Vital Mobile Holdings Limited
維太移動控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock code 股份代號：6133

INTERIM REPORT 2015
中期報告

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Rong Xiuli *(Chairperson)*
Rong Shengli

Non-executive Director

Tang Shun Lam

Independent Non-executive Directors

Hon Kwok Ping, Lawrence
Lam Yiu Kin
Tsang Yat Kiang

COMPANY SECRETARY

Chui Man Lung, Everett

AUDIT COMMITTEE

Lam Yiu Kin *(Chairman)*
Tsang Yat Kiang
Hon Kwok Ping, Lawrence

REMUNERATION COMMITTEE

Tsang Yat Kiang *(Chairman)*
Hon Kwok Ping, Lawrence
Lam Yiu Kin
Rong Xiuli

NOMINATION COMMITTEE

Tsang Yat Kiang *(Chairman)*
Hon Kwok Ping, Lawrence
Lam Yiu Kin
Rong Xiuli

RISK MANAGEMENT COMMITTEE

Hon Kwok Ping, Lawrence *(Chairman)*
Rong Xiuli
Rong Shengli

AUTHORISED REPRESENTATIVES

Rong Xiuli
Hon Kwok Ping, Lawrence

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL BANKERS

Shanghai Commercial Bank
China Everbright Bank

LEGAL ADVISERS

As to Hong Kong Law

Li, Wong, Lam & W. I. Cheung

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND OPERATING HEAD OFFICE IN CHINA

4th Floor, No.55 Jiachuang Second Road
Zhongguancun Science Park
OTPO-Merchatronics Industrial Park
Tongzhou District, Beijing
China

Corporate Information (continued)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 16B, 16/F.
W Square, 314-324 Hennessy Road
Wanchai, Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

6133

COMPANY'S WEBSITE

www.vital-mobile.com

Management Discussion and Analysis

Overview

Vital Mobile Holdings Limited (the "Company") is engaged in the business of supplying original design manufacturer ("ODM") services for high end mobile phones, servicing the emerging markets and some developed markets. We are supporting our customers in a timely fashion with a lean structure and an asset-light business model. With the above advantages, we have been able to develop into a leading supplier of top-tier smartphone component/system. The Company is growing continuously through quick design-in activities for targeted accounts and markets. We have successfully transformed our product mix from 3G to 4G smartphone products in the past 6 months with the majority of products offered in the high end. It is our mission that we will cooperate with the top 3 local brands in each of the local market that we have presence. It is based on this belief that we are providing the best value for money products using the best components and best designs. Unlike our competitors who mainly build their own brands in the market of their own, our business model focuses on supporting the leading local brands. Such business model allows us to lower the expense for marketing and advertising activities to less than 3% of the sales, thus bringing about overwhelming edges in terms of cost. Meanwhile, we can limit our exposure to over-stocking as these risks are passed on to our loyal customers who own the local brands.

Our business strategy works very well as the global smartphone market is gyrating towards a few large global brands and a mix of local brands in each country, which means mid-sized brands are gradually deteriorating with their market share squeezed. However, we are able to avoid making the same mistake of other brands or manufacturers who are suffering from substantial impairment for over-stocking in their distribution channels.

The Company has recently gone public on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and we have cash in hand of more than HK$400 million, and we intend to apply the amount in funding the working capital for new supply contracts secured in the emerging markets. Also, the proceed will be used for recruitment of new talents and assets acquisitions for the sake of expanding our capabilities in software development. Our research and development ("R&D") expense is expected to grow from 1.2% to 1.4% of sales accordingly.

Overall Performance of the Company and its subsidiaries (hereinafter collectively referred to as the "Group")

The first half of 2015 was challenging for smartphone enterprises around the world. Global handset giants gained additional market share continuously and launched products at a faster rate, which shortened the life cycle and sped up the phasing out of old models. All these contributed to the narrowed average profit margin and the diminished living space of small-sized industry player. The popularity of 4G smartphones brings about curses and blessings to the smartphone industry at the same time.

Management Discussion and Analysis (continued)

Based on our unaudited management accounts, our net profit for the six months ended 30 June 2015 remained stable. The gross profit and gross profit margin increased as compared to the corresponding period in 2014. During the six months ended 30 June 2015, the improved gross profit and gross profit margin eliminate the effect of decreased unit sales as compared to the corresponding period in previous year, and the performance gradually picked up in months subsequent to June 2015.

The stable unit sales for the six months ended 30 June 2015 were primarily attributable to the following factors: (i) the average selling prices of 3G products decreased along with the progression of its product life cycle gradually; the competition in the 3G product market became intensified and 4G mobile handsets became popular; in particular, certain 3G smartphone products we sold for the six months ended 30 June 2015 were repeated orders of products with obsoleted design and those products were sold at lower average selling prices; (ii) sales of our smartphone component packs decreased as the relevant client to which we supplied those products was acquired by a multinational technology company, and as our management expected potential changes in the development plan of the mobile business segment of that client, we intentionally decreased our sales to that client to avoid any uncertainty arising from the internal restructuring of which; and (iii) the shipment of 4G products increased, thus eliminating the effect of reduced sales of 3G smartphone products. The shortfall in profit from 3G smartphone products was compensated by better margins from 4G products shipped to Taiwan.

