



Vobile Group Limited  
阜博集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 3738



INTERIM REPORT 2021

# CONTENTS

- 
- 2** Corporate Information
  - 4** Management Discussion and Analysis
  - 12** Corporate Governance Highlights
  - 13** Other Information
  - 21** Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
  - 22** Interim Condensed Consolidated Statement of Financial Position
  - 23** Interim Condensed Consolidated Statement of Changes in Equity
  - 24** Interim Condensed Consolidated Statement of Cash Flows
  - 25** Notes to the Interim Condensed Consolidated Financial Statements
  - 36** Definitions



## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Yangbin Bernard WANG (“Mr. Wang”)  
*(Chairman and Chief Executive Officer)*  
Mr. MATSUZAWA Masaaki (“Mr. Matsuzawa”)  
(appointed on 30 June 2021)  
Mr. Michael Paul WITTE (“Mr. Witte”)  
(retired on 30 June 2021)

### NON-EXECUTIVE DIRECTORS

Mr. J David WARGO (“Mr. Wargo”)  
Mr. WONG Wai Kwan (“Mr. Wong”)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN King Man Kevin (“Mr. Chan”)  
Mr. Alfred Tsai CHU (“Mr. Chu”)  
Mr. Charles Eric EESLEY (“Mr. Eesley”)  
Mr. KWAN Ngai Kit (“Mr. Kwan”)  
(appointed on 30 June 2021)  
Mr. Derek CHANG (“Mr. Chang”) (retired on 30 June 2021)

### COMPANY SECRETARY

Mr. HO Sai Hong Vincent (“Mr. Ho”)

### AUDIT COMMITTEE

Mr. KWAN Ngai Kit (*Chairperson*)  
Mr. Alfred Tsai CHU  
Mr. Charles Eric EESLEY  
Mr. J David WARGO  
Mr. WONG Wai Kwan

### REMUNERATION COMMITTEE

Mr. Charles Eric EESLEY (*Chairperson*)  
Mr. CHAN King Man Kevin  
Mr. Alfred Tsai CHU  
Mr. Yangbin Bernard WANG  
Mr. J David WARGO

### NOMINATION COMMITTEE

Mr. CHAN King Man Kevin (*Chairperson*)  
Mr. Alfred Tsai CHU  
Mr. KWAN Ngai Kit  
Mr. Yangbin Bernard WANG  
Mr. WONG Wai Kwan

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3712, 37/F  
Tower 2, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

### PRINCIPAL PLACE OF BUSINESS IN THE US

2880 Lakeside Drive, Suite 360  
Santa Clara, CA 95054  
United States

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

10th Floor, Intelligent e-Valley B Building  
No. 482, Qianmo Road, Xixing Street  
Binjiang District, Hangzhou  
Zhejiang, PRC

### AUTHORISED REPRESENTATIVES

Mr. HO Sai Hong Vincent  
Mr. WONG Wai Kwan



## CORPORATE INFORMATION

### AUDITOR

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

### LEGAL ADVISERS

As to Hong Kong law:  
Freshfields Bruckhaus Deringer  
55th floor, One Island East  
Taikoo Place, Quarry Bay, Hong Kong

As to US law:  
Pillsbury Winthrop Shaw Pittman LLP  
2550 Hanover Street  
Palo Alto, CA 94304-1115  
United States

As to PRC law:  
JunHe LLP  
20/F, China Resources Building  
8 Jianguomenbei Avenue  
Beijing, PRC

### PRINCIPAL BANKERS

Silicon Valley Bank  
The Hongkong and Shanghai Banking Corporation Limited  
Shanghai Pudong Development Bank Co., Ltd.

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54 Hopewell Centre  
183 Queen's Road East  
Hong Kong

### COMPANY WEBSITE

[www.vobilegroup.com](http://www.vobilegroup.com)

### STOCK CODE

3738



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW AND PROSPECTS

We are a global SaaS player in content recognition, protection and monetization, providing media companies and brands the critical ability to control and maximise the value of their IP across the world's largest content distribution and social media platforms. Our clients span the spectrum of media companies and include movie studios, television networks, record labels, DTC service providers, subscription video on demand content aggregators and sports league.

The growth and health of the media and entertainment business is highly dependent on the protection of IP rights, which has become a larger issue for IP holders given the continued digitalisation and proliferation of content across an increasingly diverse array of distribution and social media platforms.

Our SaaS platforms currently provide the following solutions for our media and distribution clients and partners:

- Content Protection — VideoTracker
- Content Monetization — Rights ID and Channel ID

### Content Protection

We provide critical content protection to ensure delivery of our client's audiovisual content to end consumer directly or across global content distribution and social media platforms, from ultra HD movie content to premium TV, and short form digital content to live events such as sports. For example, we offer video fingerprinting services on content libraries, allowing clients to choose which digital assets to actively track and manage. Customers can also choose to watermark content assets in order to trace and block the source of infringement. These solutions provide automated content recognition and is scalable on cloud infrastructure. We currently manage over 10 million video assets, conducting millions of video fingerprinting searches per day across over 290,000 websites globally.

### Content Monetization

Taking the content protection solutions to the next level, for our fingerprint or watermark managed assets, we can also identify content on online platforms, and instead of taking down the content, enable our clients to have the option to capture incremental advertising revenues which we will analyse and claim from the platforms on behalf of clients. We are uniquely positioned to do so because of our proprietary technology as well as our API integration with our long-standing partnerships with key platforms such as YouTube and Facebook. We currently manage over 765,000 pieces of active content, resulting in over 175 million videos containing customer content claimed on YouTube, enabling 42 billion monthly managed content views for our IP owner clients and for YouTube. Based on statistics, the monthly average number of active assets for the first half of 2021 reached 1.48 million. As a natural extension of our monetization solutions, we also provide a robust set of video optimisation, programming strategy, reporting and performance marketing services to IP holders, so that they can maximise value of their IP on platforms such as YouTube.

# MANAGEMENT DISCUSSION AND ANALYSIS

## GROUP STRATEGY AND PROSPECTS

Our objective is to continue to play a critical role and provide a full suite of solutions for content rights holders so that they can maximise the value of their IP in a rapidly evolving consumer and technology landscape.

Our strategic growth priorities are:

1. Geographic Expansion in Mainland China
2. Solution/Product Enhancements
3. New Solutions/Product Development

### Geographic Expansion in Mainland China

We have been focused on growing our customer base through expansion in priority new markets such as Mainland China. In the past six months, we have made significant strides in growing our business in Mainland China, building out the local team and capabilities, as well as drive strategic and commercial partnerships with Ant, Kauishou, Wasu Media, GIMC, MIGU, E-Surfing Media, China Sports and others.

