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V1 GROUP LIMITED

第一視頻集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 82)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF INTEREST IN BEIJING ZHUOYUECHENXING TECHNOLOGY CO., LTD.

THE AGREEMENT

The Board is pleased to announce that, on 20 May 2015 (after trading hours), CDZX, a wholly-owned subsidiary of CMGE which in turn is a non wholly-owned subsidiary of the Company entered into the Agreement with TZMT, pursuant to which CDZX has conditionally agreed to sell and TZMT has conditionally agreed to purchase the Sale Interests, which represents 51% of the registered capital of BJZY, for a total cash Consideration of RMB130 million.

Subject to the agreement of the relevant game co-operation partner, CDZX shall transfer the operation and other contractual rights of the Designated Games, namely, Crisis Action (“全民槍戰”) and Charming Dancer (“天天炫舞”), together with the Designated Staff and Lease Agreement to BJZY at zero consideration.

LISTING RULES IMPLICATIONS

Since more than one applicable percentage ratios (as defined in the Listing Rules) in respect of the Agreement and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that Completion is subject to the satisfaction of the conditions set out under the paragraph headed “Conditions precedent” of the section headed “THE AGREEMENT” of this announcement. As the transactions contemplated by the Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, on 20 May 2015 (after trading hours), CDZX, a wholly-owned subsidiary of CMGE which in turn is a non wholly-owned subsidiary of the Company entered into the Agreement with TZMT, pursuant to which CDZX has conditionally agreed to sell and TZMT has conditionally agreed to purchase the Sale Interest, representing 51% of the registered capital of BJZY, for a total cash consideration of RMB130 million payable in a few tranches as disclosed below.

The principal terms of the Agreement are summarized as follows:

THE AGREEMENT

Date

20 May 2015 (after trading hours)

Parties

(i) Purchaser: TZMT

(ii) Vendor: CDZX

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, TZMT is a company controlled by Mr. Ying Shuling, the chief operating officer of CMGE. Mr. Ying is not and was not a director of the Company or CMGE or a connected person of the Company under the Listing Rules. Mr. Ying will be reassigned from the position of CMGE's chief operating officer to become the chief executive officer of BJZY.

Assets to be acquired

Pursuant to the Agreement, CDZX has conditionally agreed to sell and TZMT has conditionally agreed to acquire the Sale Interests which represent an aggregate of 51% of the enlarged registered capital of BJZY.

Subject to the agreement of the relevant game co-operation partner, CDZX shall transfer the operation and other contractual rights of the Designated Games, namely, Crisis Action (“全民槍戰”) and Charming Dancer (“天天炫舞”), together with the Designated Staff and Lease Agreement to BJZY at zero consideration.

Consideration

The total Consideration is RMB130 million which comprises RMB5 million for the 1st Tranche Sale and RMB125 million for the 2nd Tranche Sale and will be settled in the following manners:

- (i) RMB5 million be paid within ten business days from the signing of the Agreement as the full consideration for the 1st Tranche Sale;
- (ii) RMB15 million be paid within ten business days from the signing of the Agreement as the first instalment payment of the consideration (“**1st Instalment Payment**”) for the 2nd Tranche Sale; and
- (iii) RMB30 million be paid on or before 31 December 2015 as the second instalment payment (“**2nd Instalment Payment**”) of the consideration for the 2nd Tranche Sale;
- (iv) RMB40 million be paid within one year after the 2nd Instalment Payment as the third instalment payment (“**3rd Instalment Payment**”) of the consideration for the 2nd Tranche Sale; and
- (v) RMB40 million be paid within one year after the 3rd Instalment Payment as the final instalment payment (“**Final Payment**”) of the consideration for the 2nd Tranche Sale.

The Consideration was determined after arm’s length negotiations between CDZX and TZMT with reference to, among others, the fair value of a 51% equity interest in BJZY as at 31 March 2015 of RMB116 million appraised by Grant Sherman, an independent professional valuer.

