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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHT

- Our revenue decreased from RMB1,916.2 million to RMB1,408.3 million, representing a decrease of 26.5% or RMB507.9 million.

- Net profit of the Company attributable to shareholders amounted to RMB180.9 million compared to RMB156.2 million, representing an increase of 15.8% or RMB24.7 million.

- Basic earnings per share for the year ended 31 December 2015 was approximately RMB24 cents (for the corresponding period in 2014: approximately RMB24 cents).

The board (the "Board") of directors (the "Directors" and each a "Director") of Vital Mobile Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015 together with the comparative figures, which have been reviewed by the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	**2015** *RMB'000*	2014 *RMB'000*
Revenue	4	**1,408,339**	1,916,183
Cost of sales		**(1,185,770)**	(1,655,949)
Gross profit		**222,569**	260,234
Other gains and losses	5	**46,412**	(2,235)
Other income	6	**12,245**	–
Research and development costs		**(18,601)**	(22,047)
Selling and distribution expenses		**(18,407)**	(22,847)
Administrative expenses		**(11,671)**	(6,901)
Finance costs		**(3,619)**	–
Listing expenses		**(12,408)**	(12,544)
Profit before tax	7	**216,520**	193,660
Income tax expenses	8	**(35,621)**	(37,435)
Profit and total comprehensive income for the year attributable to equity holders of the Company		**180,899**	156,225
Earnings per share			
– basic (RMB per share)	9	**0.24**	0.24

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	NOTES	**2015** **RMB'000**	2014 RMB'000
Non-current assets			
Equipment		**150**	208
Deferred tax assets	11	**4,309**	–
		4,459	208
Current assets			
Inventories		**124,151**	123,543
Trade and other receivables	12	**634,841**	397,843
Amount due from a related party	13	**–**	7,860
Structured deposits	14	**420,000**	–
Pledged bank deposits		**762,248**	535
Cash and bank balances		**41,248**	10,440
		1,982,488	540,221
Current liabilities			
Trade payables	15	**1,034,988**	164,289
Bank loan	16	**16,200**	–
Accrual and other payables		**20,040**	22,626
Deposits received from customers		**19,407**	14,811
Amount due to a related party	13	**–**	4,116
Tax liabilities		**28,985**	13,791
Provision		**10,343**	23,332
		1,129,963	242,965
Net current assets		**852,525**	297,256
Total assets less current liabilities		**856,984**	297,464
Net assets		**856,984**	297,464
Capital and reserves			
Share capital	17	**67,041**	–
Share premium and reserves		**789,943**	297,464
Equity attributable to equity holders of the Company		**856,984**	297,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 August 2014. The immediate and ultimate holding company of the Company is Winmate Limited ("Winmate") which is incorporated in the British Virgin Islands and is 90% and 10% owned by Ms. Rong Xiuli ("Ms. Rong") and Mr. Ni Gang ("Mr. Ni"), the husband of Ms. Rong, respectively.

On 26 June 2015, the Company was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the Group is principally engaged in the People's Republic of China ("PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Historically, Beijing Benywave Technology Co., Ltd. ("Benywave Technology") carried out the PRC Business (which has been primarily engaged in developing, designing, production management and selling of mobile telecommunication devices, and sale of mobile telecommunication related components and accessories under the self-owned brands, targeting the PRC market) and Overseas Business (which has been primarily engaged in developing, designing, production management and selling mobile telecommunication devices on original design manufacturer ("ODM") basis and sale of mobile telecommunication related components and accessories, targeting overseas markets).

Pursuant to a split agreement dated 29 April 2014 which was approved by the relevant authorities in the PRC in July 2014, Benywave Technology had been resolved to split into two separate legal entities namely Benywave Technology and Beijing Benywave Wireless Communication Co., Ltd. ("Benywave Wireless"), with the original Benywave Technology retaining PRC Business and the new entity Benywave Wireless assuming the Overseas Business. The Overseas Business was operated as a separate business unit (the "Overseas Business Unit") under Benywave Technology until the establishment of Benywave Wireless and completed the split, which the Overseas Business related assets and liabilities were assumed by Benywave Wireless on 29 August 2014 (the "Assets Transfer"). Benywave Technology and Benywave Wireless are owned by Vital Profit Technology Inc. ("Vital Profit") which is ultimately controlled by Winmate. Vital Mobile Limited ("Vital BVI") was incorporated on 27 June 2014. On 14 August 2014, Vital Mobile (HK) Limited ("Vital HK") has become a wholly-owned subsidiary of Vital BVI. In August 2014, Vital HK acquired the entire interest in Benywave Wireless from Vital Profit at a consideration of RMB100,000,000.

The Group comprising the Company and its subsidiaries resulting from the group reorganisation is regarded as a continuing entity. The Overseas Business Unit had been under the common control by Ms. Rong and Mr. Ni throughout the period presented. For the purpose of presenting the financial results and cash flows of the Group, the Overseas Business Unit was deemed to be part of the Group for the year ended 31 December 2014.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2014 included the results, changes in equity and cash flows of the Overseas Business as if the Overseas Business had been operated by the Group.

The Overseas Business was carried out by Benywave Technology prior to the Assets Transfer. To the extent income and expenses that were specifically identified to the Overseas Business, such items were included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

To the extent that the income and expenses were common to the Overseas Business and PRC Business, these items were allocated between the Overseas Business and PRC Business on the basis set out below (such items include certain research and development costs, administrative expenses and income tax expenses) for the year ended 31 December 2014. Items that did not meet the criteria above were not included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014.