As highlighted in our growth in revenues from our business in Mainland China, we are off to an encouraging start to our goal growing our presence and being a market leader. We also strongly believe that the enterprise solutions we are providing to our content owner and distribution clients will enable the growth of a healthy and equitable and sustainable ecosystem of domestic content creation, monetization and distribution.

The focus is to continue executing on our growth plans in Mainland China, and as we scale and drive momentum in these businesses, we will also look to other parts of Asia for continued growth opportunities.

### Solution/Product Enhancements

We will continue to grow and build on our capabilities in content protection and monetization to better serve our clients. These enhancement and investment opportunities will continue to shape our business, and can span many areas of Vobile's value proposition. Illustratively, these investments may be new software to better address key content verticals, operations capabilities to real time manage sporting events, stronger customer support functions to drive client relationships, and enhanced analytical tools and functions so that our clients can optimise advertising wallet. We are always looking to improve our solutions and products which will ultimately drive value for our clients.

### New Solutions/Product Development

In the rapidly evolving media and technology landscape, as our clients adapt to new technologies and business models, we see new opportunities to develop products and solutions with our clients. Two instructive examples of opportunities we have been cultivating:

- Direct To Consumer ("DTC") Products
- Blockchain Products

# MANAGEMENT DISCUSSION AND ANALYSIS

With content producers going direct to consumers at an individual level, it is increasingly important for content producers to protect content while being seamlessly integrated within a user subscription access framework and experience. As a trusted, long-standing partner, we are already working with numerous clients, including leading DTC players, in providing IP protection services. Additionally, we are working to develop proprietary real time subscriber-level, session-based watermarking solutions, which are highly scalable to all subscribers globally. These solutions will be able to identify specific user accounts that leak exclusive content instantaneously.

In addition to DTC specific new products and solutions, we are currently working with, to develop IP protection and monetization services for blockchain related content and the evolving blockchain ecosystem. Research and development have been underway over the past several months, and products and solutions center around identifying and protecting audiovisual content on non-fungible tradeable tokens (“NFT”) within the blockchain framework and ecosystem. While this NFT space is still in its infancy, with growth rate assumptions difficult to estimate, we do believe that NFTs will play an important role as a new asset for IP holders to monetize, and perhaps more importantly, provides IP holders an invaluable means to engage with fans and promote the underlying content.

## FINANCIAL REVIEW

### Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Highlights

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Revenue	319,481	167,459
Gross profit	163,707	84,008
Profit before tax	31,010	70,569
Profit for the period attributable to owners of the Company	23,065	73,717
Adjusted Net Profit/(Loss)	35,865	(1,727)
Non-IFRS Adjusted EBITDA	66,556	25,225

### Adjusted Net Profit

Adjusted Net Profit/(Loss) is earnings/(loss) before equity settled share option expenses and other one-off expenses. This is not a IFRSs measure. Adjusted Net Profit is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation. The Group has presented this item because the Group considers it an important supplemental measure of the Group’s operational performance used by the Group’s management as well as analysts or investors.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a quantitative reconciliation of Adjusted Net Profit to its most directly comparable IFRS measurement and profit for the period attributable to owners of the Company.

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Profit for the period attributable to owners of the Company	23,065	73,717
Add/(less):		
Equity-settled share compensation expense	12,800	155
Fair value change on other liabilities measured at FVTPL	—	(75,599)
<b>Adjusted Net Profit/(Loss)</b>	<b>35,865</b>	<b>(1,727)</b>

## Non-IFRS Adjusted EBITDA

Adjusted EBITDA is earnings before finance costs, finance revenues, income taxes, depreciation and amortisation, equity settled share compensation expenses, and other one-off expenses. This is not a IFRSs measure. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors.

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement and profit before tax.

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Profit before tax	31,010	70,569
Add:		
Equity-settled share compensation expense	12,800	155
Finance costs	11,908	19,395
Depreciation and amortisation	10,517	10,643
Fair value losses on financial assets at FVTPL	877	—
Impairment of trade receivables	(43)	78
Interest income	(513)	(16)
Fair value change on other liabilities measured at FVTPL	—	(75,599)
<b>Adjusted EBITDA</b>	<b>66,556</b>	<b>25,225</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue

The following table shows our revenue breakdown by product:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Content Monetization	233,727	112,691
Content Protection	73,791	41,078
Others	11,963	13,690
Total revenue	319,481	167,459

Our revenue for the six months ended 30 June 2021 amounted to approximately HK\$319 million, representing an increase of approximately HK\$152 million, or approximately 90.8% as compared with the revenue for the six months ended 30 June 2020 of approximately HK\$167 million. The increase was mainly attributed by (a) continued growth in our business in the US; and (b) the expansion of our business in the Mainland China, driven by strategic and commercial partnerships.

## Gross profit and gross profit margin

Our gross profit for the six months ended 30 June 2021 amounted to approximately HK\$164 million, representing an increase of approximately HK\$80 million, or approximately 94.9% as compared with the six months ended 30 June 2020.

Our gross profit margin remained stable at 51.2% for the six months ended 30 June 2021 as compared to 50.2% for the six months ended 30 June 2020.

## Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2021 amounted to approximately HK\$37 million, representing an increase of approximately HK\$6 million, or approximately 19.8% as compared with the six months ended 30 June 2020. The increase was mainly due to the increase of sales and marketing initiatives during the period.

## Administrative expenses

Our administrative expenses for the six months ended 30 June 2021 amounted to approximately HK\$34 million, representing an increase of approximately HK\$13 million, or approximately 62.2% as compared with the six months ended 30 June 2020. The increase was mainly due to the increase of equity-settled share compensation expenses during the period.

## Research and development expenses

Our research and development expenses for the six months ended 30 June 2021 amounted to approximately HK\$49 million, representing an increase of approximately HK\$30 million, or approximately 154.3% as compared with the six months ended 30 June 2020. The increase was mainly due to the increase of research and development activities in the current period and the increase in the headcount of our research and development department from 45 for the six months ended 30 June 2020 to 81 for the six months ended 30 June 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Other income and gains

For the six months ended 30 June 2020, other income mainly consisted of income on fair value change on other liabilities measured at FVTPL of approximately HK\$76 million (six months ended 30 June 2021: Nil).

## Finance costs

Finance costs mainly consisted of interest expenses on interest-bearing borrowings of approximately HK\$12 million (six months ended 30 June 2020: HK\$19 million) and interest expense on lease liabilities.

## Income tax expense

Our income tax expense mainly comprised of deferred tax expense resulted from the utilisation of tax losses in the United States and tax expense in the Mainland China.

## Profit for the period attributable to owners of the Company

The profit attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately HK\$23 million, as compared to the profit attributable to owners of the Company for the six months ended 30 June 2020 of approximately HK\$74 million.