Conditions precedent

Subject to the fulfillment of the following conditions (or being waived by CDZX in writing) the parties shall collaborate to apply for the registration of the transfer of the 1st Tranche Sale with the Administration of Industry and Commerce Bureau within ten business days from the fulfillment or waiver of the conditions:

- (i) payment of the consideration for the 1st Tranche Sale by the TZMT;
- (ii) registration of the increase of registered capital of BJZY to RMB20 million with the Administration of Industry and Commerce Bureau and the filing of paid up registered capital having been completed;

- (iii) transfer of the distribution and operation rights of the Designated Games from CDZX or its affiliates to BJZY. In the event that the relevant co-operation partner of the Designated Games disagrees with the transfer, the parties agree to waive the transfer of that part of the operation rights and CDZX and the relevant co-operation partner shall terminate the co-operation of that Designated Games and BJZY shall compensate CDZX the consequential losses and damages and the related expenses. BJZY shall bear all the relevant costs generated from the transfer;
- (iv) CDZX having transferred the employment contracts of the Designated Staff to BJZY. In the event that any of the Designated Staff disagrees with the transfer, the parties agree to waive the transfer of the relevant Designated Staff and CDZX having terminated the employment of such Designated Staff. All the expenses relating to the transfer of the employment (including without limitation, the compensation and damages payable to the Designated Staff by CDZX arising from the transfer or termination of the employment) shall be compensated by BJZY. All costs and expenses arising from the termination of the employment contracts with the Designated Staff or labour disputes after the transfer shall be borne by BJZY;
- (v) transfer by CDZX to BJZY of the Lease Agreement relating to the premises situate at Rooms 8-11 and 15 on Level 13, Tower 2 (Tianfu Software Garden E6 Block), No. 1366 Tianfu Main Road Central, New and Hi-Tech District, Chengdu City. In the event that the landlord of the premises disagrees with the transfer, the parties agree to waive the transfer of the Lease Agreement as a condition, and CDZX shall terminate the Lease Agreement with the landlord and BJZY shall compensate CDZX for all incidental losses and damages and all related expenses;
- (vi) transfer by BJZY to CDZX all servers BJZY keeps for CDZX and compensation payment having been made by BJZY to CDZX in respect of the costs incurred in the CDN network accelerator CDZX acquired for BJZY and the network maintenance services. In the event that BJZY fails to transfer any server assets it keeps for CDZX to CDZX, BJZY shall compensate CDZX for all costs and expenses arising from the failing of transfer of the server assets;
- (vii) TZMT having paid the 1st Instalment Payment;
- (viii) BJZY having paid CDZX within 30 days after receipt of the list of payments provided by CDZX in relation to the items set out in conditions (iii) to (vi) above. BJZY shall have the right to request for breakdown of the payment list subject to that BJZY shall not delay payment on that ground.

Completion

Within 25 business days after the payment of the consideration for the 1st Tranche Sale and the 1st Instalment Payment by TZMT, BJZY shall increase its registered capital to RMB20 million and pay up the increased registered capital in full.

Subject to the fulfillment (or waiver) of the above conditions, CDZX shall transfer the attributable interest in the registered capital of BJZY under the 1st Tranche Sale and 2nd Tranche Sale to TZMT and arrange for the registration of the transfer with the Administration of Industry and Commerce Bureau. Immediately upon completion of the 1st Tranche Sale, the registered capital of BJZY shall be held by CDZX as to RMB15 million (75%) and by TZMT as to RMB5 million (25%).

The parties agree that transfer of the 26% equity interest in BJZY to TZMT under the 2nd Tranche Sale shall be effected as follows:

- (i) 9% interest within 10 business days after full payment of the 2nd Instalment Payment;
- (ii) 8% interest within 10 business days after full payment of the 3rd Instalment Payment; and
- (iii) 9% interest within 10 business days after full payment of the Final Payment.

Immediately after completion of the 2nd Tranche Sale, the registered capital of BJZY will be held as to RMB9.8 million (49%) by CDZX and as to RMB10.2 million (51%) by TZMT.

