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POSSIBLE MAJOR TRANSACTION IN RELATION TO THE POSSIBLE SPIN-OFF AND SEPARATE LISTING OF BHARAT FIH LIMITED ON BSE LIMITED AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED

THE PROPOSED SPIN-OFF

The Board is pleased to announce that the Company proposes to spin-off and separately list BFIH, its Indian subsidiary which is the largest Electronics Manufacturing Services provider in India by share of EMS market revenue, on BSE and NSE, which are the two main stock exchanges in India.

The Company submitted an application to the Stock Exchange pursuant to Practice Note 15 in relation to the Proposed Spin-off and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 21 December 2021, BFIH filed the DRHP with SEBI, BSE and NSE in relation to the proposed initial public offering of its Equity Shares and will make an application for the in-principle approval for the listing of its Equity Shares on BSE and NSE.

It is expected that the Proposed Spin-off will involve (i) an offer for subscription by way of an initial public offering of new Equity Shares to be issued by BFIH and (ii) an offer for sale of existing Equity Shares by the Company (through its subsidiary, Wonderful Stars Pte. Ltd.), with (i) and (ii) together representing in aggregate up to 25% of the enlarged issued share capital of BFIH immediately upon completion of the Proposed Spin-off (including any exercise of the over-allotment option to be granted to the book running lead managers).

BFIH is currently an indirect wholly-owned subsidiary of the Company. Following the completion of the Proposed Spin-off, the Company's shareholding interest in BFIH is expected to be reduced to not less than 75% and therefore, BFIH will remain as a subsidiary of the Company and the Company will continue to consolidate the financial results of the BFIH Group in its consolidated financial results.

The Company currently intends to use the net proceeds which it will receive from the sale of existing Equity Shares pursuant to the Proposed Spin-off to (a) pay a special cash dividend to the Shareholders and (b) finance its working capital requirements and maintain a healthy capital structure and adequate cash for its continuing operations, and to mitigate the exposures of unforeseen market risks, and for the Company's capital commitments and other investments for future business growth and development when opportunities arise. Details of the special cash dividend, including the amount and timing of payment, have not been finalised and will be announced by the Company in due course.

The Proposed Spin-off (if it proceeds) is expected to be completed in 2022.

LISTING RULES IMPLICATIONS

As it is expected that the highest of the applicable percentage ratios in respect of the Proposed Spin-off would exceed 25% but would be less than 75%, the Proposed Spin-off would, if it proceeds, constitute a deemed disposal by the Company and a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Practice Note 15 and Chapter 14 of the Listing Rules (including the announcement, circular and shareholders' approval requirements) as and when necessary.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting of the Shareholders to consider and approve the Proposed Spin-off.

As at the date of this announcement, Foxconn Far East is interested in 5,081,034,525 Shares, representing approximately 63.43% of the total number of issued Shares. As such, the Proposed Spin-off may be approved by Foxconn Far East by way of its written Shareholder's approval in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, the Company has obtained the written approval of the Proposed Spin-off from Foxconn Far East in lieu of holding a general meeting for the approval of the Proposed Spin-off pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Shareholders for the approval of the Proposed Spin-off will be convened and held.

GENERAL

Shareholders and potential investors of the Company are advised to note that the Proposed Spin-off is subject to, among other things, the approvals from the relevant regulators in India, market conditions and other factors. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the proposed payment of a special cash dividend by the Company following the completion of the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

1. INTRODUCTION

The Board is pleased to announce that the Company proposes to spin-off and separately list BFIH, its Indian subsidiary which is the largest Electronics Manufacturing Services (“EMS”) provider in India by share of EMS market revenue, on BSE and NSE, which are the two main stock exchanges in India.

