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Vobile Group Limited
卓博集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3738)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator, Sole Placing Agent



Financial Adviser



Guotai Junan Capital Limited

PLACING

The Board is pleased to announce that on 31 January 2023 (before trading hours), the Company entered into the Placing Agreement with the Sole Placing Agent, who has agreed to act as agent for the Company, in relation to the placing of an aggregate of 114,127,000 new Shares at the Subscription Price of HK\$4.12 per Placing Share (exclusive of brokerage, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and Stock Exchange trading fee payable by the purchasers, where applicable) on the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent:

- (i) approximately 5.39% of the total existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, other than the allotment and issue of the Placing Shares).

On the assumption that all Placing Shares are issued pursuant to the Placing, the aggregate gross proceeds from the Placing are expected to be approximately HK\$470,203,000 and the aggregate net proceeds (after deduction of the commissions and expenses relating to the Placing) from the Placing are expected to be approximately HK\$463,653,000. The Company intends to use the net proceeds for repayment of interest-bearing borrowings in order to further position the balance sheet for strategic growth and financial flexibility.

GENERAL MANDATE

The Placing Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 423,519,331 Shares. As disclosed in the Company's announcements dated 1 August 2022 and 17 August 2022, the Company has issued Convertible Bonds in the total principal amount of HK\$117,000,000 and assuming full conversion of such Convertible Bonds at the initial Conversion Price of HK\$5.32 per Conversion Share, 21,992,481 Conversion Shares are to be allotted and issued under the General Mandate. Having taken into account the Conversion Shares, the Directors are of the view that the General Mandate is sufficient for the allotment and issue of all Placing Shares, and therefore the allotment and issue of the Placing Shares under the General Mandate are not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Completion of the Placing is subject to fulfilment and/or waiver (as appropriate) of the conditions precedent under the Placing Agreement and the Placing Agreement not being terminated in accordance with its terms. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 31 January 2023 (before trading hours), the Company entered into the Placing Agreement with the Sole Placing Agent. The principal terms of the Placing Agreement are summarised below.

THE PLACING AGREEMENT

Date: 31 January 2023 (before trading hours)

Parties: (i) the Company, and
(ii) the Sole Placing Agent.

The Company has appointed CITIC CLSA as the capital market intermediary (as defined under the Listing Rules), the Sole Overall Coordinator (as defined under the Listing Rules) and the Sole Placing Agent, who has agreed to act as agent for the Company to procure, on a best effort basis, not fewer than six Placers for the Placing Shares at the Subscription Price (exclusive of brokerage, SFC transaction levy, Accounting and Financial Reporting Council transaction levy and Stock Exchange trading fee payable by the purchasers, where applicable) on the terms and subject to the conditions set out in the Placing Agreement.

NUMBER OF PLACING SHARES

The Placing Shares comprise 114,127,000 new Shares to be allotted and issued by the Company having an aggregate nominal value of approximately US\$2,853.18, representing:

- (i) approximately 5.39% of the total existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to completion of the Placing, other than the allotment and issue of the Placing Shares).

SUBSCRIPTION PRICE

The Subscription Price of HK\$4.12 per Placing Share represents:

- (i) a discount of approximately 11.0% to the closing price of HK\$4.63 per Share as quoted on the Stock Exchange on 30 January 2023, being the last trading day immediately prior to the date of the Placing Agreement; and
- (ii) a discount of approximately 10.5% to the average closing price of HK\$4.60 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 30 January 2023, being the date immediately prior to the date of the Placing Agreement.

The Subscription Price, which was agreed after arm's length negotiations between the Company and the Sole Placing Agent, was determined by reference to the prevailing market price and recent trading volume of the Shares and market demand for the Placing Shares. The Directors (including the independent non-executive Directors) consider that the Subscription Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are issued pursuant to the Placing, the aggregate gross proceeds from the Placing are expected to be approximately HK\$470,203,000 and the aggregate net proceeds from the Placing, after deducting the commission and expenses relating to the Placing, are expected to be approximately HK\$463,653,000.

REASONS FOR AND BENEFITS OF THE PLACING

The Group is a leading global provider of digital content asset protection and transaction software as a service (SaaS). The Group develops a series of software services based on its core patented VDNA fingerprinting and watermarking technologies to protect the copyrights and increase distribution revenue for digital content asset owners, such as movie studios, TV networks and streaming platforms. The Group also offers digital asset protection and transaction related digital infrastructure service capabilities for Web3. The Group provides customers with efficient professional solutions through business models of subscription service and value-added service, making each creator's content more valuable.

The Directors have considered various options of raising funds. Having reviewed the terms and conditions to the Placing, the Board considers that it is in the interests of the Company to raise equity funding through the Placing so as to broaden its Shareholder base, strengthen the capital base and enhance the financial position and net assets base of the Group for its long-term development and growth.