Expenses which were common to the Overseas Business and the PRC Business were allocated on the following basis: (1) research and development costs were allocated based on percentage of the budget revenue of the Overseas Business and percentage of the budget revenue of the PRC Business; (2) administrative expenses were allocated based on headcount of the Overseas Business and the headcount of the PRC Business; and (3) income tax expenses were calculated based on the tax rate of the Overseas Business Unit as if it were a separate tax payer.

The Directors believe that the method of allocation of the above items presented a reasonable basis of estimating what the Overseas Business Unit operating results had been on a stand-alone basis for the year ended 31 December 2014. Other than certain of the research and development costs, administrative expenses and income tax expenses mentioned above, all other items of income and expenses were specifically identified.

Prior to the completion of the Assets Transfer, the treasury and cash disbursement functions of the Overseas Business Unit were centrally administrated by Benywave Technology. All the transactions of the Overseas Business Units were settled by Benywave Technology and therefore, the net cash flows generated by the Overseas Business Unit was presented as net contribution from Benywave Technology in the consolidated statement of changes in equity for the year ended 31 December 2014.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied for the first time in the current year the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB"):

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRs 2010- 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRs 2011- 2013 Cycle

The application of these amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for annual periods beginning on or after 1 January 2017

Except for those as stated below, the adoption of these new and revised IFRS is not expected to have material impact on the results and the financial position of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold in the normal course of business, net of discounts.

Segment information

The Group operates and manages its business as a single operating segment that engaged in selling mobile telecommunication devices, mobile telecommunication related components and accessories, targeting global markets excluding the PRC. The Group's chief operating decision maker has been identified as the Chief Executive Officer, who reviews revenue analysis by major products and the gross profit of the Group as a whole when making decisions about allocating resources and assessing performance of the Group. As no other discrete financial statements is available for assessment of performance of different products, no segment information other than certain entity-wide disclosures are presented.

Revenue from major products

The following table sets forth a breakdown of the Group's revenue by major products during the relevant periods:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Smart phones	**1,368,881**	1,717,971
Smartphone component packs	**1,562**	196,277
Mobile device components	**37,896**	1,935
	1,408,339	1,916,183

5. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Foreign exchange gain (loss), net	**47,369**	(2,235)
Impairment loss in trade receivables	**(1,457)**	–
Government grants	**500**	–
	46,412	(2,235)

6. OTHER INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest income on structured deposits	**9,475**	–
Interest income on pledged bank deposits	**2,372**	–
Interest income on bank balances	**398**	–
	12,245	–

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Auditor's remuneration	**2,820**	18
Depreciation of equipment	**58**	138
Depreciation of other equipment	**–**	543
Directors' emoluments	**2,508**	1,859
Other staff cost		
salaries and other allowance	**16,101**	18,750
retirement benefit schemes contribution	**3,618**	4,084
Total staff costs	**22,227**	24,693
Cost of inventories recognised as an expense	**1,185,770**	1,655,949
Write down of inventories (included in cost of sales)	**3,710**	2,472
Operating lease rentals in respect of rented premises	**1,778**	983

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Enterprise income tax ("EIT")		
Current Tax in PRC	**29,035**	37,435
Current Tax in HK	**6,229**	–
Under provision in prior year		
PRC Enterprise Income Tax	**4,666**	–
Deferred Tax *(Note 11)*	**(4,309)**	–
	35,621	37,435

The Company's subsidiary incorporated in Hong Kong is subject to the Hong Kong Profits Tax at 16.5%.

Under the Law of the PRC and Enterprise Income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the income tax rate of Benywave Wireless is 25%. Since Benywave Wireless is recognised as "New and High Technology Enterprises" in 2015 and therefore it is entitled to apply a preferential tax rate of 15% for the year ended 31 December 2015.

Benywave Technology is recognised as "New and High Technology Enterprises" and therefore entitled to apply a preferential tax rate of 15% for the year ended 31 December 2014. The PRC EIT of the Overseas Business carried out by Benywave Technology prior to the establishment of Benywave Wireless is estimated by treating the Overseas Business Unit as a separate tax payer using the tax rate of Benywave Technology prior to the Assets Transfer in the year of 2014.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**216,520**	193,660
Tax calculated at applicable domestic tax rates (2015: 15%, 2014: 25%)	**32,478**	48,415
Tax effect of expenses not deductible for tax purposes	**14**	4,783
Effect of different tax rates of the entities operating in other jurisdictions	**(1,537)**	–
Effect of different tax rates of Overseas Business Unit prior to the Assets Transfer	**–**	(15,763)
Under provision in prior year PRC Enterprise Income Tax	**4,666**	–
Income tax expenses	**35,621**	37,435

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic earnings per share, representing profit for the year attributable to owners of the Company	**180,899**	156,225

	Year ended 31 December	
	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposed of basic earnings per share	**751,633**	646,000

The weighted average number of shares for the purpose of calculating basic earnings per share for both years has been adjusted for the effect of the capitalisation issue.

There are no dilutive potential shares for both years.

10. DIVIDENDS

No dividends were declared or paid during the year ended 31 December 2015.