The Company submitted an application to the Stock Exchange pursuant to Practice Note 15 in relation to the Proposed Spin-off and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

2. PROPOSED SPIN-OFF

(a) Overview of the Proposed Spin-off

On 21 December 2021, BFIH filed the DRHP with SEBI, BSE and NSE in relation to the proposed initial public offering of its Equity Shares and will make an application for the in-principle approval for the listing of its Equity Shares on BSE and NSE. When BSE and NSE officially provide their respective in-principle approvals, the details of each such in-principle approval will be disclosed in the red herring prospectus which will be filed with the Registrar of Companies, Tamil Nadu, India.

It is expected that the Proposed Spin-off will involve (i) an offer for subscription by way of an initial public offering of new Equity Shares to be issued by BFIH and (ii) an offer for sale of existing Equity Shares by the Company (through its subsidiary, Wonderful Stars Pte. Ltd.), with (i) and (ii) together representing in aggregate up to 25% of the enlarged issued share capital of BFIH immediately upon completion of the Proposed Spin-off (including any exercise of the over-allotment option to be granted to the book running lead managers).

The specific size of the proposed offering of Equity Shares (including in the event of over-subscription) pursuant to the Proposed Spin-off will be determined in accordance with the SEBI ICDR Regulations and the applicable SEBI guidelines, rules, regulations and circulars and has not been determined at this stage.

BFIH is currently an indirect wholly-owned subsidiary of the Company. Following the completion of the Proposed Spin-off, the Company's shareholding interest in BFIH is expected to be reduced to not less than 75%.

The BFIH Group will continue to be accounted for as subsidiaries of the Company following the completion of the Proposed Spin-off and the financial results of the BFIH Group will continue to be consolidated into the accounts of the Group. The effect of the Proposed Spin-off on the future earnings of the Group will depend on, among other things, the future business operations and performance of the BFIH Group as well as the return generated from the net proceeds raised from the Proposed Spin-off after payment of the proposed special cash dividend by the Company.

The Proposed Spin-off will be regarded as a transaction with non-controlling interest and the carrying amount of the non-controlling interest will be adjusted to reflect the proportionate change in the non-controlling interest in BFIH. It is expected that there would be no gain or loss on the deemed disposal and the Proposed Spin-off to be recognised in the Company's consolidated statement of profit or loss and other comprehensive income upon completion of the Proposed Spin-off in accordance with International Financial Reporting Standards 10. The difference between the amount by which the non-controlling interest is adjusted and the net proceeds raised from the Proposed Spin-off will be recorded in equity attributed to the owners of the Company (i.e. other reserve). In addition, as the proportion of the Company's shareholding in BFIH will be diluted immediately upon completion of the Proposed Spin-off, it is expected that the earnings attributable to the owners of the Company contributed by BFIH will decrease while the earnings attributable to non-controlling interests of the Company will increase.

The Proposed Spin-off (if it proceeds) is expected to be completed in 2022.

(b) Information on the BFIH Group

BFIH is the largest EMS provider in India by share of EMS market revenue and conducts its operations across three campuses based in South India. The BFIH Group provides EMS for Original Equipment Manufacturers (“**OEMs**”) of mobile phones as well as mechanics, electric vehicles, televisions, hearables, telecom and networking products and IT hardware. In addition to its EMS services, which mainly comprise manufacturing services, BFIH is building the capabilities to provide OEMs, who are its brand-owning customers, with a comprehensive, vertically integrated “one-stop solution” comprising a range of Original Design Manufacturing (“**ODM**”) services including product design and development, component manufacturing and sourcing, logistics, and after-sales services. BFIH's service offerings are aimed at enabling its customers to reduce manufacturing costs, improve supply chain management, reduce inventory obsolescence and product fulfilment time, and accelerate their time-to-market and time-to-volume and time-to-money requirements.

