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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)

**ANNOUNCEMENT
VERY SUBSTANTIAL ACQUISITION OF
ASSETS FROM ZEFR, INC.**

THE ASSET PURCHASE AGREEMENT

The Board is pleased to announce that on July 19, 2019 (Hong Kong Time), the Company (as the Buyer) and ZEFR (as the Seller) entered into the Asset Purchase Agreement, pursuant to which the Buyer has conditionally agreed to, among other things, acquire the Purchased Assets from the Seller.

REASONS AND BENEFITS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition represents an excellent opportunity for the Company to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization.

The Board is of the view that the Asset Purchase Agreement was entered into on normal commercial terms and the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more relevant percentage ratios applicable to the Proposed Acquisition exceed 100%, the Proposed Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge of the Company, no Shareholder is required to abstain from voting at the general meeting to be convened for approving the Proposed Acquisition.

A notice convening the EGM to approve the Proposed Acquisition and a circular containing, among other things, further details of the Proposed Acquisition and the financial information of the Target Business is expected to be despatched to Shareholders by August 9, 2019.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including the obtaining of the Shareholders' approval for the Proposed Acquisition, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

BACKGROUND

The Board is pleased to announce that on July 19, 2019 (Hong Kong Time), the Company (as the Buyer) and ZEFR (as the Seller) entered into the Asset Purchase Agreement, pursuant to which the Buyer has conditionally agreed to, among other things, acquire the Purchased Assets from the Seller.

PRINCIPAL TERMS OF THE ASSET PURCHASE AGREEMENT

Date: July 18, 2019 (Pacific Time)

Parties:

- (1) the Company, as the Buyer;
- (2) ZEFR, as the Seller; and
- (3) Zach James and Richard Raddon (as founders of ZEFR) for purpose of matters in relation to (i) non-competition, non-solicitation and non-disparagement, (ii) confidentiality and (iii) general provisions, such as provisions in relation to the governing law and assignment

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Seller and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Purchased Assets: Upon the terms and subject to the conditions of the Asset Purchase Agreement, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, all of the Seller's right, title and interest in and to all assets, properties and rights of every nature, kind and description, whether tangible or intangible, real or personal, accrued or contingent, wherever located and whether now existing or hereafter acquired prior to the Closing, necessary for, used in or held for use primarily in connection with the Target Business, other than the certain excluded assets as set out under the Asset Purchase Agreement (collectively, the "**Purchased Assets**"), in each case free and clear of any encumbrances, other than certain permitted encumbrances set forth in the Asset Purchase Agreement, including all of the Seller's right, title and interest in and to, among other things, the following (in each case (except paragraph (a), (d) and (i) below), to the extent necessary for, used in or held for use primarily in connection with the Target Business and excluding certain excluded assets and excluded liabilities set forth in the Asset Purchase Agreement:

- (a) all Seller intellectual property rights and Seller technology that are necessary for, used in or held for use in connection with the Target Business (including, without limitation, United States Patents Nos. 9432712 and 9544666), except for certain asset, intellectual property rights and technology listed in the Asset Purchase Agreement;
- (b) copies of all business records (except human resources, corporate, tax and accounting records of Seller), books, files, papers, documentation, records, databases, and tangible research, design, development, manufacturing and technical assets (e.g., specifications, designs, register-transfer and gate-level descriptions, netlists, scripts, test suites, mask works, prototypes, logs, bug listings, software, documentation, databases, technical information, test results and tools), subject to the Seller retaining copies or originals of any of the foregoing to the extent that (i) the Seller is required by applicable law to retain such copies or originals or (ii) such copies have been made in the ordinary course pursuant to the Seller's standard data backup procedures and that is customarily retrievable only by computer forensic experts and generally considered inaccessible without the use of specialized tools and techniques;

- (c) all computer hardware used by the transferring employees prior to the Closing and all documentation therefor;
- (d) all YouTube accounts, content owners, channels and rights to channel ownership and all Facebook and Instagram pages and accounts under Facebook rights manager, and similar social media and digital video channels, accounts and Internet assets, in each case, that are necessary for, used in or held for use in connection with the Target Business;
- (e) all rights associated with the Purchased Assets and the Assumed Liabilities (including (i) the rights to sue for or assert claims against and remedies against past, present or future infringements of the Seller intellectual property rights and to retain any and all amounts therefrom and (ii) the rights of priority and protection of interests in the Seller intellectual property rights);
- (f) all customer relationship management data and records, other than in relation to the ad sales agreements as set out under the Asset Purchase Agreement;
- (g) all employee-related files or records, including all personnel files, related to the transferring employees that the Seller is not prohibited from transferring to the Buyer under applicable law;
- (h) one-half interests in those certain Seller intellectual property rights consisting of the proprietary discovery engine adapter developed by the Seller and all source code therefor;
- (i) all other proceeds of any or all of the foregoing received or receivable after the Closing.