Subsequent to the end of the reporting period, final dividend of HK$42,970,000 (approximated to RMB36,000,000) in respect of the year ended 31 December 2015 is proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

As the Overseas Business was operated as the Overseas Business Unit under Benywave Technology during the year ended 31 December 2014, the net return to Benywave Technology as set out in the consolidated statement of changes in equity does not necessarily represent a distribution of profit and no dividends were considered to be paid or declared by the Group during the year ended 31 December 2014.

11. DEFERRED TAX ASSETS

The movements of the Group's deferred tax assets during the year are as follows:

	Write down of inventory	**Allowance for doubtful debts**	**Accrued expense and cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2014	–	–	–	–
Credit to profit or loss	557	219	3,533	4,309
At 31 December 2015	557	219	3,533	4,309

12. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**351,697**	337,184
Less: allowance for doubtful debts	**1,457**	–
	350,240	337,184
Other receivables		
– Value added tax receivables	**82,626**	55,858
– Others	**4,976**	90
Prepayments to suppliers	**196,999**	1,226
Listing expenses	**–**	3,485
	634,841	397,843

The Group assesses the customer's credit quality by evaluating their historical credit records and defines credit limits for each customer. Recoverability and credit limit of the existing customers are reviewed by the management regularly.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 60 days	**229,020**	234,514
61 to 180 days	**109,820**	96,525
181 days to 1 year	**11,400**	6,145
	350,240	337,184

13. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts are non-trading in nature, unsecured, non-interest bearing and have no fixed terms of repayment.

The amount due from a related party and the amount due to a related party represent balances with Benywave Technology and a related company controlled by Ms. Rong, respectively, as at 31 December 2014. Both of them were settled in the year ended 31 December 2015.

The amount due to a related party is denominated in USD, a currency other than the functional currency of the relevant group entity.

14. STRUCTURED DEPOSITS

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Structured deposits	**420,000**	–

The amounts represent principal-protected RMB-denominated structured deposits placed by the Company in the licensed commercial banks in the PRC, which carry the interest which is linked to the three-month London Interbank Offer Rate ("LIBOR") with the maturity periods of 181 days, 364 days and 366 days respectively. At maturity, the Company is entitled to receive the principal plus interests. The expected annual interest rate for the structured deposits is indicated at 3.2% to 3.3%, however, the actual interest to be received is uncertain until maturity.

15. TRADE PAYABLES

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables to third parties	**350,760**	164,289
Bills payable	**684,228**	–
	1,034,988	164,289

The following is an aged analysis of trade payable to third parties presented based on the recognition date of inventory at the end of the reporting period:

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**259,830**	163,747
91 to 180 days	**59,069**	542
181 days to 1 year	**27,779**	–
Over 1 year	**4,082**	–
	350,760	164,289

16. BANK LOAN

	At 31 December	
	2015	2014
	RMB'000	*RMB'000*
Bank loan-repayable within one year	**16,200**	–

The loan carried fixed interest rate at 4.6% per annum with the maturity date on 16 March 2016. The loan was secured by the pledged bank deposits of USD3,000,000 (approximately to RMB19,481,000).

17. SHARE CAPITAL

	Year ended 31 December 2015		
	Number of shares	*per share HK$*	*Share capital HK$*
Authorised			
On 12 August 2014 incorporation (i)	**500,000**	**0.1**	**50,000**
Increase on 9 June 2015 (ii)	**999,500,000**	**0.1**	**99,950,000**
At 31 December 2015	**1,000,000,000**		**100,000,000**
Issued			
On 12 August 2014 incorporation (i)	**100**	**0.1**	**10**
Shares issued to the shareholders (iii)	**900**	**0.1**	**90**
Shares increased by capitalisation issue (iv)	**645,999,000**	**0.1**	**64,599,900**
Shares issued under global offering (v)	**204,000,000**	**0.1**	**20,400,000**
At 31 December 2015	**850,000,000**		**85,000,000**
Presented as			***RMB'000***
			67,041

	Year ended 31 December 2014		
	Number of shares	*per share HK$*	*Share capital HK$*
Authorised			
On incorporation (i)	500,000	0.1	50,000
At 31 December 2014	500,000		50,000
Issued			
On incorporation (i)	100	0.1	10
At 31 December 2014	100		10
Presented as			*RMB*
			7.94

Notes:

(i) On 12 August 2014, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with authorised share capital comprised of 500,000 shares at par value of HK$0.1 per share. Upon its incorporation, 1 subscriber share of par value of HK$0.1 was allotted, issued and credited as nil paid to a third party as the initial subscriber. On the same day, the third party transferred the one share to Winmate. Furthermore, 92 new shares and 7 new shares with par value of HK$0.10 each were issued and allotted to Winmate and Favor Gain Enterprises Limited ("Favor Gain"), respectively pro-rata to their respective shareholdings in Vital Profit. None of the 100 shares in the Company issued to Favor Gain and Winmate were paid up on allotment.

(ii) On 9 June 2015, pursuant to a shareholders' resolution, the authorised share capital of the Company was increased to HK$100,000,000 divided into 1,000,000,000 shares of par value of HK$0.10 each by the creation of an additional 999,500,000 shares, which shall rank pari passu in all respects with the shares in issue prior to such increase.

(iii) On 26 May 2015, 837 shares were issued by the Company to Winmate at par value. These 837 shares together with the 93 shares previously allotted were fully paid up at par value. On 9 June 2015, a further 63 shares were issued by the Company to Favor Gain at par value. These 63 shares together with the 7 shares previously allotted to Favor Gain were fully paid up at par value.

