top-up tax is accrued for the year ended 31 December 2025. The Group has recognised a current tax expense of US\$2,009,000 related to the top-up tax (2024: N/A) which is expected to be levied on the Group.

The Group has applied the temporary mandatory exception for recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The Group will continue to monitor developments of the Pillar Two Rules and assess its impact on the Group as appropriate.

6. 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 US3.47 cents (2024: nil) per ordinary share of the Company (which in aggregate amounts to approximately US\$27,067,000 (2024: nil)), for the year ended 31 December 2025, subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share attributable to the owners of the Company is based on the following data:

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Profit (loss) attributable to the owners of the Company | | |
| Profit (loss) for the purposes of basic and diluted loss per share | <u>52,727</u> | <u>(20,331)</u> |
| | 2025 | 2024 (restated) |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 786,281,370 | 788,600,317 |
| Effective of dilutive potential ordinary shares relating to outstanding share awards issued by the Company | 4,799,097 | N/A |
| Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share | <u>791,080,467</u> | <u>788,600,317</u> |

The weighted average number of ordinary shares for both years for the purpose of calculating the basic and diluted earnings (loss) per share, had been adjusted to account for the effect of share consolidation.

The calculation of diluted loss per share for the year ended 31 December 2024 did not take into account the share awards issued by the Company because it is anti-dilutive.

8. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2025 US\$'000 | 2024 US\$'000 |
|--|------------------|------------------|
| Equity securities listed in USA (note a) | 1,004 | 2,094 |
| Unlisted equity securities (note b) | 35,544 | 54,610 |
| | <u>36,548</u> | <u>56,704</u> |

Notes:

- (a) The above listed equity investments represent ordinary shares of entities listed in USA. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.
- (b) The above unlisted equity investments represent the Group's equity interest in several private entities established in the PRC, India, USA, Taiwan and Republic of Finland ("Finland"). The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for long-term strategic purposes.

As at 31 December 2025 and 2024, included in unlisted equity securities above, there is the Group's investment in HMD Global Oy ("HMD"), a company incorporated in Finland, which is engaged in the development, manufacture and sale of telecommunication devices, software and related services, of approximately US\$17,320,000 (2024: US\$27,900,000) and fair value loss of US\$10,580,000 (2024: gain of US\$2,200,000) was recognised in other comprehensive income for the year ended 31 December 2025.

In determining the fair value of unlisted equity investment in relation to HMD, the Group engaged independent professional valuers to perform a valuation. The amount is determined using option-pricing method with expected volatility, expected life and risk-free rate as the key inputs to allocate equity value of HMD derived by market approach (2024: discounted cash flow) which involved the determination of significant estimation and unobservable inputs, including selection of comparable companies and consideration of trading multiple.

9. DEFERRED TAXATION

The following are the major deferred tax (assets) and liabilities recognised and movements thereon for the year:

| | Allowances for inventories and trade and other receivables US\$'000 | Warranty provision US\$'000 | Accelerated tax (accounting) depreciation US\$'000 | Tax losses US\$'000 | Undistributed profits of PRC subsidiaries US\$'000 | Others US\$'000 (note) | Total US\$'000 |
|---|---|-----------------------------------|--|------------------------|--|------------------------------|-------------------|
| At 1 January 2024 | (1,861) | (201) | (2,970) | (4,892) | – | 2,370 | (7,554) |
| Charge (credit) to profit or loss for the year | 219 | 199 | (3,063) | – | – | (2,372) | (5,017) |
| Exchange adjustments | 42 | 2 | 159 | 122 | – | 208 | 533 |
| At 31 December 2024 | (1,600) | – | (5,874) | (4,770) | – | 206 | (12,038) |
| Charge (credit) to profit or loss for the year | 478 | – | (2,479) | 4,688 | 5,000 | 2,282 | 9,969 |
| Exchange adjustments | 65 | – | 328 | 82 | – | 131 | 606 |
| At 31 December 2025 | <u>(1,057)</u> | <u>–</u> | <u>(8,025)</u> | <u>–</u> | <u>5,000</u> | <u>2,619</u> | <u>(1,463)</u> |

Note: Others mainly represent temporary difference arising from accrued expenses and other receivables from disposal of investment properties.

For the purposes of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|--------------------------|--------------------------------|-------------------------|
| Deferred tax assets | (15,989) | (21,128) |
| Deferred tax liabilities | 14,526 | 9,090 |
| | <u>(1,463)</u> | <u>(12,038)</u> |

Deferred tax assets were recognised for other deductible temporary differences of approximately US\$54,025,000 (2024: US\$62,325,000) on allowances for inventories and trade and other receivables, warranty provision, accelerated tax (accounting) depreciation and other accrued expenses.

At 31 December 2025, the Group has not recognised deductible temporary differences on allowances for inventories and trade and other receivables, warranty provision, deferred income and other accrued expenses of approximately US\$413,781,000 (2024: US\$379,593,000) as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

At the end of the reporting period, the Group has unused tax losses of approximately US\$642,999,000 (2024: US\$949,091,000) available for offset against future profits. As at 31 December 2024, a deferred tax asset has been recognised in respect of approximately US\$18,951,000 (2025: nil) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of US\$642,999,000 (2024: US\$930,140,000) either due to the unpredictability of future profit streams or because it is not probable that the unused tax losses will be available for utilisation before their expiry. Included in unrecognised tax losses are losses of approximately US\$246,544,000 (2024: US\$578,674,000) which will expire by five consecutive years. Other losses may be carried forward indefinitely.

By reference to financial budgets, management believes that there will be sufficient future taxable profits or taxable temporary differences available in the future for the realisation of deferred tax assets which have been recognised in respect of other temporary differences.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. At 31 December 2025, US\$5,000,000 (2024: nil) deferred tax liability has been recognised in respect of temporary differences associated with undistributed profits of subsidiaries of approximately US\$50,000,000 (2024: nil) and no deferred tax liability has been recognised for the remaining undistributed profits of US\$503,197,000 (2024: US\$727,324,000) because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

10. TRADE AND OTHER RECEIVABLES

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|-------------------------|-------------------------|
| Trade receivables | 958,560 | 849,236 |
| Less: Allowance for credit losses | <u>(221,320)</u> | <u>(221,556)</u> |
| | 737,240 | 627,680 |
| Other taxes recoverable | 56,267 | 88,764 |
| Other receivables, deposits and prepayments | <u>65,864</u> | <u>75,514</u> |
| Total trade and other receivables | <u><u>859,371</u></u> | <u><u>791,958</u></u> |

As at 1 January 2024, trade receivables from contracts with customers amounted to US\$733,183,000.

The Group generally issues invoices to the customers when the goods are passed to the customers, except for certain orders that the Group may also collect advance payments from customers. The Group normally allows an average credit period ranging from 30 to 90 days to its trade customers, except certain customers with a good track record which may be granted a longer credit period.

During the year ended 31 December 2025, certain trade receivables were derecognised under factoring arrangement with financial institutes at cash proceeds of US\$2,274,615,000 (2024: US\$2,621,666,000).

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

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|----------------|-------------------------|-------------------------|
| 0 – 90 days | 667,773 | 575,173 |
| 91 – 180 days | 65,476 | 45,090 |
| 181 – 360 days | 339 | 2,685 |
| Over 360 days | <u>3,652</u> | <u>4,732</u> |
| | <u><u>737,240</u></u> | <u><u>627,680</u></u> |

As at 31 December 2025, included in the Group's trade receivables balances are debtors with aggregate carrying amount of US\$275,041,000 (2024: US\$279,243,000) which are past due as at the reporting date. Out of the past due balances, US\$3,991,000 (2024: US\$7,417,000) has been past due over 90 days or more and is not considered as in default based on the credit quality of the debtors. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|-------------------------|-------------------------|
| Trade payables | 1,017,921 | 1,023,748 |
| Other tax payables | 54,446 | 62,964 |
| Accrued staff costs and employee benefits | 111,079 | 112,558 |
| Others | <u>361,397</u> | <u>327,790</u> |
| | <u><u>1,544,843</u></u> | <u><u>1,527,060</u></u> |

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

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|----------------|-------------------------|-------------------------|
| 0 – 90 days | 950,649 | 996,534 |
| 91 – 180 days | 37,778 | 14,354 |
| 181 – 360 days | 22,413 | 4,984 |
| Over 360 days | 7,081 | 7,876 |
| | <u>1,017,921</u> | <u>1,023,748</u> |

12. BANK BORROWINGS

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|----------------------------------|-------------------------|-------------------------|
| Bank loans – due within one year | <u>108,370</u> | <u>341,420</u> |

Analysis of bank borrowings by currency:

| | | |
|------|----------------|----------------|
| US\$ | <u>108,370</u> | <u>341,420</u> |
|------|----------------|----------------|

The bank borrowings as at 31 December 2025 are unsecured, obtained with original maturity of one to two months (2024: one month) and carry interest at fixed interest rate ranging from 4.06% to 4.12% (2024: 4.90% to 5.15%) per annum. Out of total bank borrowings, bank borrowings of US\$60,600,000 (2024: US\$100,000,000) contain a repayment on demand clause. The weighted average effective interest rate on the bank borrowings is 4.09% per annum (2024: 4.97% per annum).

13. PROVISION

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|---|-------------------------|-------------------------|
| At 1 January | 1,438 | 2,014 |
| Exchange adjustments | 10 | (67) |
| Provision for the year | 12,965 | 1,508 |
| Utilisation of provision/upon expiry of the warranty period | <u>(280)</u> | <u>(2,017)</u> |
| At 31 December | <u>14,133</u> | <u>1,438</u> |

The provision represents management's best estimate of the Group's warranty liability under twelve to twenty-four months' warranty granted on handset products, based on prior experience and industry averages for defective products.

14. DEFERRED INCOME

| | 2025 <i>US\$'000</i> | 2024 <i>US\$'000</i> |
|----------------------|-------------------------|-------------------------|
| Government subsidies | <u>6,028</u> | <u>6,404</u> |

Government subsidies granted to the Company's subsidiaries in the PRC are released to income over the useful lives of the related depreciable assets.

IMPORTANT

The consolidated final results of the Group for the current year (the “current period” or the “reporting period”), as set out in this announcement, have been reviewed and audited in accordance with the relevant accounting and financial standards. The Group’s results of operations have fluctuated in the past and may continue to fluctuate, possibly significantly, from one period or quarter to another. Accordingly, the results for any period or quarter should not be regarded as indicative of the results for future periods or quarters. In particular, the Chinese New Year holiday (especially the extended breaks in Chinese Mainland, Vietnam and Taiwan) in the first quarter generally results in a low season for the industry in which the Group operates. As a result, the Group’s first-quarter performance is usually weaker and less representative than that of other quarters. In addition, the Company’s customers have distinct seasonal demand patterns, which directly affect the timing and volume of production and shipment during the year.