Selected financial information of the BFIH Group which has been extracted from the restated financial statements of BFIH as at and for the financial years ended 31 March 2020 and 2021 and the six months ended 30 September 2021 (which were derived from the audited financial statements of BFIH for such periods) are set out below:

<i>(in million)</i>	Year ended 31 March		Six months ended
	2020	2021	30 September 2021
Revenue from operations	INR266,355.58 (HK\$27,993.97)	INR158,548.58 (HK\$16,663.46)	INR101,557.92 (HK\$10,673.74)
Profit before tax	INR4,733.74 (HK\$497.52)	INR1,965.05 (HK\$206.53)	INR1,195.08 (HK\$125.60)
Profit after tax	INR3,897.13 (HK\$409.59)	INR1,619.15 (HK\$170.17)	INR891.71 (HK\$93.72)
As at			
	As at 31 March 2020	2021	30 September 2021
Net assets	INR26,738.78 (HK\$2,810.25)	INR28,357.35 (HK\$2,980.36)	INR29,254.92 (HK\$3,074.69)
Total assets	INR86,231.52 (HK\$9,062.93)	INR87,120.91 (HK\$9,156.41)	INR87,132.01 (HK\$9,157.57)

(c) Intended Use of Proceeds from the Proposed Spin-off by BFIH and the Company

The specific size of the proposed offering of Equity Shares (including in the event of over-subscription) pursuant to the Proposed Spin-off will be determined in accordance with the SEBI ICDR Regulations and the applicable SEBI guidelines, rules, regulations and circulars and has not been determined at this stage and accordingly, the aggregate proceeds to be raised from the Proposed Spin-off and to be received by BFIH and the Company cannot be determined.

BFIH currently intends to use the net proceeds which it will receive from the issue of new Equity Shares pursuant to the Proposed Spin-off for investment in new technology and equipment so as to upgrade and expand the BFIH Group's campuses in India and for its working capital and general corporate purposes.

The Company currently intends to use the net proceeds which it will receive from the sale of existing Equity Shares pursuant to the Proposed Spin-off as follows:

- (i) not less than 40% of the net proceeds will be used to pay a special cash dividend to the Shareholders. Assuming the Proposed Spin-off proceeds and is completed in 2022, the Board expects to declare, and the Company expects to pay, the special cash dividend to the Shareholders as soon as practicable following the completion of the Proposed Spin-off; and
- (ii) the balance of the net proceeds will be used to finance the Company's working capital requirements and maintain a healthy capital structure and adequate cash for its continuing operations, and to mitigate the exposures of unforeseen market risks, and for the Company's capital commitments and other investments for future business growth and development when opportunities arise. The Company currently expects to use any cash amounts for capital commitments and other investments as referred to above within 36 months of the completion of the Proposed Spin-off.

Further announcements will be made by the Company when the final size of the proposed offering of Equity Shares and the expected proceeds to be raised from the Proposed Spin-off have been determined.

(d) Proposed Special Cash Dividend by the Company

As disclosed in the Company's 2021 Interim Report, the Company has adopted the following dividend policy which aims at enhancing transparency and facilitating the Shareholders and potential investors to make more informed investment decisions — the form, frequency and amount of dividends to be declared each year and dividend pay-out ratio will be dependent on the Group's business outlook and strategy, financial performance and cash flow generated from operations, projected working capital and capital structure, future expansion plan and capital expenditure and capital requirements, cash position and other relevant factors as the Board may from time to time deem appropriate. The performance of the Group has been volatile in the last few years and the COVID-19 pandemic and the U.S. ban and component shortages have led to a lot of uncertainties for the coming periods of time and the Group requires time to recover and to maintain a healthy capital structure. As such, the Company had not paid a dividend to the Shareholders since 2017. The Company will continue to closely monitor the situation and where it considers necessary, it will adjust and/or enhance its dividend policy as appropriate.

