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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)**

**INSIDE INFORMATION  
MEMORANDUM OF UNDERSTANDING  
IN RESPECT OF  
THE PROPOSED FURTHER SUBSCRIPTION OF  
NEW ORDINARY SHARES IN BANK OF ASIA (BVI) LIMITED**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

### **PROPOSED FURTHER SUBSCRIPTION**

The Board is pleased to announce that on 28 December 2016 (after trading hours), the Subscriber (a direct wholly-owned subsidiary of the Company), the Issuer and the Guarantor entered into the MOU in relation to the Proposed Further Subscription, pursuant to which the Subscriber and the Issuer have agreed to use their best endeavours to negotiate and enter into the Formal Agreement. The terms and conditions of the Proposed Further Subscription are subject to further negotiations between the Subscriber and the Issuer.

Pursuant to the completion of the 1st Subscription on 20 December 2016, the Subscriber holds 11,100,000 shares of the Issuer, representing approximately 9.99% of the total issued shares of the Issuer as at the date of this announcement.

Neither the MOU nor the Proposed Further Subscription thereunder is legally binding to the parties save for the confidentiality, exclusivity and governing law provisions under the MOU.

As at the date of this announcement, no definitive and binding agreement in relation to the Proposed Further Subscription is entered into between the Group and the Issuer.

**As the Proposed Further Subscription may or may not materialize, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Proposed Further Subscription as and when appropriate in accordance with the Listing Rules.**

This announcement is made by the Company pursuant to Rules 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

## **MOU IN RELATION TO PROPOSED FURTHER SUBSCRIPTION**

On 28 December 2016 (after trading hours), the Subscriber (a direct wholly-owned subsidiary of the Company), the Issuer and the Guarantor entered into the MOU, pursuant to which the parties have agreed on the indicative terms of the Proposed Further Subscription. The Proposed Further Subscription pursuant to the MOU is subject to the entering into of the Formal Agreement. The principal terms of the MOU are as follows:

Date: 28 December 2016

Parties: The Subscriber, the Issuer and the Guarantor

### **Proposed Further Subscription**

Pursuant to the completion of the 1st Subscription on 20 December 2016, the Subscriber holds 11,100,000 shares of the Issuer, representing approximately 9.99% of the total issued shares of the Issuer as at the date of this announcement.

The Subscriber intends to further subscribe for up to 35,240,000 new ordinary shares in the Issuer, representing approximately 24.08% of the total issued shares of the Issuer as enlarged by the Proposed Further Subscription, for a total subscription price of up to US\$32,000,000 (equivalent to approximately HK\$248,320,000).

Subject to the completion of the Proposed Further Subscription, the Company (through the Subscriber) will hold up to 46,340,000 shares in the Issuer, representing approximately 31.67% of the total issued shares of the Issuer as enlarged by the 1st Subscription and the Proposed Further Subscription.

## **Formal Agreement**

The parties to the MOU agree to proceed to negotiate and with the view to finalise detailed terms and conditions of the Formal Agreement based on the provisions of the MOU following the execution of the MOU as soon as possible and will endeavor to enter into the Formal Agreement within 30 days from the date of the MOU, or such later date as the parties may otherwise agree in writing.

## **Conditions Precedent for Completion of the Proposed Further Subscription**

Completion of the Proposed Further Subscription will be subject to satisfaction of the conditions precedents as detailed in the Formal Agreement. Such conditions will include, inter alia, the following:

- (i) the results of the legal, financial and business due diligence on the Issuer carried out by the Subscriber and/or its agents being satisfactory to the Subscriber;
- (ii) approval by the Financial Services Commission of the Proposed Further Subscription;
- (iii) the Financial Services Commission having approved to lower the minimum paid up capital of the Issuer to not less than US\$38,000,000 as a condition of the issuance of the restricted Class 1 banking license with the Financial Services Commission to carry out banking and related business in the British Virgin Islands; and
- (iv) other customary conditions precedent, including representations and warranties remaining true and accurate as at completion of the Formal Agreement.

## **Exclusivity Period**

The Issuer has agreed to grant to the Subscriber an exclusivity period of 45 days (the “**Exclusivity Period**”) commencing from the date of the MOU, during which, the Issuer will not engage in discussion or negotiation with other party with a view to engaging in business of similar nature as the Proposed Further Subscription, or provide any information to any third party relating to the Proposed Further Subscription.

## **Termination**

The MOU shall become effective on the date of execution and shall terminate and be of no force and effect on the earlier of (i) the expiry of the Exclusivity Period; or (ii) the date on which the Formal Agreement is to be executed.