Please also see “— *Target Business*” for details.

Purchase Price:

The Purchase Price of the Purchased Assets comprises the Closing Cash Consideration and the Earn-Out Amount (if any). Please also see “— *Details of the Purchase Price*” for details.

**Closing and
Conditions
Precedent:**

The Closing will take place on the fifth Business Day after the satisfaction, or to the extent permissible, waiver by the party entitled to the benefit of the conditions set forth in the Asset Purchase Agreement.

The obligation of the Seller to consummate the transactions contemplated under the Asset Purchase Agreement shall be subject to fulfillment of, among other things, the following conditions at or prior to the Closing, any of which may be waived in writing by Seller in its sole discretion:

- (1) the representations and warranties of the Buyer contained in the Asset Purchase Agreement or any other relevant documents as set out under the Asset Purchase Agreement shall be true and correct in all material respects;
- (2) the Seller shall have received from the Buyer a certificate signed by the chief executive officer of the Buyer to the effect that the condition set forth in (1) above have been satisfied;
- (3) the Seller shall have received each of the closing deliverables in accordance with the term of the Asset Purchase Agreement; and
- (4) all authorizations, consents, orders and approvals of all governmental authorities shall have been received.

The obligation of the Buyer to consummate the transactions contemplated under the Asset Purchase Agreement shall be subject to fulfillment of, among other things, the following conditions at or prior to the Closing, any of which excluding the condition set for in (2) and (3) below may be waived in writing by the Buyer in its sole discretion:

- (1) all authorizations, consents, orders and approvals of all governmental authorities and the third-party consents required for the purpose of the Closing shall have been received and shall be satisfactory in form and substance to the Buyer in its reasonable discretion;
- (2) the Buyer shall have received the requisite approval of the shareholders of the Buyer under applicable law;
- (3) the Buyer shall have received the approval for the listing of and permission to deal in the Earn-out Shares from the Listing Committee of the Stock Exchange;

- (4) none of the key employees (as defined under the Asset Purchase Agreement) will have terminated employment (or have indicated an intent to do so) with the Seller or will have terminated or repudiated (or have indicated an intent to do so) his or her key employee arrangements (as defined under the Asset Purchase Agreement) or be unable to commence employment under his or her key employee arrangement upon the Closing, and each of the key employee arrangements will be in full force and effect;
- (5) no action shall have been commenced or threatened by or before any governmental authority that, in the reasonable, good faith determination of the Buyer would reasonably be expected to (i) require divestiture of any assets of the Buyer as a result of the transactions contemplated by the Asset Purchase Agreement or the divestiture of any Purchased Assets; (ii) prohibit or impose limitations on Buyer's ownership or operation of all or a material portion of the Target Business or the Purchased Assets or any of its other businesses or assets (or those of any of its subsidiaries or affiliates); or (iii) impose limitations on the ability of Buyer or its affiliates, or render the Buyer or its affiliates unable, effectively to control the Target Business or the Purchased Assets in any material respect;
- (6) the Buyer shall have received each of the closing deliverables in accordance with the term of the Asset Purchase Agreement;
- (7) there shall not have occurred any change, event or development or prospective change, event or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect.

Notwithstanding the foregoing, in no event shall the Company be obligated to consummate the Closing prior to the date which is 30 calendar days following the date of the Asset Purchase Agreement.

Assumed Liabilities: Subject to the terms of the Asset Purchase Agreement, in connection with the purchase and sale of the Purchased Assets, at the Closing, the Buyer shall assume the following assumed liabilities:

- (a) all liabilities of the Seller under any contract that is a Purchased Asset to be performed after, or that are incurred following, the Closing, excluding all minimum revenue or other minimum guaranteed payment obligations under any customer contract that has not been satisfied for the prorated applicable minimum guarantee period in full as of the Closing Date (the “**Minimum Revenue Guarantee Liabilities**”); and
- (b) all liabilities related to the Purchased Assets in respect of periods following the Closing, including arising out of the Buyer’s use or ownership of the Purchased Assets following the Closing, excluding the Minimum Revenue Guarantee Liabilities.

