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CORPORATE INFORMATION

EXECUTIVE DIRECTORS⁽¹⁾

Mr. Yangbin Bernard WANG (“Mr. Wang”)
(Chairman and Chief Executive Officer)
Mr. WONG Wai Kwan (“Mr. Wong”)

NON-EXECUTIVE DIRECTORS

Mr. TANG Yi Hoi Hermes (“Mr. Tang”) *(Vice-Chairman)*
Mr. Chan Ching Yan Daniel (“Mr. Chan”)
Mr. J David WARGO (“Mr. Wargo”)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Alfred Tsai CHU (“Mr. Chu”)
Mr. Charles Eric EESLEY (“Mr. Eesley”)
Mr. KWAN Ngai Kit (“Mr. Kwan”)

COMPANY SECRETARY

Mr. HO Sai Hong Vincent (“Mr. Ho”)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Charles Eric EESLEY *(Chairperson)*
Mr. Alfred Tsai CHU
Mr. KWAN Ngai Kit
Mr. Yangbin Bernard WANG
Mr. J David WARGO

NOMINATION COMMITTEE

Mr. Alfred Tsai CHU *(Chairperson)*
Mr. Charles Eric EESLEY
Mr. KWAN Ngai Kit
Mr. Yangbin Bernard WANG
Mr. CHAN Ching Yan Daniel

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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AUTHORISED REPRESENTATIVES

Mr. HO Sai Hong Vincent
Mr. WONG Wai Kwan

⁽¹⁾ Mr. MATSUZAWA Masaaki (“Mr. Matsuzawa”) had served as an executive director of the Company until 30 June 2023.

CORPORATE INFORMATION

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PRINCIPAL BANKERS

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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COMPANY WEBSITE

vobile.com

STOCK CODE

3738

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND PROSPECTS

Company Overview

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

Vobile continues to accumulate its core capabilities of digital content rights identification, and is committed to building the necessary technical infrastructure for the protection and transaction of digital content assets, and to enhance the effective delivery of the value of the industrial ecological chain. Regardless of the evolution of film and television production technology and forms of expression, creative content is the core value of the film and television industry, and the protection and transaction of creative content is the foundation to support the value of the industry. Vobile's innovative one-stop digital content rights identification and transaction solutions allow more content creators' rights and interests to be assured and protected, facilitating the broader and more effective distribution of creative content, and making creative content more valuable.

Industry Ecosystem

With the development and changes in digital content industry, based on the need for creative content copyright protection and IP value monetization, the demand for digital content rights identification continues to rise. Vobile accurately predicts the general trend with a forward-looking vision, seizes the structural opportunities in the process of industrial transformation. Building upon our core capabilities in digital content rights identification, we have developed services for protecting and transacting digital content assets. Our business has progressively evolved from protecting and distributing film and television content to the identification and monetization of a diverse range of digital content rights, and further extending into the realm of emerging digital asset services.

Looking forward to the future, Vobile will continue to focus on the digital film and television content industry with high economic value and a high degree of digitalisation, commercialisation and mature industrial support, and empower the healthy development of the digital cultural industry. In China, creative content is transitioning into the realm of data elements driven by digitalisation. As a whole new production factor, data elements are poised to induce significant changes in productivity. Since we founded, Vobile Group has been focusing on accumulating our digital content rights identification capabilities. In the new stage of rapid development of data elements, every right of digital assets and related data elements will need to be confirmed. Vobile will play an essential role in our sub-vertical and effectively leverage favourable policies and industry development opportunities in the China market. In March 2023, Vobile, in collaboration with our industry partners, jointly hosted "National Cultural Digitalization Strategy Industry Implementation Seminar" as part of the 10th China Internet Audio & Video Convention. Establishing the "Culture Global Promotion Ecosystem Strategic Alliance" to drive the comprehensive construction of a cultural digital industry solution strategy platform, empowering a wide range of large to small scale creators and content creation platforms to promote quality creative content for international markets.

MANAGEMENT DISCUSSION AND ANALYSIS

As an independent third-party service provider within the industry, Vobile will continue to promote the transaction and distribution of digital content assets in the ecosystem. With the continuous improvement of data service capability, Vobile will acquire more customers promoting us as a key participant in data ecology construction.

Meanwhile, we are concerned that the advancement of technology is pushing the global digital cultural industry into a new stage of development. The rapid development of Web3 and AI Generated Content (AIGC) has brought new challenges to the industry, and at the same time, industrial structural opportunities have also emerged. Vobile has grasped the structural opportunities represented by the surge of User Generated Content (UGC). In the new era of AIGC, where technology further enhances the production capacity for digital content, Vobile has seized new opportunities and strategically positioned itself to unlock huge potential of new services and application scenarios.

Our Businesses

Currently, our SaaS platform provides customers and partners with a variety of subscription and value-added services.

Subscription Services

Our subscription-based business model ensures long-term and stable relationships with the world's top content platforms and holders, by providing IP protection services for content and platform clients. With our essential proprietary VDNA digital fingerprint and watermark technologies, we provide content rights identification and infringement filtering services to online video websites and platforms, empowering them to trace infringements under different scenarios for diverse content formats. We not only help content parties to trace infringements but also preserve timely and powerful evidence, by charging a customised subscription service fee according to our client's needs.

- For major content clients, Vobile offers comprehensive copyright protection to various types of content customers, including Hollywood film and television companies, audiovisual content rights holders, streaming platforms, and more. With the precision and efficiency of our protection ability, we are able to serve different types of content platforms across various content portfolios, such as movies, live events, sports, music etc.
- By establishing in-depth cooperation with platform customers, Vobile offers advanced rights identification and protection technologies and services to small and medium-sized content creators through its API services, enabling a broader reach for diverse content creator communities.
- In 2022, Vobile successfully acquired Particle Technology and facilitated business integration and innovation on this basis, further improved the docking capability of mainstream content platforms, established an independent product package, serving user subscription through channels such as telecom operators, radio and television new media, and Internet platforms. Vobile provides integrated video cloud services such as intelligent operation, and charges customers subscription service fees.

Meanwhile, as our clients expand into proprietary streaming platforms, we continued to help them by providing direct-to-consumer ("DTC") protection solutions to address more demographics. In the six months ended 30 June 2023, Vobile Group has achieved a subscription service revenue of HK\$467 million, representing an increase of approximately 131.4% as compared with the same period in last year, accounting for about 46.6% of the total revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Value-added Services

We have established long-term relationships with major Hollywood studios, TV networks, streaming platforms, and other content holders through our subscription services. With the growth of our clients and their new demands, we leverage our IP protection technology to drive diverse value-added services and help them maximise the value of their IPs. Through enhancing our coverage of clients' content assets and expanding our portfolio of value-added services, we continue to monetize our client's creative content and reclaim revenue on more different platforms. For example:

- As our clients distribute their content on social media platforms, such as YouTube, Instagram, and Facebook, Vobile identifies and monetizes instances of user-uploaded IP on these platforms through proprietary claiming technology and services to expand the influence of our clients' IPs.
- Address users' content distribution needs on Chinese video-on-demand platforms such as IPTV and OTT, Vobile could provide local resources and services to distribute the content to over a hundred of platforms. In 2022, Vobile integrated the capabilities of Particle Technology, and through strategic cooperation with leading content platforms as well as local and global film and television companies, Vobile aggregated global high-quality content, and distributed the content across on video-on-demand platforms, such as China's telecom operators, radio and television new media operators, internet platforms. This monetization of content is through both singular and bundled offerings, and the revenue is generated based on the activity and consumption level of the content assets.
- With the upgrade of exploration and innovation of major clients, Vobile also actively works side by side with them to develop our portfolio to address their evolving needs. As clients are exploring unique ways to engage with their customers through NFT and Web3, Vobile will leverage our industrial advantages and resources to create new products for them. As our clients experiment with blockchain solutions to distribute content and market their IPs to unique demographics, we could utilise our research and development capabilities to support their transformation.

During the reporting period, Vobile's value-added service revenue was approximately HK\$536 million, an increase of approximately 51.8% compared with the same period in last year, accounting for approximately 53.4% of total revenue. With the ongoing growth of value-added service clients and product portfolio, our value-added services will continue to sustain healthy and rapid development.

Sustained Strong Growth in Our Major Business Regions

Throughout the first half of 2023, resulting from our visionary strategic decision-making and efficient execution, Vobile not only maintained a rapid revenue growth but also attained high-quality development. Amid the reporting period, Vobile accomplished a total revenue of HK\$1,003 million, representing an annual growth rate of approximately 80.3%. The adjusted EBITDA for the year reached approximately HK\$181 million, reflecting a year-on-year increase of about 38.9%.

During the period, revenue from China reached approximately HK\$560 million, representing an increase of about 148.2% compared with the same period last year, accounting for about 55.8% of the total revenue. The rapid and effective integration of Vobile and Particle Technology has accelerated our expansion into the China market, reaffirming China as a key strategic market. As of 30 June 2023, Vobile has established new partnerships with multiple content clients and platforms in China, with the synergies of our robust content distribution and edge computing business gradually taking effect.

