Vobile

Vobile Group Limited
阜博集團有限公司

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

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Yangbin Bernard WANG ("Mr. Wang")
(Chairman and Chief Executive Officer)
Mr. Michael Paul WITTE ("Mr. Witte")

NON-EXECUTIVE DIRECTORS

Mr. J David WARGO ("Mr. Wargo")
Mr. WONG Wai Kwan ("Mr. Wong")
Mr. Vernon Edward ALTMAN ("Mr. Altman")
(retired on June 30, 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN King Man Kevin ("Mr. Chan")
Mr. Derek CHANG ("Mr. Chang")
(appointed on June 30, 2020)
Mr. Alfred Tsai CHU ("Mr. Chu")
(appointed on June 30, 2020)
Mr. Charles Eric EESLEY ("Mr. Eesley")
Mr. James Alan CHIDDIX ("Mr. Chiddix")
(retired on June 30, 2020)

COMPANY SECRETARY

Mr. HO Sai Hong Vincent ("Mr. Ho")

AUDIT COMMITTEE

Mr. CHAN King Man Kevin *(Chairperson)*
Mr. Alfred Tsai CHU
Mr. Charles Eric EESLEY
Mr. J David WARGO
Mr. WONG Wai Kwan

REMUNERATION COMMITTEE

Mr. Derek CHANG *(Chairperson)*
Mr. Alfred Tsai CHU
Mr. Charles Eric EESLEY
Mr. Yangbin Bernard WANG
Mr. J David WARGO

NOMINATION COMMITTEE

Mr. Yangbin Bernard WANG *(Chairperson)*
Mr. CHAN King Man Kevin
Mr. Derek CHANG
Mr. Charles Eric EESLEY
Mr. J David WARGO

REGISTERED OFFICE

P.O. Box 472, 2nd Floor, Harbour Place,
103 South Church Street,
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Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE US

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United States

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUTHORIZED REPRESENTATIVES

Mr. HO Sai Hong Vincent
Mr. WONG Wai Kwan

CORPORATE INFORMATION

AUDITOR

Ernst & Young
22/F., CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

LEGAL ADVISERS

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2550 Hanover Street,
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United States

PRINCIPAL BANKERS

Silicon Valley Bank
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
P.O. Box 472, 2nd Floor, Harbour Place,
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George Town,
Grand Cayman KY1-1106,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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COMPANY WEBSITE

www.vobilegroup.com

STOCK CODE

3738

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND PROSPECTS

The outbreak of COVID-19 has brought upon unprecedented challenges to all of us since early 2020. The pandemic has caused a global recession with more than a third of the global population being placed on lockdown at one time. The full impact on global businesses remains to be seen. During times of crisis, we have responded quickly to adapt our business operations according to local government policies and guidelines in each of the cities where we have offices and employees. We are pleased that we have ensured our business continuity in spite of travel restrictions and working remotely from home.

During the first half of 2020, we have completed the successful integration of the Rights ID and Channel ID businesses acquired from ZEFR, Inc. in Los Angeles, California. As a result, we now own and operate the market-leading independent third party content monetization platform on YouTube and Facebook. This has significantly expanded the size and scope of our business, and has helped to broaden and diversify both our sources of revenue and our customer base. In addition to our existing strong customer base of film studios, television networks and other premium video content rightsholders, we now serve a broader sets of content owners whose Intellectual Property ("IP") assets are featured on the social media platforms, including YouTube, Facebook, Instagram and SoundCloud.

The COVID-19 pandemic has had a substantial impact on the film industry in 2020. Across the world and to varying degrees, cinemas and movie theaters have been closed. Subsequently, the global box office has dropped by billions of dollars, and streaming has become more popular. We continue to explore ways to grow our digital PPT business, namely TVOD business. We remain optimistic on the potential revenue upside of our TVOD business in the long run.

As Andy Grove, former CEO of Intel, once said: "Bad companies are destroyed by crisis; Good companies survive them; Great companies are improved by them." We are confident that we will emerge from this pandemic as a stronger business, using our proprietary SaaS platforms to help our clients in preventing revenue loss from copyright infringement and increase revenue growth in on-line distribution.

Industry Outlook

(1) Major Studios Turning to DTC — An increasing number of consumers choose to discontinue their subscription of traditional pay television services, such as cable and satellite television delivered through system operator owned and controlled set top boxes, a trend known as "cord cutting". Content owners and content aggregators have been embroiled in a strategic land grab of direct relationships with consumers. A large number of consumers now only watch digital video programming through applications and services using OTT delivery technology built in the Smart TVs or a variety of digital video/gaming devices. This is forcing significant changes in content production, aggregation and distribution business model. Major studios and content owners are turning to the DTC model for a brighter future.