Basic earnings per share for the six months ended 30 June 2021 was approximately HK4.95 cents (six month ended 30 June 2020: HK17.34 cents), and diluted earnings per share for the six months ended 30 June 2021 was approximately HK4.68 cents (six month ended 30 June 2020: HK16.96 cents). The Board does not recommend any payment of dividends for the period ended 30 June 2021 (six months ended 30 June 2020: Nil).

## Adjusted EBITDA

The Adjusted EBITDA for the six months ended 30 June 2021 amounted to approximately HK\$67 million, representing an increase of approximately HK\$42 million, or approximately 163.8%, as compared to the Adjusted EBITDA for the six months ended 30 June 2020 of approximately HK\$25 million. The substantial increase in Adjusted EBITDA was mainly attributed by the significant increase in revenue of the Group for the six months ended 30 June 2021, contributed by (a) continued growth in our business in the US; and (b) the expansion of our business in the Mainland China, driven by strategic and commercial partnerships.

## Interim condensed consolidated statement of financial position highlights

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Total assets	<b>1,689,237</b>	1,153,538
Total liabilities	<b>226,108</b>	364,672
Net assets	<b>1,463,129</b>	788,866
Total equity	<b>1,463,129</b>	788,866



# MANAGEMENT DISCUSSION AND ANALYSIS

## Goodwill

Our goodwill remained stable at approximately HK\$605 million as at 30 June 2021. Goodwill is tested for impairment periodically and no impairment loss is considered necessary as at 30 June 2021.

## Intangible assets

Our intangible assets amounted to approximately HK\$77 million as at 30 June 2021, representing a decrease of approximately HK\$4 million as compared to 31 December 2020. The decrease was mainly due to the amortisation expenses on intangible assets during the six months ended 30 June 2021.

## Convertible bonds

On 14 July 2020, the Company issued two series of convertible bonds in the aggregate principal amount of HK\$100 million to Poly Platinum Enterprises Limited, an investment holding company incorporated in British Virgin Islands with limited liability a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP. The Series One Convertible Bonds with principal amount of HK\$80 million and has an initial conversion price of HK\$2.58 per Share. The Series Two Convertible Bonds with principal amount of HK\$20 million and has an initial conversion price of HK\$2.80 per Share. Both Series One Convertible Bonds and Series Two Convertible Bonds are convertible into Shares. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 5% per annum, payable semi-annually in arrears, and will mature on the two years from the issue date.

## LIQUIDITY AND CAPITAL RESOURCES

### Working capital

As of 30 June 2021, our cash and cash equivalents amounted to approximately HK\$686 million. As of 30 June 2021, our current assets amounted to approximately HK\$914 million of which approximately HK\$165 million was trade receivables and approximately HK\$686 million was cash and cash equivalents. Our current liabilities amounted to approximately HK\$105 million, of which approximately HK\$49 million was trade payables. As at 30 June 2021, our current ratio, which is equivalent to the current assets divided by the current liabilities, was 8.7 as compared with 3.9 at 31 December 2020.

### Significant investments, acquisitions and disposals

During the six months ended 30 June 2021, we did not have any significant investment and any material acquisition or disposal.

### Capital expenditures

Our capital expenditures were primarily for expenditures for purchase of equipment. The amount of our capital expenditures for the six months ended 30 June 2021 was approximately HK\$0.8 million.

### Contingent liabilities, off balance sheet commitments and arrangements and pledge of assets

As of 30 June 2021 and the date of this report, we did not have (i) any material contingent liabilities or guarantees, (ii) any liabilities under acceptance trade receivables or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantee material covenants, or other material contingent liabilities, or (iii) any material off-balance sheet arrangements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Foreign exchange exposure

Our transactions are mainly settled in United States dollars and Hong Kong dollars and therefore have minimal exposure to foreign exchange risk. We have not used any derivative financial instrument to hedge against our exposure to foreign exchange risk but will monitor such risk closely on an ongoing basis.

Unless otherwise specified, conversions of HKD into USD in this report are based on the exchange rate of US\$1.00 = HK\$7.76 for illustration purpose only. No representation is made that any amounts in HKD or USD can be or could have been converted at the relevant dates at the above rate or any other rates at all.

## Gearing ratio

The Group monitors capital using gearing ratio, which is net external debt divided by the capital (equity attributable to owners of the Company) plus net debt. Net external debt includes interest-bearing borrowings, less cash and cash equivalents. As of 30 June 2021 and 31 December 2020, our gearing ratio, was not applicable as our balance of cash and cash equivalents exceeded the balance of net external debt.

## Use of proceeds from issue of convertible bonds, subscription of shares and placing of shares

In July 2020, the Company completed the issue of two series of convertible bonds to Poly Platinum Enterprises Limited, a wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP and raised net proceeds of approximately HK\$90 million, which will be used for development and investment of content distribution related business and other business supporting short-form video platforms. As of 30 June 2021, the Company has utilised HK\$67 million of the net proceeds. The Company will apply the remaining net proceeds for the purpose as disclosed in the announcement of the Company dated 29 June 2020. The Company intends to fully utilise the net proceeds from the issue of the two series of convertible bonds by 31 December 2021.

In December 2020, the Company completed the allotment and issuance of 28,901,734 Shares to Antfin (Hong Kong) Holding Limited, an indirect wholly-owned subsidiary of Ant Group Co., Ltd. and raised net proceed of approximately HK\$388 million, which will be used for potential investment opportunities and general working capital of the Group. As of 30 June 2021, the Company has utilised HK\$379 million of the net proceed. The Company will apply the remaining net proceeds for the purpose as disclosed in the announcement of the Company dated 20 December 2020. The Company intends to fully utilise the net proceeds from the allotment and issuance of 28,901,734 Shares by 31 December 2021.

In May 2021, the Company completed the placement of 21,500,000 Shares and raised net proceeds of approximately HK\$631 million. As of 30 June 2021, the Company has not utilised any of the net proceed. The Company will apply the net proceeds for the purpose as disclosed in the announcement of the Company dated 21 May 2021. The Company intends to fully utilise the net proceeds from the placement of 21,500,000 Shares by 31 December 2022.



# CORPORATE GOVERNANCE HIGHLIGHTS

## CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining high corporate governance standards. The Board believes that good corporate governance standards are essential in providing a framework for the Group to formulate its business strategies and policies, and to enhance its transparency and accountability.

During the six months ended 30 June 2021, the Company has applied the principles as set out in the CG Code which are applicable to the Company.

In the opinion of the Directors, during the six months ended 30 June 2021, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for code provision A.2.1 which states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang is both our Chairman and Chief Executive Officer, and is responsible for the overall management of our Group and directing the strategic development and business plans of our Group. We believe Mr. Wang has been instrumental to our growth and business expansion since our establishment in 2005. Our Board considers that the roles of chairman and chief executive officer being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of Chairman and Chief Executive Officer.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for relevant employees (as defined in the Listing Rules).

