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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)

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY;
AND
(2) POSSIBLE CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE LOAN ADVANCEMENTS**

Financial Adviser to the Company



華邦融資有限公司
Huabang Corporate Finance Limited

MAJOR AND CONNECTED TRANSACTION – THE ACQUISITION

On 14 June 2017, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor, Ms. Rong, Beijing Tianyu and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Interest, representing a 70% equity interest in the Target Company, at a total consideration of RMB213 million (equivalent to approximately HK\$244.6 million). As at the date of this announcement, the Target Company is owned as to 90% by the Vendor and 10% by Zhengzhou Xinggang.

Upon Completion, the Target Company will be owned as to 70% by the Purchaser and become an indirect non-wholly owned subsidiary of the Company. As such, the financial results of the Target Company will be consolidated into the financial statements of the Group.

Listing Rules implications

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 25% but are below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, the Vendor is a wholly owned subsidiary of Beijing Tianyu, which in turn is owned as to 90% by Ms. Rong, an executive Director and a controlling shareholder of the Company, and 10% by Mr. Ni, the spouse of Ms. Rong and a controlling shareholder of the Company. As such, the Vendor is an associate of Ms. Rong and Mr. Ni and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is also subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Prior to the entering into of the Equity Transfer Agreement, the Target Company had entered into the First Loan Agreement with Beijing Tianyu on 2 June 2015 and the Second Loan Agreement with the Vendor on 15 November 2016, pursuant to which the Target Company advanced an aggregated sum of RMB200 million and approximately RMB12.65 million to Beijing Tianyu and the Vendor, respectively. The Loan Advancements will continue to subsist upon Completion pursuant to the terms of the Loan Agreements.

Listing Rules implications

As aforesaid, the Vendor and Beijing Tianyu are associates of Ms. Rong and Mr. Ni and hence each a connected person of the Company for the purpose of the Listing Rules. Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the Loan Advancements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Completion.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps of the Loan Advancements exceed 5%, the Loan Advancements are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

GENERAL

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the Continuing Connected Transactions. As Ms. Rong and Mr. Ni are considered to be interested in the Acquisition and the Continuing Connected Transactions, Ms. Rong and Mr. Ni and their respective associates shall abstain from voting on the proposed resolutions to approve the Acquisition and the Continuing Connected Transactions at the EGM. Save for the aforesaid and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is involved or interested in the Acquisition and the Continuing Connected Transactions and is required to abstain from voting at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Acquisition and the Continuing Connected Transactions. None of the members of the Independent Board Committee is involved or interested in the Acquisition and the Continuing Connected Transactions.

A circular of the Company containing, among other things, (i) further details about the Acquisition and the Continuing Connected Transactions; (ii) the recommendations of the Independent Board Committee in relation to the Acquisition and the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions; (iv) a notice of EGM; and (v) other information required under the Listing Rules, will be despatched to the Shareholders in accordance with the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 30 June 2017. In the event that the Company is not able to despatch the circular on or before such date due to the time required to prepare the relevant information to be included in the circular under the Listing Rules, the Company will make a further announcement on the expected delay in despatch of the circular in due course.

Completion of the Acquisition is subject to the fulfilment or waiver of the conditions precedent as set forth under the paragraph headed “Conditions precedent to the Acquisition” in this announcement. Accordingly, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when they are dealing in the Shares of the Company.

MAJOR AND CONNECTED TRANSACTION – THE ACQUISITION

On 14 June 2017, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor, Ms. Rong, Beijing Tianyu and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Interest, representing a 70% equity interest in the Target Company, at a total consideration of RMB213 million (equivalent to approximately HK\$244.6 million). As at the date of this announcement, the Target Company is owned as to 90% by the Vendor and 10% by Zhengzhou Xinggang.

The principal terms of the Equity Transfer Agreement are as follow:

Date: 14 June 2017

- Parties: (1) the Purchaser, an indirect wholly-owned subsidiary of the Company;
- (2) the Vendor;
- (3) Ms. Rong;
- (4) Beijing Tianyu; and
- (5) the Target Company.