(2) DTC Marketing on Social Video Platforms — Social video platforms, such as YouTube and Facebook, continue to represent a significant portion of viewers' time spent on-line, across all devices. Short clips of studio-produced movie and television programming, often times fan favorite cuts of these studio content, are popular on social video platforms and generating billions of views. Marketers of DTC video services are searching effective marketing tools to grow their subscriber base. Identifying the viewers of a brand studio's content on social video platforms can effectively locate its large fan base online. Reaching these identified viewers with targeted advertising can be a powerful marketing tool, including subscriber acquisition and retention.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Strategies

We remain focused on serving global premium content owners and rightsholders. Our clients include film studios, television networks, record labels, DTC service providers, subscription video-on-demand content aggregators, sports leagues, toys and games company. Generally speaking, they all have media entertainment businesses. The success of the media entertainment business is highly dependent on the protection of IP rights in the entertainment products and services they have created, and nowadays are predominantly being consumed in digital format over internet nowadays. We firmly believe that our core business in content protection is the essential service for all media entertainment businesses and will become even more important over time. For example, the unauthorized distribution and access to movies and television episodes of a major studio will reduce the number of subscribers of its DTC service, therefore directly reduce its revenues. This will have a much bigger impact to the studio's business compared to the good old days when a significant amount of its revenues was guaranteed by output licensing deals. With the announced high-stakes investments in DTC services, the total investment in original content productions has been increasing dramatically over time. These developments require DTC service providers to devote substantial resources for content protection.

The successful acquisition of the Rights ID and Channel ID businesses has transformed our Group into the premier provider of comprehensive solution in content protection and monetization. We are the only independent rights management provider that operates in collaboration and compliance with YouTube, Facebook, Instagram and SoundCloud. We have the best platform and expertise to identify, prioritize and maximize video monetization on social media platforms. The ability to reach viewers of specific video content on social media platforms and deliver targeted advertising messages gives us powerful tools for brand marketing and performance marketing.

Content is king. Distribution is everywhere. We are poised to capitalize on this huge market opportunity in the coming years. We will continue to execute our strategic plan.

Revenue Model for Product Offerings

The core of our revenue model is SaaS. Our revenue model can be categorized as:

- Subscription-based SaaS business — mainly consisting of content protection platform and content management platform; and

- Transaction-based SaaS business — mainly consisting of transactional video on demand platform (a.k.a. digital PPT platform) and content monetization platform.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

	Six months ended June 30,			
	2020	2019	**2020**	2019
	US$'000	US$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	**21,575**	8,072	**167,206**	62,558
Gross profit	**10,824**	6,588	**83,886**	51,057
Profit/(loss) before tax	**9,094**	(1,433)	**70,479**	(11,106)
Profit/(loss) for the period attributable to owners of the Company	**9,500**	(1,111)	**73,625**	(8,610)
Non-IFRS Adjusted EBITDA	**3,253**	450	**25,211**	3,488

Non-IFRS Adjusted EBITDA

Adjusted EBITDA is earnings before interest, income taxes, depreciation and amortization, equity settled share option expenses, and other one-off expenses. This is not an IFRSs measure. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance of our Group, 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 and investors.

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

	Six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Profit/(loss) before tax	**9,094**	(1,433)
Add:		
Depreciation and amortization	**1,372**	709
Equity-settled share option expense	**20**	106
Interest income	**(2)**	(92)
Finance costs	**2,499**	23
Impairment of trade receivables	**10**	58
Transaction costs for proposed acquisition	**—**	1,079
Fair value change on other liabilities measured at FVTPL	**(9,740)**	—
Adjusted EBITDA	**3,253**	450

Revenue

The following table shows our revenue breakdown by subscription-based SaaS business and transaction-based SaaS business:

	Six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Subscription-based SaaS business	**7,472**	6,299
Transaction-based SaaS business	**14,103**	1,773
Total revenue	**21,575**	8,072

Our revenue for the six months ended June 30, 2020 amounted to approximately US$21.6 million (equivalent to approximately HK$167.2 million), representing an increase of approximately US$13.5 million, or approximately 167.3% as compared with the revenue for the six months ended June 30, 2019 of approximately US$8.1 million (equivalent to approximately HK$62.6 million). The increase was mainly attributed by the successful integration of the Rights ID and Channel ID businesses acquired from ZEFR, Inc. in November 2019 and improved productivity of the combined operation of the Group which significantly enhanced our product offering and contributed to the growth of the Group's transaction-based SaaS business.

Gross profit and gross profit margin

Our gross profit for the six months ended June 30, 2020 amounted to approximately US$10.8 million, representing an increase of approximately US$4.2 million, or approximately 64.3% as compared with the six months ended June 30, 2019. The increase was mainly attributed by the successful integration of the Rights ID and Channel ID businesses acquired from ZEFR, Inc. in November 2019 and improved operational productivity of the combined operation of the Group.

Our gross profit margin decreased from approximately 81.6% for the six months ended June 30, 2019 to approximately 50.2% for the six months ended June 30, 2020 as revenue from certain product acquired from ZEFR, Inc. in November 2019 has a lower gross profit margin than the other products.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended June 30, 2020 amounted to approximately US$3.9 million, representing an increase of approximately US$0.3 million, or approximately 7.6% as compared with the six months ended June 30, 2019. The increase was mainly due to the increase of sales and marketing initiatives in the current period.

