V1 GROUP LIMITED

第一視頻集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 82)

2017 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "**Board**") of V1 Group Limited (the "**Company**" or "**V1**") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*5*	**510,626**	154,121
Cost of revenue		**(626,972)**	(299,941)
Gross loss		**(116,346)**	(145,820)
Other gains and losses	*6*	**(17,881)**	5,030
Selling and marketing expenses		**(32,469)**	(14,934)
Administrative expenses		**(108,941)**	(102,111)
Impairment of goodwill		**(8,932)**	(334,791)
Impairment of intangible assets		**(63,691)**	(332,077)
Impairment of amount due from an associate		**–**	(52,549)
Impairment of interest in an associate		**–**	(38,244)
Share of profits of associates		**(23,440)**	159
Loss before income tax	*7*	**(371,700)**	(1,015,337)
Income tax credit	*8(a)*	**–**	33,698
LOSS FOR THE YEAR		**(371,700)**	(981,639)

	Notes	2017 HK$'000	2016 HK$'000
Other comprehensive income			
Items that maybe reclassified subsequently to profit or loss:			
Change in value of available-for-sale financial assets		**2,316**	(1,778)
Exchange differences arising on translation of foreign operations		**29,676**	(51,480)
Other comprehensive income for the year		**31,992**	(53,258)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(339,708)**	(1,034,897)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(366,304)**	(980,071)
Non-controlling interests		**(5,396)**	(1,568)
		(371,700)	(981,639)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(336,844)**	(1,032,041)
Non-controlling interests		**(2,864)**	(2,856)
		(339,708)	(1,034,897)
LOSS PER SHARE			
– Basic *(HK cents)*	*9*	**(11.11) cents**	(29.72) cents
– Diluted *(HK cents)*	*9*	**(11.11) cents**	(29.72) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment		**16,429**	16,305
Interests in associates		**273,617**	198
Goodwill		**102,702**	86,867
Intangible assets		**386,325**	468,008
Other financial assets		**364,450**	229,050
		1,143,523	800,428
CURRENT ASSETS			
Other receivables, deposits and prepayments		**63,560**	44,511
Other financial assets		**2,312**	391,410
Amount due from an associate		**60,645**	4,924
Amounts due from related companies		**4,099**	5,164
Cash and cash equivalents		**451,771**	745,535
		582,387	1,191,544
CURRENT LIABILITIES			
Deposits received, other payables and accruals		**37,599**	11,864
Amount due to an associate		**379**	391
Amounts due to related companies		**58,304**	10,318
Tax payable		**112,094**	112,094
		208,376	134,667
NET CURRENT ASSETS		**374,011**	1,056,877
NET ASSETS		**1,517,534**	1,857,305
EQUITY			
Share capital		**32,979**	32,979
Reserves		**1,463,279**	1,800,241
Equity attributable to owners of the Company		**1,496,258**	1,833,220
Non-controlling interests		**21,276**	24,085
TOTAL EQUITY		**1,517,534**	1,857,305

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL

V1 Group Limited (the "Company") is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Its principal place of business in Hong Kong is located at Room 3506, 35th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road, Central, Hong Kong.

The Company and its subsidiaries (thereafter referred to as the "Group") were principally engaged in tele-media business, including internet audio-visual new media, online games, online trading platform and other internet plus businesses in the People's Republic of China ("PRC") during the year ended 31 December 2017.

The Group provides internet information services through a series of service agreements (as disclosed in the Company's circular dated 18 August 2006 and mentioned below) entered into, among others, the Company, the Group's associate – VODone Datamedia Technology Co., Ltd. ("TMD1") and VODone Telemedia Co. Ltd. ("VODone Telemedia") or its related company.

VODone (Beijing) Network Technology Limited（第一視頻（北京）網絡技術有限公司）, a company established in the PRC and a wholly owned subsidiary of VODone Telemedia, owns the domain name (www.v1.cn) and is licensed in the PRC to provide an audio/video transmission platform delivering a range of cross media telecommunications contents and valued added services to its customers. Dr. Zhang Lijun is a director of both VODone Telemedia and the Company and he had beneficial interests in both VODone Telemedia and the Company as at the end of reporting period.