As at the date of this announcement, the Vendor is a wholly owned subsidiary of Beijing Tianyu, which in turn is owned as to 90% by Ms. Rong, an executive Director and a controlling Shareholder, and 10% by Mr. Ni, the spouse of Ms. Rong and a controlling Shareholder. As such, each of the Vendor and Beijing Tianyu is an associate of Ms. Rong and Mr. Ni and hence a connected person of the Company for the purpose of the Listing Rules.

Asset to be acquired

Pursuant to the terms of the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Interest, representing a 70% equity interest in the Target Company.

Consideration

Pursuant to the terms of the Equity Transfer Agreement, the total consideration for the Acquisition payable by the Purchaser to the Vendor is RMB213 million (equivalent to approximately HK\$244.6 million), which will be settled on 10 November 2018 (being the loan repayment date under the First Loan Agreement and the Second Loan Agreement) by offsetting the repayment obligations of the following principal and interests under the First Loan Agreement and the Second Loan Agreement:

- (i) the repayment obligation of Beijing Tianyu to the Target Company under the First Loan Agreement of approximately RMB210.6 million (equivalent to approximately HK\$241.8 million), comprising (A) approximately RMB197.2 million, being the outstanding principal amounts under the First Loan Agreement as at the date of the Equity Transfer Agreement; and (B) approximately RMB13.4 million, being the interest amount payable by Beijing Tianyu to the Target Company for the period between the date of the Equity Transfer Agreement and 10 November 2018; and
- (ii) the repayment obligation of the Vendor to the Target Company under the Second Loan Agreement of approximately RMB2.4 million (equivalent to approximately HK\$2.8 million).

Upon offsetting the consideration for the Acquisition, the entire repayment obligation of Beijing Tianyu under the First Loan Agreement will be released in full on 10 November 2018, and the repayment obligation of the Vendor under the Second Loan Agreement in respect of the remaining outstanding amount of approximately RMB8.9 million (equivalent to approximately HK\$10.2 million) after offsetting the repayment obligation of RMB2.4 million as mentioned above (the “**Remaining Outstanding Amount**”) will be repaid by the Vendor to the Target Company on 10 November 2018. The Remaining Outstanding Amount of RMB8.9 million consists of (A) approximately RMB7.9 million, being the remaining outstanding principal amounts under the Second Loan Agreement after releasing the repayment obligation of approximately RMB2.4 million; (B) approximately RMB0.25 million, being the outstanding interest amount payable by the Vendor to the Target Company under the Second Loan Agreement for the period between 1 January 2017 and the date of the Equity Transfer Agreement and (C) approximately RMB0.7 million, being the estimated interest amount payable by the Vendor to the Target Company under the Second Loan Agreement for the period between the date of the Equity Transfer Agreement and 10 November 2018.

Pursuant to the terms of the Equity Transfer Agreement, Ms. Rong has agreed to guarantee the repayment obligations of the Vendor under the Second Loan Agreement in respect of the Remaining Outstanding Amount upon offsetting the consideration for the Acquisition.

The consideration for the Acquisition was determined upon arm’s length negotiations between the parties to the Equity Transfer Agreement after taking into consideration of (i) the growth potential and prospects of the business of the Target Company; and (ii) 70% of the unaudited net asset values of the Target Company as at 31 December 2016.