To give due regard to the interests of the Shareholders by allowing them to directly benefit from the Proposed Spin-off (and taking into account that the Company would not be able to provide the Shareholders with an assured entitlement to Equity Shares pursuant to the Proposed Spin-off due to the legal restrictions and practical difficulties as further described in **section 3** below) and subject to the Proposed Spin-off being completed, the Company proposes to pay a special cash dividend to the Shareholders of an aggregate amount which will not be less than 40% of the net proceeds to be received by the Company from the sale of existing Equity Shares pursuant to the Proposed Spin-off. Details of the special cash dividend, including the amount and timing of payment, have not been finalised and will be announced by the Company in due course.

3. WAIVER OF ASSURED ENTITLEMENT TO THE EQUITY SHARES

Paragraph 3(f) of Practice Note 15 requires the Company to have due regard to the interests of its existing Shareholders by providing them with an assured entitlement to the Equity Shares in the Proposed Spin-off, either by way of a distribution in specie of existing Equity Shares or by way of a preferred application in the offering of existing or new Equity Shares (the “**Assured Entitlement**”).

BFIH’s Indian legal adviser (the “**Indian Legal Adviser**”) has advised that the Proposed Spin-off would constitute an “initial public offer” under the SEBI ICDR Regulations and accordingly, Equity Shares may be offered pursuant to the Proposed Spin-off by way of a new issuance of Equity Shares by BFIH or a sale of existing Equity Shares by the Company only to members of the public. The Indian Legal Adviser has further advised that under the applicable Indian regulations, the Shareholders cannot be allotted or transferred Equity Shares pursuant to the Proposed Spin-off for no consideration (i.e. there cannot be an in specie distribution of Equity Shares to the Shareholders for no consideration) and each Shareholder would be required to make a valid bid for the Equity Shares pursuant to the Proposed Spin-off at or above the final offer price determined upon the completion of the book building process. In addition, the Indian Legal Adviser has advised that under the FEMA Rules, the subscription or purchase of Equity Shares by persons who are resident outside India (and specifically in Mainland China and Hong Kong) will be subject to the prior approval of the Government of India as further detailed below. Accordingly, the Assured Entitlement to the Shareholders cannot be provided by way of a distribution in specie of Equity Shares.

With respect to the preferred application in the issuance and offering of Equity Shares, the Indian Legal Adviser has advised that pursuant to the SEBI ICDR Regulations, an issuer company may reserve a portion of up to 10% of its securities under an initial public offering for subscription by shareholders (other than promoters and the promoter group) of the listed subsidiaries or listed promoter companies (the “**Qualifying Shareholders**” and the shares under such reservation, the “**Reserved Shares**”) on a competitive basis.

Although the Reserved Shares may be available to the Qualifying Shareholders of the Company, given the legal restrictions under the applicable laws and regulations of India and the practical difficulties, the Assured Entitlement to the Shareholders by way of preferred application in any offering of existing or new Equity Shares in BFIH will not be feasible for the following reasons:

- (i) as advised by the Indian Legal Adviser, the investment by the majority of the Shareholders, who are located in Mainland China and Hong Kong, under the Proposed Spin-off will be subject to the prior approval of the Government of India;
- (ii) applications for any such approval would be scrutinised by the Government of India on a case-by-case basis. Given that there is no published criteria or guideline to be applied in considering whether the Government of India would grant such approval, the likelihood of it granting such approval cannot currently be ascertained. While the standard operating procedure for processing foreign direct investment proposals published in November 2020 prescribes a time limit of 10 to

12 weeks from the date of filing of the proposal for taking a decision on such proposal, there is currently no reliable indication as to when such approval would be granted given the number of Shareholders who would need to obtain such approval. In addition, such applications can only be submitted by the Shareholders after the record date, being the date of filing of the red herring prospectus by BFIH, for determining their entitlement to participate in the proposed offering of Equity Shares. As the period from such record date through to the book building process, pricing and closing of the proposed offering is expected to be around two to three weeks, there would not be sufficient time for Shareholders to complete the application and approval process. While no fees are payable by an applicant to the relevant Indian authorities for the above approval from the Government of India, the applicant will need to incur legal and other costs for making such application, which will vary depending on the circumstances of such applicant and could cost more than US\$10,000. The Indian Legal Adviser has advised that as similar approvals have not been granted by the Government of India, it is unlikely that the Government of India would grant such approval to allow the Shareholders to acquire Equity Shares pursuant to the Proposed Spin-off. In view of the foregoing, the Board is of the view that it would be impractical, time consuming and costly for the Shareholders to make an application for such approval which is unlikely to be granted by the Government of India;