Under the abovementioned arrangements, VODone Telemedia or its related company, as the holder of the business licenses, has established a normal commercial arrangement to outsource its various technical, contents, advertising and marketing and other support service with TMD1, for the latter to provide the exclusive business support and content services to VODone Telemedia or its related companies. The Group provides the support services to TMD1 which can in turn fulfill its obligation as VODone Telemedia's exclusive service provider.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STATNDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.*

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on the assessment so far, the Group considers that the initial application of HKFRS 9 will not have a significant impact on the Group's results of operations and financial position.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Based on the assessment so far, the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Based on the assessment so far, the Group considers that the initial application of Amendments HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

HK(IFRIC) – Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 " Leases " and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. At 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$57,324,000 for properties under operating leases, the majority of which is payable either within 1 year or between 2 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Except as described above, the directors of the Company (**the "Directors"**) anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

(b) Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The functional currency of the Company is Renminbi ("RMB"), while the consolidated financial statements are presented in Hong Kong dollars ("HK$"), which the directors considered it is more beneficial to the users of the financial statements. As the Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited, the directors consider that it will be more appropriate to continuously adopt Hong Kong dollars as the Group's and the Company's presentation currency.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The directors had determined that the Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Tele-media business – Provision of internet information services, including mini-video news portal and self-produced original news commentary programs, mini-video news platform for the mobile clients, online game, online shows, other internet plus business; and online trading platform which applies the blockchain technology.

- Lottery-related business – Provision of lottery information services.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-makers for assessment of segment performance.

(a) Business segments

	Tele-media business		Lottery-related business		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**510,626**	154,121	**–**	–	**510,626**	154,121
Reportable segment loss	**(297,315)**	(465,994)	**(18,251)**	(491,630)	**(315,566)**	(957,624)
Interest income	**108**	34	**–**	–	**108**	34
Impairment of property, plant and equipment	**29,318**	–	**–**	–	**29,318**	–
Impairment of intangible assets	**63,691**	84,094	**–**	247,983	**63,691**	332,077
Impairment of goodwill	**8,932**	178,315	**–**	156,476	**8,932**	334,791
Impairment of amount due from an associate	**–**	14,687	**–**	37,862	**–**	52,549
Impairment of interest in an associate	**–**	38,244	**–**	–	**–**	38,244
Depreciation and amortisation	**45,810**	42,371	**–**	37,848	**45,810**	80,219
Share-based payment	**(63)**	63	**–**	–	**(63)**	63
Reportable segment assets	**637,506**	701,319	**2,237**	13,637	**639,743**	714,956
Additions to non-current assets	**38,681**	4,575	**–**	–	**38,681**	4,575
Reportable segment liabilities	**81,013**	13,186	**223**	3,927	**81,236**	17,113

(b) Reconciliation of reportable segment loss, assets and liabilities

	2017	2016
	HK$'000	*HK$'000*
Loss before income tax credit		
Reportable segment loss	**(315,566)**	(957,624)
Other gains and losses	**11,750**	5,521
Share of profits of associates	**(23,440)**	–
Unallocated expenses:		
– Advertising expenses	**–**	(29,517)
– Share-based payment expenses	**–**	(939)
– Staff costs	**(23,890)**	(12,874)
– Others	**(20,554)**	(19,904)
Consolidated loss before income tax credit	**(371,700)**	(1,015,337)

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**639,743**	714,956
Other financial assets	**366,762**	620,460
Interests in associates	**273,617**	198
Cash at banks	**441,673**	650,430
Unallocated corporate assets	**4,115**	5,928
Consolidated total assets	**1,725,910**	1,991,972

	2017	2016
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**81,236**	17,113
Deposits received, other payables and accruals	**11,443**	5,460
Tax provision for gain on disposal of subsidiaries	**112,094**	112,094
Unallocated corporate liabilities	**3,603**	–
Consolidated total liabilities	**208,376**	134,667

(c) Geographical information

During 2017 and 2016, over 90% of the Group's revenue is attributable to customers in the PRC and over 90% of the Group's total non-current assets are located in the PRC and the remaining non-current assets are located in Hong Kong and Dubai.

(d) Major customers

The Group's associate is the only major customer with whom transactions have exceeded 10% of the Group's revenues. For the year ended 31 December 2017, revenue from the Group's associate amounted to approximately HK$156,004,000 in the tele-media segment. For the year ended 31 December 2016, revenue from the Group's associate amounted to approximately HK$153,204,000 in the tele-media segment.

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for goods returned and trade discounts, and service fees earned. An analysis of turnover and revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Tele-media business:		
– advertising and service income, sales of internet games products and e-commerce trading income	**510,626**	154,121

6. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Realised fair value gain on other financial assets	**6,291**	–
Interest income	**6,062**	5,193
Loss on disposal of property, plant and equipment	**(13)**	(486)
Net foreign exchange (losses)/gains	**(280)**	235
Others	**(623)**	88
Impairment of property, plant and equipment	**(29,318)**	–
	(17,881)	5,030