## **Binding effect**

Neither the MOU nor the Proposed Further Subscription thereunder is legally binding to the parties save for the confidentiality, exclusivity and governing law provisions under the MOU.

## **Shareholding**

Pursuant to the completion of the 1st Subscription on 20 December 2016, the Subscriber holds 11,100,000 shares of the Issuer, representing approximately 9.99% of the total issued shares of the Issuer as at the date of this announcement.

Oasis Sun Investments Limited (“**Oasis Sun**”), a company incorporated in the British Virgin Islands with limited liability, holds 8,800,000 shares of the Issuer (representing approximately 7.92% of the total issued shares of the Issuer) as at the date of this announcement and is interested in a call option to require the Guarantor to sell its 13,400,000 shares of the Issuer, equivalent to approximately 12.06% of the total issued shares of the Issuer as at the date of this announcement. Oasis Sun is wholly-owned by Ms. Wang Chun, an executive Director and a substantial Shareholder.

Save as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, each of the Issuer and the Guarantor and, where applicable, their respective ultimate beneficial owners are Independent Third Parties.

## **INFORMATION ON THE ISSUER**

The Issuer is a company incorporated under the laws of British Virgin Islands with limited liability. The Issuer has been granted approval, with conditions, by the Financial Services Commission for the issue of a restricted Class 1 banking licence by the letter dated 1 March 2016 (the “**Approval Letter**”), for the purpose of carrying on banking business in accordance with sections 4(4), 10(1)(b), with restrictions, in accordance with section 11 of the Banks and Trust Companies Act, 1990 of the British Virgin Islands.

One of the approval conditions is that the board of directors of the Issuer shall within ninety (90) days from the date of the Approval Letter (which was extended to 30 December 2016) provide an undertaking to the Financial Services Commission to increase the fully paid up Tier 1 capital to a minimum US\$100 million by commencement of business, subject to the Financial Services Commission's written approval. The Issuer has applied to the Financial Services Commission to lower the minimum paid up capital of the Issuer to not less than US\$38,000,000 as a condition of the issuance of the restricted Class 1 banking license with the Financial Services Commission to carry out banking and related business in the British Virgin Islands.

As the holder of a restricted Class 1 banking license, the Issuer will be prohibited from, among other things, (i) taking banking deposits from any person resident in the British Virgin Islands other than another licensee or a company incorporated under the International Business Companies Act, 1984 of the British Virgin Islands; or (ii) investing in any asset that represents a claim on any person resident in the British Virgin Islands except a claim resulting from (a) a transaction with another licensee, or (b) the purchase of bonds or other securities issued by the British Virgin Islands Government, a statutory corporation or a company in which the British Virgin Islands Government is the sole or majority beneficial owner. Upon the grant of the restricted Class 1 banking license, the Issuer will be regulated under the Banks and Trust Companies Act, 1990 supervised by the Financial Services Commission.

The Issuer positions to become the most influential offshore merchant banking franchise established in the British Virgin Islands which is dedicated to provide innovative and tailored financial services solutions to individuals, corporates and trusts in Asia. The core transactional banking services to be provided by the Issuer will include, inter alia, multi-currency remittances, multi-currency deposit taking, time deposits, multi-currency equities execution, third party research reports and bill payment. The Issuer also plans to provide services in lending, investment advisory, wealth management, corporate advisory and etc. over time, in order to both address the needs of customers and diversify its business into complementary products.

According to the Quarterly Statistical Bulletin published by the Financial Services Commission on 30 September 2016, the number of active business companies in the British Virgin Islands was 430,310 as at 30 June 2016. The number of domestic banks available to service the needs of these customers is considerably low in comparison to other offshore jurisdictions such as Cayman Islands. It is noted that a significant number of Chinese-owned British Virgin Islands companies have been established so as to achieve specific financial objectives, such as corporate restructuring, securitization, asset transfer and financing. In view of an increase in China's high net worth individuals which drives the demand for offshore financial services, the Issuer will focus on addressing the unmet demands of the British Virgin Islands and other offshore companies originated by China-based and other Asia-based customers. It is expected that the Asia-based population which may have relationships with banks and other financial institutions in their home jurisdiction and have no existing or adequate offshore banking relationship will make up the majority of the Issuer's customer base and presents an unpenetrated population providing sufficient sales opportunities for the Issuer.

## **REASONS FOR AND BENEFITS OF THE 1ST SUBSCRIPTION AND THE PROPOSED FURTHER SUBSCRIPTION**

The Group is principally engaged in tele-media business and lottery-related business in the PRC.