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended 30 June 2021. The Company has made specific inquiries of relevant employees about their compliance with the guidelines on transactions of the Company's securities, without noticing any violation of the guidelines.

## REVIEW OF INTERIM REPORT

The Audit Committee comprises three independent non-executive Directors, namely, Mr. KWAN Ngai Kit, Mr. Alfred Tsai CHU and Mr. Charles Eric EESLEY, and two non-executive Directors, namely, Mr. J David WARGO and Mr. WONG Wai Kwan. The chairman of the Audit Committee is Mr. KWAN Ngai Kit.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021 and this interim report and was of the opinion that such interim results and this report had been prepared in accordance with the relevant accounting standards and that adequate disclosures have been made in accordance with the requirements of the Listing Rules.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2021, we employed a total of 202 staff (as at 31 December 2020: 132 staff). Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

The total remuneration cost incurred by the Group for the six months ended 30 June 2021 was approximately HK\$68 million (for the six months ended 30 June 2020: HK\$43 million).

The Company also adopted a Pre-IPO Share Option Scheme, a Post-IPO Share Option Scheme and a Share Award Plan.

## PRE-IPO SHARE OPTION SCHEME

The following is a summary of all the principal terms of the Pre-IPO Share Option Scheme.

### (a) Purpose of the Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to offer to employees, Directors (i.e. a member of the Board who is not an employee), consultants or advisers who perform bona fide services for, our Company, its parent or its subsidiary the opportunity to acquire equity in our Company through awards of Pre-IPO Share Option Scheme.

### (b) Exercise Price and Purchase Price of the Pre-IPO Share Option Scheme

Minimum exercise price for Pre-IPO Share Option: The exercise price per Share of a Pre-IPO Share Option shall not be less than 100% of the fair market value of a Share on the date of grant; provided, however that the exercise price per share of a Pre-IPO Share Option granted to an individual holding more than 10% of the voting power of our Company shall not be less than 110% of the fair market value of a share on the date of grant.

### (c) Lapse of Option or Right

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

## OTHER INFORMATION

### (d) Total Number of Shares Available for Issue under the Pre-IPO Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Pre-IPO Share Option Scheme of the Company as from the adoption date of the Pre-IPO Share Option Scheme (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Pre-IPO Share Option Scheme or any other share option schemes of the Company) must not exceed 24,000,000 shares, representing 5.81% of all the Shares in issue as at 4 January 2018.

As at 30 June 2021, the outstanding share option granted under the Pre-IPO Share Option Scheme is 13,774,000 Shares, representing 3.00% of the issued share capital of the Company as at 30 June 2021.

### (e) Duration of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date of Pre-IPO Share Option Scheme.

### Outstanding share options

The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Scheme as of 30 June 2021.

Grantee	Position Held	Exercise Price	Number of Shares under the Pre-IPO Share Option Scheme	Date of Grant	Approximate Percentage
<b>Directors</b>					
Mr. Wang	Executive Director	US\$0.1375	8,000,000	25 April 2017	1.65
Other 7 employees		US\$0.125	1,670,000	25 April 2017	0.34
Total			9,670,000		1.99

Note: The exercise period of the existing Share Options granted under the Pre-IPO Share Option Scheme are till 25 April 2027 and the vesting period are from 25 April 2017 till 25 April 2021.

## POST-IPO SHARE OPTION SCHEME

The following is a summary of all the principal terms of the Post-IPO Share Option Scheme.

### (a) Purpose of the Post-IPO Share Option Scheme

The purposes of the Post-IPO Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of our Group and to promote the success of the business of our Group.

### **(b) Exercise Price and Purchase Price of the Post-IPO Share Option Scheme**

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board and shall be not less than the greater of

- (i) the closing price of the Shares on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant;
- (ii) the average closing price of the Shares on the Main Board of the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the Shares.

### **(c) Lapse of Option or Right**

An option shall lapse forthwith (to the extent not already exercised) on the earliest of expiry of the exercise period and under the other provisions as set out in the Post-IPO Share Option Scheme.

### **(d) Total Number of Shares Available for Issue under the Post-IPO Share Option Scheme**

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes of our Company shall not exceed such number of Shares as shall represent 30% of the issued share capital of our Company from time to time. The total number of Shares issued and to be issued upon the exercise of the options granted to each eligible person (including exercised, cancelled and outstanding options) under the Post-IPO Share Option Share in any 12-month period shall not exceed 1% of the relevant class of securities of our Company in issue.

As at 30 June 2021, the outstanding number of options available for issue under the Share Option Scheme is 28,067,453 Shares, representing 6.11% of the issued share capital of the Company.

### **(f) Duration of the Post-IPO Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date of the Post-IPO Share Option Scheme.

## OTHER INFORMATION

### Outstanding share options

The table below shows details of the outstanding share options granted to all grantees under the Post-IPO Share Option Scheme as of 30 June 2021.

Grantee	Exercise Price	Number of Shares under the Post-IPO Share Option Scheme	Date of Grant	Approximate Percentage
<b>Director</b>				
Mr. Wang <sup>(1)</sup>	HK\$20.00	28,000,000	12 January 2021	5.77
<b>Employees and consultants</b>				
Kevin A. Mayer <sup>(2)</sup>	HK\$4.08	2,000,000	9 September 2020	0.41
3 business consultants <sup>(2)</sup>	HK\$3.50	1,750,000	30 July 2020	0.36
32 employees <sup>(2)</sup>	HK\$3.50	9,500,000	30 July 2020	1.96
<b>Total</b>		<b>41,250,000</b>		<b>8.50</b>

The closing price of the Company's Shares on 29 July 2020, 8 September 2020 and 11 January 2021, being the closing price of the Company's Shares on the date immediately before the date on which the options were granted, are HK\$3.25 and HK\$4.08 and HK\$19.10, respectively.

Note:

- (1) The Share Options had an exercise period of ten years and the vesting periods of ten years from the Date of Grant. all nine tranches of the 28,000,000 share options in aggregate will become fully vested when the Market Capitalization of the Company on a Determination Date reaches at least US\$10 billion and the Company has achieved at least nine of the Operational Milestones in any combination.