MANAGEMENT DISCUSSION AND ANALYSIS

We continued our robust performance in the US market. As of 30 June 2023, revenue from the US achieved HK\$440 million, representing a year-on-year growth of approximately 34.2% accounting for about 43.9% of the total revenue. During this period, we continued to work steadily with global leading content providers, expanding our service coverage to some of our major clients' total content libraries and extending our services to more platforms. The consistent and strong client stickiness in our business demonstrates the continued trust and recognition from our clients in Vobile's products and services.

Research and Development

We continue to reiterate core patented technologies such as VDNA fingerprinting and watermarking, and improve the precision and accuracy of infringement identification. At the same time, to keep up with the trend of Web3 and Artificial Intelligence development, Vobile is working with major partners and universities to carry out technology research and development, exploring new applications and technologies in the protection and transaction of digital content assets and rights identification, deepening our technological advantages and increasing our competitive advantages.

In addition, we completed a major upgrade of our original new media management and distribution platform, establishing seamless connections with major domestic new media platform distribution channels. In terms of external technological capabilities integration, Vobile established an in-depth partnership with "Volcengine", leveraging its expertise in intelligent content recommendations, short video production tools, and etc. This integration bolstered our "Smart Operation Platform" and enhanced our product capabilities of the "New Media Management and Distribution Platform".

STRATEGY AND PROSPECTS

Vobile's mission is "Making Creative Content More Valuable". We aim to provide a full suite of solutions for content rights holders to maximise the value of their IPs. In the continuous process of business progression and value creation, Vobile will play an increasingly critical role in the development of the digital content ecosystem.

Our strategic growth priorities are:

1. The Demand for Rights Identification Services for Digital Content Transaction and Distribution Continues to Grow Explosively

The breakthroughs in Internet communication technology have promoted a revolutionary change in the distribution of information. The production and consumption of digital content experienced an explosive growth, which has brought a significant growing demand of digital content rights identification and transaction.

During the evolution of the digital content industry from limited content distribution to interactive media distribution, Vobile has always been building its core technologies capabilities in digital content rights identification, which can effectively improve the efficiency of digital content distribution and lower the distribution barriers. Thus, Vobile protects the rights of creative content owners and enables creative content to achieve a greater monetization value.

MANAGEMENT DISCUSSION AND ANALYSIS

The highly digitalised industry has brought changes in business models, and the direct-to-customer (DTC) model has demonstrated stronger competitiveness. In comparison to the traditional business model, the DTC model breaks through many traditional limitations and connects the producers with the consumers more closely. The DTC model first proven in the e-commerce industry as brand owners accelerate the transaction and monetization of a large number of goods through the DTC business model, thus making e-commerce a non-negligible part of the global economy. We believe the DTC model has the same potential in the digital content industry. By reducing the intermediaries, the DTC model will drive more efficient content distribution and transaction for more creative content, further activating the creator economy. Vobile will play an essential role as a service provider in digital content rights identification and transaction infrastructure based on our core capabilities.

In the last few years, the rapid rise of streaming media has proven the DTC business model as an industry trend. Streaming media has continuously attracted and acquired more traditional TV users given its advantages such as convenience, content diversity, and ample selections. Vobile's technology and services can ensure the exclusivity of content distribution to avoid loss of viewers, which is critical to the revenue protection and subscriber retention of DTC platforms. Based on Vobile's core technology, we provide customers with one-stop digital content rights identification and transaction solutions, and will gradually transform into a digital infrastructure service provider of digital content rights identification and transaction. By evolving with the industry simultaneously, Vobile empowers the ecosystem development and continues to help the industry upgrade.

Nowadays, the DTC model continues to deepen its development, that is, after the rapid rise of streaming media platforms and DTC trend, the DTC model is progressively extending its reach to encompass a broader spectrum of content creators and consumers. This expansion drives the distribution and transaction of a larger scale of creative content. Leveraging our core digital rights identification capabilities, Vobile meets the ongoing rights identification needs of content creators within the process of content distribution and transaction, providing the essential technology infrastructure to protect copyrights and amplify IP value. The ongoing evolution of the DTC model places renewed emphasis on previously overlooked rights identification needs. In response, Vobile is poised to engage with an even wider customer base, continually fulfilling emerging needs of our clients and thereby unlocking further growth potential.

2. Continually Expanding Product Portfolio for Value-added Services and Upgrading Service Offerings

We will fully leverage our leading technology and operational experience in global content operation, cooperate with industrial partners to create a one-stop culture and content sharing service platform in global markets, build a full-chain service system, and empower the majority of small and medium-sized creators and content platform to share high-quality content with more consumers.

Furthermore, leading social media platforms such as YouTube have started to explore different digital content business models, such as e-commerce, short videos, and live-stream e-commerce, in addition to its advertising business. These explorations, coupled with the vast amount of content being created, will provide new possibilities for Vobile's existing and future development. Vobile is actively following up the innovative transformation of large platforms and making strategic deployments to acquire first-mover advantages.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Seizing China's Digital Culture Opportunities to Facilitate Efficient Distribution of Global Premier Content

China's digital content industry is growing rapidly with a thriving content production ecosystem and strong consumer demand. The increasing urgent demands for digital content rights identification, distribution, transaction, and monetization have prompted Vobile to keenly seize market opportunities and continue expanding its presence.

According to statistics, given the increase in its internet users and the speed of digital infrastructure roll-out, China would be the fastest growing region in terms of data volume, with an expected increase of 30% per year, from 7.6 ZB (approximately 23.4% of the global data) in 2018 to 48.6 ZB (approximately 27.8% of the global data) in 2025, and China would become the largest data region in the world by 2025.

However, the value of the data itself is limited. Continuous distribution, aggregation, and processing contribute to maximising data value. Among these, the value related to data rights protection, profit distribution, and more, provides Vobile with extensive opportunities. Especially in the realm of digital content asset transaction, we will continue to explore by using our core technology to empower content transaction platforms and to innovate new business and IP authorisation models based on UGC content, in order to connect parties including content providers, content transaction platforms, creators, and content monetization platforms to establish a new technology-driven business and service model.

On one hand, Vobile, as a leading company in digital content asset protection and transaction, possesses strong service capabilities as part of the digital infrastructure required for data element management. With extensive experience in digital content rights identification, data element management, and digital asset distribution, Vobile can safeguard the corresponding digital content assets of clients from infringement and maximise the content monetization value. On the other hand, by promoting digital content asset protection and transaction, Vobile is at the forefront of establishing the "Culture Global Promotion Strategic Cooperation Alliance". This alliance is dedicated to leveraging Vobile's technological, industrial, and geographical advantages to facilitate efficient global distribution of high-quality digital content assets, with Hong Kong as the central connecting hub. With favourable local policies and accelerated industrial development, Vobile will better seize the unprecedented opportunity and continue to explore business innovations while achieving our own leap and upgrade.

4. Advancing Forefront Product Development Adapting to the Emerging Technologies and Platforms

Web3 inspires more application scenarios and possibilities

With progressive development of Web3, all kinds of information, data, and digital assets will achieve more efficient distribution through cheaper means, resulting in new production, distribution ecosystem, and value allocation rules for content creators.

Web3 lies in its reliance on blockchain technology, which is more conducive to transforming digital content into valuable and protected assets, driving the realisation and application of digital assets, and thereby creating a plethora of new transaction scenarios. Vobile is strategically positioning itself in the Web3 field for the long term and maintaining ongoing research and development efforts. The goal is to establish more efficient content dissemination and interactive connections for content creators and users, while also exploring additional application scenarios for digital asset protection and transaction in the Web3 era. Vobile always remains true to its original aspiration to support content creators and owners, constantly strengthens its digital infrastructure service capabilities, and unleashes the value of digital content assets in the new fields.

MANAGEMENT DISCUSSION AND ANALYSIS

The development of AIGC withholds enormous industrial opportunities

In the field of AIGC, which has received wide attention, the copyright of creative content is a major concern of the industry. The industry has learned potential major risks in the unauthorised use of original copyrighted content by artificial intelligence and the abuse of artificial intelligence-generated content with no supervision, and is actively promoting the establishment of rules. Vobile's leading edge in digital content rights identification will continue to provide value protection for creative content during the production.

Industrial transformation often brings huge development opportunities. Since we founded, Vobile has been able to seize potential opportunities arising from industry transformation. With the rise of UGC videos on social media, the content ecosystem of creators has begun to flourish, and there is a major loss of copyright value during the distribution while expanding new channels. In this context, Vobile, relying on the digital content rights identification capabilities accumulated over the years, manages copyright for content creators and assists them in sharing advertising revenue on social media to successfully expand our services from copyright protection to transaction and monetization which helps us to gain a larger market space.

AIGC and UGC share many characteristics within the content ecosystem. The development of AIGC will bring new changes to the production and distribution of creative content with no doubt. It will assist creators by providing a more efficient, convenient, and cost-effective content creation process. The content created by AIGC still requires providing credits and return to the original content used in the creation. Additionally, newly generated content will be distributed within the content ecosystem. The need for digital content rights identification and transaction monetization continues to exist and is even expected to increase. Currently, Vobile has initiated active deployment and investment in this direction, continuing to seize the boundless opportunities brought by industry transformation.