(iv) Pursuant to the written resolution passed by the shareholders of the Company on 9 June 2015 conditional upon the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the directors were authorised to capitalise the amount of HK$64,599,900 (approximated to RMB50,951,000) from the amount standing to the credit of the share premium account of the Company to pay up in full at par of 645,999,000 shares for allotment and issue to the then existing shareholdings in the Company.

(v) On 26 June 2015, 204,000,000 new shares have been subscribed under the global offering.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Industry Overview

In 2015, the export volume in the mobile handset design and manufacturing industry continued to grow. However, the pace of growth in market size slowed. According to the statistical data on import and export of mobile handsets from the General Administration of Customs of the PRC, as of the 3rd quarter of 2015, the accumulated export volume of mobile handsets in the PRC was 336.45 million units, increased by 1.72% yoy, totaling approximately US$27.686 billion. The global stock market crash occurred in June led to a downturn in the economy, which dragged down the average profit of smartphone operators worldwide in the 2nd half of 2015. According to a report by Frost & Sullivan, an independent market research company, it is expected that the average per unit selling price of smartphones worldwide will drop from approximately US$291.1 in 2014 to US$214.7 in 2019. It is indicated that the selling price will continue to drop in the coming four years.

In 2015, the number of 4G network connections worldwide exceeded 1 billion, with the market size of 4G smartphones reached 450 million units. With 4G network becoming increasingly popular and the PRC smartphones entering the international market, competition among local brands in foreign markets became increasingly fierce. In selecting partners for outsourcing ODM processes, mobile handset ODM suppliers highly experienced in competing with smartphone suppliers in the PRC continue to be the best choice for the local smartphone suppliers.

However, given the new round of handset upgrade triggered by the proposed launch of 4.75G network on a pilot basis in emerging markets (including India and the Philippines) in the 2nd half of 2016 and the expected gradual introduction of 5G network to the market within 2 to 3 years, the cost burdens of the mobile handset industry arising from the R&D of 4.75G/5G mobile handsets will be higher by then. Meanwhile, the smartphone pre-installed software market in the PRC has been growing rapidly in recent years. Such market is worth approximately RMB2,500 to 3,000 million a year. High-quality mobile handset software services are also sought after by mobile handset suppliers. Therefore, apart from continuously developing mobile handset hardware business, many enterprises actively grow their mobile handset software development business in order to enhance their ability to achieve long term earning growth.

2016 is considered as a year marked by the boom of virtual reality (VR) and augmented reality (AR) technologies. Driven by such robust growth, the wearable device market will flourish and scale new heights. According to estimates, the output value of VR software and hardware worldwide will reach US$6.7 billion in 2016. In particular, development in the software market will be booming. According to a report by Goldman Sachs Group Inc., it is estimated that the VR and AR software market worldwide will be worth US$72 billion in 2025, and that VR devices will be the most popular kind of wearable device in 2016. In addition, according to a report published by China Wearable Computing Innovation & Strategic Alliance, it is estimated that the PRC wearable device market will be worth more than approximately RMB22.8 billion in 2016, increased from approximately RMB13.56 billion in 2015. Given such increasingly expanding market size, various mobile handset design and manufacturing enterprises will be attracted to the market in the future. These enterprises will endeavor to gain share of the market.

Fueled by the popularity of 4G technologies, the number of mobile online shopping users in the PRC has reached 340 million. This suggests that the mobile E-commerce market has huge potential for development and should not be neglected. According to a report by Bizrate, an E-commerce consumer review website in the USA, the proportion of mobile E-commerce orders in total online shopping orders will rise to 68% in 2016, with smartphones being the key type of gadget used for online shopping. Developing software for mobile handset online transactions to bring the transaction parties an experience on professional and high-quality order execution service will become another new development direction in the mobile handset industry. Moreover, the "smart home" equipment and service market with an annual growth rate of 8% to 10% worldwide is a software and hardware R&D area that a number of enterprises intend to cover.

Taking the above into consideration, in order to maintain its competitive advantage, the Group, in addition to devoting itself to its major business – smartphone hardware, will also take full advantage of the PRC's powerful strengths in manufacturing and software development to provide the target customers with high quality and high-value-added supply chain management services (including services in relation to dedicated launchers and ROM modifications, online transaction software development and wearable device (with mobile telecommunication functions) development). The Group also intends to provide the customers with add-on services in addition to mobile handset hardware by developing mobile handset software (with the application of VR and AR technologies) and "smart home" equipment, thereby fully meeting the demanding requirements of these customers.

Business Overview

Smartphone product business transitioning from 3G to 4G

The Group is principally engaged in the business of mobile handset original design and manufacturing ("ODM"). Targeting the overseas markets, it sells products which are under the clients' own or authorized brand names. Its customers are mainly top local branded mobile handset suppliers, telecommunication operators (as its direct customers or through their respective authorized agents) and trading companies in each oversea market. These customers come from more than 25 countries, especially emerging markets with a low smartphone penetration rate (such as Central Europe, Eastern Europe, Central America, Latin America and the Asia-Pacific region).