Target Profit

TZMT agrees that it shall compensate CDZX by transferring back interest in BJZY to CDZX at zero cost in accordance with the following formulas if the audited net profit of BJZY in any of the periods specified below fails to achieve the target profit for that period:

Period	Targeted Profit of BJZY	Interest in BJZY to be clawed back
From 1.4.2015 to 31.12.2015	RMB45 million	$8.4\% \times (\text{RMB45 million} - \text{Audited Net Profit of BJZY for the period from 1.4.2015 to 31.12.2015}) / \text{RMB45 million}$
From 1.1.2016 to 31.12.2016	RMB80 million	$8.3\% \times (\text{RMB80 million} - \text{Audited Net Profit of BJZY for 2016}) / \text{RMB80 million}$
From 1.1.2017 to 31.12.2017	RMB107 million	$8.3\% \times (\text{RMB107 million} - \text{Audited Net Profit of BJZY for 2017}) / \text{RMB107 million}$

Pursuant to the Agreement, after the end of each of the specified periods, BJZY shall cause its financial accounts, which are prepared under US GAAP, to be audited and provide the audited reports to TZMT and CDZX.

Call Option

During the period from the signing of the Agreement to 31 December 2017, TZMT shall have the right to acquire from CDZX a further 29% equity interest in BJZY for a consideration of RMB290 million. In order to exercise such right, TZMT shall give at least 30 days' prior written notice to CDZX and BJZY. Before the transfer of the 29% further interest, BJZY shall distribute all the accumulated profit to TZMT and CDZX in accordance with their respective shareholdings before the transfer of the further interest pursuant to the exercise of the call option. CDZX shall arrange for the registration of the 29% interest with the Administration of Industry and Commerce Bureau within 30 days after receipt of the payment.

Other Terms

The Agreement also contain customary provisions including co-sale right and first right of refusal granted to CDZX and other provisions governing the administration and management of BJZY contained in normal shareholders' agreement of similar nature.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is principally engaged in new media services ranging from news production, internet-video production and broadcasting, advertising, mobile game, mobile location-based community to lottery-related business.

CMGE, whose shares are listed by way of American Depositary Shares on the Nasdaq Global Market in the United States, is a non wholly-owned subsidiary of the Company. As at the date of this announcement, it is owned as to approximately 42.94% by the Company. CMGE is principally engaged in the development, operation, sale and distribution of mobile games in the PRC.

CDZX is a wholly-owned subsidiary of one of CMGE's variable interest entities. CDZX is principally engaged in the development, operation, sale and distribution of mobile games in the PRC.

TZMT, a company established under the laws of the PRC, is principally engaged in the development and distribution of mobile games.

The Disposal is in substance a strategic restructuring of BJZY, a previously inactive subsidiary of CMGE, with an aim to increase its profitability, and to provide incentive to Mr. Ying in order for the CMGE Group to continue to retain and benefit from his service. After the reassignment, Mr. Ying will focus on developing and managing the business of BJZY. The reassignment of Mr. Ying and the incentive arrangement, elevating Mr. Ying to a strategic partner, will help develop business and maximize our return in a strategic investment.

As disclosed above, completion of the 2nd Tranche Sale will be effected in three tranches over the next two and a half years depending on the timing and actual amount paid by TZMT. Besides, the Sale Interests transferred to TZMT are subject to clawback contingent upon the achievement of the target profits by BJZY. Owing to these uncertainties, it is difficult to estimate a gain or loss on the Disposal to be recorded in the accounts of CMGE, and in turn in the accounts of the Company.

CMGE will use the proceeds from the Disposal (i) as to RMB20 million for capital contribution to the enlarged registered capital of BJZY and (ii) as to the balance of RMB110 million for general working capital.

After completion of the 2nd Tranche Sale, assuming no clawback of BJZY's shares, BJZY will cease to be a subsidiary of CMGE, and in turn will also cease to be a subsidiary of the Company. After that, the financial results of BJZY will not be consolidated into CMGE's accounts or the Company's accounts.