Administrative expenses

Our administrative expenses for the six months ended June 30, 2020 amounted to approximately US$2.7 million, representing an decrease of approximately US$0.7 million, or approximately 20.8% as compared with the six months ended June 30, 2019. The administrative expenses decreased as there were no extra-ordinary expenses, such as transaction costs for acquisition, incurred during the six months ended June 30, 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development expenses

Our research and development expenses for the six months ended June 30, 2020 amounted to approximately US$2.5 million, representing an increase of approximately US$1.5 million, or approximately 146.4% as compared with the six months ended June 30, 2019. The increase was mainly due to the increase of headcount as a result of the acquisition of the Rights ID and Channel ID businesses from ZEFR, Inc. in November 2019.

Other income and gains

Other income mainly consisted of income on fair value change on other liabilities measured at FVTPL of approximately US$9.7 million.

Finance costs

Finance costs mainly consisted of interest expense on interest-bearing borrowings of approximately US$2.4 million (six months ended June 30, 2019: Nil) and interest expense on lease liabilities.

Income tax credit

Our income tax credit mainly comprised of deferred tax credit resulted from increase of unutilized tax losses in the United States.

Profit/(loss) for the period attributable to owners of the Company

The profit attributable to owners of the Company for the six months ended June 30, 2020 amounted to approximately US$9.5 million, representing an increase of approximately US$10.6 million as compared to the loss attributable to owners of the Company for the six months ended June 30, 2019 of approximately US$1.1 million. The increased profit was mainly attributed to increased productivity of the Group and the recognition of income from the fair value change on other liabilities measured at FVTPL.

Basic earnings per share for the six months ended June 30, 2020 was approximately US2.23 cents (equivalent to approximately HK$17.3 cents), and diluted earnings per share for the six months ended June 30, 2020 was approximately US2.19 cents (equivalent to approximately HK$17.0 cents) (basic and diluted loss per share for the six months ended June 30, 2019: US0.26 cent (equivalent to approximately HK$2.0 cents)). The Board does not recommend any payment of dividends for the period ended June 30, 2020 (six months ended June 30, 2019: Nil).

Adjusted EBITDA

The Adjusted EBITDA for the six months ended June 30, 2020 amounted to approximately US$3.3 million (equivalent to approximately HK$25.2 million), representing an increase of approximately US$2.8 million, or approximately 622.9%, as compared to the Adjusted EBITDA for the six months ended June 30, 2019 of approximately US$0.5 million (equivalent to approximately HK$3.5 million). The increase in profit was mainly attributed to the successful integration of the Rights ID and Channel ID products acquired from ZEFR, Inc. in November 2019 and increased operational productivity of the combined operation of the Group.

Interim condensed consolidated statement of financial position highlights

	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)	June 30, 2020 HK$'000 (Unaudited)	December 31, 2019 HK$'000 (Audited)
Total assets	117,205	115,971	908,339	898,775
Total liabilities	71,505	80,854	554,164	626,618
Net assets	45,700	35,117	354,175	272,157
Total equity	45,700	35,117	354,175	272,157

Goodwill

Our goodwill remained stable at approximately US$78.9 million as at June 30, 2020. Goodwill is tested for impairment periodically and no impairment loss is considered necessary as at June 30, 2020.

Intangible assets

Our intangible assets amounted to approximately US$7.9 million as at June 30, 2020, representing a decrease of approximately US$0.4 million as compared to December 31, 2019. The decrease was due to the amortization expenses on intangible assets during the six months ended June 30, 2020.

Interest-bearing borrowings

The Board considers the level of borrowings at June 30, 2020 to be healthy and sustainable. As at June 30, 2020, the Group had interest-bearing borrowings which amounted to approximately US$49.3 million.

The Board considers that the maturity profile of borrowings is in line with normal commercial practices. As at June 30, 2020, the Group had interest-bearing borrowings of approximately US$1.9 million repayable within one year, approximately US$2.6 million repayable in the second year and approximately US$3.0 million repayable in the third year, approximately US$21.8 million in the fourth year and approximately US$20.0 million in the fifth year.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As of June 30, 2020, our cash and cash equivalents amounted to approximately US$6.8 million. As of June 30, 2020, our current assets amounted to approximately US$22.3 million of which approximately US$9.9 million was trade receivables and approximately US$6.8 million was cash and cash equivalents. Our current liabilities amounted to approximately US$22.1 million, of which approximately US$6.2 million was trade payables. As at June 30, 2020, our current ratio, which is equivalent to the current assets divided by the current liabilities, was 1.01 as compared with 1.61 at December 31, 2019.

Significant Investments, Acquisitions and Disposals

During the six months ended June 30, 2020, we did not have any significant investments, material acquisition nor disposals.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

Our capital expenditures were primarily for purchase of property, plant and equipment. The amount of our capital expenditures for the six months ended June 30, 2020 was approximately US$15,000.

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

Except for the interest-bearing borrowings of approximately US$29.3 million which is secured by all assets of LRC Oregon Inc., Vobile Holding, Inc., Vobile Home Entertainment LLC and Vobile, Inc., collectively as the guarantor, as collateral, as of June 30, 2020 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, (iii) any material off-balance sheet arrangements, or (iv) any unutilized banking facilities.