The number of 4G smartphone users grew at a staggering rate, driving the sales volume of 4G products to increase. In contrast, with a decreased sales volume and a slim margin, 3G smartphones have clearly lost shine in the marketplace. In order to stay ahead in terms of market sales, the Group has taken the lead in transitioning its smartphone product business from 3G to 4G in the 1st half of 2015. The majority of the Group's business is high-end business. Regarding business strategies, while the business model of most of the competing firms in the same industry is that they build their own brands in each geographical market, the Group puts a strong emphasis on supporting the top local brands in each area. Therefore, the Group is able to only put not more than 0.17% of its revenue in marketing and advertising, thereby enjoying huge cost advantages. Such business model works very well, which can significantly lower the risks of substantial impairment for over-stocking in distribution channels.

For the year ended 31 December 2015, the Company's net profit was maintained at a stable level, with its gross profit and gross profit margin amounting to approximately RMB222.6 million and 15.8% respectively, decreased by approximately RMB37.7 million and increased by 2.2% respectively when compared to 2014. The decrease in gross profit is mainly due to the following reasons: (i) the average selling prices of 3G products decreased along with the progression of their product life cycles gradually, with their shipment volume down from 965,320 units in the 1st half of 2015 to 523,053 units in the 2nd half of 2015. The orders came from countries with a low 4G network penetration rate including India, South America and Africa. After completing the delivery of the re-ordered products of the above obsolete design, the Group ceased to accept new orders of the same type. (ii) The acquisition of the Group's client (The Group was its supplier of smartphone component packs) by a multinational technology company. The management of the Group expects that there may be changes in such client's development plan regarding its mobile handset business. As such, the Group intentionally decreased the sales to such client to avoid any uncertainties arising from its internal restructuring. Thus, the Group's sales of smartphone component packs decreased.

However, the continued increase in shipment volume of 4G smartphones in the 2nd half of 2015 was sufficient to offset the decrease in sales of 3G products. Various new 4G networks in India and South America were launched in the 3rd quarter of 2015. In the 2nd half of 2015, the Group received a large number of 4G smartphone orders from the operators of the newly developed networks in India. The products were delivered in the 4th quarter of 2015. For the year ended 31 December 2015, the Company's profit and total comprehensive income for the year attributable to equity holders of the Company grew by approximately 15.8% over the last year.

The Group endeavors to raise its customer service quality and thus establishes local support teams in the areas where its major customers have presence. A representative office has been established in North America. One support center will be established in India and new representative office(s) will be established in Europe.

Developing mobile handset software add-on services

The PRC, as the largest component of global supply chain, encountered changes in its supply chain given the increasing staff costs in its manufacturing industry and the rapid rise of low-cost manufacturing centers (including ASEAN countries, India and Bangladesh). There may be decline in the PRC low-cost manufacturing industry in the future. In response to the change in supply chain, the Group has gradually integrated and expanded product lines since the 2nd half of 2015 to develop add-on services in addition to sales of mobile handset hardware. By making good use of the PRC's strengths in manufacturing and software development, target customers are provided with effective supply chain management which brings cost savings.

In the Group's business model, services including design, product validation, sourcing of components, procurement of processing and assembling, providing technical knowhow for manufacturing and packaging catering for our customers' needs and/or specifications are provided. The Group's operating margins were higher because higher margin products had been sold and there had been less unprofitable handset sales. It has been gradually providing the customers with services that will bring improved margins. On this, the Group has embarked on a program focusing on higher return business with its value propositions offered along the value stream of its products and services.

Given that information on the production costs of mobile handset hardware is becoming more transparent, engaging in the business of direct production, selling and trading of mobile handset hardware will not be as profitable as before. As such, in addition to sustaining its core business of supplying mobile handsets to the customers, the Group will put more emphasis on software development in relation to dedicated launchers and ROM modifications. Based on the "stock" Android OS, the Group develops different software programs to meet the customers' needs. For example, the "stock" Android date icon is static and does not change with the actual date accordingly. In contrast, the dynamic date widget developed by the Group can directly show the current date. Also, the "stock" 2D Android desktop is changed into a 3D one. This service targets customers who want to have their own product image and own market identity with respect to their phones, allowing the mobile handsets to have unique user specified UI, touch and feel. This optimization can enhance user experience in a more intuitive way.

Moreover, the Group provides different built-in Apps for the customers. The integration of these Apps and the back-end servers enhances the interconnection between the customers and their end users. Add-on services provided by the Group include the pre-installation of different games. This ultimately generates more profit for the customers as profit sharing between them and the game developers is made possible when the end users make in-app purchases in these games. Another way is to provide the end users with free general services including search and navigation using a "Different Apps, Different Browsers" approach. As the mobile handset hardware serves as an interface for the content providers to connect to the internet, advertising business can be developed through such interface. Therefore, when these content providers generate profit from third parties, they need to share profit with the Group's customers. The customers are very satisfied with the Group's software customization service as such service fuels the sales volume of their handsets in their local markets. The customers further request us to provide them with the relevant services targeting their other handset models. Therefore, software customization service will be the Group's another development focus as well as a new source of profit in 2016.

The above technologies enable the Group's customers to understand the user habits of their end users and be involved in software and content operations, thereby generating long term yields. In August 2015, the Group started to develop software for a particular product of its customer. In December 2015, there were realized sales. On this, the Group has achieved some degree of success. The Group will endeavor to help the strategic customers generate more income from end users through this service, thereby strengthening the cooperation between the Group and the strategic customers.

In the second half of 2015, the business environment deteriorated when compared with 2014. There were currency devaluation and economic down-turns in most of the emerging markets such as Russia, Brazil etc. In many cases, a number of the Group's direct customers required the Group to ship the products via Hong Kong. The linked exchange rate system makes Hong Kong a finance platform for these customers, allowing them to reduce the impact of exchange loss.