Termination: The Asset Purchase Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of the Buyer and the Seller;
- (b) (i) by Seller, if Seller is not then in material breach of its obligations under the Asset Purchase Agreement and the Buyer breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Asset Purchase Agreement and such breach or failure to perform (A) would give rise to the failure of a condition precedent, (B) cannot be or has not been cured within fifteen days following delivery to the Buyer of written notice of such breach or failure to perform and (C) has not been waived by Seller; or (ii) by the Buyer, if the Buyer is not then in material breach of its obligations under the Asset Purchase Agreement and the Seller breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in the Asset Purchase Agreement and such breach or failure to perform (A) would give rise to the failure of a condition precedent, (B) cannot be or has not been cured within fifteen days following delivery to Seller of written notice of such breach or failure to perform and (C) has not been waived by Buyer;

- (c) by either of the Seller or the Buyer if it shall have become incapable of fulfillment prior to the date which is three months following the date of the Asset Purchase Agreement, provided that the right to terminate shall not be available if the failure of the party so requesting termination to fulfill any obligation under the Asset Purchase Agreement shall have been the primary cause of, or shall have resulted in, the failure of such condition to be satisfied on or prior to such date;
- (d) by either of the Seller or the Buyer if the Closing shall not have occurred by the date which is three months following the date of the Asset Purchase Agreement, provided that the right to terminate shall not be available if the failure of the party so requesting termination to fulfill any obligation under the Asset Purchase Agreement shall have been the primary cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) by either of the Seller or the Buyer in the event that any governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by the Asset Purchase Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party so requesting termination shall have used its commercially reasonable efforts to have such order, decree, ruling or other action vacated; or
- (f) by the Buyer, if between the date of the Asset Purchase Agreement and the Closing Date, an event or condition occurs that has had or would reasonably be expected to have a material adverse effect.

**Entering
into other
agreements:**

On the Closing Date, the Buyer and Seller will also enter into the following agreements:

- (a) an advertising sales agreement, pursuant to which the Seller will agree to sell the reserved advertising inventory acquired by the Buyer as part of the Purchased Assets;

- (b) a transition services agreement, pursuant to which the Seller will agree to provide certain transitional and support services to the Buyer following the Closing;
- (c) an escrow agreement with an escrow agent, pursuant to which a portion of the consideration otherwise payable by the Buyer to the Seller hereunder will be held by the escrow agent in escrow as partial security for any claims in accordance with the terms of the Asset Purchase Agreement; and
- (d) an assignment agreement, pursuant to which the Seller will sell, assign, transfer and convey a one-half interests to the Buyer in the Discovery Engine Adapter Asset and the parties will agree to certain terms and conditions with respect to their joint ownership and use of the Discovery Engine Adapter Asset.

Transferring of key employees: Concurrently with the execution and delivery of the Asset Purchase Agreement, certain key employees of Seller also enter into employment agreements with the Company or its designee, which will take effective immediately upon the Closing.

Other terms: The Asset Purchase Agreement also contains provisions in relation to indemnities, representations, warranties, undertakings, restrictive covenants (including non-competition, non-solicitation and non-disparagement) and other provisions in customary terms.

DETAILS OF THE PURCHASE PRICE

Closing Cash Consideration

The Closing Cash Consideration is US\$50 million (the “**Closing Cash Consideration**”). At the Closing, the Buyer shall pay to the Seller the Closing Cash Consideration, less the indemnity escrow amount, being 10% of the Closing Cash Consideration, which will be deposited with an escrow agent.

Earn-Out Amount and Issuance of Earn-Out Shares

The Earn-out Amount is US\$40 million (the “**Earn-out Amount**”).

On the Earn-out Payment Date (as defined below), the Company shall pay to the Seller, by wire transfer, an amount in immediately available funds in U.S. dollars equal to the Earn-Out Cash Amount (as defined below), if any, and issue to the Seller such number of Shares (the “**Earn-out Shares**”), if any, which will be determined by dividing the Earn-out Amount by the Fair Market Value of the Share.

“**Fair Market Value**” means, in respect of the Shares, the higher of HK\$2.58 per Share or the volume weighted average trading price per Share over the ten (10) trading days immediately preceding the Closing Date on any public exchange on which the Shares are listed, as calculated in accordance with the applicable policies of such exchange, as at, and including, the relevant determination date or such other applicable date referenced herein, provided that such date is a Business Day, and if it is not, then calculated as at and including the last Business Day that preceded such applicable date referenced herein.