Facing new opportunities, we are filled with confidence in our future development and have made thorough preparations for it. Vobile will continue our technological innovation and industry resource advantages, solidify our leading position globally, continuously expand our product and service portfolio, and seek broader business touchpoints and growth opportunities. We have confidence in continuing leading technology-driven industry transformation and upgrades, while upholding an entrepreneurial mission of "Making Creative Content More Valuable."

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Interim Condensed Consolidated Statement of Profit or Loss Highlights

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	1,002,756	556,120
Gross profit	392,773	230,185
Profit before tax	45,135	44,992
Profit for the period	33,928	29,145
Non-IFRS Adjusted Net Profit	58,067	50,031
Non-IFRS Adjusted EBITDA	181,333	130,573

Non-IFRS Adjusted Net Profit

Adjusted Net Profit is earnings before equity settled share compensation expenses, loss on derecognition of financial liabilities measured at amortised cost, fair value changes and other one-off expenses. This is not a IFRS measure. Adjusted net profit is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit for the period	33,928	29,145
Add:		
Equity-settled share compensation expense	18,156	15,221
Transaction costs for acquisition of subsidiaries	—	3,240
Loss on derecognition of financial liabilities measured at amortised cost	6,195	—
Fair value change on financial assets at FVTPL, net	(212)	2,425
Adjusted Net Profit	58,067	50,031

MANAGEMENT DISCUSSION AND ANALYSIS

Non-IFRS Adjusted EBITDA

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

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit before tax	45,135	44,992
Add:		
Equity-settled share compensation expense	18,156	15,221
Finance costs	50,332	22,513
Depreciation and amortisation	60,671	42,513
Transaction costs for acquisition of subsidiaries	—	3,240
Loss on derecognition of financial liabilities measured at amortised cost	6,195	—
Fair value change on financial assets at FVTPL, net	(212)	2,425
Share of profits and losses of associates	(1)	145
Impairment on trade receivables	3,879	935
Interest income	(2,822)	(1,411)
Adjusted EBITDA	181,333	130,573

Revenue

The following table shows our revenue breakdown by product:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Subscription services	466,876	201,780
Value-added services	535,880	352,928
Others	—	1,412
Total revenue	1,002,756	556,120

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenue for the six months ended 30 June 2023 amounted to approximately HK\$1,003 million, representing an increase of approximately HK\$447 million, or approximately 80.3% as compared with the revenue for the six months ended 30 June 2022 of approximately HK\$556 million. Our business model has two revenue streams: subscription services and value-added services.

In the six months ended 30 June 2023, subscription services revenue was HK\$467 million, representing an increase of approximately HK\$265 million, or approximately 131.4% as compared with the subscription services revenue for the six months ended 30 June 2022, and accounted for 46.6% (six months ended 30 June 2022: 36.3%) of our total revenues. Our subscription service mainly consists of content protection and channel management. Content protection service is based on the application of Vobile's VDNA (fingerprint) and watermark technologies. Channel management service is based on the partnership we have with distribution platforms, and we manage channels for our IP rights holder clients on these distribution platforms.

We offer a variety of value-added services that are designed to further realise IP rights values for our clients by providing additional IP revenue streams. During the six months ended 30 June 2023, value-added service revenue was HK\$536 million, representing an increase of 51.8%, as compared with the value-added services revenue for the six months ended 30 June 2022, and accounted for 53.4% (six months ended 30 June 2022: 63.5%) of total revenue. Our value-added service mainly consists of content monetization on social media platforms and video-on-demand platforms.

Our business model is driven by our ability to serve additional contents, and to help generate more revenue for IP rights holder clients. We believe that our future success is dependent on many factors, including our ability to expand our content base, retain customers while increasing content penetration, offer more monetization channels to increase revenue for IP rights holders, develop new solutions to meet industry and client needs, enhance our ecosystem and partner relationships, expand content verticals, expand geographic coverage, and build with a focus on maximising long-term value.

Gross profit and gross profit margin

Our gross profit for the six months ended 30 June 2023 amounted to approximately HK\$393 million, representing an increase of approximately HK\$163 million, or approximately 70.6% as compared with the six months ended 30 June 2022 of HK\$230 million.

Our gross profit margin decreased from approximately 41.4% for the six months ended 30 June 2022 to approximately 39.2% for the six months ended 30 June 2023 mainly due to the change in revenue mix as revenue from Particle Technology acquired by the Group in May 2022 yield lower gross profit margin than the other products.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2023 amounted to approximately HK\$116 million, representing an increase of approximately HK\$67 million, or approximately 135.9% as compared with the six months ended 30 June 2022 of HK\$49 million. The increase was mainly due to the combination of selling and marketing expenses from Particle Technology and the increase of sales and marketing initiatives during the period.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2023 amounted to approximately HK\$78 million, representing an increase of approximately HK\$21 million, or approximately 36.6% as compared with the six months ended 30 June 2022 of HK\$57 million. The increase was mainly due to the combination of administrative staff from Particle Technology.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and development expenses

Our research and development expenses for the six months ended 30 June 2023 amounted to approximately HK\$95 million, representing an increase of approximately HK\$37 million, or approximately 63.6% as compared with the six months ended 30 June 2022 of HK\$58 million. The increase was mainly due to the increase of research and development activities in the current period.

Finance costs

Finance costs mainly consisted of interest expenses on interest-bearing borrowings and convertible bonds of approximately HK\$50 million (six months ended 30 June 2022: HK\$22 million) and interest expense on lease liabilities.

Other expenses

Other expenses mainly represented loss on derecognition of financial liabilities measured at amortised cost of HK\$6 million which arose from early repayment of interest-bearing borrowings and represented the amortisation of the unamortised transaction costs related to the interest-bearing borrowings.

Income tax expense

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

Profit for the period

The profit for the six months ended 30 June 2023 amounted to approximately HK\$34 million, representing an increase of approximately HK\$5 million, or approximately 16.4% as compared to the profit for the six months ended 30 June 2022 of approximately HK\$29 million.

Basic earnings per share for the six months ended 30 June 2023 was approximately HK\$0.0132 (six month ended 30 June 2022: HK\$0.0112), and diluted earnings per share for the six months ended 30 June 2023 was approximately HK\$0.0121 (six month ended 30 June 2022: HK\$0.0102).

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

Adjusted EBITDA

The Adjusted EBITDA for the six months ended 30 June 2023 amounted to approximately HK\$181 million, representing an increase of approximately HK\$50 million, or approximately 38.9%, as compared to the Adjusted EBITDA for the six months ended 30 June 2022 of approximately HK\$131 million. The substantial increase in Adjusted EBITDA was mainly attributed by the significant increase in revenue of the Group for the six months ended 30 June 2023, contributed by (a) continued growth in our business in the US; and (b) the expansion of our business in the Mainland China, driven by strategic and commercial partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim condensed consolidated statement of financial position highlights

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Total assets	3,409,677	3,260,325
Total liabilities	1,287,873	1,586,690
Net assets	2,121,804	1,673,635
Total equity	2,121,804	1,673,635

Goodwill

Our goodwill amounted to approximately HK\$1,160 million as at 30 June 2023, representing a decrease of approximately HK\$24 million as compared to 31 December 2022 of HK\$1,184 million. The decrease was mainly due to exchange realignment caused by depreciation of RMB. Goodwill is tested for impairment periodically and no impairment loss is considered necessary as at 30 June 2023.

Intangible assets

Our intangible assets amounted to approximately HK\$421 million as at 30 June 2023, representing an increase of approximately HK\$33 million as compared to 31 December 2022. The increase was mainly due to the additions of intangible assets.

Interest-bearing borrowings

On 2 April 2022, Vobile HK entered a senior facility (the "Senior Facility") agreement and a mezzanine facility (the "Mezzanine Facility") agreement with a multi-national financial institution as the arranger and agent for loan amount of US\$75 million and US\$52.5 million, respectively. The Senior Facility was drawn on 21 April 2022, bear interest at secured overnight financing rate plus three point seven five percent to five point seven five percent and is fully repayable on 29 September 2023. The Mezzanine Facility was drawn on 21 April 2022, bear interest at secured overnight financing rate plus nine percent and is fully repayable on 2 July 2024. The interest-bearing borrowings drawn from the Senior Facility had been fully repaid on 29 March 2023. On 29 March 2023, the Company has refinanced the Mezzanine Facility with another multi-national financial institution. After the refinancing, the Company has an interest-bearing borrowing of US\$60,000,000 (equivalent to approximately HK\$470,156,000), bear interest at secured overnight financing rate plus seven percent, HK\$195,898,000 is repayable on or before 29 March 2025 and HK\$274,258,000 is repayable on or before 29 March 2026.