- (iii) even if BFIH is able to obtain the approval for the Qualifying Shareholders of the Company to participate in the Proposed Spin-off, under the applicable Indian regulations, BFIH is not permitted to provide a pre-determined ratio/preferring application in the Proposed Spin-off to the Qualifying Shareholders of the Company for the following reasons:
 - (a) the SEBI ICDR Regulations requires an issuer company undertaking an initial public offering to determine the price of the equity shares through the book-building process, and the final offer price will only be determined upon the completion of the book building process;
 - (b) pursuant to the SEBI ICDR Regulations and the relevant SEBI guidelines, the Qualifying Shareholders of the Company are required to bid for the Reserved Shares within the price band in a lot of shares or multiples thereof as disclosed in the pre-initial public offering advertisement (the “**Bid Lots**”). BFIH may determine the minimum number of Equity Shares of a Bid Lot in accordance with the relevant SEBI guidelines. However, BFIH cannot determine the number of Bid Lots that a Qualifying Shareholder of the Company can submit in the Proposed Spin-off; and
 - (c) pursuant to the SEBI ICDR Regulations and the relevant SEBI guidelines, BFIH can only allot Equity Shares to the Qualifying Shareholders of the Company who have submitted valid bids for the Reserved Shares at or above the final offer price so determined upon the completion of the book building process, on a proportionate basis in case of an over-subscription. Accordingly, BFIH cannot pre-determine the entitlement to, or provide a preferential allocation of, the Reserved Shares to the Qualifying Shareholders of the Company; and

(iv) there are also practical difficulties under the applicable Indian regulations for the provision of the Reserved Shares including, but not limited to, the Qualifying Shareholders of the Company being required to open bank accounts and securities accounts with institutions authorised by the relevant competent authorities in India, and deal with “know your client”, personal taxation and foreign exchange matters, which is a time-consuming application process and would incur costs in relation thereto. Therefore, the Qualifying Shareholders of the Company, as well as the Company and BFIH, would incur extra costs, which might be material to the value that the Qualifying Shareholders of the Company might receive from their respective Reserved Shares, and time-consuming administrative work in relation to the application for the Reserved Shares (such as government approval, account opening and handling taxation and foreign exchange matters).

Accordingly, in view of the above, the Board is of the view that it would be impractical for the Company to provide the Reserved Shares to the Qualifying Shareholders of the Company. Further, the above legal restrictions under the applicable Indian regulations cannot be overcome even if the minority Shareholders are asked to approve the waiver of the Assured Entitlement requirement at general meeting of the Shareholders. Therefore, the Board considers that it would be irrelevant and otherwise unnecessary and inappropriate for the Company to convene a general meeting of the Shareholders to consider and if thought fit, approve a waiver of the Assured Entitlement requirement.

Upon the completion of the Proposed Spin-off, the Equity Shares will only be listed and traded on BSE and NSE, and for the reasons and benefits as stated in **section 4** below, the Board is of the view that the Proposed Spin-off (including the waiver of the Assured Entitlement) is fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, even if the Assured Entitlement is not provided to the Shareholders, the Shareholders will directly benefit from the Proposed Spin-off by way of the special cash dividend which is proposed to be paid by the Company upon the completion of the Proposed Spin-off as described in **section 2** above.