Reference is made to the Company’s financial information announcement dated 7 November 2025, which provided updates on its expected 2025 annual performance and outlined various factors contributing to the Group’s consolidated net profit for the current period. The factors discussed in the “Discussion and Analysis” section are expected to continue to affect the Group’s performance in the first half of 2026 (“1H 2026”) and the year ending 31 December 2026 (“FY 2026”). In this regard, please also refer to “Outlook and Industry Dynamics” below.

This announcement contains forward-looking statements regarding the Company’s expectations and outlook on the Group’s order book, cost structure, business policies, operations, performance, financial condition, opportunities, risks, threats, and prospects. Such statements are subject to various uncertainties, including macroeconomic conditions, regulatory changes, competitive pressures, cost volatility, and operational execution risks, and do not constitute guarantees of the Group’s future performance or order book. Actual results and order book may differ materially from those expressed due to known and unknown risks, uncertainties, and other factors beyond the Group’s control.

While the Group believes these forward-looking statements are based on reasonable assumptions, they involve risks and uncertainties relating to operations, markets, and the broader business and macroeconomic environment. If these risks or uncertainties materialise, or if underlying assumptions prove incorrect, actual outcomes may differ materially from those indicated. New and unpredictable risks and challenges may also arise from time to time, and management cannot predict or assess all such factors or their impact. For further details, please refer to “Outlook and Industry Dynamics” below. The Company undertakes no obligation to update or revise any forward-looking statements, except as required under the Listing Rules and the SFO.

Accordingly, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DISCUSSION AND ANALYSIS

Introduction

The Company was established in 2003 and listed on the Main Board of the Stock Exchange in 2005 (stock code: 2038.HK). It is a subsidiary of Hon Hai (together with its subsidiaries and/or associates as defined in the Listing Rules) (the “**Hon Hai Technology Group**”), the world’s largest electronics manufacturer and a leading technological solution provider listed on the Taiwan Stock Exchange (stock code: 2317.TW).

The Group is customer-oriented and provides one-stop solutions covering the entire product lifecycle, from design conceptualisation and product development to high-volume manufacturing. Its services include product development and design, precision casings and components manufacturing, PCBA (Printed Circuit Board Assembly), full-system assembly integration, supply chain services and solutions, and after-market support such as return management and product repair and refurbishment. With strong Original Equipment Manufacturing (“**OEM**”) and Original Design Manufacturing (“**ODM**”) capabilities, the Group continues to meet specific market and customer product lifecycle requirements.

Against a backdrop of macroeconomic headwinds, geopolitical uncertainty, intense competition and changing global trade dynamics, the Group further strengthened its strategic framework in 2025 with a focus on diversification, technological advancement and operational resilience. This strategy includes exploring new market opportunities, developing new customer relationships and strengthening existing ones. Key developments during the year include:

- (I) Gross margin improvement — Gross margin increased to 3.08% in the current period from 2.36% in the prior-year period, mainly due to the exit from unprofitable or low-margin businesses and a shift in customer and product mix toward automotive electronics, manufacturing equipment and robotics with greater emphasis on value-added offerings. The Group also optimised capacity utilisation, improved efficiency and maintained disciplined cost control. Operational restructuring, including the reduction of indirect labour and site consolidation, continued, particularly in response to the contraction of operations in China.
- (II) Progress in the three main business categories — In smart manufacturing, the Group diversified its customer and product portfolio and implemented automated production lines to enhance supply chain resilience. In automotive electronics, competitiveness was strengthened through product innovation and the attainment of key safety certifications. The Group also commenced the provision of automation equipment and fixture development services within the Hon Hai Technology Group, while continuing to supply Artificial Intelligence (“**AI**”) recycling robots to external customers.
- (III) Expanding overseas production capacity — Overseas capacity was expanded to support regional customer demand and capture domestic market opportunities. The Group’s ability to reallocate production among facilities enabled it to respond to tariff-driven customer requirements.
- (IV) Investing in technology and long-term partnerships — The Group continues to invest in technological capabilities and long-term customer partnerships by providing high value-added products and services. Research and Development (“**R&D**”) resources will be deployed in line with medium- to long-term development priorities.
- (V) U.S. tariff measures — New U.S. tariffs imposed in April 2025 created risks to the Group’s cost structure and supply chain. The Group monitored developments and implemented mitigation measures, including local sourcing and alternative production arrangements.

Despite the 2025 April tariff announcements and record-long government shutdown in the United States, the U.S. full-year GDP growth for 2025 was recorded at a solid 2.2% annual rate, supported by AI investment, lower interest rates and fiscal measures, while China recorded GDP growth of 5% with increased policy support to stabilise domestic demand.

The electronic manufacturing services (“**EMS**”) industry saw an unusual revenue increase in the first half of 2025 due to pull-in orders related to trade policy uncertainty. Subsequently, shortages of DRAM and NAND/SSD driven by rapid AI expansion led to higher component prices and constrained supply for smartphones and PCs.

In a complex external environment marked by geopolitical risks, supply chain disruptions, tariff volatility and rising ESG expectations, the Group remains focused on innovation, operational flexibility and customer-centric strategies. It continues to adjust its production footprint and strengthen technological capabilities and partnerships to support product diversification and long-term customer collaboration, with the aim of capturing opportunities and achieving sustainable growth.

Key Relationships with Customers, Suppliers and Employees

Key Relationships with Customers

In 2025, the Group’s top five customers accounted for approximately 86.82% of total revenue. For this ranking, sales to Hon Hai and Sharp are aggregated and treated as a single customer under the Hon Hai Technology Group. 2025 marked a pivotal shift in revenue structure: unlike 2024, when the top five customers were mainly from the smartphone sector, 2025 saw the successful entry of key customers from automotive electronics and smart manufacturing for non-mobile products. This demonstrates the Group’s diversification strategy and ability to capture opportunities beyond the mobile market.

In automotive electronics, the Group leveraged its expertise in antenna design, thermal management, and hardware/software integration to supply Telematics Control Units (“**TCU**”) to a world-class automobile manufacturer, marking its entry into the global automotive supply chain. Following mass production and shipments, revenue from this customer increased approximately fourfold over 2024, making it one of the Group’s top five contributors.

In smart manufacturing, two non-mobile customers entered the Group’s top five revenue contributors, including a global leader in enterprise-grade communication modules and a leading provider of electronic shelf labelling (“**ESL**”) systems. Fully automated production lines for these customers enhanced operational efficiency, margin optimisation, and ESG outcomes through improved energy efficiency and sustainable operations.

Despite the diversification, the leading smartphone customer remains a solid foundation. Strong demand for premium models and adoption of advanced features drove significant shipment growth and robust orders in this year.

Hon Hai Technology Group, including Hon Hai and Sharp, represents another significant smart manufacturing customer, accounting for 19.46% of the Group’s total revenue.

- (I) The Group has long served as a strategic supplier of consumer electronic products, including eReaders, tablets, and smart speakers, to Hon Hai. However, longer replacement cycle and highly saturated market have led to a reduction in customer demand, resulting in a decline in sales to this customer.
- (II) Sharp, an associate of Hon Hai under the Listing Rules, offers electronic products including smartphones, home appliances, displays, and other Internet of Things (“IoT”) devices; it is also an ODM customer of the Group. In 2025, Sharp strengthened its smartphone portfolio with mid-range models featuring enhanced AI capabilities and expanded its product range with devices such as “Pocket WiFi 5G”, extending presence beyond mobile phones.

While these new customers are onboarded, there is a period required before we see their full impact on our top-line growth. In the meantime, the Group continues to optimise its capabilities to meet customer needs. Customer-focused factories in different countries remain flexible and adaptable, and can be reconfigured to accommodate product requirements and volume fluctuations.

Key Relationships with Suppliers

The Group maintains critical partnerships with 1,175 global suppliers, including Hon Hai Technology Group, to ensure operational resilience. Vendors of chipsets, memory, and display modules are subject to a rigorous evaluation and qualification process, with their performance measured by the TQSCE (Technology, Quality, Supply, Cost, and ESG) framework to ensure supply stability and price competitiveness. Currently, the top five suppliers account for 47.2% of total purchases, providing significant bulk purchasing power and liability mitigation. This strategy is essential as market fluctuations continue to impact material costs and supply in the memory and the semiconductor.

Since the beginning of 2025, the electronics industry has grappled with fresh disruptions from geopolitical events, including ongoing conflicts in Eastern Europe and the Middle East, alongside reciprocal tariffs between the U.S., China, and the EU. These tensions have forced a strategic pivot, including manufacturers diversifying supply chains and prioritising security over pure cost-efficiency, global “long chains” being adjusted into secure “local short chains” to mitigate risks posed by trade restrictions, and the availability of rare earth elements remaining constrained due to trade restrictions, driving the industry toward alternative materials and recycling methods.

International trade policies and localisation trends are continuously, fundamentally reshaping the global automotive supply chain, shifting it from a traditional globalised model toward a regionalised and fragmented structure. This transformation is driven primarily by geopolitical tensions, high tariffs, and the transition to electric vehicles (EVs). All aiming toward a robust and resilient regional/local supply chain. To bypass trade walls and reduce logistics costs, automakers are aggressively moving production closer to their end markets.

The defining material challenge of 2025 is the unprecedented DRAM and NAND Flash shortage. The most significant impact of AI on pricing stems from major manufacturers (Samsung, SK Hynix, and Micron) reallocating wafer capacity away from standard commodity DRAM to High-Bandwidth Memory (HBM). By the fourth quarter of 2025, contract prices for 16Gb DDR5 chips rose nearly 200% compared to mid-2025 levels. Overall DRAM average selling prices (ASPs) climbed approximately 50% in 2025. Also, memory now accounts for 15-25% of a smartphone’s Bill of Materials (BOM), up from the historical 10-15%. This has driven brands to adjust the production of low-tier models that could have delivered negative profit margins.

The supply chain outlook for the 1H 2026 is characterised by adjustment and downside risk. The industry exhibits a “survival of the fittest” dynamic where large brands with locked-in long-term contracts maintain market share, while smaller brands encounter severe resource acquisition difficulties. DRAM and NAND Flash prices are forecasted to rise by another 40-50% in the 1H 2026 due to persistent shortages, as new fabrication plants from key suppliers like SK Hynix and Micron are not expected to be fully operational until 2027-2028.