Convertible bonds

On 16 August 2022, the Company issued convertible bonds in an aggregate principal amount of HK\$117,000,000 to Lucion International Investment Limited, an investment holding company incorporated in Hong Kong. The convertible bonds have an initial conversion price of HK\$5.32 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 4% per annum, payable annually in arrears, and will mature in the three years from the issue date.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

Working capital

As of 30 June 2023, our cash and cash equivalents and pledged deposits in aggregate amounted to approximately HK\$263 million. As of 30 June 2023, our current assets amounted to approximately HK\$1,416 million of which approximately HK\$958 million was trade receivables and approximately HK\$263 million was cash and cash equivalents and pledged deposits. Our current liabilities amounted to approximately HK\$724 million, of which approximately HK\$480 million was trade payables. As at 30 June 2023, our current ratio, which is equivalent to the current assets divided by the current liabilities, was 2.0 as compared with 1.2 at 31 December 2022.

Significant investments, acquisitions and disposals

During the six months ended 30 June 2023, we did not have any other significant investment and any material acquisition or disposal.

Capital expenditures

Our capital expenditures were primarily for expenditures for purchase of equipment and intangible assets. The amount of our capital expenditures for the six months ended 30 June 2023 was approximately HK\$87 million.

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

As of 30 June 2023 and the date of this report, we did not have (i) any material contingent liabilities or guarantees, (ii) any liabilities under acceptance trade receivables or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantee material covenants, or other material contingent liabilities, or (iii) any material off-balance sheet arrangements.

Foreign exchange exposure

In light of the nature of our business, we are exposed to various foreign currencies, among which, USD and RMB are mostly used apart from HK\$. To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk at operational level closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Company did not use any financial instruments for hedging purposes for the six months ended 30 June 2023.

Gearing ratio

Our 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 convertible bonds and interest-bearing borrowings, less cash and cash equivalents. As of 30 June 2023, our gearing ratio, calculated as net debt divided by the equity attributable to owners of the Company plus net debt, was 13% as compared with 31% as at 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of proceeds from issue of convertible bonds and placement of shares

On 16 August 2022, the Company issued convertible bonds in the aggregate principal amount of HK\$117 million, raised net proceeds of HK\$106 million. As at 30 June 2023, the Company had fully utilised the net proceeds as intended. The table below sets out the details of actual usage of the net proceeds as at 30 June 2023.

Intended use of proceeds	Initial intended allocation (HK\$ million)	Net proceeds utilised during the year ended	Unutilised net proceeds as at	Net proceeds utilised during the six months ended	Unutilised net proceeds as at	Expected timeline of full utilisation
		31 December 2022 (HK\$ million)	31 December 2022 (HK\$ million)	30 June 2023 (HK\$ million)	30 June 2023 (HK\$ million)	
Investment in technology relating to (i) digital asset protection and digital asset transactions, and/or (ii) software as a service (SaaS) relating to YouTube shopping	69	47	22	22	—	N/A
General working capital	37	37	—	—	—	N/A
	106	84	22	22	—	

On 7 February 2023, the Company completed the placement of 114,127,000 Shares (the “Placing Shares”) with an aggregate nominal value of approximately US\$2,853.18 and raised net proceeds of approximately HK\$464 million (the “Placing”). The Placing Shares were allotted and issued to no less than six placees (“Placees”) at the subscription price of HK\$4.12 per Placing Share representing 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. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Placees and their respective ultimate beneficial owners is independent of the Company and its connected persons, and none of the Placees and their respective ultimate beneficial owners has become a substantial shareholder of the Company as a result of the Placing. The net price raised per Placing Share upon completion of the Placing was approximately HK\$4.06.

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. As at 30 June 2023, the Company had fully utilised the net proceeds as intended. The table below sets out the details of actual usage of the net proceeds as at 30 June 2023.

Intended use of proceeds	Initial intended allocation (HK\$ million)	Net proceeds utilised during the six months ended	Unutilised net proceeds as at	Expected timeline of full utilisation
		30 June 2023 (HK\$ million)	30 June 2023 (HK\$ million)	
Repayment of interest-bearing borrowings	464	464	—	N/A

CORPORATE GOVERNANCE HIGHLIGHTS

CORPORATE GOVERNANCE PRACTICE

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

During the six months ended 30 June 2023, the Company has applied the principles as set out in the CG Code which are applicable to the Company.

In the opinion of the Directors, during the six months ended 30 June 2023, 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 is instrumental to our growth and business expansion since our establishment in 2005. Our Board considers that the roles of chairman and chief executive officer being vested in the same person is beneficial to the business prospects, management and overall strategic direction of our Group by ensuring consistent leadership within our Group and facilitating more effective and efficient overall strategic planning and decision-making for our Group. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. In addition, under the supervision of the Board which is comprised of two executive Directors, three non-executive Directors and three independent non-executive Directors as at the date of this report, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. After considering all the corporate governance measures that have been taken, the Board considers that the balance of power and authority will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. Thus, the Company does not segregate the roles of Chairman and Chief Executive Officer.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they complied with the standards specified in the Model Code during the six months ended 30 June 2023. 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.

CORPORATE GOVERNANCE HIGHLIGHTS

REVIEW OF INTERIM REPORT

The Audit Committee comprises three independent non-executive Directors, namely, Mr. KWAN Ngai Kit, Mr. Alfred Tsai CHU and Mr. Charles Eric EESLEY, and one non-executive Director, namely, Mr. J David WARGO. The chairman of the Audit Committee is Mr. KWAN Ngai Kit. Mr. KWAN Ngai Kit has appropriate professional qualifications and experience in financial matters. The main responsibilities of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023 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 30 June 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, we employed a total of 561 staff (as at 31 December 2022: 572 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 objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

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

The total remuneration cost incurred by the Group for the six months ended 30 June 2023 was approximately HK\$120 million (for the six months ended 30 June 2022: HK\$101 million).

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

SHARE SCHEMES

The Company has three existing share schemes, namely the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Plan.

The number of Shares that may be issued in respect of options and awards granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Plan divided by the weighted average number of ordinary Shares in issue for the year ended 31 December 2022 and the six months ended 30 June 2023 is 9.44% and 8.45%, respectively.

As at 1 January 2022 and 31 December 2022, the number of options and awards available for grant under the scheme mandate was both 154,975,020, representing 7.32% of the issued share capital of the Company on each date. As at 1 January 2023 and 30 June 2023, the number of options and awards available for grant under the scheme mandate was both 154,975,020, representing 7.32% and 6.94% of the issued share capital of the Company on each date, respectively. The details of each share scheme are set out below:

Pre-IPO Share Option Scheme

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

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

The purpose of the Pre-IPO Share Option Scheme is to offer to employees, Directors (i.e. a member of the Board who is not an employee), consultants or advisers who perform bona fide services for, our Company or its subsidiary the opportunity to acquire equity in our Company through awards of Pre-IPO Share Option Scheme. No amount is payable by the grantees on the grant of options and there is no maximum entitlement of each participant under the Pre-IPO Share Option Scheme.

OTHER INFORMATION

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

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

The purchase price in relation to each award or sale of Shares shall be determined by the Board in its sole discretion, provided that, to the extent an award consists of newly issued Shares, the Board shall require the purchaser to provide consideration having a value not less than the par value of such Shares.

(c) Vesting of Options

Subject to the terms and conditions and the fulfilment of all conditions to the vesting of the Pre-IPO Options, each Pre-IPO Option shall have a vesting period of four years from the date of grant of the Pre-IPO Options.

(d) Exercise of Options

The Board in its sole discretion shall determine when all or any installment of a Pre-IPO Option is to become exercisable and may, in its discretion, provide for accelerated exercisability in the event of a change in control or other events.

(e) 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.

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

As at 31 March 2023 (being the date of the annual report of the Company for the year ended 31 December 2022) and the date of this report, the total number of Shares available for issue under the Pre-IPO Share Option Scheme is 32,120,000 and 32,040,000, respectively, representing 1.52% and 1.44% of the issued share capital of the Company as at the respective date. No share option will be available for grant under the Pre-IPO Share Option Scheme.

(g) 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.

OTHER INFORMATION

Details of the options granted pursuant to the Pre-IPO Share Option Scheme to the grantees are set at below:

Name of Grantee	Date of grant	Vesting period	Exercise period	Exercise price per share after the Share Subdivision	No. of share options									
					Outstanding as at 1 January 2022	Granted during the year ended 31 December 2022	Exercised during the year ended 31 December 2022	Expired/lapsed/cancelled during the year ended 31 December 2022	Outstanding as at 31 December 2022 and 1 January 2023	Granted during the six months ended 30 June 2023	Exercised during the six months ended 30 June 2023	Expired/lapsed/cancelled during the six months ended 30 June 2023	Outstanding as at 30 June 2023	
Director														
Mr. Wang	25 April 2017	Four years from date of grant ¹	25 April 2019 to 25 April 2027	US\$0.0344	32,000,000	—	—	—	32,000,000	—	—	—	32,000,000	
Employees														
Other employees	25 April 2017	Four years from date of grant ¹	25 April 2019 to 25 April 2027	US\$0.0313	120,000	—	—	—	120,000	—	(80,000) ²	—	40,000	
Total					32,120,000	—	—	—	32,120,000	—	(80,000)	—	32,040,000	

Notes:

- 50% of the share options shall vest on the second anniversary of the date of grant and 50% shall vest in 24 equal monthly instalments following the second anniversary.
- The weighted average closing price of the shares immediately before the dates on which the options were exercised is HK\$3.36.