The overall increase in gross profit and gross profit margin for the six months ended 30 June 2015 as compared to the corresponding period of previous year was mainly due to the increase in sales of 4G products and the launch of the latest 4G smartphone models with higher gross profit margin.

Without the impact of listing expenses, our underlying profit for six months ended 30 June 2015 is RMB74.8 million compared with same period last year of RMB64.8 million or an increase of 15.4%.

By shifting our focus to high-end products to lower the ratio of costs to sales revenue, we will be able to control our costs. We have been using data mining to serve our customers better, which allows us to reduce our development and maintenance costs.

Management Discussion and Analysis (continued)

Business Prospect

The second half of the year is a traditional peak season for smartphone business. A number of new 4G networks will start commission in Q3 of this year, such as those in India and South America. We have received bulk orders for 4G smartphones placed by Indian operators of these newly developed networks, and shipment will be delivered in Q3 and Q4. In North America, we are focusing our effort on switching from serving a single customer to supporting distribution via multiple channels. With the increase in the expected shipment of 4G handsets to compensate the decreased sales volume of 3G products, we expect better average selling prices (the "ASP") per unit for our products in the second half of 2015, thus edging up the ASP from US$66 to over US$80.

Our marketing positioning has been successful. We will capitalize on the success to expand our business to other markets in Africa, Europe and North America, and we will keep abreast of the latest design in these areas. We will continue to step up our effort on improving our product design to meet the stringent requirement of high end consumers, and this will also allow us to improve our ASP and thus profitability. We are also improving the service standard to our customers by setting up a local support team.

We are expanding our R&D team in both hardware and software businesses. With the increasing number of 4G service subscribers, more marketing opportunities are generated and we can provide better user experience and easier data applications. We are working with a number of strategic customers on special features that will bring about benefits to handset brands by enabling them to provide value added services. This is a planned new income source in addition to revenue from the sales of hardware. It is particularly important that we can take advantages of the change in distribution channels as industry operators in the United States of America ("USA") are adopting the Chinese model that products are distributed through the open market and we have been trying our best to increase our channel partner from one to three.

We believe the recent devaluation of RMB will be a positive trend for our business in the short term because some local costs will be lowered. However, since customers may want to share the benefits generated by lowered costs, the impact of depreciated RMB will be limited over the longer term.

As stated in our listing prospectus, part of the proceeds will be used to set up supporting branches in areas in which our major customers are located. We are in the process of establishing a support centre in India and a representative office in the North America, and we will set up a new representative office in Europe.

Management Discussion and Analysis (continued)

The listing of the Company is an important milestone in the strategic development of the Group. Since our listing, the capital strength of the Group has been further enhanced; we therefore became the first and only high-end devote one-stop ODM service smartphone solution provider for oversea markets listed in Hong Kong, with a strategic focus on 4G smartphone and software development. Leveraging on the asset-light business model as well as the leading R&D team in the industry, the management is confident in grasping market opportunities ahead and laying a solid foundation for continued enhancement in profitability.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately RMB116.0 million or 14.1% to approximately RMB704.4 million for the six months ended 30 June 2015 from approximately RMB820.4 million for the six months ended 30 June 2014, the following table sets forth the breakdown of our revenue by product type:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	***%***	*RMB'000*	*%*
Smartphones	**696,315**	**98.9**	726,973	88.6
Smartphone component packs	**–**	**–**	92,856	11.3
Mobile device components	**8,044**	**1.1**	577	0.1
Total	**704,359**	**100.0**	820,406	100.0

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

Our revenue generated from sale of smartphones decreased from approximately RMB727.0 million for the six months ended 30 June 2014 to approximately RMB696.3 million for the six months ended 30 June 2015, representing a decrease of 4.2%. During the six months ended 30 June 2015, our revenue was mainly derived from 4G smartphones, 4G smartphones increased from approximately RMB212.5 million for the six months ended 30 June 2014 to approximately RMB408.0 million for the six months ended 30 June 2015, 3G smartphones decreased from approximately RMB514.5 million for the six months ended 30 June 2014 to approximately RMB288.3 million for the six months ended 30 June 2015, which was primarily due to the decrease in sales of 3G smartphone after our decision to focus on 4G market in the first half of 2015.