In addition, the surge in AI demand is the primary driver behind the 2025 DRAM pricing “supercycle”, as it has created a structural imbalance between supply and demand. The impact is characterised by a massive reallocation of manufacturing resources and unprecedented price hikes across all consumer electronics sectors.

Key Relationships with Employees

The Group regards its workforce as fundamental to sustainable value creation. Our human capital strategy combines internal talent development with targeted external recruitment to strengthen institutional capabilities. Given the technical complexity of our products and manufacturing processes, we continue to optimise both the quality and scale of our professional workforce to sustain market leadership and competitiveness.

Operating across multiple geographies, the Group is committed to attracting and retaining top-tier talent. We provide fair employment practices, competitive remuneration, and a high-performance work environment, supported by comprehensive training, job rotation, and work enrichment initiatives. Our diversified business portfolio offers employees broad career development and promotion opportunities.

The Group emphasises career planning and continuous learning through internal and external training programs, supported by a digitised learning platform. Knowledge sharing and internal-led technical training promote skills transfer and a culture of continuous improvement. Strategic workforce planning integrates recruitment, development, and localised retention initiatives, with full regulatory compliance and strong labour relations. Transparent multi-channel communication and a robust Code of Conduct underpin integrity, accountability, and long-term sustainability.

During the year, the Group implemented operational restructuring to align capacity with evolving product portfolios and demand. Measures included rationalising underperforming operations, divesting idle assets, streamlining headcount, and reorganising management structures. Throughout this transition, the Group maintained transparent communication to preserve employee confidence, engagement, and organisational stability.

China: Workforce size was reduced following restructuring, with continued focus on retaining key talent and improving operational efficiency.

Vietnam: Fushan Technology (Vietnam) Limited Liability Company (“**Fushan**”) expanded production capacity and diversified its customer base while scaling recruitment through digital and institutional channels. Workforce growth was supported by structured technical and leadership training via digital platforms, focusing on IATF, 6 Core Tools, and Lean Six Sigma. A transparent, merit-based career framework promotes internal mobility. Employee well-being initiatives include enhanced healthcare, engagement programs, and structured feedback mechanisms. ESG and community initiatives included blood donation drives, charity support, and flood relief efforts, earning recognition from Bac Ninh Province.

Republic of India (“**India**”): Bharat FIH Limited advanced its strategic shift toward higher-value business segments through workforce realignment and targeted talent acquisition for growth areas such as fixture manufacturing and Onsite Support Services. Employee engagement was maintained through regular communication and cultural initiatives.

As of 31 December 2025, the Group employed 32,142 staff (31 December 2024: 31,568). Total staff costs amounted to approximately US\$256 million (2024: US\$269 million). The Group maintains a competitive, merit-based remuneration framework aligned with market benchmarks and individual performance. Talent retention remains a strategic priority, supported by performance-linked incentives, long-term rewards, and diversified career pathways across business lines.

Review of Results and Operations

Financial Performance

Financial KPIs — Key performance indicators include year-on-year changes in sales, gross margin, net margin, and return on equity. Peer analysis is complex due to differences in corporate history, strategies, business models, customer bases, market dynamics, organisational culture, leadership, risk appetite, shareholder structures, and revenue streams. Additional factors such as product offerings, operational scale, market positioning, geographical presence, ESG compliance, tax incentives, core competencies, R&D, asset utilisation, cash flow, and regulatory environments further complicate direct comparisons, making consolidated group-level analysis challenging.

Profit and Loss Account — The global consumer electronics market in 2025 faced headwinds from a sluggish economy, evolving consumer demand, inflation, tariff volatility, FX uncertainty, rising component and logistics costs, U.S.–China trade tensions, and supply chain shifts to India and Vietnam. Regulatory requirements on sustainability and repairability also increased compliance costs, while manufacturers pursued premiumisation, AI-driven innovations, and advanced form factors.

The Group reported consolidated revenue of US\$6,657.7 million in the current period, up US\$954.8 million or 16.7% from US\$5,702.9 million in the prior-year period. Revenue growth was driven by increased shipments to a major customer and continued expansion in automotive electronics, manufacturing equipment, and robotics, alongside diversification and optimisation of the customer portfolio.

Net profit attributable to owners of the Company was US\$52.7 million, compared to a loss of US\$20.3 million last year. Improvement was driven by higher gross margins, enhanced operational efficiency, and effective cost and General and Administrative (“**G&A**”) management. In response to a competitive environment, the Group actively recruited talent, promoted ESG initiatives, optimised expenses and income tax, and managed operational risks, while continuing to invest in R&D, remain lean, and aligning workforce and operations with business needs.

Contributing factors include:

- (I) **Gross Profit** — The Group reported gross profit of US\$205.2 million in the current period, up US\$70.6 million from US\$134.6 million in the prior-year period. Gross margin increased to 3.08% from 2.36% last year. Margin improvement was driven by exiting high-risk and unprofitable businesses, strengthening engagement with existing customers, and expanding into higher-margin opportunities. Strategic diversification into higher-value sectors, including automotive electronics, and leveraging the Group's core competence, technological and operational capabilities also contributed. Operational efficiency measures, including site consolidation, automation initiatives, effective risk management, and workforce optimisation, further supported margin growth.
- (II) **Operating Expenses** — Operating expenses amounted to US\$150.8 million, up US\$8.5 million from US\$142.3 million last year. Year-on-year R&D expenses increased due to intensified development for new projects. Strategic investment in R&D continues to strengthen competitiveness and support sustainable growth, enabling higher-value solutions, new customer development, and market expansion and diversification. The increase was partially offset by the decrease in G&A expenses. Rightsizing and restructuring efforts streamlined operations, generating recurring annual savings and maintaining a lean cost structure. The Group continues to align resources with business needs by prioritising spending on strategic initiatives, reducing indirect labour, consolidating sites, and controlling G&A expenses. Low asset utilisation remains a challenge, and potential impairment or write-offs may be required.
- (III) **Other Income, Gains and Losses** — Other income, gains and losses were US\$52.8 million, down US\$38.5 million from the prior-year period, primarily due to a combination of factors affecting non-operating items.
 - (i) There was a decrease in foreign exchange gain by US\$14.1 million, amounting to a gain of US\$1.0 million for the current period, compared to a gain of US\$15.1 million for the same period last year. This is primarily due to the Federal Reserve System's continued interest rate hikes in 2024, which led to an appreciation of the U.S. dollar, resulting in a higher base for foreign exchange gains during the same period. In April 2025, the U.S. implemented higher tariff measures, triggering a broad depreciation of the U.S. dollar against almost all currencies. As the cost of hedging operations increased, foreign exchange gains declined compared to last year.
 - (ii) There was a decrease in interest income by US\$4.3 million, totalling US\$46.0 million for the current period, compared to US\$50.3 million for the same period last year. As a result of a decline of 50 basis points in the U.S. benchmark interest rate compared with the beginning of 2025, interest rates on U.S. dollar deposits decreased, although the benchmark rate remained at a relatively high level of 3.75%. The Group relocated funds to repay loans to save on interest expenses. On the other hand, ongoing interest rate cuts by the People's Bank of China (PBOC) have led to a decline in RMB deposit interest rates, contributing to a similar reduction in interest income. As a result, interest income for the current period is lower compared to the same period last year.
 - (iii) A decrease in government subsidies by US\$4.7 million, primarily from Chinese Mainland and India, during the current period.

- (IV) The “Expected Credit Loss” allowance decreased by US\$10.3 million, resulting in a reversal of US\$0.5 million for the current period, compared to a provision of US\$9.8 million last year. This was mainly due to effective receivables management, a reduction in overdue balances, and the recovery of a US\$5.9 million other receivable fully provided for in 2024. The Group will continue to monitor customers’ financial conditions and cash flows, assessing credit risk to ensure adequate expected credit loss allowances are recognised, reflecting both actual and potential collection risks.
- (V) Interest expenses have decreased by US\$32.8 million to US\$24.8 million for the current period, compared to US\$57.6 million for the same period last year. The decrease is due to the Group’s efforts to reduce its U.S. dollar borrowings.
- (VI) There was a year-on-year decrease in the share of profit from the Group’s associates and a decrease in the share of loss from the Group’s joint venture, both accounted for using the equity method. In the current period, the Group recorded a share of profit of US\$7.5 million from associates and a share of loss of US\$3.7 million from the joint venture, compared to US\$9.1 million profit and US\$3.8 million loss last year. One associate’s performance deteriorated amid a South Korean macroeconomic downturn, leading to a full write-off of the investment and an impairment loss of US\$1.3 million was recorded during the current period. The joint venture recorded a loss mainly due to restructuring charges and asset write-offs from closing operations in China and India, with challenging conditions expected to persist in 2026, pressuring margins and operations.
- (VII) Income tax expense during the current period was US\$28.4 million, compared to US\$25.7 million for the same period last year. In 2025, the Group recognised US\$10.1 million in income tax for withholding tax on dividends declared in Chinese Mainland, and US\$2.0 million for top-up tax under Pillar Two Rules.

The Group continues to face headwinds from potential U.S. tariffs, slower industry growth, rising production costs, margin pressure, intensified competition, shortage of memories weak demand, and market saturation. Geopolitical complexity and supply chain realignments add further uncertainty. The handset market in 2025 remains challenging, with companies focusing on cost efficiency, innovation, diversification, and inventory management. As a result, past and current results may not reliably indicate future performance.

In response, the Group remains lean and asset-light, pursuing higher-margin industries, building international partnerships, discontinuing unprofitable operations, restructuring underperforming segments, controlling expenses and borrowings, suspending non-essential capital expenditures, and managing headcount. Based on preliminary review of unaudited management accounts, the Group expects that: (a) financial resources and working capital remain sufficient for ongoing operations and capital commitments; (b) funds are adequate for working capital and capital expenditure requirements over the next 18 months; and (c) no significant events are expected to materially affect its ability to meet financial obligations or debt covenants.

Equity and Other Comprehensive Income

Equity increased by US\$58 million to US\$1,522 million as at 31 December 2025, from US\$1,464 million last year. This was primarily driven by net profit after tax of US\$54 million and other comprehensive income of US\$5 million, partly offset by net of share repurchases and equity-settled share-based payments of US\$1 million. Other comprehensive income included a US\$24 million gain from foreign currency translation (mainly from TWD, RMB, INR and Mexican Peso) and US\$20 million fair value losses on equity instruments measured at Fair Value Through Other Comprehensive Income (“**FVTOCI**”).