Currently, the Group has two outstanding R&D teams established in the PRC. The R&D team located in Shenzhen is mainly responsible for mobile handset software development and ROM modifications. For the year ended 31 December 2015, the research and development (R&D) expense of the Group accounted for 1.3% of its sales, up from 1.2% in the past year.

Prospects

Capitalising on its market positioning strategy, the Group will further grow the customer base of its 4G smartphone business by expanding into markets worldwide, including Africa, Europe and North America. The Group will also keep abreast of the latest designs in these regions. In order to increase the average selling price of its products, and subsequently enhance its profitability, the Group will endeavor to improve the design of its products and meet the demanding quality requirements of its high-end customers. Currently, by making reference to the Chinese model, some operators in the USA distribute their products through open market channels. Therefore, the Group will endeavor to increase the number of its channel partners from one to three by making full use of this change in distribution channel model.

Having comprehensively considered the market development prospects, the Group will gradually expand itself into a platform software service provider from a supplier of only mobile handset hardware. The Group will gradually expand itself into a "Made in China" platform for international cooperation from a seller of only self-developed and self-designed products. Integrating the PRC's strengths in manufacturing, design and supply chain services across the whole industry chain with the Group's R&D, quality management and process management capabilities accumulated over the years, and also with the Group's strength in cooperating with various types of international customers, an integrated service platform with a focus on consumer electronics will be created for the world.

Given the increasing size of the software and hardware (VR and AR technologies) market, the Group intends to explore whether it is possible to develop mobile handset software with VR and AR technologies applied, and seeks to create more high-value-added mobile handset software programs. The Group also plans to allocate resources for the R&D of other artificial intelligence products, including "smart home" equipment and health management products, in order to diversify its income source. Moreover, in order to enhance its business strength, the Company is seriously considering to acquire business(es) with good potential through business mergers and acquisitions.

The successful listing of the Company is one of the important milestones in the development of the Group. Since its listing, the Group's capital strength has been greatly enhanced; the Group has become the first and only smartphone supplier listed in Hong Kong which provides high-end and one-stop ODM services and software development strategically targeting the overseas markets. Leveraging on the asset-light business model adopted by the Group as well as its leading R&D team in the industry, the management is confident in capturing market opportunities and continuously enhancing profitability, thereby laying a solid foundation for the development of the Group.

Financial Review

Revenue

The Group's revenue was RMB1,408.3 million for the year ended 31 December 2015, representing a decrease of approximately RMB507.9 million or 26.5% when compared to RMB1,916.2 million for the year ended 31 December 2014, the following table sets forth the breakdown of our revenue by product type:

	For the year ended 31 December			
	2015		2014	
	RMB'000	**%**	*RMB'000*	%
Smartphones	**1,368,881**	**97.2**	1,717,971	89.7
Smartphone component packs	**1,562**	**0.1**	196,277	10.2
Mobile device components	**37,896**	**2.7**	1,935	0.1
Total	**1,408,339**	**100.0**	1,916,183	100.0

Note: Mobile device components are purchased by our customers for providing after-sale maintenance services to their end users.

The Group's revenue from sale of smartphones was RMB1,368.9 million for the year ended 31 December 2015, decreased by approximately RMB349.1 million or 20.3% when compared to RMB1,718.0 million for 2014. Revenue for the year ended 31 December 2015 was mainly derived from 4G smartphones which amounted to RMB949.9 million, increased by 24.7% when compared to RMB762.0 million for 2014. Revenue from 3G smartphones was RMB419.0 million for the year ended 31 December 2015, decreased by RMB537.0 million when compared to RMB956.0 million for 2014. It was mainly due to the Group's strategic focus on the 4G market in 2015.

The following table sets forth an analysis of the breakdown of the Group's revenue for the year ended 31 December 2015 by geographical region:

	For the year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Hong Kong	**531,535**	**37.7**	500,331	26.1
Southeast Asia	**4,461**	**0.3**	93,727	4.9
South Asia	**90,737**	**6.4**	183,008	9.6
Taiwan	**248,392**	**17.6**	43,778	2.3
Other parts of Asia	**100,375**	**7.2**	131,183	6.8
Europe	**129,844**	**9.2**	259,877	13.6
South America	**2,316**	**0.2**	203,920	10.6
North America	**126,227**	**9.0**	424,465	22.1
Africa	**174,452**	**12.4**	75,894	4.0
Total	**1,408,339**	**100.0**	1,916,183	100.0

The Group's revenue generated from sales in Southeast Asia was RMB4.5 million for the year ended 31 December 2015, decreased by 95.2% when compared to RMB93.7 million for 2014. It was mainly due to the Group's completion of 3G smartphone orders of certain customers.

The Group's revenue generated from sales in South America was RMB2.3 million for the year ended 31 December 2015, decreased by 98.9% when compared to RMB203.9 million for 2014. Such decrease was mainly due to the sales of smartphone component packs to a certain customer in South America. As such customer was acquired by a multinational technology company, the Group foresees potential changes in its mobile business segment on its development plan. As such, the Group has intentionally decreased sales to such customer to reduce the impact of the uncertainties arising from its internal restructuring.