Conditions precedent to the Acquisition

Completion is conditional upon the following conditions being fulfilled or waived (as the case may be):

- (i) the Equity Transfer Agreement and the transactions contemplated thereunder having been confirmed and approved by the relevant competent authorities, and such competent authorities have not made any amendments to the Equity Transfer Agreement that may materially and adversely affect the interests of the Purchaser;
- (ii) the Equity Transfer Agreement and the transactions contemplated thereunder having been approved at the shareholders’ meeting of the Target Company;
- (iii) the Company having satisfied all applicable requirements under the Listing Rules and other governmental and regulatory authorities, including but not limited to, obtaining the requisite Shareholders’ approval in respect of the Acquisition and the Continuing Connected Transactions;
- (iv) the Company and the Purchaser having obtained all necessary consents and approvals in respect of its participation in the Equity Transfer Agreement and the transactions contemplated thereunder;
- (v) Zhengzhou Xinggang having waived its pre-emptive right in respect of the Sale Interest by issuing a written confirmation to the Vendor;

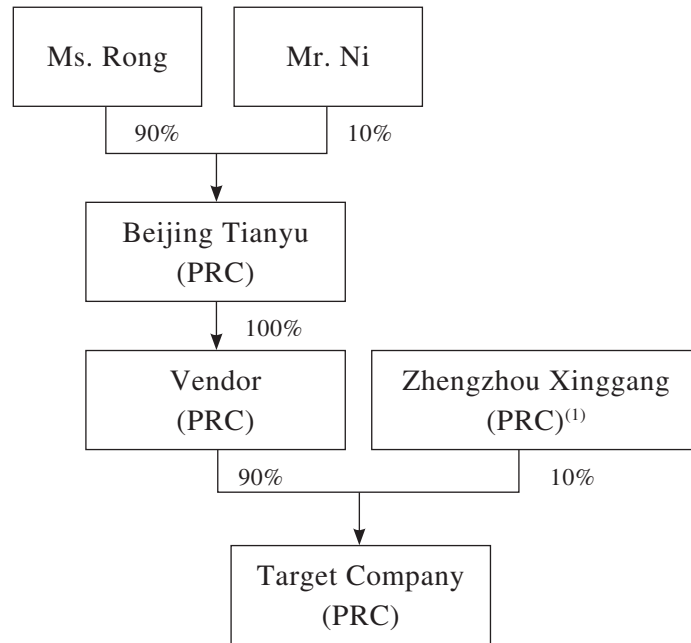
- (vi) the representations and warranties contained in the Equity Transfer Agreement remain true and accurate in all material respects as at the date of the Equity Transfer Agreement and the Completion Date;
- (vii) after the date of the Equity Transfer Agreement, there being no matter having a material adverse impact on the Target Company, including:
 - (a) matters having a material adverse impact on the financial statements of Target Company, such as the audited net asset value of the Target Company as at 30 April 2017 being less than RMB300 million (equivalent to approximately HK\$344.6 million);
 - (b) matters having a material adverse impact on the Target Company's status or the abilities of the relevant parties to perform their respective obligations under the Equity Transfer Agreement; and
 - (c) the laws or government authorities in the PRC having prohibited or restricted the Purchaser from completing the Acquisition as at the Completion Date;
- (viii) the Target Company has not violated any laws, rules or regulations in the PRC, and is not a plaintiff or defendant of any material litigation and is not subject to any administrative litigation, penalty or investigation;
- (ix) the Vendor having obtained all necessary consents, approvals and waivers in respect of the entering into of the Equity Transfer Agreement and the transactions contemplated thereunder on or before the Completion Date;
- (x) the Target Company having fully disclosed its guarantees, borrowings and payables to the Purchaser, and there are no creditors or contingent liabilities that are unknown to the Purchaser;
- (xi) the Company and the Purchaser having completed the due diligence investigations on the business, financial, legal and other aspects of the Target Company and are satisfied with the relevant results; and
- (xii) the Target Company having registered the transfer of the Sale Interest with the relevant authorities in the PRC and having completed the re-election of the board of directors of the Target Company. Upon completion of the re-election, the board of directors of the Target Company will comprise seven directors, five of which will be nominated by the Purchaser.

If any of the above conditions precedent (to the extent applicable to the Target Company and the Vendor) is not satisfied by the Target Company and the Vendor on or before the Long Stop Date (except for item (vii) (a) which can be waived by the Purchaser in writing), the Purchaser has no obligation to proceed with the Completion.