The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON BJZY AND THE DESIGNATED GAMES

BJZY is a company established in the PRC with limited liability. It was set up in July 2014 with a registered capital of RMB10 million.

Set out below is the financial information of BJZY extracted from its unaudited management accounts:

	For the year ended 31.12.2014 RMB
Net loss before taxation and extraordinary items	1,509,745
Net loss after taxation and extraordinary items	<u><u>1,509,745</u></u>

The unaudited total assets and total liabilities of BJZY as at 31 March 2015 according to its unaudited management accounts are approximately RMB4,886 and RMB2,157,656 respectively.

The Designated Games were launched in 2014. Set out below are the unaudited operating profit after deduction of related expenses of the Designated Games for the year ended 31 December 2014:

	For the year ended 31.12.2014 RMB
Net profit before taxation and extraordinary items	1,316,000
Net profit after taxation and extraordinary items	<u><u>1,316,000</u></u>

Since CDZX was subject to the “2-year exemption and 3-year half payment” corporate income tax exemption in the PRC in 2014, no income tax liabilities were incurred by the Designated Games in 2014.

PROFIT FORECAST

According to the Valuation, the 51% equity interest in BJZY as at 31 March 2015 is valued at RMB116 million which is prepared using discounted cash flow method under the income approach. Therefore, the Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Valuation has been prepared based on the following major assumptions:–

- (i) There will be no major changes in the existing political, legal, fiscal and economic conditions in which BJZY carries on its business.
- (ii) There will be no major changes in the current taxation law in the countries where BJZY operates, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with.
- (iii) There will be no material changes in the industries in which BJZY involves that would materially affect the revenues, profits, cash flows attributable to the business.
- (iv) Exchange rates and interest rates will not differ materially from those presently prevailing.
- (v) The availability of finance will not be a constraint on the forecasted growth of operations of BJZY.
- (vi) The financial projection in relation to BJZY has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the management of CMGE.
- (vii) BJZY will successfully maintain its competitiveness and market share through optimizing the utilization of its resources and expanding its marketing network.
- (viii) BJZY can keep abreast of the latest development of the industry such that its competitiveness and profitability can be sustained.
- (ix) BJZY will utilize and maintain its current operational, administrative and technical facilities to expand and increase its sales.
- (x) BJZY will be able to secure funds to repay the debts when they fall due.
- (xi) BJZY will retain and have competent management, key personnel, and technical staff to support its ongoing operations.
- (xii) Industry trends and market conditions for related industries will not deviate materially from economic forecasts.
- (xiii) The effective corporate tax rate of BJZY is 25%.
- (xiv) CDZX has duly transferred the distribution and operation rights of the Designated Games, the Designated Staff and the Lease Agreement to BJZY at zero consideration as at 31 March 2015.

The reporting accountants of the Company, Zhonghui Anda, have reported on the calculations of the discounted future estimated cash flows on which the Valuation is based. I-Access, the financial adviser in connection with bases and assumptions of the profit forecast in respect of the Valuation, has confirmed that the Valuation has been made after due and careful enquiry by the Board.

The respective letters from Zhonghui Anda and I-Access have been submitted to the Stock Exchange, and are included in the Appendix I and II respectively to this announcement pursuant to Rule 14.60A and 14.62 of the Listing Rules.

The following is the qualification of each of the experts who has provided its conclusion or advice, which is contained in this announcement:

Name	Qualification
Grant Sherman Appraisal Limited	Professional valuer
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
I-Access Investors Limited	A financial services institution licenced to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

As at the date of this announcement, none of Grant Sherman, Zhonghui Anda or I-Access has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

