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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)

**AMENDMENT OF THE COMPENSATION AGREEMENT
AND
ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

SUPPLEMENTAL COMPENSATION AGREEMENT

On June 23, 2020 (after trading hours), Vobile, Inc. and Mr. Leatherland (in his personal capacity and as the sole trustee of the Leatherland Discretionary Trust) entered into a supplemental agreement (the “**Supplemental Compensation Agreement**”) pursuant to which the parties agreed to settle the US\$1,800,000 earned by Mr. Leatherland under a compensation agreement dated November 5, 2018 (the “**Compensation Agreement**”) in the following manner:

- (a) US\$360,000 will be settled in cash; and
- (b) US\$1,440,000 will be settled with the issue and allotment of 5,214,953 Shares, based on a price of HK\$2.14 per Share (the “**Consideration Shares**”).

The 5,214,953 Consideration Shares represent:

- (a) approximately 1.23% of the existing total number of issued Shares of the Company as at the date of this announcement; and
- (b) approximately 1.21% of the enlarged total number of issued Shares of the Company immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Consideration Shares) between the date of this announcement and Completion.

GENERAL MANDATE TO ISSUE THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 84,974,907 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. The allotment and issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 5,214,953 Consideration Shares.

INTRODUCTION

We refer to the voluntary announcements of Vobile Group Limited (the “**Company**”) dated November 6, 2018 and November 19, 2018 in relation to the entering into of an agreement (the “**Asset Purchase Agreement**”) dated November 5, 2018 between Vobile, Inc., a wholly-owned subsidiary of the Company, and IP-Echelon Pty. Ltd., IP88 Research Pty. Ltd. (collectively “**IP-Echelon**”) and their controlling shareholder for the acquisition of certain assets, including but not limited to all computer software, their underlying source codes, copyrights and trademarks (the “**Acquisition**”).

In connection to the Acquisition:

- (a) the Company and its subsidiaries (the “**Group**”) procured all employees of IP-Echelon to join Vobile Australia Pty. Ltd. (a wholly-owned subsidiary of the Company), including Mr. Adrian Leatherland (“**Mr. Leatherland**”), the current Chief Technology Officer of Vobile Australia Pty. Ltd.; and
- (b) Vobile, Inc. entered into the Compensation Agreement dated November 5, 2018 with Mr. Leatherland (in his personal capacity and as the sole trustee of the Leatherland Discretionary Trust), pursuant to which Vobile, Inc. agreed to, among other things, cause the cash of US\$1,800,000 or the number of ordinary shares of the Company with a market price of US\$1,800,000 (the “**Compensation**”) to be transferred or issued to Mr. Leatherland if certain post-completion undertakings under the Asset Purchase Agreement have been fulfilled.

The relevant post-completion undertakings under the Asset Purchase Agreement have since been fulfilled and Mr. Leatherland was entitled to receive the Compensation under the Compensation Agreement.

SUPPLEMENTAL COMPENSATION AGREEMENT

On June 23, 2020 (after trading hours), Vobile, Inc. and Mr. Leatherland (in his personal capacity and as the sole trustee of the Leatherland Discretionary Trust) entered into a supplemental agreement (the “**Supplemental Compensation Agreement**”) pursuant to which the parties agreed to settle the US\$1,800,000 earned by Mr. Leatherland under the Compensation Agreement in the following manner:

- (a) US\$360,000 will be settled in cash; and
- (b) US\$1,440,000 will be settled with the issue and allotment of 5,214,953 Shares, based on a price of HK\$2.14 per Share (the “**Consideration Shares**”).

The Consideration Shares

The 5,214,953 Consideration Shares represent:

- (a) approximately 1.23% of the existing total number of issued Shares of the Company as at the date of this announcement; and
- (b) approximately 1.21% of the enlarged total number of issued Shares of the Company immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Consideration Shares) between the date of this announcement and Completion.

Issue price of the Consideration Shares

The issue price of the Consideration Shares of HK\$2.14 per Share represents:

- (a) a premium of approximately 1.42% to the closing price of HK\$2.11 per Share as quoted on the Stock Exchange on June 23, 2020, being the last trading day preceding the date of this announcement;
- (b) a premium of approximately 2.39% to the average closing price of HK\$2.09 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including June 23, 2020; and
- (c) a premium of approximately 1.90% to the average closing price of HK\$2.10 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including June 23, 2020.

The issue price of the Consideration Shares of HK\$2.14 were determined after arm’s length negotiations between Vobile, Inc. and Mr. Leatherland with reference to the recent market price of the Shares and the current market conditions.

The Directors consider that the issue price of the Consideration Shares is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions to Completion

Completion is conditional upon the Listing Committee of the Stock Exchange granting the approval for listing of and permission to deal in the Consideration Shares on the Main Board of the Stock Exchange (the “**Condition**”).

Completion

Subject to satisfaction of the Condition, the Completion is expected to take place on the Completion Date.

GENERAL MANDATE TO ISSUE THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 84,974,907 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. The allotment and issue of the Consideration Shares under the General Mandate is not subject to the approval of the Shareholders.