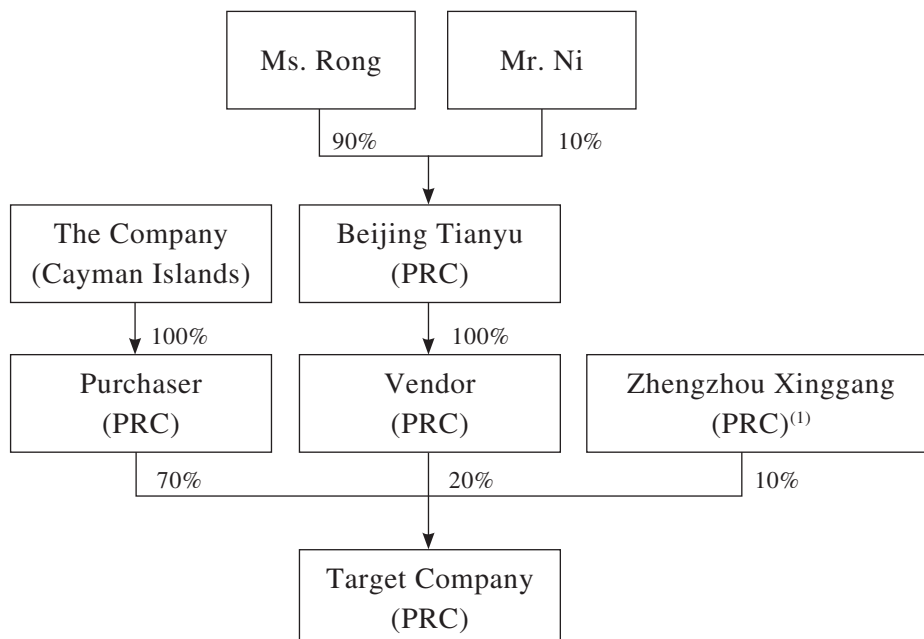
Completion

Completion shall take place within seven (7) Business Days following the satisfaction of (or, if applicable, the waiving of) the conditions precedent set forth under the Equity Transfer Agreement, or such other date as otherwise agreed by the parties to the Equity Transfer Agreement.

Set out below is the shareholding structure of the Target Company immediately before the Completion:



Set out below is the shareholding structure of the Target Company immediately upon Completion:



Note:

- (1) To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, so far as the Directors are aware, Zhengzhou Xinggang is an Independent Third Party as at the date of this announcement.

Undertakings of Ms. Rong

Pursuant to the terms of the Equity Transfer Agreement, Ms. Rong has agreed to:

- (i) guarantee the repayment obligations of Beijing Tianyu and the Vendor under the Loan Agreements. For further details of the Loan Agreements, please refer to the paragraph headed “Possible Continuing Connected Transactions” in this announcement; and
- (ii) procure Henan Tianzhichuang (a wholly owned subsidiary of Beijing Tianyu which is in turn owned as to 90% by Ms. Rong and 10% by Mr. Ni) to charge its property to the entrusted bank of Zhengzhou Xinggang to secure an entrusted loan advanced from Zhengzhou Xinggang to the Target Company in an aggregate sum of RMB210 million (equivalent to approximately HK\$241.2 million) until the expiry of such loan on 10 November 2018.

Information of the Target Company

The Target Company is principally engaged in the provision of supply chain services to assist its customers, consisting primarily of manufacturers such as mobile phone and smartphone device manufacturers, in sourcing parts and components in the PRC. The business activities of the Target Company involve (i) selecting suitable suppliers; (ii) monitoring the production processes and inventory levels for its customers; (iii) arranging logistics, warehousing and distribution of the relevant products for its customers; and (iv) assisting its customers in making prepayments to their relevant suppliers.

As at the date of this announcement, the Target Company is owned as to 90% by the Vendor and 10% by Zhengzhou Xinggang. Upon Completion, the Target Company will be owned as to 70% by the Purchaser, 20% by the Vendor and 10% by Zhengzhou Xinggang.

