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FIH Mobile Limited

富智康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2038)

PROPOSED AMENDMENTS TO THE BHARAT FIH LIMITED SHARE OPTION SCHEME

BACKGROUND

Reference is made to the circular of FIH Mobile Limited (the “**Company**”) dated 21 April 2021 regarding, amongst other things, the adoption of the share option scheme (the “**BFIH Share Option Scheme**”) of Bharat FIH Limited (“**BFIH**”, formerly known as Bharat FIH Private Limited and Rising Stars Mobile India Private Limited).

BFIH is the Company’s subsidiary in India and as previously announced by the Company on 22 December 2021 and 20 October 2022 respectively and disclosed in the Company’s circular dated 24 December 2021, the Company has proposed the spin-off and separate listing of BFIH (the “**Proposed Spin-off**”) on BSE Limited and National Stock Exchange of India Limited, which are the two main stock exchanges in India. In view of the current market conditions, the Company has decided to delay the timetable for the Proposed Spin-off and intends to continue to pursue the Proposed Spin-off when market conditions improve. Further announcement(s) will be made by the Company in respect of the Proposed Spin-off as and when appropriate.

BFIH SHARE OPTION SCHEME

The BFIH Share Option Scheme was adopted by the shareholders of BFIH on 25 March 2021 and approved by the shareholders of the Company (the “**Shareholders**”) on 28 May 2021. The purpose of the BFIH Share Option Scheme is to attract and retain capable and skilled and experienced personnel, to incentivize them to remain with BFIH and its subsidiaries (the “**BFIH Group**”) and to give effect to the BFIH Group’s customer-focused and performance-driven corporate culture, and to motivate them to strive for the future development and expansion and long-term success of the BFIH Group, by providing them with the opportunity to acquire equity interests in BFIH.

The BFIH Share Option Scheme complies with the applicable requirements of the existing Chapter 17 (the “**Existing Chapter 17**”) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) relating to share option schemes adopted by a listed issuer or its subsidiaries and also with the applicable Indian regulatory requirements at the time of its adoption in May 2021.

PROPOSED AMENDMENTS TO THE BFIH SHARE OPTION SCHEME

Since the adoption of the BFIH Share Option Scheme in May 2021, certain amendments have been made to the applicable Indian regulatory requirements relating to share option schemes which would be applicable to BFIH upon the completion of the Proposed Spin-off.

Further in July 2022, the Stock Exchange announced amendments to the Existing Chapter 17, which will become effective on 1 January 2023 (the “**New Chapter 17**”). Under the New Chapter 17, the new rules relating to share schemes will only apply to principal subsidiaries of a listed issuer. As currently BFIH does not fall within the definition of “principal subsidiary” of the Company under the New Chapter 17, the BFIH Share Option Scheme does not need to comply with the New Chapter 17.

In view of the above, BFIH has proposed that certain amendments be made to the BFIH Share Option Scheme to comply with the applicable Indian regulatory requirements and to remove certain provisions in the BFIH Share Option Scheme which are required under the Existing Chapter 17 but which would no longer be applicable to BFIH under the New Chapter 17 (including the provision requiring amendments to the terms of the BFIH Share Option Scheme which are of a material nature to be subject to the approval of the Shareholders). No amendment will be made to the number of new BFIH shares which may be issued upon the exercise of all options which may be granted under the BFIH Share Option Scheme, which remains at 10% of the total number of BFIH shares in issue as at the date of adoption of the BFIH Share Option Scheme on 28 May 2021 (i.e. 238,094,498 BFIH shares). Details of the proposed amendments to the BFIH Share Option Scheme (the “**Proposed BFIH ESOP Amendments**”) will be set out in the circular of the Company to be despatched to the Shareholders.

Under the terms of the BFIH Share Option Scheme, (a) any alterations to its terms are subject to a special resolution of the shareholders of BFIH and (b) any alterations to its terms which are of a material nature are subject to the approval of the Shareholders (for so long as BFIH remains a subsidiary of the Company). In addition, note (2) to Rule 17.03 of the Existing Chapter 17 provides that any alterations to the terms of the BFIH Share Option Scheme which are of a material nature must be approved by the Shareholders.

The approval of the shareholders of BFIH for the Proposed BFIH ESOP Amendments was obtained on 21 October 2022. As the Company considers the Proposed BFIH ESOP Amendments to be material in nature, the approval of the Shareholders for the Proposed BFIH ESOP Amendments will be sought at the extraordinary general meeting of the Company (the “**EGM**”) and if approved, such amendments will take immediate effect from the close of the EGM.

Since the adoption of the BFIH Share Option Scheme, BFIH had granted options in respect of a total of 83,110,000 BFIH shares on 23 December 2021. Pursuant to approvals from the board of directors and the shareholders of BFIH and with the consent of the grantees, all of such options were cancelled by BFIH with effect from 12 June 2022.

As at the date of this announcement, (a) there were no outstanding options under the BFIH Share Option Scheme and (b) options in respect of a total of 154,984,498 new BFIH shares may be granted by BFIH under the BFIH Share Option Scheme. As all of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules are below 5%, the deemed disposal of the Company's interests in BFIH arising from the grant and exercise of all of such options under the BFIH Share Option Scheme will not constitute a notifiable transaction for the Company under the Listing Rules.

As stated in the Company's announcement dated 13 June 2022, BFIH intends to grant options to eligible participants under the BFIH Share Option Scheme following the completion of the Proposed Spin-off and subject to compliance with the rules of the BFIH Share Option Scheme and applicable laws and regulations. As at the date of this announcement, no grants to any eligible participants under the BFIH Share Option Scheme had been proposed.

A circular of the Company containing, among other things, details of the Proposed BFIH ESOP Amendments and a notice of the EGM will be despatched to the Shareholders as soon as practicable.

By order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 24 November 2022

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