Management Discussion and Analysis (continued)

The following table sets forth the breakdown of our revenue by geographical regions for the periods indicated:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	***%***	*RMB'000*	*%*
South Asia	**65,078**	**9.2**	34,179	4.2
Southeast Asia	**1,193**	**0.2**	45,683	5.6
Hong Kong	**123,489**	**17.5**	254,573	31.0
Other parts of Asia	**211,643**	**30.1**	59,524	7.3
Europe	**70,068**	**10.0**	170,050	20.7
South America	**1,545**	**0.2**	100,499	12.2
North America	**102,228**	**14.5**	152,157	18.5
Africa	**129,115**	**18.3**	3,741	0.5
Total	**704,359**	**100.0**	820,406	100.0

Notes:

(1) South Asia includes India and Bangladesh.

(2) Southeast Asia includes Philippines, Thailand, Vietnam, Malaysia and Indonesia.

(3) Sales to Hong Kong mainly comprised of sales to certain mobile trading companies incorporated in Hong Kong who sell branded mobile handsets to various countries including but not limited to Philippines, Vietnam, Thailand, Malaysia, India, Indonesia, Korea and Pakistan.

(4) Other parts of Asia includes Taiwan, Yemen, Pakistan, Dubai and Turkey.

(5) Europe includes France, Romania, Russia, Portugal, Cyprus and Italy.

(6) South America includes Brazil and Venezuela.

(7) North America includes USA and Mexico.

(8) Africa includes South Africa, Algeria and Morocco.

Our revenue generated from sale in Southeast Asia decreased from approximately RMB45.7 million for the six months ended 30 June 2014 to approximately RMB1.2 million for the six months ended 30 June 2015, representing a decrease of 97.4%. It was mainly due to the completion of 3G smartphones orders of certain customers. The management will launch the new products and sales orders in Southeast Asia in the second half year of 2015.

Management Discussion and Analysis (continued)

During the six months ended 30 June 2015, our revenue generated from sale in South America decreased from approximately RMB100.5 million for the six months ended 30 June 2014 to approximately RMB1.5 million for the six months ended 30 June 2015, representing a decrease of 98.5%. The decrease was mainly due to the sales of smartphone component packs to a certain customer in South America. As the relevant customer was acquired by a multinational technology company, we foresee potential changes in its mobile business segment on its development plan. As such, we have intentionally decreased sales to such customer to avoid any uncertainties arising from its internal restructuring.

In Africa, our revenue increased from approximately RMB3.7 million for the six months ended 30 June 2014 to approximately RMB129.1 million for the six months ended 30 June 2015, representing an increase of RMB125.4 million. It was primarily due to our decision to develop African market this year, in which area has less competition and more gross profit ratio.

In addition, our revenue was mainly derived from other parts of Asia, such as Taiwan, our revenue from this area increased from approximately RMB59.5 million for the six months ended 30 June 2014 to approximately RMB211.6 million for the six months ended 30 June 2015, which was mainly due to 4G products with better margins shipping to Taiwan.

Gross profit and gross profit margin

	For the six months ended 30 June			
	2015		2014	
	RMB'000	**%**	*RMB'000*	%
Smart phones	**113,453**	**16.3**	81,398	11.2
Smartphone component packs	**–**	**–**	16,460	17.7
Mobile device components	**(261)**	**(3.2)**	96	16.6
	113,192	**16.1**	97,954	11.9

Gross profit amounted to approximately RMB113.2 million for the six months ended 30 June 2015, increased by approximately RMB15.2 million or 15.6% from RMB98.0 million for the six months ended 30 June 2014. The gross profit ratio increased by 4.2% from 11.9% for the six months ended 30 June 2014 to 16.1% for the six months ended 30 June 2015. The increase in gross profit margin was primarily contributed by increased 4G smartphones volume with high gross margin and controlling cost of sales. The gross profit and gross profit margin of 3G products for the six months ended 30 June 2015 decreased in line with the progression of its product life cycle compared to the corresponding period. The gross profit and gross profit margin of 4G products for the six months ended 30 June 2015 were mainly due to, i) the sales volume of 4G products increased by 158.8%; and ii) the cost of 4G products deceased by the successful costing control and monitoring.

Management Discussion and Analysis (continued)

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 amounted to approximately RMB8.2 million for the six months ended 30 June 2015, decreased by approximately RMB1.1 million or 11.9% from RMB9.3 million for the six months ended 30 June 2014. The decrease was mainly due to the product test costs for developing functionality and feasibility of the new design.

Selling and distribution expenses

Selling and distribution expenses mainly include sales staff costs and freight charges, office expenses, marketing expenses and others. Selling expenses amounted to approximately RMB11.0 million for the six months ended 30 June 2015, increased by approximately RMB1.9 million or 20.9% from RMB9.1 million for the six months ended 30 June 2014. The increase was primarily due to (i) increase in freight charges as a result of increase of the sales volume this area 2015; and (ii) market expenses increased to promote 4G products in the overseas markets.