In Africa, the Group's revenue from sales was approximately RMB174.5 million for the year ended 31 December 2015, increased by approximately RMB98.6 million when compared to approximately RMB75.9 million for 2014. In Taiwan, the Group's revenue from sales was approximately RMB248.4 million for the year ended 31 December 2015, increased by approximately RMB204.6 million when compared to approximately RMB43.8 million for 2014. The increases were primarily due to the decision of the Company to put more emphasis on market development in Africa and Taiwan. Competition in the African and Taiwanese markets is less fierce, which allows for a higher gross margin ratio.

Gross profit and gross profit margin

	For the year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Smartphones	**221,371**	**16.2**	236,366	13.8
Smartphone component packs	**440**	**28.2**	23,728	12.1
Mobile device components	**758**	**2.0**	140	7.2
	222,569	**15.8**	260,234	13.6

The Group's gross profit was approximately RMB222.6 million for the year ended 31 December 2015, decreased by approximately 14.5% when compared to approximately RMB260.2 million for 2014. Gross profit margin was 15.8% for the year ended 31 December 2015, increased by 2.2% when compared to approximately 13.6% for 2014. Such increase was due to increased 4G smartphone sales volume with higher gross margin and the sound control on the cost of sales.

Research and development costs

Research and development costs mainly include R&D staff costs (including salaries and allowances, staff welfare and other staff related expenses) and product test costs. Research and development costs were approximately RMB18.6 million for the year ended 31 December 2015, decreased by approximately RMB3.4 million or 15.5% when compared to approximately RMB22.0 million for 2014. The decrease was mainly due to the decrease of (i) the product test costs for developing functionality and feasibility of the new design; and (ii) the staff cost.

Selling and distribution expenses

Selling and distribution expenses mainly include sales staff costs, freight charges, office expenses, marketing expenses and others. Selling expenses amounted to approximately RMB18.4 million for the year ended 31 December 2015, decreased by approximately RMB4.4 million when compared to approximately RMB22.8 million for 2014, representing a decrease of 19.3%. The decrease in selling and distribution expenses was primarily due to (i) a decrease in freight charges as a result of the decreased sales volume; and (ii) a decrease in marketing expenses to promote 4G products in the overseas markets.

Administrative expenses

Administrative expenses mainly cover staff costs for developing functionality and feasibility of the new design for administrative employees, audit fees and general office expenses. Administrative expenses amounted to approximately RMB11.7 million for the year ended 31 December 2015, increased by approximately RMB4.8 million or 69.6% when compared to approximately RMB6.9 million for 2014. It was mainly due to the increased general office expenses, rental expenses and auditor's remuneration.

Other income

Other income is mainly derived from the interest income of structured deposits, pledged bank deposits amounting to approximately RMB12.2 million.

Taxation

The Group's income tax was approximately RMB35.6 million for the year ended 31 December 2015, decreased by approximately RMB1.8 million or 4.8% when compared to approximately RMB37.4 million for 2014. Such decrease was mainly due to the decrease in tax rate. Since Benywave Wireless was recognised as "New and High Technology Enterprises" in 2015 and therefore it was entitled to apply a preferential tax rate of 15% for the year ended 31 December 2015. In comparison, the applicable domestic tax rate is 25% for the year ended 31 December 2014.

Liquidity and source of funding

As at 31 December 2015, the Group's total bank balances and cash amounted to approximately RMB41.2 million, increased by approximately RMB30.8 million when compared to approximately RMB10.4 million as at 31 December 2014. The variance of cash and bank balances for the year was mainly derived from operating activities.

As at 31 December 2015, the Group's current ratio (calculated based on the total current assets as of the respective dates divided by the total current liabilities as of the respective dates) was 1.8 as compared with 2.2 as at 31 December 2014.

As at 31 December 2015, the Group had a bank loan of RMB16.2 million, which was borrowed for the pre-payment of goods. The bank loan carried a fixed interest rate of 4.6% per annum with the maturity date on 16 March 2016, and was secured by the pledged bank deposits of USD3,000,000 (approximately RMB19,481,000).

Structured deposits

The amounts represent principal-protected RMB-denominated structured deposits placed by the Group in the licensed commercial banks in the PRC, which carry the interest which is linked to the three-month London Interbank Offer Rate ("LIBOR") with the maturity periods of 181 days, 364 days and 366 days respectively. At maturity, the Group is entitled to receive the principal plus interests. The expected annual interest rate for the structured deposits is indicated at 3.2% to 3.3%, however, the actual interest to be received is uncertain until maturity.

From July to December 2015, orders from certain key customers have been cancelled. The reasons given by our end customers for the cancellation of the orders are that the market conditions changed, so that (i) they need different hardware configurations; (ii) they requested different software and hardware combinations.

The prepayments, which had been paid to the suppliers for purchasing, were returned back to the Group. Accordingly, the Directors decided to subscribe the structured deposits in order to earn a more attractive return than current saving under the low interest rate trend and maximize the return on the Group's working capital surplus. As at 31 December 2015, the amounts of the structured deposits and the bank deposits are RMB180 million and RMB170 million, respectively.

Share capital

As at 31 December 2015, the Company's share capital was as follows:

Number of issued shares: 850,000,000.