Post-IPO Share Option Scheme

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

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

The purposes of the Post-IPO Share Option Scheme are to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants and advisers of our Group and to promote the success of the business of our Group. HK\$1 is payable by the grantees for acceptance of the Post-IPO Share Options.

(b) Exercise 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

- 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;
- 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
- the nominal value of the Shares.

OTHER INFORMATION

(c) Vesting of Options

The Remuneration Committee in its sole discretion shall determine the vesting period for each grant of options under the Post-IPO Share Option Scheme.

(d) Time of Exercise of An Option

An option may be exercised in whole or in part by the option holder in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be notified by the Board to each option holder upon the grant of options, such period not to exceed ten years from the date of grant of the relevant option.

(e) 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.

(f) Maximum Number of Shares

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.

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

As at 31 March 2023 (being the date of the annual report of the Company for the year ended 31 December 2022) and the date of this report, the total number of Shares available for issue under the Post-IPO Share Option Scheme was both 154,975,020, each representing 6.94% of the issued share capital of the Company as at the respective date.

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

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

OTHER INFORMATION

Details of the options granted pursuant to the Post-IPO Share Option Scheme to the grantees are set at below:

Name of Grantee	Date of grant	Vesting period	Exercise period	Exercise price per share after the Share Subdivision	No. of share options										
					Outstanding as at 1 January 2022	Granted during the year ended 31 December 2022	Exercised during the year ended 31 December 2022	Lapsed during the year ended 31 December 2022	Expired/ cancelled during the year ended 31 December 2022	Outstanding as at 31 December 2022 and 1 January 2023	Granted during the six months ended 30 June 2023	Exercised during the six months ended 30 June 2023	Lapsed during the six months ended 30 June 2023	Expired/ cancelled during the six months ended 30 June 2023	Outstanding as at 30 June 2023
Directors															
Mr. Wang	12 January 2021	Ten years from date of grant ¹	12 January 2021 to 12 January 2031	HK\$5.00	112,000,000	—	—	—	—	112,000,000	—	—	—	—	112,000,000
Mr. Matsuzawa	23 July 2021	Five years from date of grant ²	23 July 2022 to 23 July 2032	HK\$8.70	10,000,000	—	—	—	—	10,000,000	—	—	(6,000,000)	—	4,000,000
Sub-total					122,000,000	—	—	—	—	122,000,000	—	—	(6,000,000)	—	116,000,000
Employees															
Other employees	30 July 2020	Two years from date of grant ³	30 July 2022 to 30 July 2032	HK\$0.875	22,400,000	—	—	—	—	22,400,000	—	(1,000,000)	—	—	21,400,000
Other employees	23 July 2021	Five years from date of grant ³	23 July 2022 to 23 July 2032	HK\$8.70	8,300,000	—	—	(3,300,000)	—	5,000,000	—	—	(4,000,000)	—	1,000,000
Other employees	8 July 2022	Five years from date of grant ³	8 July 2023 to 7 July 2032	HK\$5.00	—	7,320,000	—	—	—	7,320,000	—	—	—	—	7,320,000
Sub-total					30,700,000	7,320,000 ⁴	—	(3,300,000)	—	34,720,000	—	(1,000,000) ⁵	(4,000,000)	—	29,640,000
Consultants															
Consultants	30 July 2020	Two years from date of grant ³	30 July 2022 to 30 July 2032	HK\$0.875	3,000,000	—	—	—	—	3,000,000	—	—	—	—	3,000,000
Kevin A. Mayer	9 September 2020	Two years from date of grant ³	9 September 2021 to 9 September 2031	HK\$1.02	8,000,000	—	—	—	—	8,000,000	—	—	—	—	8,000,000
Sub-total					11,000,000	—	—	—	—	11,000,000	—	—	—	—	11,000,000
Total					163,700,000	7,320,000	—	(3,300,000)	—	167,720,000	—	(1,000,000)	(10,000,000)	—	156,640,000

OTHER INFORMATION

Notes:

- The share options have an exercise period of ten years and the vesting periods of ten years from the date of grant. All nine tranches of the 112,000,000 share options in aggregate will become fully vested when the Market Capitalisation of the Company on a Determination Date reaches at least US\$10 billion and the Company has achieved at least nine of the Operational Milestones in any combination. Please refer to the circular of the Company dated 1 March 2021 for further details.

The table below shows the Operational Milestones:

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

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

Cumulative Number of Operational Milestones Required to be Achieved	Market Capitalisation Milestone Vesting Condition comprised of Market Capitalisation of the Company on a Determination Date in Excess of		Number of vested Share Options in the Tranche
	US\$	HK\$	
One	2 billion	15.50 billion	3,111,111 Shares
Two	3 billion	23.25 billion	3,111,111 Shares
Three	4 billion	31.00 billion	3,111,111 Shares
Four	5 billion	38.75 billion	3,111,111 Shares
Five	6 billion	46.50 billion	3,111,111 Shares
Six	7 billion	54.25 billion	3,111,111 Shares
Seven	8 billion	62.00 billion	3,111,111 Shares
Eight	9 billion	69.75 billion	3,111,111 Shares
Nine	10 billion	77.50 billion	3,111,112 Shares

- 50% of the share options shall vest on the first anniversary of the date of grant and 50% shall vest in 12 equal monthly instalments following the second anniversary.
- 20% of the share options shall vest on the first anniversary of the date of grant and 80% shall vest in 48 equal monthly instalments following the second anniversary.
- The closing price of the Shares on 7 July 2022, being the trading date immediately before the relevant date of the grant, and the fair value of each share option granted was HK\$4.43 and HK\$2.08, respectively.
- The weighted average closing price of the Shares immediately before the date of exercise by the participants was HK\$3.36.

OTHER INFORMATION

SHARE AWARD PLAN

On 6 May 2019, the Board adopted a 10-year share award plan (the “Share Award Plan”) 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. Details of the Share Award Plan were announced in the Company’s announcements dated 6 May 2019 and 25 July 2021. A summary of the Share Award Plan is set out below:

(a) Purpose

The purpose of the Share Award Plan is 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. No amount is payable by the grantees on acceptance of the awards.

(b) Participants

Under the Share Award Plan Rules, any person being (a) an employee, a director (including, without limitation, an executive, non-executive or independent non-executive director) or officer of any member of the Group; or (b) a consultant or advisor of any member of the Group, is eligible for participation in the Share Award Plan.

(c) Duration

Subject to early termination by the Board, the Share Award Plan shall be valid and effective for a term of ten (10) years commencing from the date of adoption of the Share Award Plan, being 6 May 2019, and ending on the Business Day immediately preceding the tenth (10th) anniversary of the date of adoption of the Share Award Plan.

(d) Share Award Plan Limit

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 Plan 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 adopted by the Company from time to time, granted to such Eligible 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.

(e) Vesting

Awarded Shares and the Related Income shall be vested in an Award Holder in accordance with the Vesting Date(s) specified in the Award and upon the satisfaction of the vesting criteria and conditions (if any) specified by the Board in the offer of grant of the relevant Award. No consideration is required from the grantees at the time of vesting.

OTHER INFORMATION

(f) Total Number of Shares Available for Issue under the Share Award Plan

As at 31 March 2023 (being the date of the annual report of the Company for the year ended 31 December 2022) and the date of this report, the total number of Shares available for issue under the Share Award Plan under the general mandate granted by shareholders of the Company is 183,686,207 and 195,206,907, respectively, representing 8.67% and 8.74% of the issued share capital of the Company as at the respective date. The Company did not utilise any of the general mandate granted by shareholders of the Company to issue new shares since the adoption of the Share Award Plan and up to the date of this report.

Details of the share awards granted pursuant to the Share Award Plan to the grantees are set at below:

Name of Grantee	Date of grant	Unvested as at 1 January 2022	Granted during the year ended 31 December 2022	Vested during the year ended 31 December 2022	Expired/ lapsed/ cancelled during the year ended 31 December 2022	Unvested as at 31 December 2022 and 1 January 2023	Granted during the six months ended 30 June 2023	Vested during the six months ended 30 June 2023	Expired/ lapsed/ cancelled during the six months ended 30 June 2023	Unvested as at 30 June 2023
Directors										
Mr. Matsuzawa	8 July 2022 ²	—	178,571	(178,571)	—	—	—	—	—	—
Mr. Wargo	8 July 2022 ²	—	79,165	(79,165)	—	—	—	—	—	—
Mr. Wong	8 July 2022 ²	—	79,165	(79,165)	—	—	—	—	—	—
Mr. Chu	8 July 2022 ²	—	79,165	(79,165)	—	—	—	—	—	—
Mr. CHAN King Man Kevin	8 July 2022 ²	—	79,165	(79,165)	—	—	—	—	—	—
Mr. Eesley	8 July 2022 ²	—	79,165	(79,165)	—	—	—	—	—	—
Sub-total		—	653,562 ⁴	(653,562)	—	—	—	—	—	—
Employees										
Employees	13 October 2022 ²	—	9,119,395 ⁵	(9,119,395)	—	—	—	—	—	—
Employees	30 December 2022 ³	—	10,417,329 ⁶	—	—	10,417,329	—	(10,417,329) ⁶	—	—
Sub-total		—	19,536,724	(9,119,395)	—	10,417,329	—	(10,417,329)	—	—
Total¹		—	20,190,285	(9,772,956) ⁷	—	10,417,329	—	(10,417,329)	—	—