In view of the legal restrictions under the applicable Indian regulations in providing the Assured Entitlement to the Shareholders referred to above, the Company will not provide the Assured Entitlement to the Shareholders. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement of paragraph 3(f) of Practice Note 15.

4. REASONS FOR, AND BENEFITS OF, THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off will be commercially beneficial to the Company and BFIH for the following reasons:

- (a) **Unlocking the value of the BFIH Group:** The Proposed Spin-off will unlock the value of the BFIH Group for the Shareholders by better identifying and establishing the fair value of the BFIH Group's business and thereby crystallising the value of such business. It is anticipated that such value will represent a substantial enhancement of the Group's existing value within the confines of the Company's listing, which will, in turn, increase the value of the Company to the benefit of all of the Shareholders.
- (b) **Separate identity and fund-raising platform:** The Proposed Spin-off will enable the BFIH Group to establish its own identity as a separately listed group with a separate fund-raising platform and direct and independent access to both equity and debt capital markets to finance its existing operations and future expansion, thereby improving its capital structure. The Proposed Spin-off will also enable the BFIH Group to build on its competence and goodwill and reputation further and be in a better position to negotiate and generate and develop more customers and business for the BFIH Group.
- (c) **Business transparency:** The Proposed Spin-off will further increase the operational, financial and governance transparency of each of the businesses of the BFIH Group and the Remaining Group, thereby allowing equity investors to appraise and assess the operating and financial performance and potential of the two groups as separate corporate groups and also allowing financial institutions, rating agencies and investors to appraise their respective creditworthiness and actual intrinsic value.
- (d) **Focus and clarity of business:** The Proposed Spin-off will enable more direct alignment of the responsibilities and accountability of the management of the BFIH Group and the Remaining Group with their respective operating and financial performance, which would allow both groups to benefit from more efficient decision-making process under separate management and corporate governance structures and responsible financial and performance measurement.
- (e) **Substantial proceeds to the Company:** The Company is expected to receive substantial proceeds from the sale of its existing Equity Shares pursuant to the Proposed Spin-off and as stated in **section 2** above, it is currently intended that part of such proceeds will be used to pay a special cash dividend to the Shareholders (so as to allow them to directly benefit from the Proposed Spin-off) and for working capital and general corporate purposes of the Remaining Group.
- (f) **Continued benefit:** As BFIH will remain as a subsidiary of the Company following the completion of the Proposed Spin-off, the Shareholders will be able to participate in any growth and development of the BFIH Group through the Company's majority shareholding in BFIH.

5. INFORMATION ON THE GROUP

The Group is a vertically integrated manufacturing services provider with business models offering a comprehensive range of end-to-end components and manufacturing and engineering services to its customers in respect of handsets and other wireless communication devices and consumer electronic products, including unique and innovative product development and design, casings (including casings sold to customers and casings used to manufacture complete handsets for delivery to customers), components, PCBA (Printed Circuit Board Assembly), full-system assembly, etc., and supply chain services and solutions, and repair and other after-sales services which are located close to the customers. In addition to handsets, the Group is engaged in the manufacturing of other wireless communication devices and consumer electronic products and accessories and related areas, such as e-Readers, tablets and voice interaction products like smart speakers. The Group operates a network of sites and centres of excellence strategically located in Mainland China, Vietnam, Taiwan, Mexico and the U.S..

There is a clear delineation between the business of the BFIH Group and the Remaining Group as each of them has a different core business and operates in different geographical locations. In contrast to the BFIH Group which is an EMS provider in India, the Remaining Group is focused on the manufacturing outside of India of mobile phone handsets and other electronic products such as e-Readers, tablets and voice interaction products like smart speakers (which are not manufactured by the BFIH Group) and it also provides repair and refurbishment and other after-sales services which are located close to the customers outside of India (which are not provided by the BFIH Group).