Dividend

No dividends were declared or paid during the year ended 31 December 2015. Subsequent to the end of the reporting period, final dividend of HK$42,970,000 (approximated to RMB36,000,000) in respect of the year ended 31 December 2015 is proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

Use of Proceeds from the Initial Public Offering ("IPO")

The shares of the Company (the "Shares") were successfully listed on the Main Board of the Stock Exchange on 26 June 2015 (the "Listing Date"). The net proceeds received from the IPO, after deducting underwriting fees and other expenses in relation to the IPO, were approximately HK$484 million (equivalent to approximately RMB382 million). Such net proceeds were deposited at the Group's bank accounts. For the year ended 31 December 2015, the net proceeds were used as follows:

Use:	% of the total amount of the net proceeds	Approximate amounts of the net proceeds (in HK$ million) (RMB equivalent)	Approximate amounts utilized (in HK$ million) (RMB equivalent)	Approximate remaining amount (in HK$ million) (RMB equivalent)
Purchasing raw materials to expand our raw sourcing capacity	45.5	220 (174)	220 (174)	0 (0)
Setting up overseas representative offices and/or establishing partnership with top local branded mobile handset suppliers or telecommunication operators in our key markets	27	131 (103)	0 (0)	131 (103)
Expanding our research and development capabilities	12.5	61 (48)	43 (34)	18 (14)
Setting up a new quality testing laboratory, employing additional quality testing personnel and purchasing additional quality testing equipment	5	24 (19)	0 (0)	24 (19)
General working capital	10	48 (38)	32 (25)	16 (13)
Total	100	484 (382)	295 (233)	189 (149)

Foreign exchange exposure

With its certain operating transactions undertaken in foreign currencies and its bank balances of the proceeds from the global offering denominated in foreign currencies, the Group is exposed to foreign currency risk. Currently, the Group's sales quotation is made in USD instead of the local currency. In order to reduce the impact of foreign currency risk, the Group also ships and delivers products to overseas customers through third party trading parties in Hong Kong as FOB transactions. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management controls its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging against significant foreign currency risk exposure should the need arise.

Material acquisitions and disposals

For the year ended 31 December 2015, the Group had no material acquisitions and disposals.

Contingent liabilities and commitments

As at 31 December 2015, the Group had commitments, which amounted to RMB3.8 million, for future minimum lease payments under non-cancellable operating leases. The operating lease payment commitments represent rental payable by the Group for offices and equipment. The lease was negotiated for lease terms of one to two years. Monthly rental was fixed for certain lease.

Continuing connected transactions

Pursuant to an equipment lease agreement entered into between Benywave Technology and Benywave Wireless, Benywave Technology has let certain equipment and facilities to Benywave Wireless for handset testing purpose. For the year ended 31 December 2015, the equipment rental expenses incurred by Benywave Wireless amounted to approximately RMB77,000.

Pursuant to a lease agreement entered into between Beijing Tianyu Communication Equipment Co. Ltd. ("Tianyu") and Benywave Wireless, Tianyu has let the premises situated at Zone A, 4th Floor, No. 55, Jiachuang Second Road, Zhongguancun Science Park, OPTO-Merchatronics Industrial Park, Tongzhou District, Beijing, China to Benywave Wireless for carrying on its business. For the year ended 31 December 2015, the rental expenses incurred by Benywave Wireless amounted to approximately RMB818,000.

Employee and remuneration policies

For the year ended 31 December 2015, the Group had a total of 128 employees in Hong Kong and Mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

CLOSURE OF REGISTER OF MEMBERS

(a) Annual General Meeting

The register of members of the Company will be closed from Thursday, 19 May 2016 to Monday, 23 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to determine who are eligible to attend and vote at the annual general meeting of the Company to be held on Monday, 23 May 2016, the shareholders' of the Company should ensure that all transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 May 2016.

(b) Payment of the proposed final dividend

The register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be qualified for the proposed final dividend, all transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 26 May 2016.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK5.055 cents (2014: nil) per share, totaling HK$42,970,000 (approximated to RMB36,000,000) which is expected to be paid on Wednesday, 15 June 2016 to its shareholders whose names appear on the register of members at the close of business on Tuesday, 31 May 2016 subject to the final approval in the annual general meeting to be held on Monday, 23 May 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period since 26 June 2015 (the "Listing Date") to 31 December 2015.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the period from the Listing Date to 31 December 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date to 31 December 2015.

CHANGES IN INFORMATION OF DIRECTORS

The change of Director's information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

1. Mr. Tang Shun Lam, previously a non-executive director of the Company, has been re-designated as an executive director of the Company with effect from 19 March 2016.

2. Mr. Tang Shun Lam has been appointed as an independent non-executive director of Greenheart Group Limited (stock code: 94) with effect from 2 July 2015.

3. Mr. Lam Yiu Kin has been appointed as an independent non-executive director of (i) Global Digital Creations Holdings Limited (stock code: 8271) with effect from 27 July 2015; (ii) Shougang Concord Century Holdings Limited (stock code: 103) with effect from 1 August 2015; (iii) Mason Financial Holdings Limited (stock code: 273) with effect from 1 August 2015; (iv) COSCO Pacific Limited (stock code: 1199) with effect from 14 August 2015; and (v) Nine Dragons Paper (Holdings) Limited (stock code: 2689) with effect from 3 March 2016.

4. Mr. Lam Yiu Kin resigned as an independent non-executive director of Kate China Holdings Limited (stock code: 8125) with effect from 17 September 2015.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Lam Yiu Kin (Chairman), Mr. Tsang Yat Kiang and Mr. Hon Kwok Ping, Lawrence.

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2015 including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December, 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vital-mobile.com). The Company's annual report for the year ended 31 December 2015 containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 23 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.