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Vital Mobile Holdings Limited

維太移動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6133)

MAJOR TRANSACTION SUBSCRIPTION OF PRINCIPAL-PROTECTED STRUCTURED DEPOSIT PRODUCT AND ITS SUBSEQUENT DISPOSAL

Reference is made to the Company's announcement dated 14 September 2015 in respect of the subscription of principal-protected floating interest structured deposit products for principal amounts of RMB100,000,000, RMB50,000,000 and RMB100,000,000 respectively in August 2015 by Benywave Wireless from China Minsheng Bank ("Previous Minsheng Deposits").

The Board announces that Benywave Wireless further entered into a structured deposit agreement on 18 December 2015 with China Minsheng Bank, pursuant to which Benywave Wireless subscribed from China Minsheng Bank principal-protected floating interest structured deposit product for principal amount of RMB170,000,000 ("Latest Minsheng Deposit").

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous Minsheng Deposits and Latest Minsheng Deposit (collectively "Aggregated Minsheng Deposits") on an aggregated basis pursuant to Rules 14.22 and 14.23 are more than 25% but less than 75%, the Aggregated Minsheng Deposits constitute a major transaction for the Company under the Listing Rules and are subject to the notification, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

The Directors (except Ms Rong Xiuli ("Ms Rong")) were not aware of the subscription of Latest Minsheng Deposit by Benywave Wireless until the meeting of the Directors held on 23 March 2016 at which the final results of the Group were discussed and approved. Ms Rong was under the mistaken belief that the subscription of Latest Minsheng Deposit was in compliance with Listing Rules requirements until that Directors' meeting. Consequently, the Company failed to comply with the Listing Rules requirement in relation to the subscription of Latest Minsheng Deposit.

All the Directors have, since the meeting of the Directors held on 23 March 2016, reviewed Aggregated Minsheng Deposits and the financial position of the Group. They unanimously come to the view that the Latest Minsheng Deposit should be disposed in the interests of the Group and the Shareholders as a whole.

On 31 March 2016, pursuant to the authority of the Directors, Benywave Wireless successfully settled with China Minsheng Bank on the disposal of Latest Minsheng Deposit with effect on 31 March 2016.

The disposal of Latest Minsheng Deposit constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

All the Directors also come to the view that internal control of the Group with regard to investments including treasury products needs to be tightened and they have implemented certain measures and made certain recommendations in this regard.

The Board announces that Benywave Wireless entered into the structured deposit agreement on 18 December 2015 with China Minsheng Bank, pursuant to which Benywave Wireless subscribed from China Minsheng Bank principal-protected floating interest structured deposit product for principal amount of RMB170,000,000.

STRUCTURED DEPOSIT AGREEMENT DATED 18 DECEMBER 2015

A summary of the principal terms of the structured deposit agreement between Benywave Wireless and China Minsheng Bank dated 18 December 2015 (“Agreement”) are set out as follows:

Date of the Agreement:	18 December 2015
Parties:	Benywave Wireless, as the customer China Minsheng Bank, as the bank
Type of structured deposit:	Principal-protected floating interest structured product
Principal amount of the structured deposit:	RMB170,000,000
Transaction date:	18 December 2015
Maturity date:	17 June 2016
Term:	182 days commencing from transaction date and expiring on maturity date
Rate of return:	The expected annual interest rate is indicated at 3.2%

Interest: The amount of floating interest on structured deposit is linked to USD3M-LIBOR during the period of the structured deposit as follows:

$3.3\% * n1/N + 3.2\% * n2/N$, where $n1$ is the number of days in which USD3M-LIBOR shall fall within 0%-0.04% (equivalent to and higher than 0% and less than 0.04%), $n2$ is the number of days in which USD3M-LIBOR shall fall within 0.04%-3.00% (equivalent to and higher than 0.04% and less than 3.00%) and N is the actual number of days from transaction date to maturity date or early termination date (whichever is applicable) (including the commencement date but excluding the termination date)

Transaction/administration fee: To be based on the laws regulating structured products in the PRC

Payment date: The principal amount of and the interest on the structured deposit shall be paid by China Minsheng Bank within two Working Days after the maturity date or the early termination date (whichever is applicable)

Early termination: The Agreement shall not be terminated by Benywave Wireless except in accordance with the terms of the Agreement or otherwise agreed between the parties. Under the terms of the Agreement, Benywave Wireless may withdraw the principal amount prior to maturity date. Upon such withdrawal, the Agreement shall be automatically terminated. No interest shall be payable to Benywave Wireless. Furthermore, a fee equivalent to 2.5% on the principal amount for breach of the Agreement shall be charged to Benywave Wireless.