RANKING OF THE CONSIDERATION SHARES

The Consideration Shares will rank *pari passu* in all respects with the Shares in issue at the date of allotment and issue including in respect of all dividends and distributions declared, made or paid on or after such date of allotment and issue.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the 5,214,953 Consideration Shares.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

There has not been any fund raising activity involving the issue of equity securities of the Company in the 12 months preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after the Completion on the Completion Date:

	As at the date of this announcement		Immediately after Completion	
	No. of Shares	Approximate percentage of issued share capital	No. of Shares	Approximate percentage of issued share capital
Mr. Wang ⁽¹⁾	75,290,480	17.72%	75,290,480	17.51%
New York Private Trust Company ⁽²⁾	34,857,144	8.20%	34,857,144	8.10%
Mr. Lu	32,190,480	7.58%	32,190,480	7.48%
Mr. Xie ⁽³⁾	31,800,000	7.48%	31,800,000	7.39%
Mr. Wargo ⁽⁴⁾	29,270,339	6.89%	29,270,339	6.81%
Mr. Leatherland	—	—	5,214,953	1.21%
Other public Shareholders	<u>221,466,093</u>	<u>52.13%</u>	<u>221,466,093</u>	<u>51.50%</u>
Total issued Shares	<u>424,874,536</u>	<u>100%</u>	<u>430,089,489</u>	<u>100%</u>

- (1) Mr. Wang is a settlor, a trustee and a beneficiary of the JYW Family Living Trust (“**JYW Trust**”). Mr. Wang and the JYW Trust are the settlors and Mr. Wang is the trustee and beneficiary of the YBW 2016 Annuity Trust (“**YBW Trust**”). Mr. Wang is interested in 7,100,000 shares beneficially owned by him, 52,190,480 shares held by him in his capacity as trustee and beneficiary of the JYW Trust, 8,000,000 shares in his capacity as trustee and beneficiary of the YBW Trust and 8,000,000 shares which may be issued pursuant to the exercise of options granted under a pre-IPO share option scheme.
- (2) Leading Season Limited is wholly owned by Gorgeous Holding Limited, which is wholly owned by New York Private Trust Company. Under the Securities and Futures Ordinance, New York Private Trust Company is deemed to be interested in the 34,857,144 Shares held by Leading Season Limited.
- (3) Navibell Venture Corp. is wholly owned by Colombo Development Limited, which is wholly owned by Equity Trustee Limited. Mr. Xie is a trustee and a beneficiary of The XIE Family Trust which is the beneficiary of Equity Trustee Limited, and is deemed to be interested in the 31,800,000 Shares held by Navibell Venture Corp.
- (4) Mr. Wargo is interested in 29,270,339 shares beneficially owned by him.

INFORMATION OF THE COMPANY

The Group is the leading provider of online video content protection services, helping our content owner customers reduce infringement-induced revenue losses and increase revenues with pay-per transaction model over Internet and mobile distribution.

INFORMATION OF MR. LEATHERLAND AND THE LEATHERLAND DISCRETIONARY TRUST

Mr. Leatherland is the Chief Technology Officer of Vobile Australia Pty. Ltd. Mr. Leatherland is the sole trustee of the Leatherland Discretionary Trust.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Leatherland and the Leatherland Discretionary Trust are third parties independent of the Company and its connected persons.

REASONS AND BENEFITS OF THE SUPPLEMENTAL COMPENSATION AGREEMENT

The Supplemental Compensation Agreement enable us to incentivize Mr. Leatherland in a way to align his interest with those of the shareholders of the Company to promote long-term financial performance and development of the Company.

LISTING RULES IMPLICATIONS

As none of the applicable percentage ratios (as defined in the Listing Rules) of the transactions contemplated under the Supplemental Compensation Agreement exceeds 5%, all such transactions are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the transaction contemplated under the Asset Purchase Agreement
“Asset Purchase Agreement”	the asset purchase agreement dated November 5, 2018 between the Company and IP-Echelon and their controlling shareholder in respect of the Acquisition
“Board”	the board of directors of the Company
“Company”	Vobile Group Limited (阜博集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Compensation”	US\$1,800,000, being the amount payable by Vobile, Inc. to Mr. Leatherland under the Compensation Agreement

“Compensation Agreement”	the compensation agreement dated November 5, 2018 between Vobile, Inc. and Mr. Leatherland, pursuant to which Vobile, Inc. agreed to transfer or issue to Mr. Leatherland the Compensation if he has fully performed his post-completion undertakings under the Asset Purchase Agreement
“Completion”	completion of the issue and allotment of the Consideration Shares at a price of HK\$2.14 per Share
“Completion Date”	July 2, 2020
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	the 5,214,953 Shares to be issued and allotted to Mr. Leatherland pursuant to the Supplemental Compensation Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on June 27, 2019, under which up to a total of 84,974,907 Shares (being up to 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was June 27, 2019) can be allotted, issued and dealt with by the Directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IP-Echelon”	IP-Echelon Pty, Ltd. and IP88 Research Pty. Ltd., collectively
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mr. Leatherland”	Mr. Adrian Leatherland, the Chief Technology Officer of Vobile Australia Pty. Ltd.
“Mr. Lu”	Mr. LU Jian
“Mr. Wang”	Mr. Yangbin Bernard Wang
“Mr. Wargo”	Mr. J David Wargo

“Mr. Xie”	Mr. Xie Shihuang
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Compensation Agreement”	the supplemental agreement to the Compensation Agreement dated June 23, 2020 between Vobile, Inc. and Mr. Leatherland pursuant to which the parties agreed that the Compensation will be paid with a combination of cash consideration and the issue and allotment of the Consideration Shares
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Vobile Group Limited
Yangbin Bernard WANG
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, June 23, 2020

As at the date of this notice, 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.