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.

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 debt includes interest- bearing borrowings, less cash and cash equivalents. As of June 30, 2020, our gearing ratio, calculated as net debt divided by the capital (equity attributable to owners of the Company) plus net debt, was 48.2% as compared to 56.3% as of December 31, 2019.

CORPORATE GOVERNANCE HIGHLIGHTS

CORPORATE GOVERNANCE PRACTICES

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 June 30, 2020, 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 June 30, 2020, 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. The 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 BY DIRECTORS

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 June 30, 2020. 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. CHAN King Man Kevin, 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. CHAN King Man Kevin.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2020 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.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2020.

EMPLOYEE AND REMUNERATION POLICY

As at June 30, 2020, we employed a total of 137 staff (as at June 30, 2019: 70 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 of the Company 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 June 30, 2020 was approximately US$5.6 million (for the six months ended June 30, 2019: US$4.1 million).

PRE-IPO SHARE OPTION SCHEME

The following is a summary of all the principal terms of the Pre-IPO Share Option Scheme conditionally adopted by a resolution passed by our then sole shareholder on December 30, 2016 (the "Adoption Date of 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 which may be Pre-IPO incentive stock options ("Pre-IPO ISOs") or Pre-IPO non-statutory stock options ("Pre-IPO NSOs"). The Borad believes that this aligns the interest of our employees, Directors, consultants and advisers with those of our shareholders.

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

Minimum exercise price for Pre-IPO ISOs: The exercise price per share of a Pre-IPO ISO 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 ISO 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.

(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 (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 January 4, 2018.

As at June 30, 2020, the outstanding number of options available for issue under the Pre-IPO Share Option Scheme is 14,464,000 shares, representing 3.36% of the issued share capital of the Company.

(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 June 30, 2020.

Grantee	Position Held	Exercise Price	Number of Shares under the Pre-IPO	Date of Grant	Approximate Percentage (%)
Directors					
Mr. Wang	Executive Director	US$0.1375	8,000,000	April 25, 2017	1.88
Mr. Witte	Executive Director	US$0.125	400,000	April 25, 2017	0.09
Mr. Wong	Non-executive Director	US$0.125	600,000	April 25, 2017	0.14
Subtotal			9,000,000		2.11
Senior Management					
Mr. Timothy John ERWIN	Senior Vice President of Sales and Customer Relations	US$0.125	800,000	April 25, 2017	0.19
Mr. Benjamin Russell SMITH	Senior Vice President of Business Development	US$0.125	400,000	April 25, 2017	0.09
Mr. Ho	Financial Controller and Company Secretary	US$0.125	400,000	April 25, 2017	0.09
Subtotal			1,600,000		0.37
Other 27 employees and consultants		US$0.125	3,864,000	April 25, 2017	0.92
Total			14,464,000		3.40

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

OTHER INFORMATION

POST-IPO SHARE OPTION SCHEME

The following is a summary of all the principal terms of the Post-IPO Share Option Scheme conditionally adopted by a resolution passed by our shareholders on December 8, 2017 ("Adoption Date of 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. The Board believes that this aligns the interest of our employees, Directors, consultants and advisers with those of our shareholders.

(b) Types of Options for Employees in the United States

Two types of options may be granted under the Post-IPO Share Option Scheme to employees of our Group which are subject to taxation under the US Internal Revenue Code of 1986 (the "Code") — incentive stock options ("Post-IPO ISO(s)") or non-statutory stock options ("Post-IPO NSO(s)"). Post-IPO ISOs are options within the meaning of section 422 of the Code, while Post-IPO NSOs are options that are not Post-IPO ISOs or are not subject to tax under the Code.

(c) 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.

(d) 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.

(e) 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 Scheme in any 12-month period shall not exceed 1% of the relevant class of securities of our Company in issue.

As at June 30, 2020, the outstanding number of options available for issue under the Post-IPO Share Option Scheme is 41,317,453 shares, representing 9.61% of the issued share capital of the Company.

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

The Post-IPO 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.

As at the date of this report, no option has been granted or agreed to be granted under the Post-IPO Share Option Scheme.

SHARE AWARD SCHEME

The following is a summary of all the principal terms of the Share Award Scheme adopted by the Board on May 6, 2019 ("Adoption Date of Share Award Scheme").

(a) Purpose of the Share Award Scheme

The purposes of the Share Award Scheme are to (a) incentivize, recognize and reward the contributions of certain eligible persons to the growth and development of the Group; (b) attract and retain personnel to promote the long-term growth and development of the Group; and (c) align the interests of the award holders with those of the Shareholders to promote the long-term financial performance of the Company.

(b) Lapse of option

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 Share Award Scheme.

(c) Total Number of Shares Available for Issue under the Share Award Scheme

The Board shall not make any further Award if to do so would result in the aggregate number of the Shares awarded under the Share Award Scheme exceed 10% of the issued share capital of the Company at any given time.