Earn-out Shares

- (1) if both (i) the consolidated total revenue of the Company in respect of the Target Business for the one year period after the Closing (the “**Earn-out Period**”), as determined in accordance with International Financial Reporting Standards (the “**Target’s Revenue**”) is greater than the US\$40,000,000 (the “**Revenue Target**”) and (ii) EBITDA (as defined below) is greater than US\$10,000,000 (the “**EBITDA Target**”), then 100% of the Earn-Out Shares shall be issuable to Seller in respect of the Earn-Out Period.
- (2) if the foregoing circumstance (1) does not apply, but both (i) the Target’s Revenue is greater than US\$32,000,000 (the “**Revenue Hurdle**”) and (ii) EBITDA (as defined below) is greater than US\$8,000,000 (the “**EBITDA Hurdle**”), then the number of Earn-Out Shares issuable to Seller in respect of the Earn-Out Period will be such number of Earn-Out Shares determined in accordance with the following formula:

$$\text{Earn-out Amount} = A \times B \times \text{US\$40,000,000}$$

$$A = (\text{the lesser of Target’s Revenue and the Revenue Target} - \text{US\$32,000,000}) / \text{US\$8,000,000}$$

$$B = (\text{the lesser of EBITDA and the EBITDA Target} - \text{US\$8,000,000}) / \text{US\$2,000,000}$$

- (3) if either (i) the Target’s Revenue is equal to or less than the Revenue Hurdle or (ii) EBITDA is equal to or less than the EBITDA Hurdle, then no Earn-Out Shares shall be issuable to Seller in respect of the Earn-Out Period.

“**EBITDA**” means, with respect to the Earn-Out Period, (i) the consolidated total revenue of the Company in respect of the Target Business for such period, less (ii) the consolidated total expenses of the Company in respect of the Target Business for such period, but excluding from clauses (i) and (ii) each of the following (to the extent reflected as an expense, charge or deduction therein): (1) interest expense, (2) income Taxes, (3) stock-based compensation expense, (4) depreciation expense and (5) amortization expense, and in

the case of clauses (i) and (ii), calculated in accordance with the principles set out under the Asset Purchase Agreement and, to the extent consistent with this definition and such principles, International Financial Reporting Standards consistently applied.

EBITDA will be profits in the ordinary course of business of the Target Business only and excludes any profits and losses arising from merger, acquisition and disposal or any extraordinary or exceptional items.

Earn-out Cash Amount

Buyer will not be required to issue any fractional Shares, and the number of Earn-Out Shares issuable to Seller will be rounded down to the next whole number of Shares. Buyer may, at its sole discretion, elect to pay all or any portion of up to 62.5% of the Earn-Out Amount in cash in lieu of Earn-Out Shares. Such portion paid in cash, if any, referred to herein as the **“Earn-Out Cash Amount”**.

If Shares are delivered to Seller as part of the Earn-Out Amount, (i) Shares representing 37.5% of the Earn-Out Amount shall be payable and delivered to Seller; and (ii) any other Shares paid as part of the Earn-Out Amount shall be payable and delivered to the stockholders of Seller at the time of Closing in accordance with their ownership percentage of Seller at the time of Closing in accordance with an implementation agreement mutually agreed by Buyer and Seller and to be entered at the time of distribution of any such Shares, provided, that if any stockholder of the Seller alone or any group of stockholder of the Seller that would be deemed to be parties acting in concert, in each case, would constitute (or be deemed to collectively constitute) the largest shareholder of the Buyer as a result of the receipt of the Shares pursuant to (ii), then the Shares shall be payable and delivered to the stockholders of Seller in an allocation to be mutually agreed between the Buyer and the Seller.

Not later than forty-five (45) days after the last day of the calendar quarter in which the expiration of the Earn-Out Period occurs, Buyer shall prepare and deliver to Seller a statement setting out whether the EBITDA Target and Revenue Target have been achieved (the **“Earn-Out Statement”**).

The Earn-Out Shares, if issuable as finally determined by the Parties or pursuant to the dispute resolution procedures, and any Earn-Out Cash Amount shall be issued and/or delivered, as applicable, by Buyer to Seller (or the stockholders of Seller as applicable) no later than fifteen (15) Business Days following such final determination (as applicable, an **“Earn-Out Payment Date”**).

The Earn-Out Shares will be allotted and issued pursuant to a specific mandate to be sought by the Company at a general meeting of the Company. The Earn-Out Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue. An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Earn-Out Shares.

