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Vobile Group Limited

阜博集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3738)

CHANGE IN USE OF PROCEEDS

Reference is made to: (1) the prospectus of Vobile Group Limited (the “Company”, together with its subsidiaries, the “Group”) dated December 19, 2017 (the “Prospectus”); (2) the Company’s announcement dated January 3, 2018 (the “Allotment Results Announcement”) and (3) the Company’s interim results announcement dated August 30, 2019 (the “August 2019 Announcement”) regarding, among others, the allocation of the use of net proceeds (the “Net Proceeds”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the August 2019 Announcement. The Board would like to announce that the Company has decided to change the allocation of the Net Proceeds.

CHANGE IN USE OF PROCEEDS

The Net Proceeds, after deducting the underwriting commission and other Listing related expenses, amounted to approximately US\$21.3 million. As at the date of this announcement, the Company utilized approximately US\$13.5 million of the Net Proceeds, representing approximately 63.4% of the Net Proceeds. The unutilized Net Proceeds amounted to approximately US\$7.8 million, representing approximately 36.6% of the Net Proceeds. The Board reviewed the utilization of the Net Proceeds and resolved to reallocate the unutilized Net Proceeds to finance the closing cash consideration and transaction costs for the very substantial acquisition of assets from ZEFR, Inc., as announced in the Company’s announcement dated July 19, 2019. Details of the change of the Net Proceeds are tabled as follows:

Planned use of proceeds	Net Proceeds	Amount utilized up to the date of this announcement	Unutilized balance up to the date of this announcement	Revised allocation of unutilized Net Proceeds
	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>	<i>US\$’000</i>
Implement sale and marketing initiatives	4,252	1,775	2,477	—

Planned use of proceeds	Net Proceeds <i>US\$'000</i>	Amount utilized up to the date of this announcement <i>US\$'000</i>	Unutilized balance up to the date of this announcement <i>US\$'000</i>	Revised allocation of unutilized Net Proceeds <i>US\$'000</i>
Upgrade and enhance our infrastructure and facility	4,252	936	3,316	—
Acquisitions of businesses or assets	4,252	4,252	—	7,779
Expand existing offices and geographic coverage	3,189	1,303	1,886	—
Expand research and development	3,189	3,189	—	—
General working capital	<u>2,126</u>	<u>2,026</u>	<u>100</u>	<u>—</u>
	<u><u>21,260</u></u>	<u><u>13,481</u></u>	<u><u>7,779</u></u>	<u><u>7,779</u></u>

REASONS FOR THE CHANGE

As disclosed in the Company's announcement date July 19, 2019, the Proposed Acquisition represents an excellent opportunity for the Company to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization.

The Board confirm that there is no material change in the principal business of the Group as set out in the Prospectus. The Board consider the above changes in the use of unutilized Net Proceeds are fair and reasonable as the reallocation would allow the Company to deploy its financial resources more effectively. The Board is of the view that the Asset Purchase Agreement was entered into on normal commercial terms and the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board is of the view that the reallocation is in line with the business strategy of the Group and will not adversely affect the operation and business of the Group.

By Order of the Board
Vobile Group Limited
Yangbin Bernard Wang

Chairman, Executive Director and Chief Executive Officer

Hong Kong, September 30, 2019

As at the date of this announcement, the Board comprises Mr. Yangbin Bernard WANG and Mr. Michael Paul WITTE as executive Directors; Mr. Vernon Edward ALTMAN, Mr. J David WARGO and Mr. WONG Wai Kwan as non-executive Directors; and Mr. CHAN King Man Kevin, Mr. James Alan CHIDDIX and Mr. Charles Eric EESLEY as independent non-executive Directors.