Administrative expenses

Administrative expenses mainly include 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 RMB4.6 million for the six months ended 30 June 2015, increased by approximately RMB1.0 million or 27.7% from RMB3.6 million for the six months ended 30 June 2014. The increase was primarily due to the increased general office expenses and staff costs for the overseas offices.

Other income

Other income mainly consisted of the interest income of the structured deposit and the income from government grant, which amounted to RMB4.9 million and RMB0.5 million, respectively.

Taxation

Income tax increased by approximately RMB14.3 million or 130.6% to RMB25.3 million for the six months ended 30 June 2015 from RMB11.0 million for the corresponding period in 2014. The increase was mainly attributable to the increase in tax rate. The tax rate of Beijing Benywave Wireless Communication Co., Ltd. ("Benywave Wireless") is 25%. However, Beijing Benywave Technology Co., Ltd. ("Benywave Technology") is recognised as "New and High Technology Enterprises" and applied a tax rate of 15% for the whole period of 2014. The Overseas Business Unit (as defined in Note 2 of Notes to the Condensed Consolidated Financial Statements) as a separate tax payer using the tax rate of Benywave Technology for the six month ended 30 June 2014.

Management Discussion and Analysis (continued)

Liquidity and source of funding

As at 30 June 2015, the Group's total bank balances and cash increased by RMB388.2 million from RMB10.4 million as at 31 December 2014 to RMB398.6 million. The significant increase of cash and bank balances for the period primarily was contributed from the net proceeds from the global offering.

As at 30 June 2015, the 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) of the Group was 40.1% as compared with 45.0% as at 31 December 2014.

The Group does not have any bank borrowings and other debt financing obligations as at 30 June 2015 or the date of this interim report and does not have any breaches of finance covenants. The Group has US$3.0 million unused banking facilities as at 30 June 2015.

Foreign exchange exposure

The Group undertakes certain operating transactions in foreign currencies and the bank balances of the proceeds from the global offering denominated in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should the need arise.

Material acquisitions and disposals

The Group has no material acquisitions and disposals for the six months ended 30 June 2015.

Contingent liabilities and commitments

The Group had no material contingent liabilities and commitments as at 30 June 2015.

Continuing connected transactions

Pursuant to an equipment lease agreement made between Benywave Technology and Benywave Wireless, Benywave Technology has let certain equipment and facilities to Benywave Wireless for handset testing purpose. Amounting to RMB39,000 rental expenses were incurred by Benywave Wireless for the six months ended 30 June 2015.

Pursuant to a lease agreement made 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. Amounting to RMB409,000 rental expenses were incurred by Benywave Wireless for the six months ended 30 June 2015.

Other Information

DIVIDEND

The directors of the Company (the "Directors" and each a "Director") do not recommend the payment of an interim dividend for the six months ended 30 June 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions:

Ordinary shares of HK$0.1 each of the Company (the "Shares")

(i) Interest in the Company

Name of Director	Nature of interest	Number of and class of securities (1)	Approximate percentage of issued share capital of the Company (3)
Rong Xiuli ("Ms. Rong") (2)	Interest in a controlled corporation Founder of a discretionary trust	568,480,000 (L)	66.88%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Ms. Rong and Mr. Ni Gang ("Mr. Ni") hold 90% and 10% of the entire issued share capital of Winmate Limited ("Winmate") respectively. Ms. Rong is the spouse of Mr. Ni, and therefore, Ms. Rong is deemed to be interested in the Shares held by Winmate. Further, Selected Elites Limited holds 87,856,000 Shares representing 10.34% of the entire issued share capital of the Company as nominee of The Core Trust Company Limited ("Core Trust") under the revocable discretionary trust set up by Ms. Rong for herself, her family members and other designated persons as beneficiaries ("Rong Personal Trust"). Selected Elites Limited is wholly-owned by Core Trust in its capacity as trustee of Rong Personal Trust with Ms. Rong as settlor of the trust. Ms. Rong is deemed to be interested in the Shares held by Selected Elites Limited under the SFO by virtue of her being the founder of Rong Personal Trust.

(3) As at 30 June 2015, the issued share capital is 850,000,000 Shares.

Other Information (continued)

(ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Percentage of interest in associated corporation
Ms. Rong (Note)	Winmate Limited	90%

Note: As at 30 June 2015, Winmate held more than 50% of the Shares. Therefore, the Company was a subsidiary of Winmate, and Winmate was the holding company and an associated corporation of the Company.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Other Information (continued)

Long positions:

Ordinary shares of HK$0.1 each of the Company

Name of Shareholder	Nature of interest	Number of and class of securities (1)	Approximate percentage of issued share capital of the Company (4)
Winmate	Beneficial owner	480,624,000 (L)	56.54%
Ms. Rong (2)	Interest in a controlled corporation	568,480,000 (L)	66.88%
	Founder of a discretionary trust		
Mr. Ni (2)	Interest in a controlled corporation	568,480,000 (L)	66.88%
	Spouse of Ms. Rong		
Selected Elites Limited (2)	Beneficial owner	87,856,000 (L)	10.34%
Core Trust (3)	Trustee	120,156,000 (L)	14.14%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Ms. Rong and Mr. Ni hold 90% and 10% of the entire issued share capital of Winmate respectively. Ms. Rong is the spouse of Mr. Ni, and therefore, Ms. Rong and Mr. Ni are deemed to be interested in the Shares held by Winmate. Further, Selected Elites Limited holds 87,856,000 Shares representing 10.34% of the entire issued share capital of the Company as nominee of Core Trust under Rong Personal Trust. Selected Elites Limited is wholly-owned by Core Trust in its capacity as trustee of Rong Personal Trust with Ms. Rong as settlor of the trust. Ms. Rong and Mr. Ni are all deemed to be interested in the Shares held by Selected Elites Limited under the SFO. Ms. Rong is deemed to be so interested by virtue of her being the founder of Rong Personal Trust. Mr. Ni is deemed to be so interested by virtue of him being the spouse of Ms. Rong.

(3) Core Trust is both the trustee of restricted share unit ("RSU") scheme ("RSU Scheme") and the trustee of Rong Personal Trust. Wisdom Managements Worldwide Limited (which is wholly-owned by Core Trust) holds 32,300,000 Shares under the RSU Scheme. Selected Elites Limited (which is wholly-owned by Core Trust) holds 87,856,000 Shares under Rong Personal Trust. Under the SFO, Core Trust is deemed to be interested in the 32,300,000 Shares and 87,856,000 Shares held by Wisdom Managements Worldwide Limited and Selected Elites Limited respectively.

(4) As at 30 June 2015, the issued share capital is 850,000,000 Shares.

Other Information (continued)

Save as disclosed above, as at 30 June 2015, the Company has not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

USE OF PROCEEDS

With the successful listing of the Company's shares on the main board of the Stock Exchange on 26 June 2015, the net proceeds of HK$488.0 million have been raised and were kept at the bank account of the Group to be used in accordance with the plan of use of proceeds as stated in the prospectus of the Company dated 16 June 2015.

SHARE OPTION AND RESTRICTED SHARE UNIT SCHEME

On 9 June 2015, a share option scheme ("Share Option Scheme") and the RSU Scheme were approved and adopted by the board of Directors. No share option or RSU was granted throughout the six months ended 30 June 2015.

HUMAN RESOURCES

As at 30 June 2015, the Group employed approximately 133 employees in Hong Kong and mainland China. The Group remunerated the employees based on their performance, experience and prevailing market practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 throughout the six months ended 30 June 2015.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Group had no major litigation or arbitration during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities throughout the six months ended 30 June 2015.

Other Information (continued)

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 unaudited condensed consolidated financial results of the Company for the six months ended 30 June 2015 and agreed to the accounting principles and practices adopted by the Company.

CHANGE OF DIRECTORS' INFORMATION

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

2. 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; and (iv) COSCO Pacific Limited (stock code: 1199) with effect from 14 August 2015.

APPRECIATION

On behalf of the board of Directors, I would like to express our gratitude to our shareholders for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions.

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

Hong Kong, 17 August 2015

Independent Review Report

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF VITAL MOBILE HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Vital Mobile Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 19 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company (the "Directors" and each a "Director") are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ("HKSRE 2410") "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of change in equity and statement of cash flows for the six months period ended 30 June 2014 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

17 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	4	**704,359**	820,406
Cost of sales		**(591,167)**	(722,452)
Gross profit		**113,192**	97,954
Other gain and loss	5	**5,340**	(90)
Other income		**5,446**	–
Research and development costs		**(8,235)**	(9,346)
Selling and distribution expenses		**(11,043)**	(9,123)
Administrative expenses		**(4,577)**	(3,602)
Listing expense		**(12,408)**	(2,854)
Profit before tax	6	**87,715**	72,939
Income tax expense	7	**(25,275)**	(10,960)
Profit and total comprehensive income for the period		**62,440**	61,979
Profit and total comprehensive income for the period attributable to equity holders of the Company		**62,440**	61,979
Earnings per share	8		
– basic (RMB per share)		**0.096**	0.096
– diluted (RMB per share)		**0.096**	N/A

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Non-current assets			
Equipment		**187**	208
		187	208
Current assets			
Inventories		**119,476**	123,543
Trade and other receivables	11	**437,403**	397,843
Amount due from a related party	10	**2,492**	7,860
Structured deposits	12	**250,000**	–
Cash and bank balances	13	**398,625**	10,440
Pledged bank deposits		**24,633**	535
		1,232,629	540,221
Current liabilities			
Trade payables	14	**400,568**	164,289
Accrual and other payables		**34,642**	22,626
Deposits received from customers		**16,873**	14,811
Amount due to a related party	10	**–**	4,116
Tax payables		**20,247**	13,791
Provision		**21,961**	23,332
		494,291	242,965
Net current assets		**738,338**	297,256
Total assets less current liabilities		**738,525**	297,464
Net assets		**738,525**	297,464
Capital and reserves			
Share capital	15	**67,041**	–
Share premium and reserve		**671,484**	297,464
Equity attributable to equity holders of the Company		**738,525**	297,464