The Earn-Out Shares, if being issued, are not subject to any lock-up arrangements.

BASIS FOR DETERMINING THE PURCHASE PRICE

The consideration was determined based on arm's length negotiations between the parties with reference to the operating and financial performance as well as the future prospects of the Target Business. When determining the consideration, the Company has taken into account the Target Business' substantial position in the digital media rights management and monetization and the future growth potential of the Target Business' products and the synergy with the Group's offerings. Historical revenues and earnings of the Target Business before interest, tax, depreciation and amortization, as well as projected growth and profit estimates were considered in arriving at the mutually agreed purchase price.

FINANCING OF THE PROPOSED ACQUISITION

Save for the issue of the Earn-out Shares, if any, the Company intends to finance the Proposed Acquisition by debt financing.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Company is a leading provider of online video content protection and monetization services, helping its content owner customers identify potentially infringing content and reduce infringement-induced revenue loss and increase their revenue by utilizing our content monetization platform to facilitate online video distribution using a revenue-sharing model. The Seller, through the Target Business, is engaged in digital media rights management and monetization. The Proposed Acquisition represents an excellent opportunity for the Company to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization.

The following is a summary of the reasons for and benefits of the Proposed Acquisition:

(1) Technology Complementary

The Company has established itself as a leader in the automated online video content identification and protection business utilizing digital video fingerprint technology it developed for that purpose. The Company also has developed as operational expertise monitoring where on the web at large such fingerprinted video content is being distributed illegally and legally. The Target Business has developed a market leading technology that identifies and categories semantic searches end users perform on

popular video and social media platforms in order to find full length or clip based content which is owned by content rights holders. Target Business will then claim, on behalf of the content rights holder, any content which such semantic search results produce, and then proceed to monetize such claimed content through advertising. The Enlarged Group will now have technology expertise that includes fingerprinting and semantic search related content identification both on the web at large and deep within video and social media platforms.

(2) Expanded Monetization

The Company operates an advertising video-on demand pay-per-transaction platform, or “Reclaim” to monetize content by facilitating video distribution to online video sites under an advertising-based revenue model as at the date of this announcement. The Proposed Acquisition will enable the Company to further strengthen its competitive edge in providing monetization services. Upon completion of the Proposed Acquisition, the Company will be able to expand its monetization opportunities for the Enlarged Group across rights claimed content inventories on video and social media platforms, which will enhance the Company’s competitive position in providing broad spectrum products and services and ensure sustained growth.

(3) Enhanced Sales Proposition

The Proposed Acquisition will also increase the sales proposition and defensibility of the Enlarged Group. The Company sold its content protection products and services primarily to the legal compliance departments of its rights holder clients. The Target Business sold its semantic search technology and monetization of claimed content services to the revenue generating departments of its rights holder clients. The Enlarged Group will have greater depth of connection within their shared rights holder clients, and an enhanced sales proposition to offer newly cross sold rights holder clients.

The Board is of the view that the Asset Purchase Agreement was entered into on normal commercial terms and the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET BUSINESS

The Target Business is engaged in digital media rights management and monetization through the sale of its products through its RightsID Product and ChannelID Product. The RightsID Product provides semantic search technology and operational processes for rights management and monetization of rights owned content found on video and social media platforms. ChannelID Product provides services for channel management and content publishing on content rights owner official viewing channels on YouTube.

The Target Business currently has over 80 employees and is led by a management team comprised of seasoned industry veterans with both digital media and social platform expertise.

RightsID Product

RightsID Product works on behalf of content owners on the largest video and social media platforms, including YouTube, Facebook, Instagram and SoundCloud. It offers a comprehensive rights management system that identifies, prioritizes and monetizes video for the leading media companies, taking into account the vast ownership and business rule complexities that these enterprise organizations face daily. The innovative platform of RightsID Product enables content owners to effectively control their content, including more fully monetizing their content and unlocking significant incremental revenue to maximize the value of their intellectual property. Currently, the Target Business is the only independent rights management provider that operates in collaboration and compliance with YouTube, Facebook, Instagram and SoundCloud.

ChannelID Product

ChannelID is the leader in YouTube channel management for media companies, rights holders and brands. ChannelID customers use the ChannelID offering to manage their official branded viewing channels on YouTube. Aside from overseeing a customer's YouTube channel, ChannelID also includes data analysis and optimization strategies that expand reach for the channel and better connects fans of the content. ChannelID is utilized by some of the highest quality and largest media companies and consumer brands.