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2015 and 2016:

| | For the year ended | |
|--|---------------------------|--------------------|
| | 31 December | |
| | 2015 | 2016 |
| | (Unaudited) | (Unaudited) |
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Profit/(loss) for the year before taxation | (190) | 8,261 |
| Profit/(loss) for the year after taxation | (190) | 6,196 |

The unaudited net asset value and total asset value of the Target Company as at 31 December 2016 were approximately RMB305.2 million and approximately RMB929.5 million, respectively, equivalent to approximately HK\$350.5 million and HK\$1,067.5 million, respectively.

Upon Completion, the Target Company will be owned as to 70% by the Purchaser and become an indirect non-wholly owned subsidiary of the Company. As such, the financial results of the Target Company will be consolidated into the financial statements of the Group.

Reasons for and benefits of the Acquisition

The principal business of the Group involves the production of smartphone devices on ODM basis for the overseas markets, while the Target Company is principally engaged in the provision of supply chain services to assist its customers, consisting primarily of manufacturers such as mobile phone and smartphone device manufacturers, in sourcing parts and components in the PRC. The Directors believe the Acquisition will create synergy between the Target Company and the Group by using the financial resources of the Group and utilising the expertise and local/overseas networks of both parties to generate new revenue stream from the provision of supply chain services to its customers in both the PRC and the overseas markets. Further, while the Group has no current intention to engage in the production of smartphone devices on ODM basis for the PRC market, as the Target Company maintains stable business relationship with certain established mobile phone and smartphone device suppliers in the PRC, the Directors believe the Acquisition will enable the Group to build business relationships with a wider network of suppliers along the supply chain and to understand the latest industry changes so as to increase the Group's competitiveness in the overseas markets. In addition, the Acquisition will strengthen and diversify the Group's business and further increase the Group's presence in the smartphone industry.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the terms of the Equity Transfer Agreement and the Acquisition contemplated thereunder are on normal commercial terms, fair and reasonable, and in the best interest of the Company and its Shareholders as a whole.

Listing Rules implications

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 25% but are below 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, the Vendor is a wholly owned subsidiary of Beijing Tianyu, which in turn is owned as to 90% by Ms. Rong, an executive Director and a controlling shareholder of the Company, and 10% by Mr. Ni, the spouse of Ms. Rong and a controlling shareholder of the Company. As such, the Vendor is an associate of Ms. Rong and Mr. Ni and hence a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is also subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Prior to the entering into of the Equity Transfer Agreement, the Target Company had entered into the First Loan Agreement with Beijing Tianyu on 2 June 2015 and the Second Loan Agreement with the Vendor on 15 November 2016, pursuant to which the Target Company advanced an aggregated sum of RMB200 million (equivalent to approximately HK\$229.7 million) and RMB12.65 million (equivalent to approximately HK\$14.5 million) to Beijing Tianyu and the Vendor, respectively. The Loan Advancements will continue to subsist upon Completion pursuant to the terms of the Loan Agreements.

The principal terms of the Loan Agreements are summarised below:

(1) The First Loan Agreement

| | | |
|-------------------|---|---|
| Date | : | 2 June 2015 |
| The Parties | : | (i) the Target Company (being the lender); and (ii) Beijing Tianyu (being the borrower). |
| Principal amounts | : | RMB200 million (equivalent to approximately HK\$229.7 million) |
| Interests rate | : | 4.75% per annum, being the benchmark loan interest rate for the same period of PBOC |
| Loan term | : | 2 June 2015 to 10 November 2018 (subject to Beijing Tianyu's right to demand early repayment) |

As at the date of the Equity Transfer Agreement, the remaining outstanding principal amount repayable by Beijing Tianyu under the First Loan Agreement was approximately RMB197.2 million (equivalent to approximately HK\$226.4 million).