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital RMB'000 (Note 15)	Share premium RMB'000	Special reserve RMB'000 (iv)	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2015 (audited)	–	–	275,060	22,404	297,464
Profit and total comprehensive income for the period	–	–	–	62,440	62,440
Net proceeds from the global offering (i)	16,090	362,531	–	–	378,621
Capitalisation issue (ii)	50,951	(50,951)	–	–	–
Balance at 30 June 2015 (unaudited)	67,041	311,580	275,060	84,844	738,525
Balance at 1 January 2014 (audited)	–	–	(43,586)	–	(43,586)
Profit and total comprehensive income for the period	–	–	–	61,979	61,979
Transfer of net profit in respect of Overseas Business (iii)	–	–	61,979	(61,979)	–
Net contribution from Benywave Technology (iv)	–	–	170,499	–	170,499
Balance at 30 June 2014 (unaudited)	–	–	188,892	–	188,892

Notes:

i. On 26 June 2015, the Company completed the global offering consisted of 204,000,000 offer shares in total with the nominal value is HK$0.1 per share. The aggregate net proceeds from the global offering were calculated at the offer price of HK$2.48 after deducting the underwriting fee and the listing expenses amounting to RMB20,403,000 in connection with the global offering.

ii. 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 shareholders of the Company.

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2015

iii. The profit in respect of operations of the Overseas Business (as defined in Note 2) carried out by Beijing Benywave Technology Co., Ltd. ("Benywave Technology") prior to the group reorganisation was legally belonged to Benywave Technology. The transfer of net profits in respect of the Overseas Business represents the results of the Overseas Business as such profits are non-distributable profits of the Group.

iv. The net contribution from Benywave Technology represents the funding provided by Benywave Technology to the Overseas Business Unit (as defined in Note 2) prior to the Assets Transfer (as defined in Note 2).

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

Throughout the six months ended 30 June 2014, the Group's business was operated by the Overseas Business Unit under Benywave Technology and no separate bank accounts have been maintained by the Overseas Business Unit. The treasury and cash disbursement functions of the Overseas Business Unit were centrally administrated by Benywave Technology. The net cash flows generated by the Overseas Business Unit were kept in the bank accounts of Benywave Technology. Accordingly, the funds provided for or withdrawn from Benywave Technology were presented as movements in the equity while there are no cash and cash equivalents balance for Overseas Business Unit. Accordingly, there were no cash received/paid directly by the Group in connection with its operating, investing and financing activities for the six months ended 30 June 2014. After the completion of the split, which the related assets and liabilities of the Group's business were assumed by Beijing Benywave Wireless Communication Co., Ltd. ("Benywave Wireless"), a wholly owned subsidiary of the Company on 29 August 2014, Benywave Wireless opened its own bank accounts.

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit for the period	**62,440**	61,979
Adjustments for		
Income tax recognised in profit or loss	**25,275**	–
Depreciation of equipment	**21**	65
Foreign exchange loss, net	**119**	595
Write down of inventories	**2,609**	1,453
(Reversal of provision) provision for warranty	**(1,371)**	1,658
Operating cash flows before movements in working capital	**89,093**	65,750
Decrease in inventories	**1,458**	25,470
Increase in trade and other receivables	**(45,138)**	(193,807)
Increase (decrease) in trade payables	**236,279**	(33,262)
Increase (decrease) in accrual and other payables	**7,067**	(2,630)
Increase (decrease) in deposits received from customers	**2,062**	(32,021)
Cash generated from (used in) operating activities	**290,821**	(170,500)
Income tax paid	**(18,819)**	–
Net cash generated from (used in) operating activities	**272,002**	(170,500)

Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Investing activities		
Decrease in amount due from a related party	**5,368**	–
Proceeds from disposal of equipment	**–**	1
Investment in structured deposits	**(250,000)**	–
Placement of pledged deposits	**(24,098)**	–
Net cash generated (used in) from investing activities	**(268,730)**	1
Cash generated from financing activity		
Decrease in amount due to a related party	**(4,116)**	–
Proceeds from the global offering	**399,024**	–
Expenses incurred in connection with the global offering	**(15,454)**	–
Net cash generated from financing activities	**379,454**	–
Net increase (decrease) in cash and cash equivalents	**382,726**	(170,499)
Effect of exchange rate changes on the balance of cash and bank held in foreign currencies	**5,459**	–
Cash and cash equivalents at 1 January 2015	**10,440**	–
Cash and cash equivalents at the end of period	**398,625**	(170,499)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 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 holding company of the Company is Winmate Limited ("Winmate") which is incorporated in the BVI 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 Stock Exchange of Hong Kong Limited.