Where any grant of award to a Selected Person would result in the aggregate of:

(a) the number of awarded shares underlying all Awards (whether vested or not); and

(b) the number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) under any share option scheme or share award scheme adopted by the Company from time to time, granted to such Selected Person in the 12-month period up to and including the date of grant of such Award exceeding 1% of the Shares in issue as at the date of grant of such award, the award shall be subject to approval by the Shareholders in a general meeting.

As at June 30, 2020, the outstanding number of shares available for grant under the Share Award Scheme is 43,008,948 shares, representing 10% of the issued share capital of the Company. For this purpose, Acheson Limited, a wholly-owned subsidiary of Tricor Holdings Limited, as the trustee of the Share Award Scheme and as at June 30, 2020, Acheson Limited has purchased 8,840,000 shares which are available for grant under the Share Award Scheme.

(d) Duration of the Share Award Scheme

The Share Award Scheme will remain in force for a period of 10 years commencing on the Adoption Date of the Share Award Scheme.

As at the date of this report, no share award has been granted or agreed to be granted under the Share Award Scheme.

OTHER INFORMATION

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

As of June 30, 2020, 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[(2)]	Beneficial owner; trustee of a trust; beneficiary of a trust	75,290,480 (L)	17.51
Mr. Witte[(3)]	Beneficial owner	1,600,000 (L)	0.37
Mr. Wargo[(4)]	Beneficial owner	29,270,339 (L)	6.81
Mr. Wong[(5)]	Beneficial owner	600,000 (L)	0.14

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 7,100,000 shares beneficially owned by him, 52,190,480 shares held by him in his capacity as trustee and beneficiary of the JYW Trust, 8,000,000 shares in his capacity as trustee and beneficiary of the YBW Trust and 8,000,000 shares which may be issued pursuant to the exercise of options granted under the Pre-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.

(4) Mr. Wargo is interested in 29,270,339 shares beneficially owned by him.

(5) Mr. Wong Wai Kwan will be interested in 600,000 Shares which may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme.

Save as disclosed above, as of June 30, 2020, 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 June 30, 2020 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 June 30, 2020, 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	Nature of interest	Number of Shares(1)	Approximate percentage of shareholding (%)
Poly Platinum Enterprises Limited(2)	Beneficial owner	38,150,608 (L)	8.87
Greater Bay Area Homeland Investments Limited(2)	Interest in a controlled corporation	38,150,608 (L)	8.87
Greater Bay Area Homeland Development Fund (GP) Limited(2)	Interest in a controlled corporation	38,150,608 (L)	8.87
Leading Season Limited(3)	Beneficial owner	34,857,144 (L)	8.10
Gorgeous Holding Limited(3)	Interest in a controlled corporation	34,857,144 (L)	8.10
New York Private Trust Company(3)	Interest in a controlled corporation	34,857,144 (L)	8.10
LU Jian	Beneficial owner	32,190,480 (L)	7.48
Navibell Venture Corp(4)	Beneficial owner	31,800,000 (L)	7.39
Colombo Development Limited(4)	Interest in a controlled corporation	31,800,000 (L)	7.39
Equity Trustee Limited(4)	Interest in a controlled corporation	31,800,000 (L)	7.39
XIE Shihuang(4)	Interest in a controlled corporation	31,800,000 (L)	7.39

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Assuming full conversion of the convertible bonds beneficially owned by Poly Platinum Enterprises Limited, Poly Platinum will be interested in 38,150,608 shares. Poly Platinum Enterprises Limited is wholly-controlled subsidiary of Greater Bay Area Homeland Development Fund LP, a limited partnership fund incorporated in the Cayman Islands (the "Greater Bay Area Fund"). The Greater Bay Area Fund is controlled by Greater Bay Area Homeland Development Fund (GP) Limited (the "GHAHD GP") as general partner. The GHAHD GP is wholly-owned by Greater Bay Area Homeland Investments Limited.

OTHER INFORMATION

(3) Leading Season Limited is wholly owned by Wealth Ride Limited, which is wholly owned by New York Private Trust Company. Under the SFO, New York Private Trust Company is deemed to be interested in the Shares held by Leading Season Limited.

(4) Navibell Venture Corp. is wholly owned by Colombo Development Limited, which is wholly owned by Equity Trustee Limited. Xie Shihuang is a trustee and a beneficiary of The XIE Family Trust which is the beneficiary of Equity Trustee Limited.

Save as disclosed above, as of June 30, 2020, 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 June 30, 2020, 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 June 30, 2020

	Notes	Six months ended June 30, 2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
REVENUE	4	**21,575**	8,072
Cost of services provided		**(10,751)**	(1,484)
Gross profit		**10,824**	6,588
Other income and gains	4	**9,846**	150
Selling and marketing expenses		**(3,931)**	(3,653)
Administrative expenses		**(2,677)**	(3,378)
Research and development expenses		**(2,462)**	(999)
Finance costs	6	**(2,499)**	(23)
Other expenses		**(7)**	(118)
PROFIT/(LOSS) BEFORE TAX	5	**9,094**	(1,433)
Income tax credit	7	**406**	322
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**9,500**	(1,111)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Exchange differences on translation of foreign operations		**(120)**	6
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(120)**	6
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**9,380**	(1,105)
EARNINGS/(LOSS) PER SHARE			
Basic, profit/(loss) for the period attributable to ordinary equity holders of the parent (US cent)	9	**2.23**	(0.26)
Diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent (US cent)		**2.19**	(0.26)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2020