Each of Grant Sherman, Zhonghui Anda and I-Access has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and references to its name in the form and context in which it respectively appears in this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Since more than one applicable percentage ratios (as defined in the Listing Rules) in respect of the Agreement and the transactions contemplated thereunder exceed 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that Completion is subject to the satisfaction of the conditions set out under the paragraph headed “Conditions precedent” of the section headed “THE AGREEMENT” of this announcement. As the transactions contemplated by the Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Agreement”	the co-operation agreement dated 20 May 2015 entered into between CDZX, BJZY and TZMT in respect of the Disposal
“BJZY”	北京卓越晨星科技有限公司 (Beijing Zhuoyuechenxing Technology Co., Ltd.), a wholly-owned subsidiary of CDZX and in turn a subsidiary of CMGE and a company established to engage in development, operation and sale of mobile phone games in the PRC
“Board”	the board of Directors
“CDZX”	成都卓星科技有限公司 (Chengdu Zhuoxing Technology Company Limited), a wholly-owned subsidiary of one of CMGE’s variable interest entities
“CMGE”	China Mobile Games and Entertainment Group Limited, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company, whose shares are listed by way of American Depositary Shares on the Nasdaq Global Market in the United States
“CMGE Group”	CMGE and its subsidiaries

“Company”	V1 Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Interests in accordance with the provisions of the Agreement
“Condition(s)”	the condition(s) set out under the paragraph headed “Conditions precedent” in this announcement
“Consideration”	the aggregate cash consideration of RMB130,000,000 for the Disposal
“Designated Games”	Crisis Action (“全民槍戰”) and Charming Dancer (“天天炫舞”)
“Designated Staff”	the staff of CDZX who will be transferred to BJZY pursuant to the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Sale Interests by CDZX pursuant to the Agreement
“Grant Sherman”	Grant Sherman Appraisal Limited, an independent professional valuer engaged to prepare the Valuation
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“I-Access”	I-Access Investors Limited, a financial services institution licenced to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Lease Agreement”	lease agreement relating to the lease of the premises situate at Rooms 8-11 and 15 on Level 13, Tower 2 (Tianfu Software Garden E6 Block), No. 1366 Tianfu Main Road Central, New and Hi-Tech District, Chengdu City to be transferred to BJZY
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ying”	Mr. Ying Shuling, chief operating officer of CMGE
“PRC”	the People’s Republic of China
“Sale Interests”	interests in RMB10.2 million or 51% of the enlarged registered capital of BJZY
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TZMT”	天津卓越移動科技有限公司 (Tianjin Zhuoyue Mobile Technology Company Limited), a company established in the PRC and is controlled by Mr. Ying Shuling, the chief operating officer of CMGE
“Valuation”	the fair value of a 51% equity interest in BJZY as at 31 March 2015 of RMB116 million appraised by Grant Sherman
“Zhonghui Anda”	ZHONGHUI ANDA CPA Limited, certified public accountants
“1st Tranche Sale”	the sale of the first tranche interest in BJZY of 25% by CDZX to TZMT under the Agreement

“2nd Tranche Sale” the sale of the second tranche interest in BJZY of 26% by CDZX to TZMT under the Agreement

“%” percentage

By Order of the Board
V1 Group Limited
ZHANG Lijun
Chairman

Hong Kong, 20 May 2015

As at the date of this announcement, the directors of the Company are:–

Executive Directors:

Dr. ZHANG Lijun (*Chairman*)

Ms. WANG Chun

Independent non-executive Directors:

Dr. LOKE Yu (alias LOKE Hoi Lam)

Prof. GONG Zhankui

Mr. WANG Linan

APPENDIX I LETTER FROM ZHONGHUI ANDA CPA LIMITED

The following is the text of a report received from ZHONGHUI ANDA CPA Limited for the purpose of inclusion in this announcement.



20 May 2015

The Board of Directors
V1 Group Limited

Dear Sirs,

We have examined the principal accounting policies adopted in and the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “Forecast”) underlying the valuation (the “Valuation”) of 北京卓越晨星科技有限公司 (“BJZY”) performed by Grant Sherman Appraisal Limited (the “Valuer”) in respect of the appraisal of the fair value of BJZY as at the reference date of 31 March 2015 in connection with the announcement of V1 Group Limited (the “Company”) dated 20 May 2015 (the “Announcement”).