Notes:

- No grant has been made to (i) any related entity participant or service provider with options and awards granted in excess of 0.1% of the Company's issued shares over the 12-month period, and (ii) any other participant with options and awards granted in excess of the 1% individual limit, as such terms are used in the Listing Rules. During the year ended 31 December 2022 and the six months ended 30 June 2023, there were no cancellations of share awards.
- There are no vesting period, performance target and clawback mechanism in relation to the grants, and no consideration is required from the relevant grantees at the time of vesting.
- There are vesting period of six months and no performance target and clawback mechanism in relation to the grants, and no consideration is required from the relevant grantees at the time of vesting.
- The closing price of the shares immediately before the date on which the awards were granted and fair value of each award was both HK\$4.52.
- The closing price of the shares immediately before the date on which the awards were granted and fair value of each award was both HK\$1.67.
- The closing price of the shares immediately before the date on which the awards were granted, the fair value of each award and the weighted average closing price of the shares immediately before the date on which the awards vested was HK\$3.23, HK\$3.23 and HK\$2.43, respectively.
- The weighted average closing price of the shares immediately before the date on which the awards vested was HK\$1.86.

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 30 June 2023, 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 (note 1)	Approximate percentage of the issued share capital
Mr. Wang (note 2)	Beneficial owner; trustee of a trust; beneficiary of a trust	415,961,920	18.63%
Mr. Wargo	Beneficial owner	91,829,521	4.11%
Mr. Matsuzawa (note 3)	Beneficial owner	10,178,571	0.46%
Mr. Wong	Beneficial owner	2,523,165	0.11%
Mr. Chu	Beneficial owner	123,165	0.01%
Mr. Eesley	Beneficial owner	123,165	0.01%
Mr. Kwan	Beneficial owner	79,165	0.00%

Notes:

- (1) All interests stated are long positions.
- (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 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.
- (3) 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. Mr. Matsuzawa had served as an executive director of the Company until 30 June 2023.

Save as disclosed above, as of 30 June 2023, 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.

OTHER INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this report, at no time during the six months ended 30 June 2023 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures, of the Company or its associated corporations (within the meaning of Part XV of the SFO).

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

As of 30 June 2023, so far as was known to any Director or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Number of Shares ⁽¹⁾	Approximate percentage of the issued share capital
LU Jian	Beneficial owner	127,011,920	5.69
Antfin (Hong Kong) Holding Limited ⁽²⁾	Beneficial owner	115,606,936	5.18
Hangzhou Yunqiang Enterprise Management Consulting Co., Ltd ⁽²⁾	Interest in a controlled corporation	115,606,936	5.18
Ant Group Co., Ltd. ⁽²⁾	Interest in a controlled corporation	115,606,936	5.18

Notes:

- (1) All interests stated are long positions.
- (2) The 115,606,936 Shares are held by Antfin (Hong Kong) Holding Limited. Antfin (Hong Kong) Holding Limited is wholly-owned by Hangzhou Yunqiang Enterprise Management Consulting Co., Ltd., which is in turn wholly-owned by Ant Group Co., Ltd. Ant Group Co., Ltd. is owned as to approximately 22.42% by Hangzhou Junao Equity Investment Partnership (Limited Partnership) and approximately 31.04% by Hangzhou Junhan Equity Investment Partnership (Limited Partnership).

Save as disclosed above, as of 30 June 2023, the Directors have not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which shall be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, 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

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
REVENUE	4	1,002,756	556,120
Cost of services provided		(609,983)	(325,935)
Gross profit		392,773	230,185
Other income and gains	4	10,788	11,183
Selling and marketing expenses		(116,153)	(49,248)
Administrative expenses		(78,468)	(57,441)
Research and development expenses		(95,290)	(58,250)
Finance costs	6	(50,332)	(22,513)
Share of profits and losses of associates		1	(145)
Other expenses		(18,184)	(8,779)
PROFIT BEFORE TAX	5	45,135	44,992
Income tax expense	7	(11,207)	(15,847)
PROFIT FOR THE PERIOD		33,928	29,145
Attributable to:			
Owners of the Company		29,163	23,663
Non-controlling interests		4,765	5,482
		33,928	29,145
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic — for profit for the period (HK\$)	9	0.0132	0.0112
Diluted — for profit for the period (HK\$)	9	0.0121	0.0102

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
PROFIT FOR THE PERIOD	33,928	29,145
OTHER COMPREHENSIVE LOSS Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(69,115)	(46,919)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(69,115)	(46,919)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(35,187)	(17,774)
Attributable to:		
Owners of the Company	(33,763)	(23,081)
Non-controlling interests	(1,424)	5,307
	(35,187)	(17,774)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	44,784	47,140
Investment properties	11	63,405	66,446
Right-of-use assets		19,364	20,129
Goodwill		1,160,218	1,184,396
Other intangible assets		421,389	388,056
Investment in associates		972	1,018
Financial assets at fair value through profit or loss	12	188,750	193,481
Deferred tax assets		91,965	93,785
Prepayments and deposits		2,489	1,951
Total non-current assets		1,993,336	1,996,402
CURRENT ASSETS			
Inventories		1,708	17,092
Trade receivables	13	958,365	686,151
Prepayments, deposits and other receivables		185,709	114,479
Tax recoverable		8,002	11,863
Pledged deposits		14,350	207,843
Cash and cash equivalents		248,207	226,495
Total current assets		1,416,341	1,263,923
CURRENT LIABILITIES			
Trade payables	14	479,619	279,691
Other payables and accruals		150,701	71,089
Interest-bearing borrowings	15	57,556	652,654
Lease liabilities		10,092	11,496
Tax payable		21,598	34,606
Convertible bonds	16	4,680	4,680
Total current liabilities		724,246	1,054,216
NET CURRENT ASSETS		692,095	209,707
TOTAL ASSETS LESS CURRENT LIABILITIES		2,685,431	2,206,109

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bonds	16	102,233	97,006
Interest-bearing borrowings	15	382,342	351,232
Lease liabilities		11,227	9,695
Deferred tax liabilities		67,825	74,541
Total non-current liabilities		563,627	532,474
Net assets		2,121,804	1,673,635
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	440	417
Treasury shares	17	(51,074)	(79,893)
Equity component of convertible bonds	16	8,614	8,614
Reserves		1,984,062	1,563,311
		1,942,042	1,492,449
Non-controlling interests		179,762	181,186
Total equity		2,121,804	1,673,635

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company											
	Equity component of									Total	Non-controlling Interest	Total equity
	Share capital	Treasury shares	convertible bonds	Share premium*	Merger reserve*	Other reserve*	Share compensation reserve*	Exchange fluctuation reserve*	Accumulated losses*			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2023	417	(79,893)	8,614	1,405,598	2,916	199,151	69,089	(92,111)	(21,332)	1,492,449	181,186	1,673,635
Profit for the period	—	—	—	—	—	—	—	—	29,163	29,163	4,765	33,928
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(62,926)	—	(62,926)	(6,189)	(69,115)
Total comprehensive loss for the period	—	—	—	—	—	—	—	(62,926)	29,163	(33,763)	(1,424)	(35,187)
Issue of shares	22	—	—	464,283	—	—	—	—	—	464,305	—	464,305
Equity-settled share compensation arrangements	1	28,819	—	624	—	—	(10,393)	—	—	19,051	—	19,051
As at 30 June 2023 (Unaudited)	440	(51,074)	8,614	1,870,505	2,916	199,151	58,696	(155,037)	7,831	1,942,042	179,762	2,121,804

	Attributable to owners of the Company											
	Equity component of									Total	Non-controlling Interest	Total equity
	Share capital	Treasury shares	Share premium*	Merger reserve*	Other reserve*	Share compensation reserve*	Exchange fluctuation reserve*	Accumulated losses*				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2022	417	(62,437)	1,414,421	2,916	199,151	34,718	10,471	(63,334)	1,536,323	—	1,536,323	
Profit for the period	—	—	—	—	—	—	—	23,663	23,663	5,482	29,145	
Exchange differences related to foreign operations	—	—	—	—	—	—	(46,744)	—	(46,744)	(175)	(46,919)	
Total comprehensive loss for the period	—	—	—	—	—	—	(46,744)	23,663	(23,081)	5,307	(17,774)	
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	251,966	251,966	
Equity-settled share compensation arrangements	—	—	—	—	—	15,221	—	—	15,221	—	15,221	
Shares repurchased under share award scheme	—	(23,590)	—	—	—	—	—	—	(23,590)	—	(23,590)	
As at 30 June 2022 (Unaudited)	417	(86,027)	1,414,421	2,916	199,151	49,939	(36,273)	(39,671)	1,504,873	257,273	1,762,146	