With a view to lock in the return for customer or to lessen the loss of customer, China Minsheng Bank has the right but not the obligation to early terminate the Agreement based on market condition.

In the product explanatory statement on Latest Minsheng Deposit issued by China Minsheng Bank, China Minsheng Bank stated that based on the then movement of USD3M-LIBOR, there was a 95% probability that the interest rate shall be 3.2% per annum.

CIRCUMSTANCES UNDER WHICH THE STRUCTURED DEPOSIT AGREEMENT WAS ENTERED INTO

The treasury function of the Group is managed by the financial management team of the Group under the Chief Financial Officer, Ms Gao Lishan (“Ms Gao”). At the time of subscription of Latest Minsheng Deposit, Ms Gao was on a trip outside the PRC. As the terms of the Latest Minsheng Deposit were substantially similar to the terms under the Previous Minsheng Deposits (which have been approved by the Directors), the other team members of the financial management team under Ms Gao believed that the subscription of Latest Minsheng Deposit would be beneficial to the Group. They processed the subscription of Latest Minsheng Deposit without addressing the Listing Rules requirements relating thereto and they presented the Agreement to Ms Rong for her execution without raising any compliance issue. Ms Rong, on her part, executed the Agreement on the assumption that all compliance requirements in relation to Latest Minsheng Deposit under the Listing Rules had been complied with.

SUBSEQUENT EVENTS LEADING TO TERMINATION OF LATEST MINSHENG DEPOSIT

During the period from December 2015 to March 2016, the Directors’ review of the financial position of the Group was primarily focused on the business operation of the Group. Except for Ms Rong, all the other Directors were not aware of the subscription of Latest Minsheng Deposit until the meeting of the Directors held on 23 March 2016 at which the final result was discussed and approved.

Ms Rong executed the Agreement on the assumption that all compliance requirements relating to Latest Minsheng Deposit under the Listing Rules have been complied with, and she was not aware of such non-compliance until the date of the Directors’ meeting on 23 March 2016.

All the Directors have, since the meeting of the Directors held on 23 March 2016, reviewed the Aggregated Minsheng Deposits and the financial position of the Group and unanimously come to the view that the exposure of the Group to structured deposits (i.e. Aggregated Minsheng Deposits in the total sum of RMB420,000,000.00) is too high and the Latest Minsheng Deposit should be disposed.

Consequently, the Directors authorized Benywave Wireless to negotiate the disposal of Latest Minsheng Deposit with China Minsheng Bank.

On 31 March 2016, Benywave Wireless successfully settled the disposal of Latest Minsheng Deposit with China Minsheng Bank on the terms that with effect from 31 March 2016:

- (i) the Agreement shall be terminated;
- (ii) no interest shall be paid to Benywave Wireless on the Latest Minsheng Deposit on a floating rate basis under the Agreement;

- (iii) no fees shall be chargeable to Benywave Wireless for early termination of the Latest Minsheng Deposit;
- (iv) the principal sum of RMB170,000,000 under the Latest Mingsheng Deposit shall be placed on fixed deposit with China Minsheng Bank with maturity date on 17 June 2016;
- (v) interest at the fixed rate of 3.2% per annum on the said principal sum shall be paid from 18 December 2015 to 17 June 2016 on maturity date of the said fixed deposit; and
- (vi) Benywave Wireless can utilize banking facility against a pledge of the said fixed deposit.

The consideration for the disposal of the Latest Minsheng Deposit is RMB171,571,555.56 made up of (i) principal sum of RMB170,000,000 and (ii) interest at the fixed rate of 3.2% per annum on the said principal sum for the period commencing on 18 December 2015 to 30 March 2016 which is RMB1,571,555.56.

