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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)

SUPPLEMENTAL ANNOUNCEMENT ON 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; (3) the Company’s interim results announcement dated August 30, 2019 and (4) the Company’s announcement dated September 30, 2019 (the “**September 2019 Announcement**”) regarding, among other things, the allocation of the use of net proceeds (the “**Net Proceeds**”) and the reallocation of the unutilized Net Proceeds. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the September 2019 Announcement.

As disclosed in the September 2019 Announcement, the Board resolved to reallocate the unutilized Net Proceeds for acquisitions of businesses or assets, including, 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 (the “**Change in Use of Net Proceeds**”). Details of the revised allocation of unutilized Net Proceeds are as following:

Planned use of proceeds	Net Proceeds US\$'000	Amount utilized up to the date of this announcement US\$'000	Unutilized balance up to the date of this announcement US\$'000	Revised allocation of unutilized Net Proceeds US\$'000
Implement sales and marketing initiatives	4,252	1,775	2,477	—
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	2,126	2,026	100	—
	<u>21,260</u>	<u>13,481</u>	<u>7,779</u>	<u>7,779</u>

With respect to the above, the Board would like to supplement that:

- (1) **reasons for the Change in Use of Net Proceeds:** as disclosed in the September 2019 Announcement, the Change in Use of Net Proceeds enables the Company to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization. On the other hand, in respect of the Net Proceeds to be used on implementing sale and marketing initiatives, upgrading and enhancing infrastructure and facility, expanding existing offices and geographic coverage and general working capital, after assessing the Group's business strategy to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization, in order to achieve the business strategy, the Board considered that putting greater efforts in seeking opportunities of strategic investments and acquisitions would be more beneficial to the business strategy of the Group and in the interests of the Company and the Shareholders as a whole; and
- (2) **further arrangement with respect to the Change in Use of Net Proceeds:** as elaborated above, the Group is putting more efforts in seeking for strategic investments and acquisitions. The reallocated proceeds would be utilized towards future acquisition of businesses or assets in case it is not utilized in the very substantial acquisition of assets from ZEFR, Inc.

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 Change in Use of Net Proceeds is fair and reasonable as the reallocation would allow the Company to deploy its financial resources more effectively.

By Order of the Board
Vobile Group Limited
Yangbin Bernard Wang

Chairman, Executive Director and Chief Executive Officer

Hong Kong, October 9, 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.