The condensed 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

Historically, 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 People's Republic of China ("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 has been resolved to split into two separate legal entities namely Benywave Technology and 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. In August 2014, the Company 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 has been under the common control by Ms. Rong and Mr. Ni throughout the periods presented. For the purpose of presenting the financial results and cash flows of the Group, the Overseas Business Unit is deemed to be part of the Group for the six months ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

2. GROUP REORGANISATION AND BASIS OF PREPARATION (continued)

The condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statements of cash flows of the Group for the six months ended 30 June 2014 include 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 are specifically identified to the Overseas Business, such items are included in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2014.

To the extent that the income and expenses are 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 six months ended 30 June 2014. Items that do not meet the criteria above are not included in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2014.

Expenses which are common to the Overseas Business and the PRC Business are 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 presents a reasonable basis of estimating what the Overseas Business Unit operating results would have been on a stand-alone basis for the six months ended 30 June 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 are 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 Unit 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 six months ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

2. GROUP REORGANISATION AND BASIS OF PREPARATION (continued)

The condensed consolidation financial statements have been prepared in accordance with International Accounting Standard 34("IAS 34") Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirement of Appendix 16 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the financial information of the Group for the three years ended 31 December 2014 as set out in the Appendix I to the prospectus of the Company dated 16 June 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRS") that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue

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

Segmental information

The Group operates and manages its business as a single operating segment that engaged in developing, designing, production management and selling mobile telecommunication devices on ODM basis and sale of mobile telecommunication related components and accessories, targeting overseas markets. 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 or the Overseas Business Unit prior to the completion of group reorganisation as a whole when making decisions about allocating resources and assessing performance of the Group.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

4. REVENUE AND SEGMENT INFORMATION (continued)

Revenue from major products

The following table sets forth a breakdown of the Group's revenue by major products during the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Smart phones	**696,315**	726,973
Smartphone component packs	**–**	92,856
Mobile device components	**8,044**	577
	704,359	820,406

5. OTHER GAIN AND LOSS

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Foreign exchange gain (loss), net	**5,340**	(90)

6. PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of other equipment	**21**	437
Directors' emoluments	**1,240**	804
Other staff cost		
Salaries and other allowance	**8,565**	9,354
Retirement benefit schemes contribution	**1,655**	2,028
Total staff costs	**11,460**	12,186
Cost of inventories recognised as an expense	**591,167**	722,452
Write down of inventories (included in cost of sales)	**2,609**	1,453
Interest income	**4,838**	–
Government grant	**500**	–
Operating lease rentals in respect of rented premises	**763**	473

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")	**25,275**	10,960

The tax rate of Vital Mobile (HK) Limited is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group's operation in Hong Kong had no assessable profit for the six months ended 30 June 2015.

Under the Law of the PRC and Enterprise Income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Benywave Wireless is 25%. However, Benywave Technology is recognised as "New and High Technology Enterprises" and therefore entitled to apply a tax rate of 15% for the year 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.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share, Representing profit for the six months attributable to owners of the Company	**62,440**	61,979

	Six months ended 30 June	
	2015	2014
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**651,635**	646,000

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

8. EARNINGS PER SHARE (continued)

The weighted average number of shares for the purpose of calculating basic earnings per share for both periods has been adjusted for the effect of the capitalisation issue as described more fully in Note 15(iv).

The over-allotment option granted by the Company in June 2015 has no significant impact in the computation of diluted earnings per share for the six months ended 30 June 2015. There were no dilutive potential shares for the six months ended 30 June 2014.

9. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015.

As the Overseas Business was operated as the Overseas Business Unit under Benywave Technology during the six months period ended 30 June 2014, the net return to Benywave Technology as set out in the condensed 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 six months ended 30 June 2014.

10. AMOUNT DUE FROM/TO A RELATED PARTY

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 has been settled in August 2015.

The amount due to a related party represents balance with a related company controlled by Ms. Rong as at 31 December 2014.

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade receivables	**269,199**	337,184
Other receivables		
– Value added tax receivables	**100,959**	55,858
– Others	**4,872**	90
Prepayments to suppliers	**62,373**	1,226
Listing fee	**–**	3,485
	437,403	397,843

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

11. TRADE AND OTHER RECEIVABLES (continued)

Normally, deposit of 5% to 20% is required upon receiving the purchase order from the customer. Before the goods are delivered, a full payment by telegraphic transfer or up to 60 days letter of credit is required. Credit terms are only granted to customers on case by case basis. 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 Group allows a credit period of up to 60 days to selected customers on a case-by-case basis depending on the business relationship with and creditworthiness of the respective customers. 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.