The Directors are of the view that the terms of the Placing Agreement are fair and reasonable, and consider that the Placing will strengthen the Group's financial position, widen the Company's Shareholder base and is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Company intends to use the net proceeds for repayment of interest-bearing borrowings in order to further position the balance sheet for strategic growth and financial flexibility.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has conducted the following fundraising activities in the past 12 months immediately preceding the date of this announcement:

Date of initial announcement	Event	Net proceeds and intended use of proceeds	Actual use of proceeds
1 August 2022	Issue of 4% unsecured Convertible Bonds due 2025 in the principal amount of HK\$117,000,000 under the General Mandate	The Company intended to use the net proceeds of approximately HK\$74 million for investment in technology relating to (i) digital asset protection and digital asset transactions, and/or (ii) software-as-a-service relating to YouTube shopping, and the net proceeds of approximately HK\$39 million for general working capital purpose.	HK\$76 million was used for potential investment opportunities in digital asset related technology and YouTube shopping related software-as-a-service and the general working capital of the Group, and the remaining HK\$37 million is placed in the bank account of the Group and will be utilised as intended.

RIGHTS OF THE PLACING SHARES

The Placing Shares, when issued pursuant to the Placing Agreement, will be fully paid and will rank *pari passu* in all aspects with the other Shares then in issue free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares.

INDEPENDENCE OF THE SOLE PLACING AGENT AND THE PLACEES

It is expected that the Placing Shares will be placed to no fewer than six professional, institutional or other investors. It is not expected that any of the Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Sole Placing Agent, the Placees and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

CONDITIONS OF THE PLACING

The obligations of the Sole Placing Agent under the Placing Agreement shall be subject to the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares and such listing and permission not subsequently being revoked prior to the Closing (the “**Listing Condition**”);

- (ii) before the Closing, there shall not have occurred:
- (A) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or
 - (B) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange (save and except for any trading halt in relation to the Placing) or any other exchange or over the counter market on which the Company's securities are admitted or listed for trading, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq Global Market (save and except for reason of bad weather conditions); or
 - (C) any outbreak or escalation of hostilities, act of terrorism, riot, the declaration by Hong Kong, the Cayman Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area or any other jurisdictions relevant to the Group or the Placing (together, the "**Relevant Jurisdictions**", each a "**Relevant Jurisdiction**") of a national emergency or war or other calamity or crisis; or
 - (D) any material disruption in commercial banking or securities settlement or clearance services in any Relevant Jurisdiction and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in any Relevant Jurisdiction; or
 - (E) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in any Relevant Jurisdiction or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,
- that, in the sole judgment of the Sole Placing Agent, would make the Placing or the enforcement of contracts to subscribe for or purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;
- (iii) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Closing Date;
 - (iv) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date; and
 - (v) the Sole Placing Agent having received on the Closing Date opinions of the counsel of the Company and/or the Sole Placing Agent as to Hong Kong, U.S. and Cayman Islands laws, such opinion to be in form and substance reasonably satisfactory to the Sole Placing Agent.

The Sole Placing Agent in its sole discretion may waive any of the conditions (other than the Listing Condition which may not be waived), in whole or in part and with or without conditions, by notice to the Company.

In the event that:

- (1) the Listing Condition has not been satisfied by 7 February 2023 or such other date as may be agreed between the Company and the Sole Placing Agent; or
- (2) any of the events set out in sub-paragraph (ii) above occurs at any time between the date of the Placing Agreement and the Closing Date; or
- (3) the Company does not deliver the Placing Shares on the Closing Date; or
- (4) any of the conditions set out in sub-paragraphs (iii) to (v) above has not been satisfied or waived in writing on the dates specified therein,

the Sole Placing Agent may elect, in its sole discretion, to terminate the Placing Agreement forthwith.

COMPLETION OF THE PLACING

Subject to the satisfaction of the conditions precedent to the Placing, completion of the Placing shall take place on the Closing Date, or at such other time and/or date as the Sole Placing Agent and the Company may agree in writing.

LOCK-UP

The Company shall not, without the prior written consent of the Sole Placing Agent, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date.

The foregoing shall not apply to (i) the issue of the Placing Shares under the Placing Agreement; (ii) the grant of options or issue of Shares pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme or the Post-IPO Share Option Scheme; (iii) the issue of Shares pursuant to the exercise of the rights attaching to the Convertible Bonds; and (iv) the award of Shares pursuant to the share award scheme adopted by the Company on 6 May 2019, as amended from time to time.