Return on Equity (“**ROE**”) improved to 3.6% from -1.4% last year, reflecting the return to profitability. Basic profit per share was US6.7 cents.

Dividends

The Company has adopted the following dividend policy to enhance transparency and support shareholders and potential investors in making informed decisions. The policy does not stipulate a fixed dividend distribution ratio. The form, frequency, and amount of dividends declared each year — as well as the payout ratio — will depend on various factors, including the Group’s financial performance, cash flow position, future expansion and growth plans, capital expenditures, capital structure, U.S. tariff risk, prevailing economic and market conditions, business outlook and strategy, and other considerations as determined by the Board from time to time. While performance has begun to improve since the second half of last year, the Group remains committed to maintaining a healthy cash position, reducing external borrowings and upholding a robust capital structure, while closely monitoring the evolving environment. The dividend will be approved at the annual general meeting after thorough discussion of the Board and compliance with relevant requirements of the dividend policy. Compliant with the conditions under the dividend policy, the Board will consider distribution of dividends as shareholder returns alongside long-term sustainability of the Group. The dividend approach will be reviewed according to overall performance and strategic priorities.

The Board has resolved to recommend the payment of a Final Dividend of US3.47 cents per share of the Company (which in aggregate amounts to approximately US\$27.1 million) (2024: nil) for the year ended 31 December 2025, subject to the approval of the Shareholders at the AGM. The decision by the Board was made in accordance with the dividend policy of the Company. Such proposed Final Dividend is expected to be payable on Wednesday, 15 July 2026 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 17 June 2026.

The 8,181,814 Treasury Shares held by the Company as of the date of this announcement are not entitled to receive any dividends or distributions. As at the date of this announcement, there is no repurchased shares pending cancellation held by the Company.

For any Treasury Shares of the Company deposited with Central Clearing and Settlement System (“**CCASS**”) pending resale on the Stock Exchange, the Company shall, upon approval by the Board, implement the below interim measures which include (without limitation):

- (i) procuring its broker not to give any instructions to Hong Kong Securities Clearing Company Limited (“**HKSCC**”) to vote at general meetings for the Treasury Shares deposited with CCASS;

- (ii) in the case of dividends or distributions (if any and where applicable), withdrawing the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the relevant record date for the dividend or distributions; and
- (iii) taking any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

For the avoidance of doubt, as at the date of this announcement, all of the 8,181,814 Treasury Shares are held in the Company's own name and none are deposited with CCASS.

Diversification

Over the past few years, the Group has actively diversified its business beyond smartphones to broaden its customer base and product portfolio. By leveraging its core competencies in communication technology, the Group has strategically realigned resources toward the three main business categories: smart manufacturing, automotive electronics, and manufacturing equipment/robotics. This strategic transition has proven highly effective, evidenced by revenue growth recovery, improved financial results, successful client acquisition, and the continuous delivery of innovative solutions.

To reinforce its supply chain resilience, the Group is simultaneously diversifying its global footprint. By maintaining strategically located facilities across Chinese Mainland, India, Vietnam, Taiwan, Mexico, and the U.S., the Group leverages specific geographical advantages to maximise operational efficiency and production value for its global clients.

Geographical Segments

The Group determines its operating segments based on management-reviewed reports for resource allocation and performance assessment. In 2025, the global smartphone market experienced slower growth, margin pressure, and intensified competition. The Group operates through three geographical segments – Asia, Europe, and the Americas – reflecting customer location, market conditions, demand patterns, cost structures, and operational considerations. Segment profit represents gross profit plus service income and certain gains/losses, after deducting selling expenses and expected credit loss impairments.

Industry growth remains modest, driven by replacement demand, while rising production and compliance costs create margin pressure. Price-sensitive consumers in mature markets may delay upgrades or shift to lower-cost models, and regional competitors intensify pricing pressures. To mitigate risks, the Group has diversified its manufacturing footprint across India, Vietnam, and Mexico.

In recent years, the Group has continued to allocate resources toward geographic diversification and the expansion of its customer base and product portfolio beyond legacy mobile phone solutions. Strategic focus has been placed on higher-margin sectors, including automotive electronics, particularly in the European market. In 2025, sales in the Asia segment declined due to the discontinuation of low-margin businesses, changes in customer outsourcing strategies, and intense local competition, although margins improved slightly. Sales contributions from Europe and the Americas increased, reflecting the Group's resource allocation to higher-margin sectors, including automotive electronics, and the development of new customer relationships across broader electronic product portfolios in Europe and other regions. These initiatives enhanced revenue resilience and reduced reliance on any single market.

Asia Segment

The Group's Asia segment comprises its principal regional markets – Chinese Mainland, Taiwan, and India – all of which faced challenges during the period. Revenue for the Asia segment in the current period amounted to US\$2,363.0 million, representing a decrease of US\$234.5 million, or 9.0%, from US\$2,597.5 million in the same period last year. The decline was mainly attributable to the India and Taiwan sub-segments. The transaction with a major customer was terminated in September 2024, and sales to an India telecom operator declined. In addition, sales to Hon Hai also decreased.

In spite of decline in revenue, the segment reported a profit of US\$43.4 million, compared with a profit of US\$38.6 million in the same period last year. This is because the profit margin showed a slight improvement, primarily due to the termination of low-margin domestic businesses in China and India, which helped offset the negative impact of reduced shipment volumes.

China

Prolonged replacement cycles, a maturing market, and slower 5G upgrades continued to constrain volume growth. Customers adopted more conservative procurement and inventory strategies, while competition from cost-efficient local players reduced order visibility and pressured margins. In response, the Group rationalised its portfolio by discontinuing low-margin activities and focusing on a healthier mix of products, customers, and revenue streams. Sales to Chinese domestic brands declined further. Despite the government's "trade-in" subsidy program launched in the first half of the year to stimulate consumption, demand remained weak. In particular, a major customer transitioned its production to new manufacturing partners in Chinese Mainland and India in 2024 and is no longer regarded as a key customer of the Group.

Regarding Sharp phone manufacturing in Japan, Sharp faces strong competition from global and Chinese brands in a saturated market with rapidly changing consumer preferences. As a strategic partner, the Group supported Sharp through competitive ODM production and robust New Product Introduction ("NPI") and automation capabilities. However, due to the persistent shortage of key memory components, sales to this business recorded a year-on-year decline, despite the operational efficiencies achieved.

The Group also continued providing consumer electronics manufacturing services to Hon Hai. Amid a volatile macroeconomic environment and weaker end-market demand, a U.S.-based Hon Hai customer (e-readers and smart speakers) tightened procurement and budgets. Industry competition intensified as peers expanded capabilities and invested in new technologies, while some new-generation products faced component constraints and reduced promotional support. Consequently, the segment experienced margin pressure and a year-on-year sales decline.

India

India continues to see a decline in sales as the Group has decided to exit the poor margin business and the drop in domestic demand for 5G implementation, has led to further decline in domestic sales. The Group has been scouting for U.S. brands with higher margins, as competing with local EMS players with low margin brands/products will continue to erode the bottom line. The groups factories in Vietnam and India provide some insulation from the U.S. tariff war.

The decline in demand in the Asia segment has directly affected asset and capacity utilisation, necessitating ongoing efficiency enhancements, site consolidation, and asset disposals to maintain a lean and asset-light structure. During the period, the Group continued to assess the need to right-size indirect labour. The external environment remains challenging and may continue to affect the performance and recovery of the Asia segment.

Europe Segment

The Europe segment recorded revenue of US\$1,936.2 million in the current period, up US\$761.6 million, or 64.8%, from US\$1,174.6 million last year, with profit rising to US\$67.3 million from US\$25.6 million. Growth was driven by higher demand from a major U.S.-based Internet customer in Europe, new automotive electronics clients, and other recently developed customers. Strong demand for ESL tags and concentrated purchase volumes for a data module customer were supported by the Group's NPI resources and automation capabilities, enabling rapid scaling while maintaining production quality.

The Group continues to accelerate its presence in the automotive electronics sector, supported by strong year-over-year sales growth in 2025. Building on more than 20 years of design experience in mobile devices and telecommunications products, the Group has strengthened its capabilities by applying these core technologies to a broad range of automotive electronic components and solutions. Our objective remains to provide global automotive OEMs with faster, more flexible, and higher-quality solutions than traditional vendors. Leveraging our antenna design expertise, we have demonstrated strong capabilities in TCU Telematics Box development by integrating traditionally dispersed antennas into compact Shark Fin or Conformal antennas. Our advanced thermal design ensures reliable performance in harsh environments, while our software integration expertise supports communication reliability and network security in modern vehicles.

In 2025, the Group made solid progress in expanding its automotive customer portfolio. In addition to maintaining stable mass production for an existing global automobile manufacturer, the Group secured several new customers with multiple projects underway, resulting in a more diversified customer base. This strong customer endorsement reflects the Group's design strength, engineering depth, and manufacturing excellence in automotive electronics.

America Segment

For the Americas segment, core businesses include selling phones manufactured in China and Vietnam to a major U.S.-based Internet customer, alongside after-market services. This customer's expansion strategy and enhanced smartphone product line drove stronger shipments across multiple markets despite industry headwinds. The Group maintains a long-term partnership, providing engineering and manufacturing support for premium smartphones. To mitigate regional concentration risks, it leverages geographic advantages and operational excellence.

The service business covers reverse logistics, repair, refurbishment, and manufacturing in the U.S. and Mexico, delivering integrated, end-to-end solutions across the product life cycle.

Revenue in the Americas segment reached US\$2,358.4 million, up US\$427.5 million, or 22.1%, from US\$1,930.9 million last year. Anticipating possible U.S. tariff increases on Chinese imports, some customers accelerated shipments in the first half of 2025, pulling forward orders. The 90-day pause on smartphone tariffs boosted short-term demand as customers prepared for potential cost increases. Consequently, sales momentum rose in the first half and peaked in the third quarter, the Group's seasonal high.

The Group has upgraded its Mexico site to meet rising demand and capitalise on the USMCA (United States-Mexico-Canada Agreement) free trade agreement. It is scaling capacity for "Made in America" solutions and targeting opportunities in medical and automotive sectors, with Mexico pursuing IATF 16949 certification for automotive devices and the Dallas site ISO 13485 for medical devices, enabling end-to-end solutions for these industries.

As a result of the sales growth and cost control, segment profit rose to US\$88.3 million, up from US\$55.3 million for the same period last year. Due to abovementioned favourable factors, the performance of the America segment had a positive impact on the Group's sales performance during current period. The Group will closely monitor the future development of this segment and assess the impact of this segment on the Group's overall performance and cash flow.