* These reserve accounts comprise the consolidated reserves of HK\$1,984,062 and HK\$1,590,483,000 in the consolidated statements of financial position as at 30 June 2023 and 2022, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		45,135	44,992
Adjustments for:			
Finance costs	6	50,332	22,513
Interest Income	4	(2,822)	(1,411)
Depreciation of items of property, plant and equipment	10	6,860	2,182
Depreciation of right-of-use assets		5,325	5,777
Amortisation of other intangible assets		48,486	34,554
Loss on extinguishment of debts	15	6,195	—
Impairment of financial assets	13	3,879	935
Share of profits and losses of associates		(1)	145
Change in fair value of financial assets at FVTPL		(212)	2,425
Equity-settled share compensation expense		18,156	15,221
		181,333	127,333
Decrease in inventories		15,384	—
Increase in trade receivables		(276,093)	(19,532)
Increase in prepayments, deposits and other receivables		(71,768)	(32,015)
Increase/(decrease) in trade payables		199,928	(55,445)
Increase in other payables and accruals		80,507	15,162
Cash generated from operations		129,291	35,503
Interest received		2,822	1,411
Overseas taxes paid		(23,387)	(23,488)
Net cash flows from operating activities		108,726	13,426
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	10	(5,634)	(10,233)
Additions of other intangible assets		(79,670)	—
Additions of investment properties		—	(427)
Acquisition of subsidiaries		—	(954,530)
Purchase of financial assets at FVTPL		(1,226)	—
Disposal of financial assets at FVTPL		—	11,717
Net cash flows used in investing activities		(86,530)	(953,473)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	17	464,305	—
Proceeds from interest-bearing borrowings	15	40,144	962,855
Decrease in pledged deposit		193,493	—
Purchase of shares held under share award scheme		—	(23,590)
Repayment of interest-bearing borrowings	15	(602,243)	—
Interest paid		(56,243)	(3,203)
Principle portion of lease payments		(5,292)	(5,845)
Net cash flows from financing activities		34,164	930,217
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		226,495	496,865
Effect of foreign exchange rate changes, net		(34,648)	(49,331)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		248,207	437,704
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		161,228	241,543
Time deposits with original maturity of less than three months when acquired		89,979	196,161
Cash and cash equivalents as stated in the statement of cash flows		248,207	437,704

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

1. CORPORATE INFORMATION

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

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

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

2.1 Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting and the disclosure requirement of Appendix 16 of the Listing Rules. Save for the adoption of new and revised IFRSs during the period as set out in note 2.2, the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2022. The interim condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) 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 statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Mainland China	560,038	225,681
United States	439,789	327,790
Other countries/regions	2,929	2,649
	1,002,756	556,120

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

(b) Non-current assets

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
	Mainland China	1,061,650
United States	625,427	625,977
Other countries/regions	25,544	24,023
	1,712,621	1,709,136

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

3. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

Revenue derived from sales to major customers, including sales to a group of entities which are known to be under common control with those customers, which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Customer A	160,658	110,704
Customer B	101,937	—*
Customer C	—*	66,664

* Revenue derived from this customer did not exceed 10% of the Group's revenue for the period.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered during the period.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Rendering of services	1,002,756	556,120
Other income and gains		
Bank Interest income	2,822	1,411
Foreign exchange gains	120	1,904
Fair value gain on financial assets measured at FVTPL	212	30
Other	7,634	7,838
	10,788	11,183

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of services provided	609,983	325,935
Employee benefit expense (including Directors' and chief executive's remuneration)		
Wages and salaries	90,784	77,846
Equity-settled share compensation expense	18,156	15,221
Directors' fee	1,509	1,331
Other benefits	6,100	4,584
Pension scheme contributions	3,237	2,345
	119,786	101,327
Depreciation of items of property, plant and equipment	6,860	2,182
Depreciation of right-of-use assets	5,325	5,777
Amortisation of intangible assets	48,486	34,554
Lease payments not included in the measurement of lease liabilities	1,336	1,115
Impairment of trade receivables	3,879	935
Research and development expenses	95,290	58,250
Auditor's remuneration	2,265	1,500
Bank interest income (Note 4)	(2,822)	(1,411)
Loss on derecognition of financial liabilities measured at amortised cost	6,195	—
Changes in fair value of financial assets at FVTPL, net	(212)	2,425
Foreign exchange differences, net	7,658	1,991

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on borrowings (including convertible bonds)	50,014	22,092
Nominal interest on lease liabilities	318	421
	50,332	22,513

7. INCOME TAX EXPENSE

Income tax represents primarily the United States, Mainland China, Hong Kong and Japan enterprise income tax charged on the Group. United States income tax applicable to the Group is charged at the federal tax rate of 21% (2022: 21%) for the six months ended 30 June 2023. The income tax applicable to profits arising in Hong Kong was provided at a statutory tax rate of 16.5% (2022: 16.5%) during the six months ended 30 June 2023. The income tax applicable to profits arising in Mainland China was provided at a statutory tax rate of 25% during the six months ended 30 June 2023 except for certain subsidiaries of the Group in Mainland China, that were accredited as "High and New Technology Enterprises" and entitled to a preferential rate is 15% in three years respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current — United States Charge for the period	797	—
Current — Mainland China Charge for the period	13,443	14,089
Deferred tax expense	(3,033)	1,758
Total tax expense for the period	11,207	15,847

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

8. DIVIDENDS

The Board does not recommend payment of any dividend for the period ended 30 June 2023 (2022: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 2,210,092,429 (2022: 2,117,596,656) in issue during the period.

The calculations of earnings per share attributable to owners of the Company for each of the six months ended 30 June 2023 and 2022 are based on the following data:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Profit		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	29,163	23,663
Interest on convertible bonds	5,227	—
Profit attributable to owners of the Company before interest on convertible bond	34,390	23,663
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,210,092,429	2,117,596,656
Effect of dilution — Weighted average number of ordinary shares		
Share options	198,716,685	193,320,552
Convertible bonds	21,992,481	—
Weighted average number of ordinary share options for the purpose of diluted earnings per share calculation	2,430,801,595	2,310,917,208

* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the profit for the period of HK\$29,163,000 and the weighted average number of ordinary shares of 2,408,809,114 in issue during the six months ended 30 June 2023 which excluded the interest on the convertible bonds of HK\$5,227,000 and the weighted average number of ordinary shares of 21,992,481 from convertible bonds.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Carrying amount at 1 January	47,140	26,190
Additions	5,634	9,511
Acquisition of subsidiaries	—	20,555
Disposals	—	(605)
Depreciation provided during the period/year	(6,860)	(6,523)
Exchange realignment	(1,130)	(1,988)
Carrying amount at 30 June/31 December	44,784	47,140

11. INVESTMENT PROPERTIES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Carrying amount at 1 January	66,446	45,328
Additions	—	17,466
Net gain from a fair value adjustment	—	6,962
Exchange realignment	(3,041)	(3,310)
Carrying amount at 30 June/31 December	63,405	66,446

The Group investment properties under construction amounted to HK\$63,405,000 will be held under leasehold interests to earn rentals after completion are measured using the fair value model, and are classified and accounted for as investment properties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Call option, at fair value	128,643	134,812
Other unlisted investments, at fair value	60,107	58,669
	188,750	193,481

The above equity investments were classified as financial assets at FVTPL as the Group has not elected to recognise the fair value gain or loss through other comprehensive income. The above unlisted investments were asset management schemes managed by non-bank financial institutions. The above call option is a derivative financial instrument which allow the Group, at the Group's discretion, to acquire the remaining 38.82% in Particle Technology at consideration of RMB542 million in steps in 2024.

13. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	963,047	686,954
Impairment	(4,682)	(803)
	958,365	686,151

The Group's trading terms with its debtors are usually 10 to 180 days. The Group always recognises lifetime ECLs for all trade receivables and measures the lifetime ECL on a specific basis according to management's assessment of the recoverability of an individual receivable. Management considers the number of days that an individual receivable is outstanding, historical experience and forward-looking information to determine the recoverability of the trade receivable. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are unsecured and non-interest-bearing.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

13. TRADE RECEIVABLES (Continued)

An ageing analysis of the current trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 year	949,265	676,358
Over 1 year	9,100	9,793
	958,365	686,151

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
At beginning of period/year	803	119
Impairment of trade receivables, net	3,879	684
At end of the period/year	4,682	803

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

13. TRADE RECEIVABLES (Continued)

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

As at 30 June 2023

	Past due				Total
	Current	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.25%	0.96%	5.20%	0.00%	0.49%
Gross carrying amount (HK\$'000)	684,439	271,624	6,984	—	963,047
Expected credit losses (HK\$'000)	1,711	2,608	363	—	4,682

As at 31 December 2022

	Past due				Total
	Current	Less than 1 year	1 to 2 years	Over 2 years	
Expected credit loss rate	0.03%	0.12%	4.69%	0.00%	0.12%
Gross carrying amount (HK\$'000)	525,931	150,748	10,275	—	686,954
Expected credit losses (HK\$'000)	146	175	482	—	803

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

14. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 year	479,619	279,691

The trade payables are non-interest-bearing and are normally settled on within 1 year terms.