Pursuant to the First Loan Agreement, the interests payable by Beijing Tianyu to the Target Company for the period between 2 June 2015 and the date of the Equity Transfer Agreement has been settled as at the date of the Equity Transfer Agreement. The interests payable by Beijing Tianyu to the Target Company for the period between the date of the Equity Transfer Agreement and 10 November 2017 amounts to approximately RMB13.4 million (equivalent to approximately HK\$15.4 million).

(2) The Second Loan Agreement

| | | |
|-------------------|---|--|
| Date | : | 15 November 2016 |
| The Parties | : | (i) the Target Company (being the lender); and (ii) the Vendor (being the borrower). |
| Principal amounts | : | RMB12,654,500 (equivalent to approximately HK\$14.5 million) |
| Interests rate | : | Being interest free for the period between 15 November 2016 and 31 December 2016 and 4.75% per annum (being the benchmark loan interest rate for the same period of PBOC) for the period between 1 January 2017 and 10 November 2018 |
| Loan term | : | 16 November 2016 to 10 November 2018 (subject to the Vendor's right to demand early repayment) |

As at the date of the Equity Transfer Agreement, the remaining outstanding principal amount repayable by the Vendor under the Second Loan Agreement was approximately RMB10.3 million (equivalent to approximately HK\$11.8 million). Pursuant to the Second Loan Agreement, the interests payable by the Vendor to Target Company for the period between 1 January 2017 to the date of the Equity Transfer Agreement and for the period between the date after the Equity Transfer Agreement to 10 November 2018 amounted to approximately RMB0.25 million and RMB0.7 million, respectively, equivalent to approximately HK\$0.29 million and HK\$0.8 million, respectively.

The Loan Agreements will continue to subsist upon Completion. As at the date of this announcement, the Company has no current intention of making further loan advancements to the Vendor and Beijing Tianyu after the Completion.

Reasons for the Subsistence of the Loan Advancements

The entering of the First Loan Agreement on 2 June 2015 and the Second Loan Agreement on 15 November 2016 were to provide financial support to Beijing Tianyu and the Vendor, respectively. At present, the interest rate of these Loan Agreements are 4.75% per annum in accordance with the benchmark loan interest rate of PBOC and the Directors are of the view that the Loan Advancements provide a steady income to the Target Company. Furthermore, pursuant to the terms of the Equity Transfer Agreement, the Loan Advancements will be used to offset the consideration payable by the Purchaser in respect of the Acquisition, and Ms. Rong has guaranteed the repayment obligations of the Vendor under the Second Loan Agreements in respect of the remaining outstanding amounts repayable by the Vendor after offsetting the consideration for the Acquisition.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the terms of the First Loan Agreement and the Second Loan Agreement are on normal commercial terms, fair and reasonable, and in the best interest of the Company and its Shareholders as a whole.

Annual caps of the Loan Agreements

The table below sets forth the details of the estimated outstanding Loan Advancements for the periods or dates indicated.

| | As at 31 December 2017 | As at 10 November 2018 |
|--|---|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Outstanding amount of the Loan Advancements: | | |
| – Beijing Tianyu | 197,154 | 197,154 |
| – Vendor | 10,326 | 10,326 |
| | For the year ending 31 December 2017 | 2018 |
| | (from the date of the Equity Transfer Agreement to 31 December 2017) | (from 1 January 2018 to 10 November 2018) |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest income accrued: | | |
| – Beijing Tianyu | 5,491 | 14,067 |
| – Vendor | 511 | 961 |

The annual caps of the Loan Agreements represent the aggregation of (i) the outstanding principal amounts extended from; and (ii) the estimated loan interests receivable by, the Target Company under the relevant Loan Agreements, assuming the benchmark loan interest rate having increased by 5% after the date of the Equity Transfer Agreement. The table below sets forth the annual caps of the Loan Agreements for the years ending 31 December 2017 and 2018:

| | For the year ending 31 December 2017 (from the date of the Equity Transfer Agreement to 31 December 2017) <i>RMB'000</i> | 2018 (from 1 January 2018 to 10 November 2018) <i>RMB'000</i> |
|-------------|---|--|
| Annual caps | 213,482 | 222,508 |