The table below shows the Operational Milestones:

Operational Milestone comprised of Annual Revenue of the Company on a Determination Date in Excess of	Operational Milestone comprised of Annual Adjusted EBITDA of the Company on a Determination Date in Excess of
US\$50 Million	US\$10 Million
US\$75 Million	US\$15 Million
US\$100 Million	US\$20 Million
US\$125 Million	US\$25 Million
US\$150 Million	US\$30 Million
US\$175 Million	US\$35 Million
US\$200 Million	US\$40 Million
US\$225 Million	US\$45 Million
US\$250 Million	US\$50 Million

## OTHER INFORMATION

The table below shows the vesting conditions for each Tranche of the Share Options:

Cumulative Number of Operational Milestones Required to be Achieved	Market Capitalization Milestone Vesting Condition comprised of Market Capitalization of the Company on a Determination Date in Excess of		Number of vested Share Options in the Tranche
	US\$	HK\$	
	One	2 billion	
Two	3 billion	23.25 billion	3,111,111 Shares
Three	4 billion	31.00 billion	3,111,111 Shares
Four	5 billion	38.75 billion	3,111,111 Shares
Five	6 billion	46.50 billion	3,111,111 Shares
Six	7 billion	54.25 billion	3,111,111 Shares
Seven	8 billion	62.00 billion	3,111,111 Shares
Eight	9 billion	69.75 billion	3,111,111 Shares
Nine	10 billion	77.50 billion	3,111,112 Shares

(2) These Share Options had an exercise period of ten years and the vesting periods of two years from the Date of Grant .

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Capacity	Number of shares held (note 1)	Approximate percentage of the issued share capital (%) (note 1)
Mr. Wang <sup>(2)</sup>	Beneficial owner; trustee of a trust; beneficiary of a trust	103,640,480 (L)	21.36
Mr. Wargo	Beneficial owner	22,270,339 (L)	4.59
Mr. Wong	Beneficial owner	600,000 (L)	0.12
Mr. Witte <sup>(3)</sup>	Beneficial owner	1,600,000 (L)	0.33



## OTHER INFORMATION

### Notes:

- (1) The letter “L” denotes the person’s long position in such securities. The number of shares are the number of shares held as at the date of this report and the percentage of the issued share capital of the Company is calculated on the basis of 430,089,489 shares in issue as at the date of this report.
- (2) Mr. Wang is a settlor, a trustee and a beneficiary of the JYW Trust. Mr. Wang and the JYW Trust are the settlors and Mr. Wang is the trustee and beneficiary of the YBW Trust. Mr. Wang is interested in 7,450,000 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, 8,000,000 shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme and 28,000,000 shares which may be issued pursuant to the exercise of options granted under the Post-IPO Share Option Scheme.
- (3) Mr. Witte is interested in 1,200,000 Shares beneficially owned by him and will be interested in 400,000 Shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme. Mr. Witte has retired as an executive Director on 30 June 2021.

Save as disclosed above, as of 30 June 2021, so far as is known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## DIRECTORS’ RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the six months ended 30 June 2021 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2021, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares <sup>(1)</sup>	Approximate percentage of the issued share capital
Poly Platinum Enterprises Limited <sup>(2)</sup>	Beneficial owner	41,578,608 (L)	8.57
Greater Bay Area Homeland Development Fund (GP) Limited <sup>(2)</sup>	Interest in a controlled corporation	41,578,608 (L)	8.57
Greater Bay Area Homeland Investments Limited <sup>(2)</sup>	Interest in a controlled corporation	41,578,608 (L)	8.57
LU Jian	Beneficial owner	32,190,480 (L)	6.63
Navibell Venture Corp. <sup>(3)</sup>	Beneficial owner	27,221,000 (L)	5.61
Tricor Equity Trustee Limited <sup>(3)</sup>	Interest in a controlled corporation, Trustee of a trust	27,221,000 (L)	5.61
XIE Shihuang <sup>(3)</sup>	Interest in a controlled corporation	27,221,000 (L)	5.61
Antfin (Hong Kong) Holding Limited <sup>(4)</sup>	Beneficial owner	28,901,734 (L)	5.96
Hangzhou Yunqiang Enterprise Management Consulting Co., Ltd <sup>(4)</sup>	Interest in a controlled corporation	28,901,734 (L)	5.96
Ant Group Co., Ltd. <sup>(4)</sup>	Interest in a controlled corporation	28,901,734 (L)	5.96
Ma Yun <sup>(4)</sup>	Interest in a controlled corporation	28,901,734 (L)	5.96
Eric Xiandong Jing <sup>(4)</sup>	Person acting in concert	28,901,734 (L)	5.96
Simon Xiaoming Hu <sup>(4)</sup>	Person acting in concert	28,901,734 (L)	5.96
Fang Jiang <sup>(4)</sup>	Person acting in concert	28,901,734 (L)	5.96
China International Capital Corporation Limited <sup>(5)</sup>	Interest in a controlled corporation	26,263,000 (L)	5.41
		11,923,000 (S)	2.46

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the Letter "S" denotes the person's short position in the Shares.
- (2) Poly Platinum Enterprise Limited is wholly owned by Greater Bay Area Homeland Development Fund LP, which is managed by Greater Bay Area Development Fund Management Limited. Greater Bay Area Homeland Development Fund (GP) Limited is the general partner of Greater Bay Area Homeland Development Fund LP. Greater Bay Area Homeland Development Fund (GP) Limited is in turn wholly owned by Greater Bay Area Homeland Investments Limited as at 30 June 2021. Under the SFO, Greater Bay Area Homeland Development Fund (GP) Limited and Greater Bay Area Homeland Investments Limited are deemed to be interested in the Shares held by Poly Platinum Enterprise Limited.
- (3) Navibell Venture Corp. is wholly owned by Tricor Equity Trustee Limited. Xie Shihuang is a trustee and a beneficiary of The XIE Family Trust which is the beneficiary of Equity Trustee Limited.



## OTHER INFORMATION

- (4) The 28,901,734 Shares are held by Antfin (Hong Kong) Holding Limited. Antfin (Hong Kong) Holding Limited is wholly-owned by Hangzhou Yunqiang Enterprise Management Consulting Co., Ltd., which is in turn wholly-owned by Ant Group Co., Ltd. Ant Group Co., Ltd. is owned as to approximately 20.66% by Hangzhou Junao Equity Investment Partnership (Limited Partnership) and approximately 29.86% by Hangzhou Junhan Equity Investment Partnership (Limited Partnership), which are both wholly-owned by Hangzhou Yunbo Investment Consultancy Co., Ltd, which is in turn owned as to 34% by Ma Yun. Pursuant to the concert party agreement executed by Mr. Ma Yun, Mr. Eric Xiandong Jing, Mr. Simon Xiaoming Hu and Ms. Fang Jiang, each of them is a party acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, each of Mr. Eric Xiandong Jing, Mr. Simon Xiaoming Hu and Ms. Fang Jiang is deemed to be interested in 28,901,734 shares held by Mr. Ma Yun under the SFO.
- (5) China International Capital Corporation Hong Kong Securities Limited, a wholly-owned subsidiaries of China International Capital Corporation Limited hold the long position of 26,263,000 Shares. CICC Financial Trading Limited holds the short position of 11,923,000 Shares.

