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## **Vital Innovations Holdings Limited**

**維太創科控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6133)**

### **INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE ACQUISITION**

This announcement is made by Vital Innovations Holdings Limited pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 16 December 2021 (after trading hours), the Company, as potential purchaser, entered into the MOU with the Potential Vendor in relation to the Possible Acquisition.

The Board wishes to emphasize that the MOU is not legally binding. As at the date of this announcement, no legally binding agreement in relation to the Possible Acquisition has been entered into.

If the Possible Acquisition materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

**The MOU is not legally binding. The Possible Acquisition may or may not proceed. Shareholders and possible investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

This announcement is made by Vital Innovations Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 16 December 2021 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a vendor (the “**Potential Vendor**”) in relation to a possible acquisition by the Company (or its designated nominee) of a 70% to 90% equity interest in a company incorporated in the PRC (the “**Target Company**”) from the Potential Vendor (the “**Possible Acquisition**”). Details of the MOU are set out below:

### **THE MOU**

Date: 16 December 2021

Parties: (1) Potential Vendor;

(2) the Company (or its designated nominee) as the potential purchaser;  
and

(3) the beneficial owner of the Potential Vendor.

### **Assets intended to be acquired**

Pursuant to the MOU, the Potential Vendor intends to sell and the Company intends to acquire a 70% to 90% equity interest in the Target Company.

### **Consideration and Earnest Money**

The amount of equity interest of the Target Company to be acquired, the consideration and the payment terms with respect to the Possible Acquisition will be subject to further negotiation between the parties to the MOU and the results of the Due Diligence Review (as defined below).

Within 5 working days upon signing of the MOU, the Company shall pay a sum of RMB5 million, being a refundable earnest money of the Possible Acquisition (the “**First Earnest Money**”), to the Potential Vendor. Upon expiry of the First Exclusivity Period (as defined below) and the Company’s satisfaction with the preliminary result of the Due Diligence Review, should the parties mutually agree to extend the First Exclusivity Period by three months in writing (the “**Written Confirmation**”), the Company has to pay a further RMB5 million, being the second refundable earnest money (the “**Second Earnest Money**”) to the Potential Vendor within 5 working days or such other date as may be agreed by the parties thereto upon the signing of the Written Confirmation. In the event a formal agreement is entered into by the Company and the Potential Vendor, the First Earnest Money and the Second Earnest Money would become partial payments of the consideration for the Possible Acquisition.

## **Formal Agreement**

The parties to the MOU agreed to negotiate in good faith with a view to, subject to all material terms being agreed on, enter into a legally binding agreement in relation to the Possible Acquisition.

## **Due diligence review**

During the First Exclusivity Period (as defined below), the Company (and its advisers and/or agents) shall be entitled to conduct due diligence review on the business, financial and legal affairs of the Target Company (the “**Due Diligence Review**”). The Potential Vendor shall cooperate with the Company (and its advisers and/or agents) for the Due Diligence Review.

## **Exclusivity Period**

Pursuant to the MOU, commencing from the date of the signing of the MOU and ending on the third month after the date of the MOU should be the first exclusivity period (the “**First Exclusivity Period**”). Upon expiry of the First Exclusivity Period and the Company’s satisfaction with the preliminary result of the Due Diligence Review, the parties can extend the First Exclusivity Period by three months (the “**Second Exclusivity Period**”, the First Exclusivity Period and the Second Exclusivity Period collectively the “**Exclusivity Period**”) by confirmation in writing. During the Exclusivity Period, without the Company’s prior consent, the Potential Vendor shall not negotiate or discuss in relation to the transfer of its equity interest or assets of the Target Company with other potential purchasers.

## **The Target Company**

The Target Company is a company incorporated in the PRC with limited liability and is principally engaged in mobile phones trading business. The Target Company is also a top international smart phones brand’s authorised distributor in the PRC. As at the date of this announcement, the Potential Vendor owns 93% equity interest in the Target Company.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Potential Vendor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## **REASONS FOR THE POSSIBLE ACQUISITION**

The Group is principally engaged in the development, design, production management and sales of mobile telecommunication devices, sales of mobile telecommunication related components and accessories and provision of technical knowhow and other add-on service related to mobile. In order to expand the market share of its existing business, the Group has been exploring viable investment opportunities from time to time. The Directors consider that it is in the interests of the Company and its shareholders as a whole to enter into the MOU as the Possible Acquisition can broaden the Group’s source of revenue to ensure sustainable growth.

## **GENERAL**

The Board wishes to emphasize that the MOU is not legally binding save for the provisions in relation to earnest money, confidentiality, liability for breach of the MOU, protective clause, governing law and dispute resolution and taking effect, amendment or termination. As at the date of this announcement, no legally binding agreement in relation to the Possible Acquisition has been entered into.

The final terms of the definitive agreement in respect of the Possible Acquisition are subject to further negotiations between the parties and have yet to be finalised and may therefore deviate from those set out in the MOU.

If the Possible Acquisition materialises, the transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in respect of the Possible Acquisition will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

**The MOU is not legally binding. The Possible Acquisition may or may not proceed. Shareholders and possible investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Vital Innovations Holdings Limited**  
**Rong Xiuli**  
*Chairperson*

Hong Kong, 16 December 2021

*As at the date of this announcement, the Board comprises Ms. Rong Xiuli, Mr. Rong Shengli, Mr. Yin Xuquan and Mr. Wong Ho Chun as executive Directors, and Mr. Leung Man Fai, Mr. Wong Pong Chun James and Mr. Han Xiaojing as independent non-executive Directors.*