Internal control procedures

As at the date of this announcement, the Company has no current intention of making further loan advancements to Beijing Tianyu and the Vendor. The Board has designated the chief financial officer of the Group to monitor the fluctuations of the benchmark loan interest rate of the PBOC and the financial status of the Vendor on its ability to repay the remaining outstanding amount under the Second Loan Agreement by obtaining from the Vendor of its monthly management accounts. In the event that there are indications showing the Vendor may not have the financial ability to repay the Loan Advancements, the Group's chief financial officer will immediately notify the Board and Ms. Rong. Pursuant to the terms of the Equity Transfer Agreement, Ms. Rong has agreed to guarantee the repayment obligations of the Vendor under the Second Loan Agreement.

Listing Rules implications

As aforesaid, the Vendor and Beijing Tianyu are associates of Ms. Rong and Mr. Ni and hence each a connected person of the Company for the purpose of the Listing Rules. Upon Completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the Loan Advancements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules upon Completion.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps of the Loan Advancements exceed 5%, the Loan Advancements are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

INFORMATION ABOUT THE GROUP, THE PURCHASER, THE VENDOR AND BEIJING TIANYU

The Company is an investment holding company. The Group is one of the leading ODM smartphone suppliers in the PRC targeting overseas markets and principally engaged in (i) the developing, designing, production managing and selling of mobile telecommunications devices; (ii) the sale of mobile telecommunications related components and accessories; (iii) the provision of technical knowhow; and (iv) other add-on services relating to mobile telecommunications devices.

The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The Purchaser is the principal operating subsidiary of the Company.

The Vendor is a company established in the PRC with limited liability and is a service provider for the supply of mobile equipment and other general electronic products.

Beijing Tianyu is a company established in the PRC with limited liability and is principally engaged in the developing, designing, production managing and selling of mobile telecommunications devices and its related components and accessories targeting the PRC market.

GENERAL

An EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Acquisition and the Continuing Connected Transactions. As Ms. Rong and Mr. Ni are considered to be interested in the Acquisition and the Continuing Connected Transactions, Ms. Rong and Mr. Ni and their respective associates shall abstain from voting on the proposed resolutions to approve the Acquisition and the Continuing Connected Transactions at the EGM. Save for the aforesaid and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder is involved or interested in the Acquisition and the Continuing Connected Transactions and is required to abstain from voting at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Acquisition and the Continuing Connected Transactions. None of the members of the Independent Board Committee is involved or interested in the Acquisition and the Continuing Connected Transactions.

A circular of the Company containing, among other things, (i) further details about the Acquisition and the Continuing Connected Transactions; (ii) the recommendations of the Independent Board Committee in relation to the Acquisition and the Continuing Connected Transactions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Continuing Connected Transactions; (iv) a notice of EGM; and (v) other information required under the Listing Rules, will be despatched to the

Shareholders in accordance with the Listing Rules. The circular is expected to be despatched by the Company to the Shareholders on or before 30 June 2017. In the event that the Company is not able to despatch the circular on or before such date due to the time required to prepare the relevant information to be included in the circular under the Listing Rules, the Company will make a further announcement on the expected delay in despatch of the circular in due course.

Completion of the Acquisition is subject to the fulfilment or waiver of the conditions precedent as set forth under the paragraph headed “Conditions precedent to the Acquisition” in this announcement. Accordingly, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when they are dealing in the Shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

| | |
|-------------------|--|
| “Acquisition” | the acquisition of the Sale Interest by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Beijing Tianyu” | 北京天宇朗通通信股份有限公司 (Beijing Tianyu Communication Equipment Co. Ltd.*), a joint stock limited liability company established in the PRC and owned as to 90% by Ms. Rong and 10% by Mr. Ni, and a connected person of the Company |
| “Board” | the board of Directors |
| “Business Day(s)” | a day on which commercial banks in the PRC are open for business |
| “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 |
| “Completion” | completion of the Acquisition |