	Notes	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**297**	378
Right-of-use assets		**2,954**	1,017
Intangible assets		**7,917**	8,350
Goodwill		**78,921**	78,921
Deferred tax assets		**4,673**	4,265
Prepayments		**135**	37
Total non-current assets		**94,897**	92,968
CURRENT ASSETS			
Trade receivables	11	**9,892**	13,743
Prepayments, deposits and other receivables		**5,657**	4,080
Tax recoverable		**—**	355
Cash and cash equivalents		**6,759**	4,825
Total current assets		**22,308**	23,003
CURRENT LIABILITIES			
Trade payables	12	**6,205**	5,695
Lease liabilities		**1,014**	753
Interest-bearing borrowings		**1,875**	1,500
Other payables and accruals		**4,924**	6,306
Other liabilities		**8,120**	—
Total current liabilities		**22,138**	14,254
NET CURRENT ASSETS		**170**	8,749
TOTAL ASSETS LESS CURRENT LIABILITIES		**95,067**	101,717
NON-CURRENT LIABILITIES			
Lease liabilities		**1,992**	240
Interest-bearing borrowings		**47,375**	48,500
Other liabilities		**—**	17,860
Total non-current liabilities		**49,367**	66,600
Net assets		**45,700**	35,117
EQUITY			
Share capital		**43**	42
Treasury shares	13	**(2,815)**	(2,558)
Reserves		**48,472**	37,633
Total equity		**45,700**	35,117

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020

	Attributable to owners of the Company								
	Share capital US$'000	Treasury shares US$'000	Share premium* US$'000	Merger reserve* US$'000	Other reserve* US$'000	Share option reserve* US$'000	Exchange fluctuation reserve* US$'000	Accumulated losses* US$'000	Total equity US$'000
At January 1, 2020 (audited)	**42**	**(2,558)**	**27,192**	**376**	**25,686**	**610**	**(655)**	**(15,576)**	**35,117**
Profit for the period	—	—	—	—	—	—	—	**9,500**	**9,500**
Exchange differences related to foreign operations	—	—	—	—	—	—	**(120)**	—	**(120)**
Total comprehensive income for the period	—	—	—	—	—	—	**(120)**	**9,500**	**9,380**
Shares purchased under share award scheme (note 13)	—	**(257)**	—	—	—	—	—	—	**(257)**
Equity-settled share option arrangements	—	—	—	—	—	**20**	—	—	**20**
Share allotment for consideration settlement	**1**	—	**1,439**	—	—	—	—	—	**1,440**
At June 30, 2020 (unaudited)	**43**	**(2,815)**	**28,631**	**376**	**25,686**	**630**	**(775)**	**(6,076)**	**45,700**

	Attributable to owners of the Company								
	Share capital US$'000	Treasury shares US$'000	Share premium* US$'000	Merger reserve* US$'000	Other reserve* US$'000	Share option reserve* US$'000	Exchange fluctuation reserve* US$'000	Accumulated losses* US$'000	Total equity US$'000
At January 1, 2019 (audited)	42	—	27,192	376	25,686	463	(540)	(9,386)	43,833
Loss for the period	—	—	—	—	—	—	—	(1,111)	(1,111)
Exchange differences related to foreign operations	—	—	—	—	—	—	6	—	6
Total comprehensive loss for the period	—	—	—	—	—	—	6	(1,111)	(1,105)
Shares purchased under share award scheme (note 13)	—	(1,275)	—	—	—	—	—	—	(1,275)
Equity-settled share option arrangements	—	—	—	—	—	106	—	—	106
At June 30, 2019 (unaudited)	42	(1,275)	27,192	376	25,686	569	(534)	(10,497)	41,559

* These reserve accounts comprise the consolidated reserves of US$48,472,000 and US$42,792,000 in the consolidated statements of financial position as at June 30, 2020 and 2019, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2020

	Notes	2020 (Unaudited) US$'000	2019 (Unaudited) US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**9,094**	(1,433)
Adjustments for:			
Interest Income	4	**(2)**	(92)
Finance costs		**2,499**	23
Depreciation of items of property, plant and equipment		**96**	166
Depreciation of right-of-use assets		**843**	543
Amortization of intangible assets		**433**	—
Impairment on trade receivables		**10**	58
Equity-settled share option expense		**20**	106
Fair value gain on other liabilities measured at FVTPL		**(9,740)**	—
		3,253	(629)
Decrease in trade receivables		**3,841**	1,104
Increase in prepayments, deposits and other receivables		**(1,675)**	(3,435)
Decrease in other payables		**(731)**	(306)
Decrease in accruals, deferred income and payroll and welfare accruals		**—**	(837)
Increase/(decrease) in trade payables		**510**	(1,022)
Cash generated from/(used in) operations		**5,198**	(5,125)
Interest paid		**(77)**	(23)
Interest received		**2**	166
Overseas taxes paid		**353**	(36)
Net cash flows from/(used in) operating activities		**5,476**	(5,018)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(15)**	(8)
Purchase of intangible assets		**—**	(609)
Net cash flows used in investing activities		**(15)**	(617)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares held under share award scheme		**(257)**	(1,275)
Repayment of interest-bearing borrowings		**(750)**	—
Interest paid		**(1,633)**	—
Principle portion of lease payments		**(767)**	(492)
Net cash flows used in financing activities		**(3,407)**	(1,767)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,054**	(7,402)
Cash and cash equivalents at beginning of period		**4,825**	17,641
Effect of foreign exchange rate changes, net		**(120)**	6
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,759**	10,245
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**6,759**	5,630
Time deposits with original maturity of less than three months when acquired		**—**	4,615
Cash and cash equivalents as stated in the statement of cash flows		**6,759**	10,245