EFFECT ON SHAREHOLDING STRUCTURE

Based on the information available to the Company, set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing on the Closing Date (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Closing Date, other than the allotment and issue of the Placing Shares):

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate % of issued share capital</i>	<i>No. of Shares</i>	<i>Approximate % of issued share capital</i>
Mr. Wang ⁽¹⁾	271,961,920	12.84%	271,961,920	12.18%
Mr. Wargo	91,829,521	4.33%	91,829,521	4.11%
Mr. Wong	2,523,165	0.12%	2,523,165	0.11%
Mr. Matsuzawa ⁽²⁾	178,571	0.01%	178,571	0.01%
Mr. Chu	123,165	0.01%	123,165	0.01%
Mr. Eesley	123,165	0.01%	123,165	0.01%
Mr. Kwan	79,165	0.01%	79,165	0.01%
Placee(s)	—	—	114,127,000	5.11%
Other public Shareholders	<u>1,751,857,984</u>	<u>82.67%</u>	<u>1,751,857,984</u>	<u>78.45%</u>
Total issued shares	<u>2,118,676,656</u>	<u>100%</u>	<u>2,232,803,656</u>	<u>100%</u>

(1) 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 31,200,000 Shares beneficially owned by him, 208,761,920 Shares held by him in his capacity as trustee and beneficiary of the JYW Trust, 32,000,000 Shares in his capacity as trustee and beneficiary of the YBW Trust, 32,000,000 Shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme and 112,000,000 Shares which may be issued pursuant to the exercise of options granted under the Post-IPO Share Option Scheme.

(2) Mr. Matsuzawa is interested in 178,571 Shares beneficially owned by him and 10,000,000 Shares which may be issued pursuant to the exercise of options granted under the Post-IPO Share Option Scheme.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued by the Company pursuant to the General Mandate, under which the Directors are authorised to allot and issue up to 423,519,331 new Shares. As disclosed in the Company's announcements dated 1 August 2022 and 17 August 2022, the Company has issued Convertible Bonds in the total principal amount of HK\$117,000,000 and assuming full conversion of such Convertible Bonds at the initial Conversion Price of HK\$5.32 per Conversion Share, 21,992,481 Conversion Shares are to be allotted and issued under the General Mandate. Having taken into account the Conversion Shares, the Directors are of the view that the General Mandate is sufficient for the allotment and issue of all Placing Shares, and therefore the allotment and issue of the Placing Shares under the General Mandate are not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

GENERAL

Completion of the Placing is subject to fulfilment and/or waiver (as appropriate) of the conditions precedent under the Placing Agreement and the Placing Agreement not being terminated in accordance with its terms. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

TERMS AND DEFINITIONS

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

“Board”	the board of Directors
“Closing”	the closing of the Placing
“Closing Date”	7 February 2023, or such other date as the Company and the Sole Placing Agent may agree in writing
“CITIC CLSA”	CLSA Limited (中信里昂證券有限公司)
“Company”	Vobile Group Limited (卓博集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3738)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the conversion price of the Convertible Bonds, initially being HK\$5.32 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds)
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the 4% unsecured convertible bonds in the principal amount of HK\$117,000,000 due 2025 issued by the Company to the bondholder as disclosed in the Company’s announcements dated 1 August 2022 and 17 August 2022
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 30 June 2022, under which up to a total of 423,519,331 Shares (being up to 20% of the total number of issued Shares as at the date of the passing of the relevant resolution, which was 30 June 2022) can be allotted, issued and dealt with by the Directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JYW Trust”	the JYW Family Living Trust dated 17 October 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Alfred Tsai CHU
“Mr. Eesley”	Mr. Charles Eric EESLEY
“Mr. Kwan”	Mr. KWAN Ngai Kit
“Mr. Matsuzawa”	Mr. MATSUZAWA Masaaki
“Mr. Wang”	Mr. Yangbin Bernard WANG
“Mr. Wargo”	Mr. J David WARGO
“Mr. Wong”	Mr. WONG Wai Kwan
“Placee(s)”	professional, institutional or other investor(s) whom the Sole Placing Agent shall procure to purchase any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	placement of the Placing Shares to the Placees procured by the Sole Placing Agent pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement entered into on 31 January 2023 between the Company and the Sole Placing Agent in respect of the Placing
“Placing Shares”	an aggregate of 114,127,000 new Shares to be allotted and issued by the Company

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Pre-IPO Share Option Scheme”	the share option scheme of the Company adopted on 30 December 2016
“Post-IPO Share Option Scheme”	the post-IPO share option scheme of the Company adopted on 8 December 2017
“SFC”	The Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holders of the Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of US\$0.000025 each
“Sole Overall Coordinator”	CITIC CLSA
“Sole Placing Agent”	CITIC CLSA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$4.12 per Placing Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollar, the lawful currency of the United States of America
“YBW Trust”	the YBW 2016 Annuity Trust dated 16 December 2016
“%”	per cent

By order of the Board
Vobile Group Limited
Yangbin Bernard WANG
Chairman

Hong Kong, 31 January 2023

As at the date of this announcement, the Board comprises Mr. Yangbin Bernard WANG and Mr. MATSUZAWA Masaaki as executive Directors; Mr. CHAN Ching Yan Daniel, Mr. J David WARGO and Mr. WONG Wai Kwan as non-executive Directors; and Mr. Alfred Tsai CHU, Mr. Charles Eric EESLEY and Mr. KWAN Ngai Kit as independent non-executive Directors.