For more details, please refer to note 2 of "Revenue and Segment Information" to the consolidated financial statements.

Investments

The Company has formulated and adopted the Delegation of Authority of the Board on 13 December 2012 as amended and supplemented from time to time by the Board (the "**Board's Delegation**"), among which, the Board has delegated any two executive Directors of the Company to approve any transactions which do not constitute notifiable and/or connected transactions of the Company or are otherwise required to be disclosed under the Listing Rules.

The investments mentioned below had been duly reviewed, confirmed and approved by the executive Directors of the Company pursuant to the Board's Delegation.

On the basis that the value of each of the investments mentioned below as of 31 December 2025 was less than 5% of the Group's total assets as at 31 December 2025, the Company does not consider any such investment as a significant investment for the purposes of the Listing Rules.

Investments in Business relating to Nokia-branded Products

On 18 May 2016, the Group entered into an agreement with Microsoft Corporation (as seller) and HMD Global Oy ("**HMD**") (as other purchaser) to acquire certain assets of the Nokia-branded feature phone business then operated by Microsoft Corporation, comprising a manufacturing facility in Vietnam and certain other assets utilised in the conduct of such feature phone business, at a total consideration of US\$350 million (US\$20 million of which was payable by HMD).

In 2018, the Group made a cash investment of US\$61.9 million in HMD and purchased US\$38.3 million worth of HMD's convertible bonds in August 2020 which was deemed to be settled through outstanding receivables of an equivalent amount. The convertible bonds were subsequently fully converted and, together the Group holds approximately 14.38% of HMD's total issued shares.

With reference to the valuation carried out by independent professional valuers, the management assessed the fair value of the Group's investment in HMD as at 31 December 2025 and recognised a revaluation adjustment and impairment loss accordingly.

For exploring more opportunity and business, the Group has made significant development. On 31 December 2021, the Group has closed the deal and introduced Stellantis N.V. ("**Stellantis**"), world's number 4 leading automakers and mobility provider, to invest US\$40 million in Mobile Drive Group, which was automotive technology focused and wholly-owned by the Group. After closing, Mobile Drive Group has become a joint venture which is equally owned by the Group and Stellantis. The investment in Mobile Drive Group and the subsequent share of profits/losses of Mobile Drive Group will be accounted for by equity method in the Group's consolidated financial statements.

Leveraging the combined resources and industry experience, Mobile Drive Group focuses on the integration of software and hardware for smart cockpit and in-vehicle infotainment systems. The company possesses capabilities in vehicle-grade system development, mobile device ecosystem integration, and multimedia platform integration, supported by the application of AI in software-defined vehicle architectures, enabling it to deliver comprehensive in-vehicle solutions that meet the evolving requirements of global automotive OEMs. The Group continues to serve as a key strategic partner, providing support in hardware manufacturing and system integration.

Gengde electronics Co., Ltd. ("**Gengde**"), founded in 2009 in Chinese Mainland, specialises in design and processing of components and moulds for smartphones, laptops, and wearable devices, a key supplier for leading smartphone brands in Chinese Mainland. In 2015, the Group invested approximately US\$4 million in Gengde through equipment valuation. In 2025, Gengde recorded year-on-year revenue growth; however, net profit declined due to intensified competition within the consumer electronics supply chain in China. As of 31 December 2025, the Group holds a 23.87% stake on a fully diluted basis.

Kai Hong Energy Co. ("**Kai Hong**") is a green energy investment platform established in Taiwan in 2024 by CDIB Capital Group and Hon Hai. The primary investment targets are in the fields of solar energy, wind energy, and energy storage, aiming to assist enterprises in achieving net-zero carbon emission goals. The Group committed to investing US\$3.85 million in Kai Hong and completed the second capital injection in the second half of 2024. By stepping into the sustainable development of the green energy industry, the Group hopes to secure a stable supply of green electricity to achieve the RE100 (100% renewable electricity) goal in the coming years.

The Group also made certain investments in other companies designated as FVTOCI mainly in Chinese Mainland, India and U.S. in the past few years, aiming to enhance the Group's long-term competitiveness and technological capabilities.

Augentix Inc ("**Augentix**"), founded in 2014 in Taiwan, is a fabless multimedia System-on-Chip ("**SoC**") design company specialising in proprietary algorithms for intelligent vision applications, with products widely adopted across home IoT, professional IP cameras, and consumer surveillance by leading global brands. The Group invested around US\$0.7 million in Augentix by subscribing Augentix's convertible note which has been fully converted to common shares in November 2020. In 2025, Qualcomm acquired 100% of the equity interests of Augentix, allowing the Group to successfully exit its investment and no longer hold any equity interest in Augentix.

Xiaoqu Technology (“**Xiaoqu**”) is an AI-driven provider of intelligent control solutions for commercial building spaces, offering integrated hardware and SaaS-based systems to enable digital management of building environments. As of the end of 2025, the company’s solutions had been deployed across more than 500 large-scale commercial complexes nationwide, serving over 3,000 commercial clients, and generating total revenues of approximately RMB130 million, representing over 20% year-on-year growth. As of 31 December 2025, the Group holds a 9.50% stake on a fully diluted basis.

AceVector Limited (“**AceVector**”, formerly known as Snapdeal) is a digital commerce company. The Group invested approximately US\$200 million in AceVector in 2015. AceVector progressed its public listing preparation by filing a confidential Draft Red Herring Prospectus with the Securities and Exchange Board of India in July 2025, followed by the submission of an Updated Draft Red Herring Prospectus in December 2025. As of 31 December 2025, the Group held an approximately 3.80% equity interest in AceVector on a fully diluted basis.

Among the characteristics that the Group looks for in determining the attractiveness of investment candidates are complementary technology ancillary to and in support of the Group’s business operations and new business; favourable long-term growth prospects; and cultural fit with the Group.

As at 31 December 2025, the fair value of the Group’s equity investments designated as FVTOCI was US\$36.5 million, which represented 1.0% of the Group’s total assets.

Save as disclosed in this report, the Group had no significant investments, or material acquisition and disposal of subsidiaries, associates and joint ventures during the current period.

Compliance with Relevant Laws and Regulations

During the current period, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the Group, examples of which include those relating to employment, anti-bribery, environmental protection, foreign investment, taxation, import and export, foreign exchange control and currency conversion restrictions and repatriation controls on foreign earnings, and intellectual property in the principal jurisdictions in which the Group’s operations and investments are situated, and (as the shares of the Company have been listed and traded on the Stock Exchange) applicable requirements under the Listing Rules and the SFO.

The Group has been operating multi-nationally (coupled with investments) across its principal operating segments, namely Asia, America, and Europe. In particular, the Group’s legal structures and investment structures, funding arrangements, business models, supply chain, and general operations have been structured and optimised in a tax efficient, cost-effective, and robust manner, taking into account (among other things) commercial and financial considerations and applicable legal/regulatory requirements in the relevant jurisdictions. The Group’s major operating subsidiaries fall under different tax regimes in Chinese Mainland, Taiwan, India, Vietnam, Mexico, and the United States, where different tax laws, regulations, as well as specific concessionary incentives apply.

The Group takes into account relevant laws and regulations on global transfer pricing to ensure the efficiency and sustainability of its operating models and global tax footprint, as well as to maintain adequate tax risk management. During the current period, apart from the following, there were no major changes in applicable tax laws and regulations which have a significant impact on the Group's tax expenses, and the Group will continue to monitor possible impacts and implications arising from applicable new and/or revised tax laws and regulations. Also, the Group has been closely following the global and local level developments following the Base Erosion and Profit Shifting (“**BEPS**”) Action Plans of the Organisation for Economic Cooperation and Development (“**OECD**”). The Group is committed to duly comply with applicable laws and regulations introduced or updated in relation to the BEPS Action Plans, as well as fulfilling the relevant documentation requirements stipulated by the local transfer pricing rules, global minimum taxation rules under Pillar Two, and Country-by-Country Reporting (“**CbCR**”) obligations in the jurisdictions where the Group operates. The Group falls within the CbCR scope and the Pillar Two scope of the Company's ultimate controlling shareholder, Hon Hai, for such purposes. Of particular relevance under Pillar Two, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was enacted in Hong Kong on 6 June 2025 to implement the Global Anti-base Erosion (“**GloBE**”) rules and the Hong Kong Minimum Top-up Tax (“**HKMTT**”). The Income Inclusion Rule under the GloBE rules and the HKMTT have taken effect for fiscal years beginning on or after 1 January 2025.

During the current period, as advised by the relevant local legal and tax departments of the Group, the newly promulgated local laws and regulations applicable to the Group's operations in Chinese Mainland, India and Vietnam are highlighted and summarised below. These jurisdictions are considered, having regard to the scale of business and operations as well as the number of employees, factory units and office units, to have comparatively significant impacts on the Group's overall business and operations. The Group will also consider including Mexico and the relevant states within Mexico in future periods.

Chinese Mainland

The Chinese Mainland Value-Added Tax (“**VAT**”) Law and its Implementing Regulations took effect on 1 January 2026. Key changes include clearer definitions of taxable transactions, expanded electronic invoicing, separate VAT disclosure, options to retain or refund excess input VAT, and clarification of non-deductible input tax. The new regime may affect business operations, and the Group's Chinese Mainland subsidiaries will monitor detailed rules and adjust practices to ensure compliance.

The revised Chinese Mainland Company Law and related Regulations, effective from 1 July 2024, introduced significant changes to corporate governance, capital contribution, and management responsibilities. The Group's Chinese Mainland subsidiaries, including foreign-invested enterprises (“**FIEs**”), are required to update their governance structures and constitutional documents, which may increase compliance costs.

A compulsory company deregistration regime has been introduced, allowing authorities to deregister companies that fail to apply for deregistration for three years after license revocation or closure. The Group will regularly review and appropriately deregister dormant entities.

The Foreign Investment Law (“**FIL**”) and its Implementing Regulation remain in force. FIEs established before 30 June 2024 are subject to transition periods, while newly established FIEs must comply with updated capital contribution requirements. The Group continues to assess the impact of these laws and implement appropriate compliance measures.

India

The Digital Personal Data Protection (“**DPDP**”) Rules, 2025, operationalise the DPDP Act, 2023, with phased implementation over 12-18 months. The Group will align internal policies, focusing on the sharing and transfer of personal data across entities, and monitor industry practices.