15. INTEREST-BEARING BORROWINGS

On 2 April 2022, Vobile HK entered a senior facility (the "Senior Facility") agreement and a mezzanine facility (the "Mezzanine Facility") agreement with a multi-national financial institution as the arranger and agent for loan amount of US\$75 million and US\$52.5 million, respectively. The Senior Facility was drawn on 21 April 2022, bear interest at secured overnight financing rate plus three point seven five percent to five point seven five percent and is fully repayable on 29 September 2023. The Mezzanine Facility was drawn on 21 April 2022, bear interest at secured overnight financing rate plus nine percent and is fully repayable on 2 July 2024. The interest-bearing borrowings drawn from the Senior Facility had been fully repaid on 29 March 2023. On 29 March 2023, the Company has refinanced the Mezzanine Facility with an interest-bearing borrowing of US\$60,000,000 (equivalent to approximately HK\$470,156,000) from another multi-national financial institution. After the refinancing, the Company's interest-bearing borrowing as at 30 June 2023 bears interest at secured overnight financing rate plus seven percent, HK\$195,898,000 is repayable on or before 29 March 2025 and HK\$274,258,000 is repayable on or before 29 March 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

16. CONVERTIBLE BONDS

On 16 August 2022, the Company issued convertible bonds in an aggregate principal amount of HK\$117,000,000 to Lucion International Investment Limited, an investment holding company incorporated in Hong Kong. The convertible bonds have an initial conversion price of HK\$5.32 per Share. The convertible bonds are convertible into shares of the Company. The convertible bonds bear simple interest on their outstanding principal amount at the rate of 4% per annum, payable annually in arrears, and will mature in the three years from the issue date. The annual effective interest rate of the debt component is 10.69%.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued have been split into the liability and equity components as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Liability component at 1 January	101,686	—
Nominal value of convertible bonds issued during the year	—	117,000
Equity component	—	(8,614)
Direct transaction costs attributable to the equity component	—	(706)
Direct transaction costs attributable to the liability component	—	(9,917)
Liability component at the beginning of the period/issuance date	101,686	97,763
Interest expense	5,227	3,923
Interest payable	—	—
Liability component at end of period/year	106,913	101,686
Portion classified as current liabilities	(4,680)	(4,680)
Non-current portion	102,233	97,006

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

17. SHARE CAPITAL

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Issued and fully paid (US\$0.000025 per share): 2,232,803,656 (31 December 2022: 2,117,596,656) ordinary shares	440	417

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

	Number of shares in issue	Share capital HK\$'000	Number of treasury shares	Treasury shares HK\$'000
At 1 January 2023	2,117,596,656	417	28,878,462	(79,893)
Exercise of share options (a)	1,080,000	1	—	—
Issue of shares (b)	114,127,000	22	—	—
Transferred during the year for share award scheme (c)	—	—	(10,417,329)	28,819
At 30 June 2023	2,232,803,656	440	18,461,133	(51,074)

Notes:

- (a) On 3 January 2023, the subscription rights attaching to 1,000,000 and 80,000 share options were exercised at the subscription price of HK\$0.875 and US\$0.03125 per share, respectively, resulting in the issue of 1,080,000 shares for a total cash consideration, before expenses, of HK\$895,000. An amount of HK\$422,000 was transferred from the share compensation reserve to share capital upon the exercise of the share options.
- (b) On 7 February 2023, the Company completed the allotment and issuance of 114,127,000 Shares to no less than six placees at a subscription price of HK\$4.12 per Share.
- (c) On 6 May 2019, the Board adopted a 10-year Share Award Plan (the "Share Award Plan") to incentivise, recognise and reward the contributions of certain eligible persons ("Eligible Persons") to the growth and development of the Group.

Pursuant to the Share Award Plan, the ordinary shares of US\$0.000025 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 Plan 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 Plan but all major decisions in relation to the Plan shall be made by the Board unless expressly provided for in the Plan rules pursuant to the Plan or the Board resolves to delegate such power to the trustee.

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

During the six months ended 30 June 2023, 10,417,329 shares were transferred under the Share Award Plan.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

18. BUSINESS COMBINATION

On 9 May 2022, the Group acquired 61.18% interests in Particle Technology. The acquisition was made as part of the Group's strategy to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization, and to further realise market potentials in China with one of the best veteran teams in the industry with proven track record. The purchase consideration for the acquisition was in the form of cash with RMB854,108,000 (equivalent to approximately HK\$966,852,000) paid at the acquisition date. The Group has elected to measure the non-controlling interest in Particle Technology at the non-controlling interest's proportionate share of its identifiable net assets.

The fair values of the identifiable assets and liabilities of Particle Technology were as follows:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	20,555
Right-of-use asset	4,952
Other intangible assets	257,989
Investments in associates	1,111
Deferred tax assets	6,116
Trade receivables	253,557
Inventories	7,391
Prepayments, other receivables and other assets	271,966
Financial assets at fair value through profit or loss	14,081
Cash and bank balances	47,703
Trade payables	(166,052)
Other payables and accruals	(227,711)
Tax payables	(158)
Lease liabilities	(4,059)
Interest bearing bank borrowings	(1,181)
Deferred tax liabilities	(50,347)
Total identifiable net assets at fair value	435,913
Non-controlling interests	(169,165)
Call options	130,154
	396,902
Goodwill on acquisition	569,950
	966,852
Satisfied by cash	966,852

The purchase agreement contains call options. The initial amount recognised were HK\$130,154,000 and the subsequent fair value gains were HK\$4,769,000 which was determined using the discounted cash flow model and are within Level 3 fair value measurement. None of the goodwill recognised is expected to be deductible for income tax purposes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

18. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition is as follows:

	Fair value recognised on acquisition HK\$'000
Cash consideration	(966,852)
Cash and bank balances acquired	47,703
<hr/>	
Net outflow of cash and cash equivalents included in cash flows from investing activities	(919,149)
Transaction costs of the acquisition included in cash flows from operating activities for the year ended 31 December 2021	(14,262)
Transaction costs of the acquisition included in cash flows from operating activities for the year ended 31 December 2022	(3,240)
<hr/>	
	(936,651)

Since the acquisition to 30 June 2022, Particle Technology contributed HK\$108,531,000 to the Group's revenue and HK\$14,122,000 to the consolidated profit for the six months ended 30 June 2022. Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 June 2022 would have been HK\$755,014,000 and HK\$24,222,000, respectively. From 1 January 2022 to the date of acquisition, Particle Technology's revenue amounted to HK\$198,894,000. From the date of acquisition to 31 December 2022, Particle Technology's revenue amounted to HK\$424,417,000.

19. RELATED PARTY TRANSACTIONS

Outstanding balances with related parties:

As at 30 June 2023, there were no outstanding balances with related parties.

20. EVENTS AFTER THE REPORTING PERIOD

The Annual General Meeting of the Company held on 30 June 2023 elected Mr. TANG Yi Hoi Hermes ("Mr. Tang") as a non-executive director of the Company. Mr. Tang's appointment as a non-executive director of the Company is subject to the approval from the Civil Service Bureau. Mr. Tang will be designated as Vice-Chairman of the Board of the Company upon the appointment. The Company has received the approval letter from the Civil Service Bureau, which stated that the Hong Kong Special Administrative Region Government has given permission to Mr. Tang to accept the appointment as a non-executive director and Vice-Chairman of the Board. The appointment of Mr. Tang as a non-executive director of the Company and Vice-Chairman of the Board became effective on 18 July 2023, which is the date of the approval letter.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2023

21. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of Directors on 31 August 2023.

DEFINITIONS

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

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	the corporate governance code as set out in Appendix 14 to the Listing Rules
“Company”	Vobile Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange
“Determination Date”	a date on which the exercisability of the Share Options is determined, which shall be a day on which the Stock Exchange is open for trading
“Directors”	the directors of the Company
“DTC”	direct-to-consumer
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“FVTPL”	fair value through profit or loss
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS”	International Accounting Standards
“IFRS”	International Financial Reporting Standards
“IP”	Intellectual property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Market Capitalisation Milestone”	the milestones for exercisability of the tranches of the share options comprising the achievement of increases in Market Capitalisation of the Company on a Determination Date in nine US\$1 billion increments
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Chu”	Mr. Alfred Tsai CHU

DEFINITIONS

“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
“Operational Milestones”	the vesting criteria for a tranche of the share option relating to annual revenue of the Company on a Determination Date or annual adjusted EBITDA of the Company on a Determination Date
“Particle Technology”	Hangzhou Particle Culture Technology Co., Ltd. and its subsidiaries and Hangzhou New Particle Culture Technology Co., Ltd. and its subsidiaries
“PRC” or “China”	the People’s Republic of China. For the purposes of this interim report only and except where the context requires otherwise, excludes Hong Kong, Macau 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 share option scheme of the Company adopted on 8 December 2017
“RMB” or “Renminbi”	the lawful currency of the PRC
“SaaS”	Software as a Service
“Share(s)”	ordinary share(s) of US\$0.000025 each in the share capital of the Company
“Share Award Plan”	The share award plan of the Company adopted by the Company on 6 May 2019, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	the lawful currency of the United States
“Vobile HK”	Vobile Group (HK) Limited, a wholly owned subsidiary of the Company