Save as disclosed above, as of 30 June 2021, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
<b>REVENUE</b>	4	<b>319,481</b>	167,459
Cost of services provided		<b>(155,774)</b>	(83,451)
Gross profit		<b>163,707</b>	84,008
Other income and gains	4	<b>1,840</b>	76,422
Selling and marketing expenses		<b>(36,568)</b>	(30,515)
Administrative expenses		<b>(33,695)</b>	(20,778)
Research and development expenses		<b>(48,623)</b>	(19,118)
Finance costs	6	<b>(11,908)</b>	(19,395)
Other expenses		<b>(3,743)</b>	(55)
<b>PROFIT BEFORE TAX</b>	5	<b>31,010</b>	70,569
Income tax (expense)/credit	7	<b>(7,945)</b>	3,148
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>23,065</b>	73,717
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>2,440</b>	(2,222)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>		<b>2,440</b>	(2,222)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>25,505</b>	71,495
<b>EARNINGS PER SHARE</b>			
Basic, profit for the period attributable to ordinary equity holders of the parent (HK cents)	9	<b>4.95</b>	17.34
Diluted, profit for the period attributable to ordinary equity holders of the parent (HK cents)	9	<b>4.68</b>	16.96

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Restated)	1 January 2020 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	1,653	1,538	2,944
Right-of-use assets		27,459	22,424	7,916
Goodwill		604,795	603,820	606,526
Intangible assets		77,065	81,150	72,917
Equity investments designated at fair value through other comprehensive income		106	—	—
Financial assets at fair value through profit or loss	11	4,558	—	—
Deferred tax assets		57,301	62,242	33,211
Prepayments		2,216	1,194	288
<b>Total non-current assets</b>		<b>775,153</b>	<b>772,368</b>	<b>723,802</b>
<b>CURRENT ASSETS</b>				
Trade receivables	12	164,792	69,518	107,023
Prepayments, deposits and other receivables		62,219	47,942	31,774
Tax recoverable		1,348	1,348	2,764
Cash and cash equivalents		685,725	262,362	37,576
<b>Total current assets</b>		<b>914,084</b>	<b>381,170</b>	<b>179,137</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	13	49,181	50,961	44,298
Other payables and accruals		45,702	38,706	49,165
Interest-bearing borrowings		—	—	11,681
Lease liabilities		9,871	8,117	5,867
<b>Total current liabilities</b>		<b>104,754</b>	<b>97,784</b>	<b>111,011</b>
<b>NET CURRENT ASSETS</b>		<b>809,330</b>	<b>283,386</b>	<b>68,126</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,584,483</b>	<b>1,055,754</b>	<b>791,928</b>
<b>NON-CURRENT LIABILITIES</b>				
Convertible bonds		88,307	82,975	—
Interest-bearing borrowings		—	155,050	377,680
Lease liabilities		18,277	14,846	1,866
Deferred tax liabilities		14,770	14,017	—
Other liabilities		—	—	139,080
<b>Total non-current liabilities</b>		<b>121,354</b>	<b>266,888</b>	<b>518,626</b>
<b>Net assets</b>		<b>1,463,129</b>	<b>788,866</b>	<b>273,302</b>
<b>EQUITY</b>				
Share capital	14	379	359	332
Treasury shares	14	(14,968)	(21,984)	(19,990)
Equity component of convertible bonds		11,590	11,590	—
Reserves		1,466,128	798,901	292,960
<b>Total equity</b>		<b>1,463,129</b>	<b>788,866</b>	<b>273,302</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company									
	Equity component of						Share	Exchange	Accumulated losses*	Total equity
	Share capital	Treasury shares	convertible bonds	Share premium*	Merger reserve*	Other reserve*	compensation reserve*	fluctuation reserve*		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021 (as restated)	359	(21,984)	11,590	610,933	2,916	199,161	28,783	(2,235)	(40,657)	788,866
Profit for the period	—	—	—	—	—	—	—	—	23,065	23,065
Exchange differences related to foreign operations	—	—	—	—	—	—	—	2,440	—	2,440
Total comprehensive income for the period	—	—	—	—	—	—	—	2,440	23,065	25,505
Issue of shares	20	—	—	637,545	—	—	(1,607)	—	—	635,958
Equity-settled share compensation arrangements	—	7,016	—	9,732	—	—	(3,948)	—	—	12,800
As at 30 June 2021 (Unaudited)	379	(14,968)	11,590	1,258,210	2,916	199,161	23,228	205	(17,592)	1,463,129

	Attributable to owners of the Company									
	Share capital	Treasury shares	Share premium*	Merger reserve*	Other reserve*	Share compensation reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2020 (restated)	332	(19,990)	212,615	2,916	199,161	4,771	(4,656)	(121,847)	273,302	
Profit for the period	—	—	—	—	—	—	—	73,717	73,717	
Exchange differences related to foreign operations	—	—	—	—	—	—	(2,222)	—	(2,222)	
Total comprehensive income for the period	—	—	—	—	—	—	(2,222)	73,717	71,495	
Shares purchased under share award plan	—	(1,994)	—	—	—	—	—	—	(1,994)	
Equity-settled share option arrangements	—	—	—	—	—	161	—	—	161	
Share allotment for consideration settlement	4	—	11,156	—	—	—	—	—	11,160	
At 30 June 2020 (restated)	336	(21,984)	223,771	2,916	199,161	4,932	(6,878)	(48,130)	354,124	

\* These reserve accounts comprise the consolidated reserves of HK\$1,466,128,000 and HK\$375,772,000 in the consolidated statements of financial position as at 30 June 2021 and 2020, respectively.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	31,010	70,569
<b>Adjustments for:</b>		
Interest Income	(513)	(16)
Finance costs	11,908	19,395
Depreciation of items of property, plant and equipment	700	745
Depreciation of right-of-use assets	5,125	6,537
Amortisation of intangible assets	4,692	3,361
(Reversal of impairment)/impairment of trade receivables	(43)	78
Equity-settled share option expense	12,800	161
Fair value losses on financial assets at FVTPL	877	—
Fair value gain on other liabilities measured at FVTPL	—	(75,599)
	<b>66,556</b>	25,231
(Increase)/decrease in trade receivables	<b>(95,231)</b>	29,806
Increase in prepayments, deposits and other receivables	<b>(15,299)</b>	(12,998)
(Decrease)/increase in trade payables	<b>(1,780)</b>	3,958
Increase/(decrease) in other payables and accruals	<b>3,452</b>	(4,567)
Cash generated (used in)/from operations	<b>(42,302)</b>	41,430
Interest paid	<b>(402)</b>	(598)
Interest received	<b>513</b>	16
Overseas taxes (paid)/refunded	<b>(254)</b>	2,739
Net cash flows (used in)/from operating activities	<b>(42,445)</b>	43,587
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property, plant and equipment	<b>(850)</b>	(116)
Purchases of equity investments designated at fair value through other comprehensive income	<b>(106)</b>	—
Purchases of financial assets at fair value through profit or loss	<b>(5,435)</b>	—
Net cash flows used in investing activities	<b>(6,391)</b>	(116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	<b>635,958</b>	—
Purchase of shares held under share award scheme	—	(1,994)
Repayment of interest-bearing borrowings	<b>(155,050)</b>	—
Interest paid	<b>(6,174)</b>	(12,672)
Principle portion of lease payments	<b>(4,975)</b>	(5,952)
Net cash flows from/(used in) financing activities	<b>469,759</b>	(26,438)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>420,923</b>	17,033
Cash and cash equivalents at beginning of period	<b>262,362</b>	37,576
Effect of foreign exchange rate changes, net	<b>2,440</b>	(2,222)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>685,725</b>	52,387
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>485,542</b>	52,387
Time deposits with original maturity of less than three months when acquired	<b>200,183</b>	—
Cash and cash equivalents as stated in the statement of cash flows	<b>685,725</b>	52,387