Vietnam

Vietnam has implemented Global Minimum Tax rules under Resolution No. 107/2023/QH15 and Decree 236/2025/ND-CP, effective from fiscal year 2024. Large multinational enterprises with consolidated revenues of at least €750 million are subject to a 15% minimum tax and may be required to pay top-up tax if their effective tax rate is below this threshold. This may increase the Group’s tax burden in Vietnam.

The temporary reduction of VAT from 10% to 8% has been extended through 2026, allowing the Group’s Vietnamese subsidiaries and customers to continue benefiting from lower VAT costs. Meanwhile, Vietnam’s regional minimum wage will increase by approximately 7.2% from 1 January 2026, which may raise labour costs, although the overall impact is expected to be limited as current entry-level salaries already exceed the minimum wage.

Vietnam’s Personal Data Protection Law, effective 1 January 2026, introduces stricter requirements on data processing and cross-border data transfers, with penalties of up to 5% of prior-year revenue for serious violations. Enterprises must enhance data governance to ensure compliance.

In addition, Vietnam will restructure local administrative units in 2025, which may increase short-term compliance costs but is expected to improve administrative efficiency in the long term.

The Group will continue to monitor compliance with all these relevant laws and regulations on an on-going basis.

Share Consolidation

Pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 16 May 2025, the Share Consolidation on the basis of every ten (10) issued and unissued shares of a par value of US\$0.04 each in the then existing share capital of the Company be consolidated into one consolidated share of a par value of US\$0.40 each in the existing share capital of the Company became effective on 20 May 2025. For details, please refer to the Company’s announcements dated 10 April 2025 and 16 May 2025 and the Company’s circular dated 17 April 2025.

Change of the Board of Directors

The following changes are with effect from 31 October 2025:

1. Mr. CHIH Yu Yang has retired as an executive director, the chairman of the Board, the chairman of the corporate governance committee and the Authorized Representative of the Company; and
2. Mr. HUANG Ying Shih has been appointed as a non-executive director, the chairman of the Board, the chairman of the corporate governance committee and the Authorized Representative of the Company.

For details, please refer to the Company’s announcement dated 31 October 2025.

Liquidity and Financial Resources

The Group centrally manages its funding and treasury activities in accordance with corporate policies. The primary objectives are to ensure appropriate levels of liquidity, maintain adequate funds available for working capital or other investments at reasonable costs required to grow business growth, balance exposures to market risks, uncertainties, and volatilities. Additionally, the Group implements hedging strategies to mitigate foreign exchange risk. It also focuses on reducing external borrowings to lower interest expenses, preserving a healthy capital structure, staying updated on, and ensure compliance with financial reporting standards.

As at 31 December 2025, the Group had a cash balance of US\$1,007 million (31 December 2024: US\$1,516 million) and bank deposits of US\$346 million (31 December 2024: US\$169 million). Free cash flow, representing the net cash from operating activities of US\$108 million (31 December 2024: net cash from operating activities of US\$362 million) minus capital expenditure of US\$187 million (31 December 2024: US\$125 million), was US\$79 million outflows (31 December 2024: US\$237 million inflows). The Group possesses ample cash to finance its operations and investments. The Group's gearing ratio, calculated as a percentage of interest-bearing external borrowings of US\$108 million (31 December 2024: US\$341 million) over total assets of US\$3,744 million (31 December 2024: US\$3,822 million), stood at 2.9% (31 December 2024: 8.9%). All external borrowings were denominated in USD (31 December 2024: USD). The Group borrowed as per actual demand, with no committed bank borrowing facilities and no seasonality of borrowing requirements. To reduce our bank loans and thereby lower interest expenses, we will increase engagement in global cash management. This involves repatriating funds from subsidiaries without new investment plans back to the parent company. Before repatriating profits from Chinese or overseas subsidiaries, the Group will comply with the applicable local laws and pay the required taxes. The outstanding interest-bearing external borrowings were all at a fixed rate ranging from 4.06% to 4.12% (31 December 2024: fixed rate ranging from 4.90% to 5.15%) per annum, with an original maturity of one to two months (31 December 2024: one month). As at 31 December 2025, the Group's cash and cash equivalents were predominantly held in USD, RMB and INR (31 December 2024: USD, RMB and INR).

Net cash from operating activities during the current period totalled US\$108 million. Net cash used in investing activities during the current period was US\$361 million, of which, mainly comprising, US\$187 million in the expenditures on property, plant and equipment related to the facilities at the Group's major sites in Chinese Mainland, Vietnam and India; US\$184 million in net cash outflow to bank deposits; US\$0.6 million for the purchase of equity instruments at fair value through other comprehensive income (FVTOCI), US\$9 million in proceeds from the disposal of property, plant and equipment and US\$1 million in proceeds from disposal of equity instruments at FVTOCI. Net cash used in financing activities during the current period was US\$277 million, primarily due to a net decrease in bank borrowings of US\$233.1 million, payments for the repurchase of ordinary shares amounting to US\$14.9 million, interest paid on bank borrowings of US\$25.3 million, and repayment of lease liabilities and interest on lease liabilities totalling US\$3.5 million.

Exposures to Currency Risks and Related Hedges

As the U.S. Federal Reserve continues to raise interest rates to curb inflationary pressures, the U.S. inflation rate has now approached its target level. However, given market expectations that the Federal Reserve will cut rates in 2026, the U.S. Dollar Index has entered a downward trend. To mitigate foreign exchange risks, the Group actively employs both natural hedging technique and financial methods to manage its foreign currency exposures. This includes entering into short-term forward foreign exchange contracts (usually with tenors of less than four months) from time to time to hedge against the currency risks arising from its operations and investments denominated in foreign currencies.

Capital Commitments

As at 31 December 2025, the capital commitments of the Group were US\$47 million (31 December 2024: US\$22 million). Typically, the capital commitments were funded by cash generated from operations.

Pledge/Charge of Assets

There was no pledge nor charge on the Group's assets as at 31 December 2025 and 31 December 2024.

Contingent Liability

There was no material contingent liability for the Group as at 31 December 2025 and 31 December 2024.

Donations

For the six months ended 31 December 2025, the Group made donations for charitable or other purposes to a total amount of approximately US\$10,100 (31 December 2024: approximately US\$8,600).

Outlook and Industry Dynamics

Industry Dynamics

Macroeconomic Headwinds

The global economic landscape for 2026 is characterised by persistent macroeconomic uncertainty, evolving trade policies, and fiscal pressures. According to United Nations' World Economic Situation and Prospects published in January 2026, global growth is projected at 2.7%, remaining below the 3.2% pre-pandemic benchmark. While ongoing disinflation and monetary easing are expected to reduce financing costs and bolster domestic demand, heightened policy volatility continues to dampen business and consumer sentiment.

In 2025, the ODM/OEM/EMS industry faced geopolitical and supply chain turmoil. While U.S. tariff uncertainties drove early revenue growth through strong pull-in momentum, the latter half of the year was disrupted by severe DRAM and NAND shortages fuelled by high AI demand. These supply constraints and surging component prices forced OEMs, particularly in the margin-sensitive low-end market, to adjust pricing or product specifications.

Simultaneously, the industry continues its digital transformation processes. Smart manufacturing, powered by AI, robotics, and IoT, has revolutionised operational efficiency and flexibility. However, high implementation costs, talent shortages, and cybersecurity risks remain persistent obstacles. Furthermore, the push for sustainability and green manufacturing requires the industry to adopt renewable energy and circular practices, though adoption is often tempered by regulatory pressures and supply chain complexities.

In response, the Group has implemented a comprehensive strategy to maintain its competitive edge. By accelerating AI integration and developing advanced industrial robotics, the Group continues to enhance production efficiency and factory intelligence. Its strategic global footprint effectively mitigates geopolitical risks, while stringent cost management and real-time economic monitoring ensure operational resilience. Committed to sustainability, the Group continues to expand investments in green technologies, delivering energy-efficient solutions that reduce both operational costs and carbon emissions for its customers.

Business Related Market Outlook

Smartphone Market Outlook

According to the International Data Corporation (“**IDC**”) report published in January 2026, global smartphone shipments in 2025 increased by 1.9% year-over-year to 1.26 billion units. This growth was largely supported by a 2.3% surge in the fourth quarter of 2025, primarily driven by demand for premium and foldable devices and accelerated pull-in demand as consumers anticipated upcoming price hike. As for 2026 forecast, the IDC report revealed in February 2026, global smartphone shipments are now expected to drop by 12.9% year-over-year to 1.12 billion units. This marks the third downward revision from the 1.2% growth forecast issued in August 2025. The revision reflects a combination of product cycle adjustments and escalating component costs within the memory supply chain, with the low end Android market expected to be the most heavily impacted. Furthermore, IDC’s Research Director noted that the memory crisis is unlikely to result in merely one year decline. Instead, it may fundamentally reshape the industry’s long-term total addressable market, influencing both the competitive vendor landscape and overall product mix. To mitigate these impacts, the Group has proactively optimised its supply chain management by implementing strategic inventory buffering and enhancing demand forecasting. By fostering closer collaborations with key upstream suppliers, we ensure a stable supply of critical components to meet customer delivery schedules.

Automotive Electronics Market Outlook

The automotive industry is rapidly pivoting toward electrification, software-defined vehicles (SDVs), and broader AI adoption. According to the McKinsey Center for Future Mobility, the automotive software and electronics market is projected to reach US\$519 billion by 2035, growing at a 4.5% CAGR. This transition necessitates a shift toward zonal and centralised computing architectures to support scalable features like Over-The-Air (“**OTA**”) updates and generative AI integration.

Leveraging the Group’s core competencies in independent design and system integration, it has expanded its portfolio to include TCUs, IVI systems, and AI-enabled ADAS, etc. Notably, the Group’s High-Performance Computing (HPC) solutions integrates flagship SoCs for both Smart Cockpit and ADAS into a single robust unit, playing a vital role in advancing automakers’ SDV strategy. This centralised approach significantly reduces system complexity while enhancing data processing efficiency.

Despite the above-mentioned highly favourable trends, the industry still faces headwinds from policy shifts and supply chain volatility including EU’s eased 2035 combustion engine ban and DRAM shortages driven by AI prioritisation are expected to continue impacting global automakers through 2026.

Robotics Market Outlook

The global robotics industry is entering a new phase of structural growth, driven by persistent labour shortages, increasing operational complexity, and rapid advancements in AI. According to the International Federation of Robotics, global industrial robot installations continue to expand, while the adoption of service robotics is accelerating across logistics, healthcare, and commercial applications.

Against this backdrop, the Group's robotics development strategy focuses on application-driven system integration rather than isolated components, which has supported customers in establishing tailor-made automated production lines, several of which entered mass production earlier this year.