As at the reference date of Valuation of 31 March 2015, BJZY is inactive. The operation and other contractual rights of the Designated Games, namely, Crisis Action (“全民槍戰”) and Charming Dancer (“天天炫舞”), together with the Designated Staff and Lease Agreement are to be transferred to BJZY.

Respective responsibilities of directors and ZHONGHUI ANDA CPA Limited

The directors of the Company are responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the “Assumptions”).

It is our responsibility to form an opinion based on our reasonable assurance engagement, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, on whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Company and its subsidiaries (collectively referred to as the “Group”) as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2014 and to report our opinion solely to you, as a body, solely for the purpose in connection with the Announcement and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express opinion whatsoever thereon.

Basis of opinion

We conducted our reasonable assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our work was performed solely to assist the directors of the Company to evaluate, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2014.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our opinion. Our reasonable assurance engagement included:

- a. obtaining an understanding of the principal accounting policies adopted in the preparation of the Forecast through inquiry of persons responsible for financial and accounting matters;
- b. comparing the principal accounting policies adopted in the preparation of the Forecast with those adopted in the preparation of the audited consolidated financial statements of the Company for the year ended 31 December 2014;
- c. checking the arithmetical calculations relating to the amounts presented in the Forecast;
and
- d. such other procedures that we considered necessary.

We believe that our reasonable assurance engagement provides a reasonable basis for our opinion.

Our reasonable assurance engagement does not constitute an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit or a review opinion on the Forecast.

The Valuer has adopted the income approach in determining the fair value of a 51% equity interest in BJZY.

Opinion

In our opinion, based on the foregoing, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Company for the year ended 31 December 2014.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Chan Chi Hing

Practising Certificate Number P05068

Hong Kong, 20 May 2015

APPENDIX II LETTER FROM I-ACCESS INVESTORS LIMITED

The following is the text of a report received from I-Access Investors Limited for the purpose of inclusion in this announcement.

一通投資者有限公司 I-Access Investors Ltd

香港上環文咸東街50號寶恒商業中心13樓1301室
Unit 1301, 13/F, Bonham Trade Centre, 50 Bonham Strand, Sheung Wan, HK
電話 Tel 2890 8019 傳真 Fax 2850 5786 電郵 Email info@i-access.com



20 May 2015

The Board of Directors
V1 Group Limited

Dear Sirs,

We refer to the valuation (the “Valuation”) prepared by Grant Sherman Appraisal Limited (“Grant Sherman”) and dated 20 May 2015 in relation to the estimation of the value of 51% equity interest in Beijing Zhuoyuechenxing Technology Limited (北京卓越晨星科技有限公司) (“BJZY”) as at 31 March 2015. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast (the “Profit Forecast”) under Rule 14.61 of the Listing Rules.

We have reviewed the Profit Forecast upon which the Valuation has been made for which you as the Directors are responsible and discussed with you and Grant Sherman the information and documents provided by you which formed part of the bases and assumptions upon which the Profit Forecast has been prepared. We have also considered the letter from ZHONGHUI ANDA CPA Limited (“ZHONGHUI”) dated 20 May 2015 addressed to yourselves regarding the calculations upon which the Profit Forecast has been made. We noted that in the opinion of ZHONGHUI, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, that the Profit Forecast has been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the Directors. The Profit Forecast is based on a number of bases and assumptions pertaining to the businesses of BJZY. As the relevant bases and assumptions are about future events which may or may not occur, the actual financial performance of the businesses of BJZY may or may not achieve as expected and the variation may be material.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions adopted by Grant Sherman on the Valuation, for which Grant Sherman and the Company are responsible, we are of the opinion that the Profit Forecast upon which the Valuation has been made, for which you as the Directors are solely responsible, have been made after due and careful enquiry by you. Our opinion has been given for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
I-Access Investors Limited

Leung Chui San, Anthea
President, Financing