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 July 2016 under the Companies Law, Chapter 22 of the Cayman Islands. The registered address of the office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in providing Software as a Service ("SaaS").

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and the disclosure requirement of Appendix 16 of the Listing Rules. Save for the change of presentation currency and adoption of new and revised IFRSs during the period as set out in notes 2.2 and 2.3, respectively, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2020.

### 2.2 Change in presentation currency

The interim condensed consolidated financial information is presented in HKD and all values are rounded to nearest thousand except when otherwise indicated.

Having considered that the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, the Board believes it is more appropriate to adopt HKD as its presentation currency for the Group's consolidated financial statements. Furthermore, the Board considers that the Change of Presentation Currency enables the shareholders and potential investors of the Company to have a more accurate picture of the Group's financial performance.

For the purpose of presenting the interim condensed consolidated financial statements of the Group in HKD, the assets and liabilities for the interim condensed consolidated statement of financial position are translated into HKD at the closing rate at the end of the reporting period. Income and expenses for the interim condensed consolidated statement of profit or loss and other comprehensive income are translated at the average exchange rates for the financial period. The share capital, the share premium and reserves are translated at the exchange rate at the date of transaction.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

### 2.3 Changes In Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and *Interest Rate Benchmark Reform — Phase 2*  
IFRS 16

Amendments to IFRS 16

*COVID-19-Related Rent Concessions beyond 30 June 2021*  
(early adopted)

The new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group had only one reportable operating segment, which was offering SaaS to help content owners protect their content from unauthorised use, measure the viewership of their content, and monetize their content during the period. Since this is the only reportable operating segment of the Group, no further operating segment analysis is presented.

### Geographical information

#### (a) Revenue from external customers

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
United States	250,913	161,568
Mainland China	66,382	303
Japan	1,898	5,203
Others	288	385
	<b>319,481</b>	167,459

The revenue information above is based on the locations of the customers.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

#### (b) Non-current assets

Majority of significant non-current assets of the Group are located in the United States. Accordingly, no geographical information of segment assets is presented.

### Information about major customers

During the six months ended 30 June 2021 and 30 June 2020, there was no customer with whom transactions exceeded 10% of the Group's revenue.

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered during the period.

An analysis of revenue and other income and gains is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
<b>Revenue from contracts with customers</b>		
Rendering of services	319,481	167,459
<b>Other income and gains</b>		
Bank Interest income	513	16
Foreign exchange gains	506	527
Fair value gain on other liabilities measured at FVTPL	—	75,599
Other	821	280
	<b>1,840</b>	<b>76,422</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Cost of services provided	155,774	83,451
Employee benefit expense (including Directors' and chief executive's remuneration)		
Wages and salaries	52,885	41,006
Equity-settled share compensation expense	12,800	161
Directors' fee	1,320	360
Other benefits	1,251	947
Pension scheme contributions	143	85
	68,399	42,559
Depreciation of items of property, plant and equipment	700	745
Depreciation of right-of-use assets	5,125	6,537
Amortisation of intangible assets	4,692	3,361
Lease payments not included in the measurement of lease liabilities	586	2,763
(Reversal of impairment)/impairment of trade receivables	(43)	78
Research and development expenses	48,623	19,118
Auditor's remuneration	1,100	955
Fair value losses on financial assets at FVTPL	877	—
Bank interest income (note 4)	(513)	(16)
Foreign exchange differences, net	2,255	388

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Interest on borrowings (including convertible bonds)	11,506	18,797
Nominal interest on lease liabilities	402	598
	11,908	19,395

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 7. INCOME TAX EXPENSE/(CREDIT)

Income tax consists primarily of the United States, Mainland China, Hong Kong and Japan enterprise income tax charged on the Group. United States income tax applicable to the Group during the six months ended 30 June 2021 is at the federal tax rate of 21% (2020: 21%). The income tax applicable to profits arising in Mainland China was provided at a statutory tax rate of 25% during the six months ended 30 June 2021. No Hong Kong profits tax has been provided for as the Group has no assessable profits generated in Hong Kong for the period (2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The major components of income tax expense/(credit) for the six months ended 30 June are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
Current — United States		
Charge for the period	12	—
Current — Mainland China		
Charge for the period	2,164	—
Current — Japan		
Charge for the period	—	16
Deferred tax expense/(credit)	5,769	(3,164)
<b>Total tax expense/(credit) for the period</b>	<b>7,945</b>	<b>(3,148)</b>

## 8. DIVIDENDS

The Board does not recommend payment of any dividend for the period ended 30 June 2021 (2020: Nil).

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 465,624,252 (2020: 425,103,765) in issue during the period, as adjusted to reflect the share allotment for consideration settlement, issue of shares and exercise of share options during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 in respect of a dilution as the impact of the share option scheme and convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The calculations of profit per share attributable to ordinary equity holders of the Company for each of the six months ended 30 June 2021 and 2020 are based on the following data:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Restated)
<b>Profit</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	23,065	73,717
Interest on convertible bonds	7,699	—
Profit attributable to ordinary equity holders of the Company before interest on convertible bond	30,764	73,717
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	465,624,252	425,103,765
Effect of dilution — Weighted average number of ordinary shares		
Share options	27,258,661	9,450,859
Convertible bonds	38,150,608*	—
Weighted average number of ordinary share options for the purpose of diluted earnings per share calculation	531,033,521	434,554,624

\* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the period of HK\$23,065,000 and the weighted average number of ordinary shares of 492,882,913 in issue during the period which is excluded from the interest on the convertible bonds of HK\$7,699,000 and the weighted average number of ordinary shares of 38,150,608 from convertible bonds.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group purchased items of property, plant and equipment with a cost of HK\$850,000 (30 June 2020: HK\$116,000). During the six months ended 30 June 2021, depreciation for property, plant and equipment was HK\$700,000 (30 June 2020: HK\$745,000).