Beyond manufacturing applications, the Group has developed an AI-enabled robotic sorting solution designed to replace labor-intensive manual processes. In recent proof-of-concept trials with a leading recycling operator in North America, the solution demonstrated sorting accuracy exceeding 90%, and has since been deployed at multiple recycling sites in the United States.

Risk and opportunities in 2026

Macroeconomic Risk Factors

- (I) The Group's success depends on its customers; however, its customers' outsourcing strategies continue to change in response to the general economy, government policy and end consumer demand. The combination of component shortages and product cycle adjustments have dampened consumer spending, affecting demand for consumer electronic goods, particularly for mobile phones, a market that is already saturated.
- (II) The geopolitical landscape remains fraught with tensions that continue to impact global trade. Ongoing disputes between major economies and escalating regional and global conflicts are reshaping international relations and business environments. The Russia-Ukraine conflict, U.S.-China tensions, and the escalating conflicts in the Middle East, all have influenced and continue to impact global trade, energy supplies and investor confidence. The sanctions, trade barriers, and shifts in global alliances also push supply chain issues and further strain global markets. These factors are destabilising economies, influencing supply chains, and reducing consumer purchasing power thereby dampening overall demand and adding a layer of uncertainty to market dynamics.

Industry-Specific Risk Factors

- (I) Mobile phones have become increasingly commoditised and specifications more standardised. Lower technological and operational entry barriers have led to a growing number of global and regional ODM/OEM players entering the contract manufacturing market. At the same time, the number of major brand customers has continued to consolidate. These structural changes have intensified market competition, resulted in surplus production capacity across the industry, and weakened manufacturers' bargaining power with customers. Consequently, persistent pricing pressure has been sustained, leading to significant gross margin erosion for the Group.
- (II) The sales recovery of the Group has been constrained by already challenging smartphone market conditions, which have been exacerbated by memory supply constraints arising from a combination of component shortages and product cycle adjustments, as well as extended phone replacement cycles, and the incremental upgrades in hardware and features that make differentiation harder, thereby intensifying competition. As a result, competitive pressure has intensified further, limiting both volume growth and pricing flexibility.
- (III) Coupled with these challenges, the automotive industry segment is encountering significant headwinds, driven by the aggressive price competition and advancement in EV from Chinese brands. Chinese government support and cost-effective production have led to market oversupply and intense pricing pressure and this dynamic has not only constrained the Group's potential for growth and profitability but also presents a considerable risk of margin compression.

Customer Related Risk Factors

- (I) Some customers may insource previously outsourced production or reallocate future orders to optimise internal capacity and reduce costs. The increasing frequency of such shifts — whether through insourcing, diversion of business to competitors, or intensified pricing negotiations — may result in reduced sales volumes and necessitate further restructuring or organisational streamlining. In a market characterised by excess manufacturing capacity, subdued and shrinking demand, and heightened competition, maintaining bargaining power with key customers remains challenging. Moreover, aggressive pricing competition from peers, particularly in Chinese Mainland and India, continues to compress margins and limit revenue growth potential. These dynamics pose ongoing risks to the Group's profitability, market share, and operational stability.
- (II) Customer concentration poses risks, as the Group strategically works to improve its customer portfolio, the Group lost customers. Those changes led its factories to become increasingly underutilised, and the Group has already been consolidating the sites.

The Group is actively developing new customers and products, diversifying beyond mobile phones into new areas with strong growth potential. However, building relationships with new customers carries inherent risks, as their untested products may fail to gain market acceptance, potentially affecting demand forecasting and inventory planning. Furthermore, many emerging technology fields are often driven by startups, whose financial conditions may present credit risks. The Group closely monitors credit exposure, payment delays, and potential default risks to mitigate these challenges.

- (III) Due to its own capacity planning, Hon Hai may adjust its outsourcing strategy, insource operations, and reduce or even terminate its business with the Group.

Other Risk Factors

- (I) Regarding cyber risk, the Group has established an information and cybersecurity policy to protect financial data and business information. Employees must follow the IT department's handbook to manage cybersecurity risks and maintain proper network controls. The IT department has also implemented procedures for immediate response in the event of a cyber-attack. All computer servers operate within an intranet protected by a redundant firewall architecture. A Global Security Operations Centre continuously monitors the network for potential threats, and the IT department issues monthly reports on cyber incidents. Additionally, a disaster recovery plan is in place to ensure rapid, effective response, minimise impact, and maintain business continuity.
- (II) The Group continues to face financial impacts from underutilised and unutilised assets. As part of ongoing rightsizing and restructuring, it is implementing site consolidation and potential asset disposals to improve utilisation, cost efficiency, and overall financial health.
- (III) Market, legal, regulatory, and tax changes, including dividend withholding requirements, may affect the Group. Dividends are remitted to parent companies in compliance with applicable tax regulations, with relevant withholding taxes settled accordingly.
- (IV) A significant amount of dividend withholding tax will be incurred when a substantial dividend is distributed from a tax jurisdiction.
- (V) Pillar Two is part of the OECD's BEPS 2.0 project, which aims to ensure that multinational enterprises are subject to a minimum tax rate of 15% per jurisdiction regardless of where they operate. In respect of the year ended 31 December 2024, Pillar Two legislation was effective in certain jurisdictions in which the Group operates, such as Vietnam, and the current income tax exposure was assessed to be immaterial.

From 1 January 2025 and onwards, several other jurisdictions in which the Group operates have also effected the Pillar Two legislation, including Hong Kong. The implementation of Hong Kong Minimum Top-up Tax and Income Inclusion Rule (“**IIR**”) in Hong Kong has brought the entire Group under Pillar Two. The Pillar Two effective tax rate and top-up tax are calculated on a jurisdictional basis for the entire group (i.e. the Hon Hai Technology Group) that are either subject to Qualified Domestic Minimum Top-up Tax or the IIR under Hong Kong. However, if there is any potential top-up tax for the entire Hon Hai Technology Group, it is possible that the Hon Hai Technology Group may further allocate or recharge the relevant tax to the respective entities that contribute to the top-up tax. The Group has made the necessary Pillar Two current tax provision for the current period, and would continue to actively monitor, analyse and assess the impact brought about by Pillar Two.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Opportunities

With all the efforts implemented in recent years, in the year of 2025, the Group witnessed promising business progress in smart manufacturing, automotive electronics, and manufacturing equipment/robotics business categories. Beyond the successful mass production and shipment of the TCU, the Group has expanded its portfolio of automotive solutions to include cutting-edge products such as smart cockpit, ZCU, HPC, and been in discussion with existing and new automotive brand customers.

The AI expertise and automation technology the Group has developed over decades of manufacturing experience will provide a competitive advantage as it expands into other industries. Furthermore, the Group continued to advance its LEO (Low Earth Orbit) UT (User Terminal) efforts by expanding into Ka-band UT development based on its existing Ku-band UT capabilities and conducting field trials to validate product reliability and stability. Building on the recent significant achievements across its three business categories, the Group is committed to further leveraging manufacturing expertise, hardware/software integration, automation, AI and communication technology to enhance its customer base and expand our market share.

1H 2026 Outlook

In the dynamic and competitive business environment of 2025, the Group, supported by the Board and management, has re-evaluated its core strengths and implemented a series of strategic initiatives. These include product and customer diversification, proactive optimisation of the customer portfolio, continuous investment in R&D capabilities, and enhancements to business operations and operational efficiency. Such initiatives are designed to maintain a lean operating structure, reduce general and administrative expenses, and improve margin performance and the overall quality of earnings. The factors set out in the “Discussion and Analysis” section above are expected to continue to have an impact on the Group’s performance in the 1H 2026.

Management notes early internal operational indicators, the Group observes improvements in gross margin parameters following the proactive exit from unprofitable or low-margin businesses and the optimisation of its customer portfolio, ongoing operating expense control, site consolidation and efficiency improvements, though the exit from low-margin activities and site consolidation may involve non-recurring costs and operational transition risks that could partially offset near-term benefits. The magnitude and materiality of such improvements remain under assessment. Management currently expects year-on-year improvement may be achievable in the 1H 2026, subject to market demand, component supply, tariff developments, and other risk factors described below.

From a business development perspective, the Group has actively expanded into growth areas such as automotive electronics, manufacturing equipment/robotics, and next-generation communication technologies. In response to the rapid advancement of AI, the Group is strategically focusing on the development of Edge AI devices, leveraging its extensive expertise and deep understanding of mobile devices and automotive electronics. It continues to invest in both mid- and long-term technology advancement, automation capacity to meet customer demand, and overseas production to mitigate U.S. tariff risks. Additionally, efforts to develop new customers across industries are helping diversify both its product and customer base. R&D investment will be strategically allocated in alignment with the Group’s medium- to long-term development priorities, with balanced focus on both time horizons. Taken together, these initiatives are expected to yield positive outcomes in the coming years, including continued improvements in the Group’s operational and financial performance.

In the meantime, pursuant to applicable disclosure requirements laid down by the Taiwan Stock Exchange Corporation, Hon Hai is required to disclose in due course (which is currently expected to be in or about May 2026) certain unaudited consolidated financial information of the Group for the first three months ending March 2026, and upon such disclosure in Taiwan, the Company will timely announce the same financial information in Hong Kong to ensure equal and timely dissemination of information to investors and potential investors in both markets, in accordance with Part XIVA of the SFO and Chapter 13 of the Listing Rules.

The Company wishes to take this opportunity to reiterate that the Group's quarterly performance may vary (possibly significantly) depending on various factors, including without limitation the following, individually and collectively, and some of which are beyond the Company's control. The macroeconomic environment in the 1H 2026 will likely remain uncertain and challenging, characterised by persistent memory supply shortages and potential unforeseen changes in tariff impositions that could further impact costs, intensifying geo-political tensions, handset demand, tax payment, market dynamics, and global economy. In addition, new and unpredictable risks, challenges and threats may emerge from time to time, and it is not possible for the Company's management to predict all such factors or to assess their impact on the Group's business. Additional risks and uncertainties that are not presently known to the Company or not currently viewed as material might also adversely affect the Group's business, cash flows, results of operations and financial condition. Forward looking statements in this section are based on current assumptions regarding customer mix, cost environment, and execution of site consolidation and efficiency programs. Actual outcomes may differ materially due to macroeconomic and industry factors. The Company does not undertake to update these statements except as required by law.