According to the unaudited management accounts of the Target Business prepared in accordance with the International Financial Reporting Standards, the revenue, gross profit, net profits (before and after taxation and extraordinary items) for the financial years ended 31 December 2017 and 2018 and the net asset value of the Target Business as at 31 December 2017 and 2018 are as follows:

	For the year ended December 31, 2017	For the year ended December 31, 2018
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	29,833	40,498
Gross profit	10,102	14,748
EBITDA	383	5,244
Net profit/(loss) before taxation and extraordinary items	(259)	4,731
Net profit/(loss) after taxation and extraordinary items	(201)	3,373

	As at December 31, 2017 US\$'000	As at 31 December 2018 US\$'000
Net asset value	2,906	2,009

Details of the audited financial information of the Target Business as required under the Listing Rules in connection with the Proposed Acquisition, prepared under the International Financial Reporting Standards, will be included in the circular to be despatched to the Shareholders.

The increase in revenue of the Target Business from US\$29.8 million in 2017 to US\$40.5 million in 2018 was mainly attributed by increase of content from content owners which were being monetized by the Target Business.

The increase in EBITDA from US\$0.4 million in 2017 to US\$5.2 million in 2018 and net loss after tax of US\$0.2 million in 2017 to net profit after tax of US\$3.4 million in 2018 was primarily attributed by (i) the increase in gross profit from US\$10.1 million in 2017 to US\$14.7 million in 2018 as a result of the increase of content from content owners which were being monetized by the Target Business and (ii) the decrease of research and development expenses from US\$3.8 million in 2017 to US\$2.5 million in 2018 due to improvement of efficiency of the Target Business' research and development function which leads to decreased costs related to the research and development function.

INFORMATION OF THE SELLER

Seller, through the sale of its RightsID product, is engaged in the business of providing services and developing and utilizing technology and software for rights management and monetization of such rights and through the sale of its ChannelID product, is engaged in the business of providing services for channel management and content publishing. In addition to the RightsID Product and the ChannelID Product, the Seller is retaining and will continue to operate its remaining business, primarily through the sale of its BrandID product after the Proposed Acquisition.

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.

LISTING RULES IMPLICATIONS

As one or more relevant percentage ratios applicable to the Proposed Acquisition exceed 100%, the Proposed Acquisition constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best knowledge of the Company, no Shareholder is required to abstain from voting at the general meeting to be convened for approving the Proposed Acquisition.

The EGM will be convened to approve the Proposed Acquisition. A notice convening the EGM and a circular containing, among other things, further details of the Proposed Acquisition and the financial information of the Target Business is expected to be dispatched to Shareholders by August 9, 2019.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including the obtaining of the Shareholders' approval for the Proposed Acquisition, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

DEFINITIONS

“Asset Purchase Agreement”	the asset purchase agreement dated July 18, 2019 (Pacific Time) entered into among, others the Buyer and the Seller in respect of the Proposed Acquisition
“Assumed Liabilities”	the liabilities to be assumed by the Buyer pursuant to the Asset Purchase Agreement
“Board”	the board of directors of the Company
“Business Day”	any day, other than a Saturday or a Sunday, on which banks are open for business in Los Angeles, California
“ChannelID Product”	the product to provide services for channel management and content publishing for media companies
“Company” or “Buyer”	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

“Closing”	the sale and purchase of the Purchased Assets and the assumption of the assumed liabilities contemplated by the Asset Purchase Agreement
“Closing Date”	the fifth Business Day after satisfaction or waiver (if applicable) of all conditions to the obligations of the parties set forth in the Asset Purchase Agreement (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date, but subject to the satisfaction or waiver of such conditions at Closing), or such other date and times as Seller and Buyer may agree in writing
“Director(s)”	the director(s) of the Company
“Earn-Out Share(s)”	the Share(s) to be issued pursuant to the Asset Purchase Agreement, if any
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Proposed Acquisition
“Enlarged Group”	the Group following the completion of the Proposed Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Purchased Assets”	the assets to be acquired by the Buyer pursuant to the Asset Purchase Agreement
“Proposed Acquisition”	the transactions contemplated under the Asset Purchase Agreement
“RightsID Product”	the product to provide services and develop and utilize technology and software for rights management and monetization of such rights for media companies
“Seller” or “ZEFR”	ZEFR, Inc., a Delaware corporation

“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of US\$0.0001 each
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the Digital Media Rights Management and Monetization Business
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States of America

For and on behalf of the Board
Vobile Group Limited
Yangbin Bernard WANG
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, July 19, 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.