1. CORPORATE INFORMATION

Vobile Group Limited was incorporated as an exempted company with limited liability in the Cayman Islands on July 28, 2016 under the Companies Law, Chapter 22 of the Cayman Islands. The registered address of the office of the Company is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, 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 information for the six months ended June 30, 2020 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2019. The interim condensed consolidated financial information is presented in United States dollars (US$) and all values are rounded to nearest thousand except when otherwise indicated.

2.2 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 December 31, 2019, 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 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after January 1, 2020. The amendments did not have any impact on the financial position and performance of the Group.

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

2.2 Changes in Accounting Policies and Disclosures (Continued)

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on 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 unauthorized 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 June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
United States	**20,816**	7,122
Japan	**670**	588
Others	**89**	362
	21,575	8,072

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

(b) Non-current assets

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered during the period.

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

	Six months ended June 30,	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Revenue from contracts with customers		
Rendering of services	**21,575**	8,072

Revenue from contracts with customers

(i) Disaggregated revenue information

	Six months ended June 30,	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Timing of revenue recognition		
Services transferred overtime	**21,575**	8,072

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	Six months ended June 30,	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**263**	260
Other income and gains		
Fair value gain on other liabilities measured at FVTPL	**9,740**	—
Interest income	**2**	92
Foreign exchange gain	**68**	58
Other	**36**	—
	9,846	150

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Cost of services provided	**10,751**	1,484
Employee benefit expense (excluding Directors' and chief executive's remuneration)		
Wages and salaries	**4,959**	3,095
Equity-settled share option expense	**3**	31
Other benefits	**122**	286
Pension scheme contributions	**11**	16
	5,095	3,428
Depreciation of items of property, plant and equipment	**96**	166
Depreciation of right-of-use assets	**843**	543
Amortization of intangible assets	**433**	—
Lease payments not included in the measurement of lease liabilities	**356**	231
Impairment of trade receivables	**10**	58
Research and development expenses	**2,462**	999
Auditor's remuneration	**123**	84
Bank interest income	**(2)**	(92)
Foreign exchange differences, net	**50**	21

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Interest on loans	**2,422**	—
Interest on lease liabilities	**77**	23
	2,499	23

7. INCOME TAX CREDIT

Income tax consists primarily of the United States, Hong Kong and Japan enterprise income tax charged on the Group. United States income tax applicable to the Group during the six months ended June 30, 2020 is at the federal tax rate of 21% (2019: 21%). No Hong Kong profits tax has been provided for as the Group has no assessable profits generated in Hong Kong for the period (2019: 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 credit for the six months ended June 30 are as follows:

	Six months ended June 30,	
	2020	2019
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Current — United States		
Charge for the period	**—**	2
Current — Japan		
Charge for the period	**2**	14
Deferred tax credit	**(408)**	(338)
Total tax credit for the period	**(406)**	(322)

8. DIVIDENDS

The Board does not recommend payment of any dividend for the period ended June 30, 2020 (2019: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the six months ended June 30, 2020 and 2019.

The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all diluted potential ordinary shares into ordinary shares.

	Six months ended June 30,	
	2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculation	**9,500**	(1,111)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	**425,103,765**	424,209,851
Effect of dilution — Weighted average number of ordinary shares	**9,450,859**	9,035,971
Weighted average number of ordinary share options for the purpose of diluted earnings/(loss) per share calculation	**434,554,624**	433,245,822*

* For the six month ended June 30, 2019, because the diluted loss per share amount is increased when taking share options into account, the share options had an anti-dilutive effect on the basic loss per share for the period and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amounts was based on the loss for the period of US$1,111,000, and the weighted average number of ordinary shares of 424,209,851 in issue during the period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2020, the Group purchased items of property, plant and equipment with a cost of US$15,000 (June 30, 2019: US$8,000). During the six months ended June 30, 2020, depreciation for property, plant and equipment was US$1,649,000 (June 30, 2019: US$1,409,000).

No asset was disposed by the Group during the six months ended June 30, 2020 (June 30, 2019: nil).

11. TRADE RECEIVABLES

	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)
Trade receivables	**9,923**	13,781
Impairment	**(31)**	(38)
	9,892	13,743

The Group's trading terms with its debtors are usually 10 to 60 days. The Group always recognizes lifetime expected credit losses ("ECL") 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 receivable balances. Trade receivables are unsecured and non-interest-bearing.