6. LISTING RULES IMPLICATIONS

As it is expected that the highest of the applicable percentage ratios in respect of the Proposed Spin-off would exceed 25% but would be less than 75%, the Proposed Spin-off would, if it proceeds, constitute a deemed disposal by the Company and a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of Practice Note 15 and Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements of Practice Note 15 and Chapter 14 of the Listing Rules (including the announcement, circular and shareholders' approval requirements) as and when necessary.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting of the Shareholders to consider and approve the Proposed Spin-off.

As at the date of this announcement, Foxconn Far East is interested in 5,081,034,525 Shares, representing approximately 63.43% of the total number of issued Shares. As such, the Proposed Spin-off may be approved by Foxconn Far East by way of its written Shareholder's approval in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, the Company has obtained the written approval of the Proposed Spin-off from Foxconn Far East in lieu of holding a general meeting for the

approval of the Proposed Spin-off pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Shareholders for the approval of the Proposed Spin-off will be convened and held.

The circular containing, among other things, further details of the Proposed Spin-off, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off (the “**Circular**”) will be despatched to the Shareholders for information purposes only.

7. INDEPENDENT BOARD COMMITTEE, INDEPENDENT FINANCIAL ADVISER AND FINANCIAL ADVISER

In accordance with the requirements of paragraph 3(e)(4) of Practice Note 15:

- (a) the Independent Board Committee comprising all of the independent non-executive Directors has been established by the Company to consider the Proposed Spin-off and to advise the Shareholders as to whether the terms of the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole, taking into account the recommendation of the Independent Financial Adviser in that regard; and
- (b) Halcyon Capital Limited has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Shareholders as to whether the terms of the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

The letters from the Independent Board Committee and the Independent Financial Adviser will be included in the Circular.

Somerley Capital Limited has been appointed as the financial adviser to the Company in relation to the Proposed Spin-off.

8. GENERAL

Further announcements will be made by the Company in respect of the Proposed Spin-off as and when appropriate.

Shareholders and potential investors of the Company are advised to note that the Proposed Spin-off is subject to, among other things, the approvals from the relevant regulators in India, market conditions and other factors. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the proposed payment of a special cash dividend by the Company following the completion of the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the shares of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

9. DEFINITIONS

In this announcement, the following terms shall have the meanings stated below unless the context otherwise requires:

“BFIH”	Bharat FIH Limited, a company incorporated in India and an indirect wholly-owned subsidiary of the Company
“BFIH Group”	BFIH and its subsidiaries
“Board”	the board of Directors
“BSE”	BSE Limited, an Indian stock exchange located in Mumbai, India
“Company”	FIH Mobile Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“DRHP”	the draft red herring prospectus of BFIH dated 21 December 2021 in relation to the proposed initial public offering of its Equity Shares
“Equity Shares”	equity shares of BFIH of face value of INR10 each
“FEMA Rules”	the Foreign Exchange Management (Non-debt Instruments) Rules of India, 2019, as amended from time to time
“Foxconn Far East”	Foxconn (Far East) Limited, the direct controlling shareholder of the Company and a direct wholly-owned subsidiary of Hon Hai
“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), the ultimate controlling shareholder of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors which has been established by the Company to advise the Shareholders in relation to the Proposed Spin-off
“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off

“India”	the Republic of India
“INR”	Indian Rupees, the lawful currency of India
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“NSE”	National Stock Exchange of India Limited, an Indian stock exchange located in Mumbai, India
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“Practice Note 15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed spin-off of BFIH by way of an initial public offering of its Equity Shares and listing on the BSE and NSE
“Remaining Group”	the Group (excluding the BFIH Group)
“SEBI”	the Securities and Exchange Board of India
“SEBI ICDR Regulations”	the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.04 each of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“US\$”	United States dollars, the lawful currency of the U.S.

In this announcement, the figures in INR have been converted into HK\$ at the rate of INR1.00:HK\$0.1051 for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
CHIH Yu Yang
Acting Chairman

Hong Kong, 22 December 2021

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.