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

PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND

1. Final Dividend

The Board has resolved to recommend the declaration and payment of a Final Dividend of US3.47 cents per Share (which in aggregate amounts to approximately US\$27,067,000) for the year ended 31 December 2025, subject to the approval of the Shareholders at the AGM. The proposed aggregate amount of the Final Dividend is calculated on the basis of 780,268,186 Shares in issue (excluding Treasury Shares) as at the date of this announcement.

Subject to the approval of Shareholders at the AGM, the Final Dividend (to be rounded to two decimal places, if necessary) is expected to be paid in cash on Wednesday, 15 July 2026, and the Final Dividend warrants will be despatched to the Qualifying Shareholders on the same date.

The Final Dividend 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 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 record date for the entitlement to the proposed Final Dividend.

2. Condition to Declaration and Payment of Final Dividend

The declaration and payment of the Final Dividend are conditional upon the passing of the corresponding ordinary resolution at the AGM.

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

3. Reasons for Proposed Declaration and Payment of Final Dividend

The Board would like to declare and pay the Final Dividend to Shareholders to express the Board's gratitude and appreciation of the continuing support from Shareholders throughout the year ended 31 December 2025.

Reflecting the effectiveness of our strategic initiatives and disciplined execution, the Group achieved a significant turnaround in its financial performance for the year ended 31 December 2025. This return to profitability has allowed the Board to recommend a final dividend. The decision is supported by the Group's sound cash flow generation and a strengthened balance sheet. After accounting for the 2026 capital expenditure requirements and the planned repayment of certain borrowings to reduce interest expenses, the Board considered that the Group possesses sufficient liquidity to reward Shareholders while maintaining a solid foundation for future growth in emerging business segments.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining Shareholders' right to attend and vote at the AGM

| | |
|--|--------------------------|
| Latest time to lodge transfers | 4:30 p.m. on 15 May 2026 |
| Book close dates (both days inclusive) | 18-22 May 2026 |
| Record date | 22 May 2026 |
| AGM | 22 May 2026 |

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 18 May 2026 to Friday, 22 May 2026, both days inclusive, during which period no Share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 15 May 2026.

For ascertaining Shareholders' entitlement to the proposed Final Dividend

| | |
|--|---------------------------|
| Latest time to lodge transfers | 4:30 p.m. on 12 June 2026 |
| Book close dates (both days inclusive) | 15-17 June 2026 |
| Record date | 17 June 2026 |
| Final Dividend payment date | 15 July 2026 |

For the purpose of ascertaining Shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed from Monday, 15 June 2026 to Wednesday, 17 June 2026, both days inclusive, on which no Share transfers will be effected. In order to qualify for the proposed Final Dividend (if any, subject to Shareholders' approval at the AGM), all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 12 June 2026.

CORPORATE GOVERNANCE

The Board is committed to maintaining high corporate governance standards and recognises that good corporate governance is vital for the Group's sustainable growth and long-term success. The Company has adopted the Compliance Manual since 15 April 2010 as amended and supplemented from time to time. The Compliance Manual is to set out the Company's governance practices and compliance procedures, ensuring adherence to the CG Code under the Listing Rules and the SFO.

During the year under review, the Company has applied and complied with all the code provisions as set out in Part 2 of the CG Code.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report contained in the Company's 2025 annual report, which will be published and made available on the websites of the Stock Exchange and the Company in due course.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, and has formulated and adopted the Authorisation Procedures of the Model Code for Securities Transaction by the Directors (the "Authorisation Procedures") and the Securities Dealing Policy since 2005 (each as amended and supplemented from time to time). 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 current period, and the requirements laid down by the aforesaid Authorisation Procedures and Securities Dealing Policy in respect of the Company's securities throughout the current period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the current period and up to the date of this announcement, pursuant to the Buy-back Mandates (as defined in the Company's circulars dated 19 April 2024 and dated 17 April 2025 respectively) duly approved by the Company's Shareholders at the Company's annual general meetings held on 22 May 2024 and 16 May 2025 respectively, the Company bought back in multiple batches a total of 8,916,000 Shares which were held as Treasury Shares in accordance with the Articles. All these 8,916,000 Treasury Shares had been withdrawn from Central Clearing and Settlement System and re-registered in the Company's name during the current period and before end of February 2026 respectively, of which 734,186 Treasury Shares were transferred to Mr. Chih Yu Yang, former executive director and Chairman of the Board of the Company, to satisfy the 734,186 share awards vested on 31 October 2025 in accordance with the Share Scheme of the Company. Accordingly, 8,181,814 Treasury Shares (which will not be entitled to receive any dividend) were held by the Company as of the date of this announcement. The Company intends to use the Treasury Shares for: (i) satisfying the grant of share awards under the Share Scheme of the Company, and/or (ii) future re-sale for capital management. For more details, please refer to the explanatory statement of the Buy-back Mandates in Appendix I to the Company's circulars dated 19 April 2024 and 17 April 2025 respectively as well as the next day disclosure returns and monthly returns as issued and published during the period from 7 May 2025 to 3 February 2026 (both dates inclusive).

The above share buy-backs are summarised as follows:

| Month of buy-back | Number of ordinary shares (of a par value of US\$0.04 each) | Price per Share | | Aggregate consideration paid (before expenses) HK\$ |
|---------------------------------------|---|-----------------|-------------|---|
| | | Highest HK\$ | Lowest HK\$ | |
| May 2025 (before share consolidation) | 10,254,000 <i>(Note 1)</i> | 0.85 | 0.78 | 8,406,430 |
| Month of buy-back | Number of ordinary shares (of a par value of US\$0.40 each) | Price per Share | | Aggregate consideration paid (before expenses) HK\$ |
| | | Highest HK\$ | Lowest HK\$ | |
| May 2025 (after share consolidation) | 1,087,600 | 9.34 | 8.18 | 9,254,737 |
| June 2025 | 1,287,000 | 10.26 | 8.90 | 12,181,793 |
| July 2025 | 142,000 | 10.36 | 10.12 | 1,460,260 |
| August 2025 | 1,314,000 | 15.44 | 14.30 | 19,778,060 |
| September 2025 | 864,000 | 17.34 | 14.87 | 14,336,060 |
| November 2025 | 1,340,000 | 19.25 | 17.37 | 24,778,730 |
| December 2025 | 1,348,000 | 19.30 | 18.20 | 25,607,400 |
| | <u>7,382,600</u> | | | <u>107,397,040</u> |
| Sub-total | <u>8,408,000</u> <i>(Note 2)</i> | | | <u>115,803,470</u> |
| January 2026 | <u>508,000</u> | 19.24 | 18.80 | <u>9,636,410</u> |
| Total | <u>8,916,000</u> <i>(Notes 3)</i> | | | <u>125,439,880</u> |

Note 1: As a result of the share consolidation effective from 20 May 2025, 10,254,000 Old Shares of a par value of US\$0.04 each in the share capital of the Company which were bought back during the period from 7 May 2025 to 19 May 2025 had been adjusted to become 1,025,400 Shares of a par value of US\$0.40 each in the share capital of the Company. For details, please refer to the Company's announcements published on 10 April 2025 and 16 May 2025.

Note 2: 8,408,000 Shares were repurchased during the year ended 31 December 2025. These Shares were not cancelled and were held as Treasury Shares by the Company. 734,186 Treasury Shares were transferred to Mr. Chih Yu Yang, former executive director and Chairman of the Board of the Company, to satisfy the 734,186 share awards vested on 31 October 2025 in accordance with the Share Scheme of the Company, and therefore, the Company held 7,673,814 Treasury Shares as at 31 December 2025.

Note 3: During the current period and up to the date of this announcement, the Company bought back a total of 8,916,000 Shares.

Save for the aforesaid, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including Treasury Shares) during the current period.

AUDIT COMMITTEE AND EXTERNAL AUDITOR

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 enterprise risk management systems, nominate and monitor external auditor and provide advice and comments to the Board. The audit committee comprises three 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 current period and the 2025 annual report of the Company and recommended the same to the Board for approval.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 13 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

DISCLOSURE OF INFORMATION ON WEBSITES

The 2025 annual report 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

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|-----------------------------|--|
| “AGM” | the annual general meeting of the Company to be held on Friday, 22 May 2026 |
| “Articles” | the articles of association of the Company in force for the time being |
| “associate(s)” | having the meaning as defined in the Listing Rules |
| “Authorized Representative” | an authorized representative of the Company under Rule 3.05 of the Listing Rules |
| “Board” | the board of directors of the Company |

| | |
|--|---|
| “CG Code” | the Corporate Governance Code as set out in Appendix C1 to the Listing Rules |
| “Company”, “we”, “our” or “us” | FIH Mobile Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange |
| “Compliance Manual” | the Corporate Governance Compliance Manual of the Company adopted by the Board on 15 April 2010, as amended from time to time |
| “current period” or “reporting period” or “current year” | the year ended 31 December 2025 |
| “ESG” | environmental, social, and governance |
| “Final Dividend” | US3.47 cents 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 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hon Hai” | 鴻海精密工業股份有限公司(Hon Hai Precision Industry Co., Ltd. for identification purposes only), a limited liability company incorporated in Taiwan, the shares of which are listed on the Taiwan Stock Exchange Corporation and the ultimate controlling Shareholder |
| “Hon Hai Technology Group” | Hon Hai, its subsidiaries and/or associates (as the case may be) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “INR” | Indian rupee, the lawful currency of India |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules |
| “Old Shares” | ordinary share(s) of a par value of US\$0.04 each in the share capital of the Company |
| “PRC” or “China” | 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 Final Dividend |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time |
| “Share(s)” or “shares” | ordinary share(s) with a par value of US\$0.40 each in the share capital of the Company |
| “Share Scheme” | the share scheme adopted by the Company’s shareholders on 19 May 2023 and amended by the Board on 7 March 2025 |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Treasury Shares” | has the meaning ascribed to it under the Listing Rules |
| “U.S.” | the United States of America |
| “US\$” or “USD” | United States dollars, the lawful currency of the U.S. |

By Order of the Board
HUANG Ying Shih
Chairman of the Board

Hong Kong, 13 March 2026

As at the date of this announcement, the Board comprises two executive directors, namely Mr. LIN Chia-Yi (also known as Charles LIN) and Dr. KUO Wen-Yi; two non-executive directors, namely Mr. HUANG Ying Shih (also known as Philip HUANG) and Mr. CHANG Chuan-Wang; and three independent non-executive directors, namely Mr. LAU Siu Ki, Ms. CHEN Shu Chuan (also known as Nadia CHEN) and Mr. CHIU Yen-Tsen (also known as CHIU Yen-Chen, Dennis).