| | |
|-------------------------------------|--|
| “Completion Date” | within seven (7) Business Day from the satisfaction or waiver of all relevant conditions precedent in the Equity Transfer Agreement, or such other date as agreed by the parties to the Equity Transfer Agreement in writing |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Continuing Connected Transactions” | the continuing connected transactions as contemplated under the Loan Agreements |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting to be convened by the Company for the purpose of considering and, if thought fit, approve the Acquisition and the Continuing Connected Transactions |
| “Equity Transfer Agreement” | the equity transfer agreement dated 14 June 2017 and entered into among the Purchaser, the Vendor, Ms. Rong, Beijing Tianyu and the Target Company in respect of the Acquisition |
| “First Loan Agreement” | the loan agreement dated 2 June 2015 in respect of the advancement of RMB200 million (equivalent to approximately HK\$229.7 million) from the Target Company to Beijing Tianyu |
| “Group” | the Company and its subsidiaries |
| “Henan Tianzhichuang” | 河南天之創通信科技有限公司 (Henan Tianzhichuang Communication Technology Company Limited*), a limited liability company established in the PRC and wholly owned by Beijing Tianyu |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Board Committee” | an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Acquisition and the Continuing Connected Transactions |

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| “Independent Financial Adviser” | Euto Capital Partners 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), being the independent financial adviser appointed to advise the Independent Board Committee and Independent Shareholders in respect of the Acquisition and the Continuing Connected Transactions |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates |
| “Independent Shareholders” | Shareholders who are not interested or involved in the Acquisition and the Continuing Connected Transactions |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan Advancements” | the loan advancements from the Target Company in the aggregated sum of RMB200.0 million and approximately RMB12.65 million to Beijing Tianyu and the Vendor, respectively, pursuant to the Loan Agreements |
| “Loan Agreements” | the First Loan Agreement and the Second Loan Agreement |
| “Long Stop Date” | 14 September 2017 |
| “Mr. Ni” | Mr. Ni Gang, the spouse of Ms. Rong and a controlling shareholder of the Company |
| “Ms. Rong” | Ms. Rong Xiuli, the spouse of Mr. Ni, the chairperson of the Board, an executive Director and a controlling shareholder of the Company |
| “PBOC” | People’s Bank of China |

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| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| “Purchaser” | 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 in the PRC and the operating subsidiary of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “ODM” | acronym for original design manufacturer, a business model that designs and manufactures a product which is specified and eventually branded by another company for sale |
| “Sale Interest” | 70% equity interest in the Target Company, which is held by the Vendor as at the date of this announcement |
| “Second Loan Agreement” | the loan agreement dated 15 November 2016 in respect of the advancement of RMB12,654,500 (equivalent to approximately HK\$14.5 million) from the Target Company to the Vendor |
| “Share(s)” | the share(s) of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | 河南科泰樂訊通訊設備產業基地有限公司 (Henan Ketai Lexun Communication Equipment Industry Base Company Limited*), a company established under the laws of the PRC with limited liability and owned as to 90% by the Vendor and 10% by Zhengzhou Xinggang as at the date of this announcement |
| “Vendor” | 科泰樂訊 (北京) 通訊設備有限公司 (Ketai Lexun (Beijing) Communication Equipment Company Limited*), a company established in the PRC and a wholly owned subsidiary of Beijing Tianyu, which is in turn owned as to 90% by Ms. Rong and 10% by Mr. Ni |

“Zhengzhou Xinggang”

鄭州航空港興港投資集團有限公司 (Zhengzhou Airport Zone Xinggang Investment Group Company Limited*), a state-owned enterprise in the PRC and, save for its 10% equity interest the Target Company as at the date of this announcement, it is an Independent Third Party

“%”

per cent.

For illustrative purpose, amounts in HK\$ in this announcement have been translated at RMB1.00 = HK\$1.14861.

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

Hong Kong, 15 June 2017

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

* *For identification purposes only*