As stated in the annual report of the Company (the “**Annual Report**”) for the year ended 31 December 2015, after the development and the successful disposal of its entire interests in its mobile game business, the Group's financial strength has been enhanced, which enabled the Group to develop new business drivers rapidly under new circumstances. The Group has set up an investment fund in the meantime for rapidly developing new businesses, and actively looking for other new business talents to strengthen development in the future. As stated in the interim report of the Company for the six months ended 30 June 2016, the Group was in a relatively strong financial position, notwithstanding that the Group's lottery-related business has been suspended since March 2015.

The Group has been committed to expand its mobile internet services and has accumulated a large number of loyal mobile internet users through the provision of new media services. In view of the “Guiding Opinions of the State Council on Actively Promoting the “Internet Plus” Action” (《國務院關於積極推進「互聯網+」行動指導意見》) issued in July 2015 and the “Report of the State Council on the Work of the Government for the Year 2016” (《二零一六年國務院政府工作報告》) which further stressed the implementation of the “Internet Plus” Action, the management of the Group has formulated a series of forward looking plans in respect of the “Internet Plus” businesses of the Group, including Internet Plus Finance, Internet Plus Healthcare, Internet Plus Elderly Care and etc.. As stated in the Annual Report, the “Internet Plus” business will be a key business of the Group that is close to public and cater for the needs of internet users directly and will become the momentum of further development and source of revenue growth of the Group in the future.

The subscription of shares in the Issuer allows the Group to offer the global financial services and wealth management platform to Internet users, at the same time, it will enhance its Internet finance business and in turn boosting its competitiveness. The subscription of shares in the Issuer will also significantly enhance the edges of the Group in the area of Internet finance business. The Group will accelerate the development of its Internet finance business sector through optimizing the business mix, where such move will not only totally upgrade its strengths and competitiveness in the market but also add higher additional value to its customers.

The Issuer will adopt an Internet operation model. Leveraging the cloud computing platform and the wide user base of the Group, it is expected that the operation of the Issuer’s business will become a low-cost and effective Internet bank in the market. Meanwhile, it will also create synergy effect with the Group’s well-established “Internet Plus” businesses. The management of the Group believes that the 1st Subscription and the Proposed Further Subscription will enhance the strength in the Group’s internet financial business segment which shape new competitive and growth advantages of the Group.

Taking into account the potential of the Issuer to obtain the approval for the restricted Class 1 banking license and the business development potential of the Issuer, which it will be able to tap into the unmet demands of the British Virgin Islands and other offshore companies originated by the high net worth China-based and other Asia-based customers, as set out in the section headed “Information of the Issuer” above, the Directors consider that the 1st Subscription and the Proposed Further Subscription represent opportunities which align with the long term business strategies of the Group to create values for the Shareholders and utilise the existing resources of the Group for better returns.

**The Board wishes to emphasize that the Proposed Further Subscription may or may not proceed and that the Group has not entered into any binding agreement in relation to the Proposed Further Subscription as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Proposed Further Subscription as and when appropriate in accordance with the Listing Rules.**

## **DEFINITIONS**

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Company”	V1 Group Limited, a company incorporated in the Bermuda with limited liability, the issued shares of which are listed on main board of the Stock Exchange (stock code: 82)
“Director(s)”	the director(s) of the Company
“Financial Services Commission”	the Financial Services Commission of the British Virgin Islands
“Formal Agreement”	a formal subscription agreement to be entered into between the Subscriber and the Issuer in respect of the Proposed Further Subscription
“Group”	the Company and its subsidiaries
“Guarantor”	Sancus Financial Holdings Limited, a company incorporated in the British Virgin Islands, as guarantor of the Issuer for due performance by the Issuer of its obligations under the MOU and the Formal Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



“Independent Third Party(ies)”	third part(ies) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules)
“Issuer”	Bank of Asia (BVI) Limited, a company incorporated in the British Virgin Island with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the Memorandum of Understanding dated 28 December 2016 entered into between the Subscriber, the Issuer and the Guarantor in relation to the Proposed Further Subscription
“Proposed Further Subscription”	the proposed subscription by the Subscriber of up to 35,240,000 new ordinary shares in the Issuer contemplated under the MOU subject to, amongst others, the entering into of the Formal Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Smart Token Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“1st Subscription”	the subscription for 11,100,000 new ordinary shares of the Issuer by the Subscriber for a subscription price of US\$6,000,000 (equivalent to approximately HK\$46,560,000) under the subscription agreement dated 19 December 2016 entered into between the Issuer, the Subscriber and the Guarantor
“%”	per cent.

*Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, US\$ amounts have been translated into HK\$ at the exchange rate of US\$1=HK\$7.76. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

By order of the Board  
**V1 Group Limited**  
**ZHANG Lijun**  
*Chairman*

Hong Kong, 28 December 2016

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