Under the terms of the Agreement, early termination of Latest Minsheng Deposit by Benywave Wireless would constitute a default and Benywave Wireless would not be able to obtain any interest on the principal sum of RMB170,000,000. Furthermore, a fee equivalent to 2.5% on the said principal sum would be chargeable. Therefore, the settlement terms reached in the disposal of Latest Minsheng Deposit avoided the loss of the fee in the sum of RMB4,250,000 for early termination as well as retaining interest at the expected rate of 3.2% per annum from 18 December 2015 to 30 March 2016.

Therefore, the Directors are of the view that the disposal of Latest Minsheng Deposit are in the interests of the Group and the Shareholders as a whole and the terms of settlement in relation to such disposal are fair and reasonable.

INFORMATION ABOUT THE COMPANY

The principal activities of the Company are the development, design, production management and sale of mobile handsets to overseas markets, supply of original design manufacturer services for high end mobile phones and service to the emerging markets and some developed markets.

INFORMATION ABOUT CHINA MINSHENG BANK

China Minsheng Bank is a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1988). It is principally engaged in the provision of corporate and personal banking, treasury business, finance leasing, assets management and other financial services in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of China Minsheng Bank and its ultimate substantial beneficial owners as publicly disclosed by China Minsheng Bank are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Aggregated Minsheng Deposits, on an aggregated basis pursuant to Rules 14.22 and 14.23, are more than 25% but less than 75%, the Aggregated Minsheng Deposits constitute a major transaction for the Company under the Listing Rules and are subject to the notification, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

For reasons stated above, the Company has failed to comply with such requirements.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the disposal of the Latest Minsheng Deposit are more than 5% but less than 25%, the disposal of the Latest Minsheng Deposit constitutes a disclosable transaction for the Company under the Listing Rules and are subject to notification and announcement requirement set out in Chapter 14 of the Listing Rules.

IMPLEMENTATION OF MEASURES TO TIGHTEN INTERNAL CONTROL

All the Directors come to the view that the internal control for investments (including treasury products) by the Group should be tightened. They have implemented the following measures with immediate effect:

- (1) that the newly appointed executive Director Mr. Tang Shun Lam ("Mr. Tang") shall be authorized to manage all investments (including treasury products) of the Group, and all investment contracts to be entered by the Group shall be executed by at least two (2) executive Directors one of whom shall be Mr. Tang or with the prior written approval of at least two (2) executive Directors one of whom shall be Mr. Tang;
- (2) that Mr. Tang shall consult Risk Management Committee and/or Audit Committee relating to any investment proposed to be made by the Group as he may see fit; and
- (3) all members of the financial management team, including Chief Financial Officer, shall be made aware of this new measure and must comply with it.

Furthermore, the Directors have recommended to the Company to:

- (i) review the operation of the financial management team and proceed with necessary restructuring; and

- (ii) retain Haitong International Capital Limited as compliance adviser for a further term of one (1) year after the expiration of its current term of engagement on the date the annual report of the Company in respect of its financial results for its first full financial year commencing after the Listing Date.

DEFINITIONS

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

“Audit Committee”	the audit committee of the Company for the time being
“Benywave Wireless”	北京百納威爾無線通信設備有限公司 (Beijing Benywave Wireless Communication Co., Ltd. *), a wholly foreign-owned enterprise established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“China Minsheng Bank”	China Minsheng Banking Corp., Ltd., a national joint-stock commercial bank incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1988)
“Company”	Vital Mobile Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Date”	the date on which dealing in the shares of the Company first commenced on the Main Board, which was 26 June 2015

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, independent from and operated in parallel with the GEM
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Risk Management Committee”	the risk management committee of the Company for the time being
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US Dollar”	United States Dollars, the lawful currency of the United States of America
“USD3M-LIBOR”	3 month US Dollar London Interbank Offer Rate
“Working Day(s)”	any day on which banks in Beijing and London are generally open for normal banking business
“%”	per cent

By order of the Board
Vital Mobile Holdings Limited
Rong Xiuli
Chairperson

Hong Kong, 31 March 2016

As at the date of this announcement, the Board of the Company comprises Ms. Rong Xiuli, Mr. Rong Shengli and Mr. Tang Shun Lam as executive Directors, and Mr. Hon Kwok Ping Lawrence, Mr. Lam Yiu Kin and Mr. Tsang Yat Kiang as independent non-executive Directors.

* *for identification purposes only*