No asset was disposed by the Group during the six months ended 30 June 2021 (30 June 2020: nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Unlisted investments, at fair value	<b>4,558</b>	—

The above equity investments were classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The above unlisted investments were asset management schemes managed by non-bank financial institutions.

## 12. TRADE RECEIVABLES

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Trade receivables	<b>164,803</b>	69,572
Impairment	<b>(11)</b>	(54)
	<b>164,792</b>	69,518

The Group's trading terms with its debtors are usually 10 to 90 days. The Group always recognises lifetime ECLs for all trade receivables and measures the lifetime ECL on a specific basis according to management's assessment of the recoverability of an individual receivable. Management considers the number of days that an individual receivable is outstanding, historical experience and forward-looking information to determine the recoverability of the trade receivable. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are unsecured and non-interest-bearing.

An ageing analysis of the current trade receivables as at 30 June 2021, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Within 90 days	<b>164,146</b>	56,362
91 to 180 days	<b>608</b>	8,163
181 to 365 days	<b>38</b>	3,543
Over 365 days	<b>—</b>	1,450
	<b>164,792</b>	69,518

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 12. TRADE RECEIVABLES (Continued)

The movements in loss allowance for impairment of trade receivables are as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Restated)
At beginning of period	54	294
Reversal of impairment of trade receivables, net	(43)	(240)
At end of the period	11	54

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity:

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2021

	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
Expected credit loss rate	0.005%	0.050%	0.450%	0.650%	0.007%
Gross carrying amount (HK\$'000)	159,809	4,823	143	28	164,803
Expected credit losses (HK\$'000)	8	2	1	—	11

As at 31 December 2020

	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
Expected credit loss rate	0.02%	0.04%	0.42%	0.62%	0.08%
Gross carrying amount (HK\$'000)	41,484	21,234	1,861	4,993	69,572
Expected credit losses (HK\$'000)	7	8	8	31	54

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 13. TRADE PAYABLES

An ageing analysis of the trade payables as at 30 June 2021, based on the invoice date, is as follows:

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Within 90 days	<b>46,059</b>	46,635
91 to 180 days	<b>138</b>	2,093
Over 180 days	<b>2,984</b>	2,233
	<b>49,181</b>	50,961

The trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms.

## 14. SHARE CAPITAL

	<b>30 June 2021 HK\$'000 (Unaudited)</b>	31 December 2020 HK\$'000 (Restated)
Issued and fully paid (US\$0.0001 per Share): 485,201,556 ordinary shares (31 December 2020: 459,104,556)	<b>379</b>	359

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000
At 1 January 2021	459,104,556	359	610,933	(21,984)
Shares vested from Share Award Plan transferred to the awardees (a)		—	9,732	7,016
Exercise of share options (b)	4,597,000	4	6,181	—
Issue of shares (c)	21,500,000	16	631,364	—
At 30 June 2021	485,201,556	379	1,258,210	(14,968)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 14. SHARE CAPITAL (Continued)

Notes:

- (a) On 6 May 2019, the Board adopted a 10-year share award scheme (the "Scheme") to incentivise, recognise and reward the contributions of certain eligible persons ("Eligible Persons") to the growth and development of the Group.

Pursuant to the Scheme, the ordinary shares of US\$0.0001 each in the capital of the Company will be acquired by the trustee at the cost of the Company and will be held in trust for the Eligible Persons before vesting. The total number of shares granted under the Scheme shall be limited to 10% of the total issued share capital of the Company.

The Board has delegated the power and authority to a trustee to handle operational matters of the Scheme but all major decisions in relation to the Scheme shall be made by the Board unless expressly provided for in the Scheme rules pursuant to the Scheme or the Board resolves to delegate such power to the trustee.

Pursuant to the Scheme rules, the Board may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit, select any participants for participation in the Scheme as Eligible Persons and determine the number of awarded shares.

Movements of shares held under the Scheme during the period are as follows:

	HK\$'000	Number of shares
At 1 January 2021	21,984	8,840,000
Transferred to the Awardees during the period	(7,016)	(2,821,211)
At 30 June 2021	14,968	6,018,789

- (b) The subscription rights attaching to 4,597,000 share options were exercised at the subscription price of US\$0.125 per share, resulting in the issue of 4,597,000 shares for a total cash consideration, before expenses, of HK\$4,578,000. An amount of HK\$1,607,000 was transferred from the share compensation reserve to share capital and share premium upon the exercise of the share options.
- (c) On 28 May 2021, a total of 21,500,000 Shares have been allotted and issued to the placees at the subscription price of HK\$30.30 per Share.

## 15. RELATED PARTY TRANSACTIONS

Outstanding balances with related parties:

As at 30 June 2021, there were no outstanding balances with related parties.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

## 16. EVENTS AFTER THE REPORTING PERIOD

Pursuant to a shareholders' resolution passed at an extraordinary general meeting on 13 July 2021, the authorised and issued shares of the Company were subdivided on the basis that every one issued share is subdivided into four subdivided shares (the "Share Subdivision"). The Share Subdivision became effective on 15 July 2021.

On 23 July 2021, 18,300,000 share options were granted to Mr. MATSUZAWA Masaaki, an executive Director and four other employees under the Post-IPO Share Option Scheme.

## 17. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information were approved and authorised for issue by the board of Directors on 31 August 2021.



## DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Company”	Vobile Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“Determination Date”	a date on which the exercisability of the Share Options is determined, which shall be a day on which the Stock Exchange is open for trading
“Directors”	the directors of the Company
“DTC”	direct-to-consumer
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“FVTPL”	fair value through profit or loss
“Group”	the Company and its subsidiaries
“HKD” or “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
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“IP”	Intellectual property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Market Capitalization of the Company on a Determination Date”	the lower of the Six-Month Market Cap on the Determination Date or the Thirty-Day Market Cap on the Determination Date
“Market Capitalization Milestone”	the milestones for exercisability of the Tranches of the Share Options comprising the achievement of increases in Market Capitalization of the Company on a Determination Date in nine US\$1 billion increments
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Operational Milestones”	the vesting criteria for a Tranche of the Share Option relating to Annual Revenue of the Company on a Determination Date or Annual Adjusted EBITDA of the Company on a Determination Date
“Pre-IPO Share Option Scheme”	the share option scheme of the Company adopted on 30 December 2016
“Post-IPO Share Option Scheme”	the share option scheme of the Company adopted on 8 December 2017
“SaaS”	Software as a Service
“Share(s)”	ordinary share(s) of US\$0.0001 each in the share capital of the Company
“Share Award Plan”	the share award plan of the Company adopted on 6 May 2019, and where appropriate, includes all amendments thereto
“Share Option(s)”	the options granted or to be granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme or any other schemes of the Company to subscribe for the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	the lawful currency of the United States