An ageing analysis of the current trade receivables as at June 30, 2020, based on the invoice date and net of loss allowance, is as follows:

	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)
Within 90 days	**6,075**	9,655
91 to 180 days	**1,896**	1,110
181 to 365 days	**1,601**	818
Over 365 days	**320**	2,160
	9,892	13,743

11. TRADE RECEIVABLES (Continued)

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)
Neither past due nor impaired	**3,205**	7,133
Less than 3 month past due	**4,167**	2,728
3 to 6 months past due	**2,150**	922
6 to 12 months past due	**370**	1,265
Over 12 months past due	**—**	1,695
	9,892	13,743

12. TRADE PAYABLES

	June 30, 2020 US$'000 (Unaudited)	December 31, 2019 US$'000 (Audited)
Within 90 days	**6,091**	5,579
91 to 180 days	**114**	116
	6,205	5,695

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

13. TREASURY SHARES

On May 6, 2019, the Board adopted a Share Award Scheme to incentivize, recognize and reward the contributions of certain eligible persons ("Eligible Persons") to the growth and development of the Group.

Pursuant to the Share Award 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 Share Award 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 Share Award Scheme but all major decisions in relation to the Share Award Scheme shall be made by the Board unless expressly provided for in the Share Award Scheme rules pursuant to the Share Award Scheme or the Board resolves to delegate such power to the trustee.

Pursuant to the Share Award 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 Share Award Scheme as Eligible Persons and determine the number of awarded shares.

At June 30, 2020, no share was granted under the Share Award Scheme.

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

	2020	
	US$'000	Number of shares
At January 1	2,558	7,870,000
Purchased during the period	257	970,000
At June 30	2,815	8,840,000

14. RELATED PARTY TRANSACTIONS

Outstanding balances with related parties:

As at June 30, 2020, there were no outstanding balances with related parties.

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Below is a summary of the significant unobservable input to the valuation of financial instruments as at June 30, 2020:

As part of the asset purchase agreement regarding the acquisition of business from ZEFR, Inc., contingent consideration included in other liabilities is payable, which is dependent on the amount of revenue and EBITDA of the acquired business during the 12-month period subsequent to the acquisition. The amount recognized as at June 30, 2020 was US$8,120,000 (December 31, 2019: US$17,860,000) according to the profit forecast and the purchase agreement, which was determined using the probability-weighted payout approach and is within Level 3 fair value measurement. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

A significant unobservable valuation input for the fair value measurement of contingent consideration is as follows:

It is expected that the amount of revenue and EBITDA of the acquired business during the 12-month period subsequent to the acquisition will meet the expected level.

If the revenue and EBITDA of the acquired business during the 12-month period subsequent to the acquisition deviate from the expected level, there would be a significant fluctuation in the fair value of the contingent consideration liability.

Fair value hierarchy

The following tables illustrated the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) US$'000	Significant observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Other liabilities	—	—	8,120	8,120

The movements in fair value measurements in Level 3 during the period are as follows:

	Other liabilities US$'000
At January 1, 2020	17,860
Fair value gain on other liabilities measured at FVTPL	(9,740)
At June 30, 2020	8,120

16. EVENTS AFTER THE REPORTING PERIOD

On July 14, 2020, the Company issued two series of convertible bonds in the aggregate principal amount of HK$100,000,000 to Poly Platinum Enterprises Limited, an investment holding company incorporated in British Virgin Islands with limited liability. The first series of convertible bonds is for an aggregate principal amount of HK$80,000,000 and has an initial conversion price of HK$2.58 per share; the second series of convertible bonds is for an aggregate principal amount of HK$20,000,000 and has an initial conversion price of HK$2.80 per share. The first series of convertible bonds and the second series of convertible bonds are both convertible into shares of the Company. For further details, please refer to the announcements of the Company dated June 29, 2020, July 3, 2020 and July 14, 2020.

On July 30, 2020, a total of 11,250,000 options to subscribe for shares are granted under the post-IPO share option scheme which adopted on December 8, 2017. Each option shall entitle the holder to subscribe for one share of the Company upon exercise of such option at an exercise price of HK$3.50 per share. For further details, please refer to the announcement of the Company dated July 30, 2020.

17. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information were approved and authorized for issue by the board of Directors on August 28, 2020.

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
"Directors"	the directors of the Company
"DTC"	direct-to-consumer
"EBITDA"	earnings before interest, tax, depreciation and amortization
"FVTPL"	fair value through profit or loss
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"OTT"	over-the-top
"PPT"	Pay Per Transaction
"Pre-IPO Share Option Scheme"	the share option scheme of the Company adopted on December 30, 2016
"Post-IPO Share Option Scheme"	the share option scheme of the Company adopted on December 8, 2017
"SaaS"	Software as a Service
"Share(s)"	ordinary share(s) of US$0.0001 each in the share capital of the Company
"Share Award Scheme"	the share award scheme adopted by the Company on May 6, 2019, as amended from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TVOD"	transactional video-on-demand
"US$" or "USD"	the lawful currency of the United States