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 60 days	**221,131**	234,514
61 to 180 days	**41,965**	96,525
181 days to 1 year	**6,103**	6,145
	269,199	337,184

Included in the Group's trade receivable balance is debtors with aggregate carrying amount of RMB48,068,000 which are past due as at 30 June 2015(31 December 2014: RMB102,670,000), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable as these amounts are covered by letters of credit issued by reputable banks. The Group does not hold any collateral over these balances. The average age of these receivables is 81 days as at 30 June 2015 (31 December 2014: 151 days).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

12. STRUCTURED DEPOSITS

The amount represents a principal-protected RMB-denominated structured deposit placed by the Company in a licensed commercial bank in the PRC with a maturity period of 181 days up to early August 2015. The amount of interest on the structured deposit is linked to the three-month London Interbank Offer Rate ("LIBOR"). At maturity, the Company is entitled to receive the principal plus interests. The expected annual interest rate for the structured deposits is indicated at 4.9% to 5.0%, however, the actual interest to be received is uncertain until maturity.

13. CASH AND BANK BALANCES

Included in cash and bank balances are the following amounts denominated in currencies other than functional currency of the Group:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Cash and bank balances denominated in:		
– USD	**13,490**	8,033
– HKD	**382,181**	10

Bank balances carried interest at market rates which range from 0.01% to 0.385% per annum as at 30 June 2015 (31 December 2014: 0.01% to 0.35%).

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

14. TRADE PAYABLES

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

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 90 days	**240,574**	163,747
91 to 180 days	**120,403**	542
181 days to 1 year	**39,591**	–
	400,568	164,289

15. SHARE CAPITAL

The Company

	Number of shares	**Nominal value per share** HK$	**Share capital** HK$
Authorised			
On incorporation (i)	500,000	0.1	50,000
Increase (ii)	999,500,000	0.1	99,950,000
At 30 June 2015	1,000,000,000		100,000,000
Issued			
On 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 increased by global offering (v)	204,000,000	0.1	20,400,000
At 30 June 2015	850,000,000		85,000,000

	RMB'000
Presented as	67,041

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

15. SHARE CAPITAL (continued)

Notes:

(i) On 12 August 2014, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with authorized 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 shareholders of the Company.

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

16. CONTINGENT LIABILITY AND COMMITMENTS

The Group had no significant contingent liabilities and capital expenditure contracted for but not provided or authorised but not contract for as at 30 June 2015.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

17. RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties during the six months ended 30 June 2015 and 2014:

(a) Related party transaction:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Purchase of goods from Benywave Technology(i)	**–**	690,113
Rental expenses incurred by Benywave Technology for Overseas Business (ii)	**–**	473
Rental expense incurred by Benywave Wireless (iii)	**448**	–
Royalty expenses incurred by Benywave Technology for Overseas Business (iv)	**–**	7,179

Notes:

(i) Prior to group reorganisation, the sourcing of raw materials from external independent suppliers for PRC Business and Overseas Business was centralised by Benywave Technology. The amounts represent the purchase costs of raw materials used in the production of the Overseas Business during the six months ended 30 June 2014.

(ii) The amounts represent rental expenses allocated to the Overseas Business Unit in relation to the lease of office from Beijing Tianyu Communication Equipment Co., Ltd. ("Tianyu") by Benywave Technology during six months ended 30 June 2014. Tianyu is an entity wholly owned by Ms. Rong and Mr. Ni. After the Group reorganisation, Benywave Wireless entered into a lease agreement with Tianyu for the lease of office directly.

(iii) The amounts represent rental expenses paid by Benywave Wireless in relation to the lease of equipment and office from Benywave Technology and Tianyu, respectively.

(iv) Tianyu entered into a licensing agreement with an external independent supplier and assigned the license to Benywave Technology such that Benywave Technology is required to pay royalty fees based on the number of mobile telecommunication devices it produced and sold to Tianyu. The amounts represent royalty fees allocated to the Overseas Business Unit in relation to the mobile telecommunication devices produced and sold under the Overseas Business during the six months ended 30 June 2014. The Group ceased the purchase through Benywave Technology since 2015.

Notes to the Condensed Consolidated Financial Statements (continued)

For the six months ended 30 June 2015

17. RELATED PARTY TRANSACTIONS (continued)

(b) Remuneration of key management personnel of the Group

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**1,966**	1,274
Post-employment benefit	**280**	210
	2,246	1,484

18. SHARE OPTION

On 9 June 2015, a share option scheme ("Share Option Scheme") was approved and adopted by the board of Directors. No share option was granted up to the date of issue of these condensed consolidated financial statements.

19. RESTRICTED SHARE UNIT SCHEME

On 9 June 2015, a restricted share unit ("RSU") scheme ("RSU Scheme") was approved and adopted by the board of Directors. No RSU was granted up to the date of issue of these condensed consolidated financial statements.

Vital Mobile Holdings Limited
維太移動控股有限公司