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration)		
Salaries and wages	**44,523**	30,464
Pension fund contributions	**6,378**	5,172
Share-based payments	**(63)**	620
	50,838	36,256
Carrying amount of inventories sold	**347,094**	1,310
Depreciation of property, plant and equipment	**8,358**	4,543
Impairment of goodwill	**8,932**	334,791
Impairment of intangible assets	**63,691**	332,077
Impairment of amount due from an associate	**–**	52,549
Impairment of interest in an associate	**–**	38,244
Amortisation of intangible assets included in		
– Cost of revenue	**31,914**	70,002
– Administrative expenses	**5,538**	5,674
Auditor's remuneration		
– Audit service	**1,240**	1,260
– Non-audit service	**88**	85

8. INCOME TAX CREDIT

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax for the year	**–**	–
– PRC income tax for the year	**–**	–
	–	–
Deferred taxation		
– attributable to the reversal of temporary differences	**–**	(33,698)
Income tax credit	**–**	(33,698)

No provision was made for Hong Kong profits tax as the Group had no assessable profits during the year.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for VODone Information Engineering Co., Ltd. ("TMD2") which is recognised as a high-technology company according to PRC tax regulations and is entitled to a preferential tax rate of 15%. No provision was made for PRC income tax as the Group had no assessable income during the year.

Arab Business TV FZ-LLC is incorporated as a free zone limited liability company in Dubai. Pursuant to the income tax rules and regulations in Dubai, it is exempted from income tax for a period of 50 years.

(b) The income tax credit for the year can be reconciled to the accounting loss as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before income tax	**(371,700)**	(1,015,337)
Taxation calculated at PRC income tax of 25% (2016: 25%)	**(92,925)**	(253,834)
Tax effect of non-taxable income	**(1,455)**	(2,934)
Tax effect of expenses not deductible for taxation purposes	**18,480**	155,786
Tax effect of tax losses not recognised	**52,725**	41,062
Effect of lower tax rate applicable to subsidiaries as a result of preferential tax policy as described in (a)	**9,385**	1,270
Effect of tax exemption granted	**4,099**	1,385
Effect of tax rate in foreign jurisdictions	**11,686**	23,430
Tax effect of temporary difference not recognised	**(1,995)**	137
Income tax credit for the year	**–**	(33,698)

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share	**(366,304)**	(980,071)

Number of shares

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	**3,297,925**	3,297,925
Effect of dilutive potential ordinary shares: – share options	**–**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**3,297,925**	3,297,925

Loss per share

	2017	2016
	HK Cents	*HK Cents*
– Basic	**(11.11)**	(29.72)
– Diluted	**(11.11)**	(29.72)

The computation of diluted loss per share for the year ended 31 December 2017 does not assume the exercise of the outstanding share options as they had an anti-dilutive effect on the loss per share calculation.

10. BUSINESS ACQUISITION

(a) 北京快兔動力資訊技術有限公司 (Beijing Quick To Power Information Technology Co., Ltd.*)

On 31 March 2017, the Company entered into share purchase agreement with (i) an independent third party; (ii) VODone Telemedia; and (iii) a related company, 天津分享快樂科技合伙企業 (Tianjin Fenxiang Kuaile Technology Limited Partnership*), for the purchase of 40%, 15% and 45% interests in Beijing Quick To Power Information Technology Co., Ltd.* ("Quick To") respectively at a total consideration of RMB4,750,000 (equivalent to HK$5,705,000).

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	17,522
Deposits and other receivables	11,833
Bank balances and cash	11,649
Deposits received, other payables and accruals	(9,163)
Amount due to the an associate	(26,421)
Amount due to related companies	(8,647)
Total identified net liabilities	(3,227)
Goodwill	8,932
Purchase consideration settled by cash	5,705

Cash (inflow)/outflow arising from acquisition of a subsidiary:

	HK$'000
Cash consideration	5,705
Bank balances and cash acquired	(11,649)
Purchase consideration settled by cash	(5,944)

Since the acquisition date, Quick To had contributed a revenue of HK$2,748,000 and a loss after tax of HK$50,910,000 to the Group during the year. If the acquisition had been completed on 1 January 2017, the Group's revenue and loss after tax would have been HK$510,911,000 and HK$376,067,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of further performance.

(b) 北京號外天下網路技術有限公司 (Beijing Haowai Tianxia Online Technology Co. Limited*)

On 31 March 2017, the Company entered into share purchase agreement with (i) an independent third party; (ii) VODone Telemedia and; (iii) a related company, 天津號外網絡科技合伙企業 (Tianjin Haowai Online Technology Limited Partnership*), for the purchase of 40%, 15% and 45% interests in Beijing Haowai Tianxia Online Technology Co. Limited* ("Beijing Haowai") respectively at a total consideration of RMB5,500,000 (equivalent to HK$6,605,000).

The fair value of identifiable assets and liabilities of the acquirees as at the date of acquisition were as follows:

	HK'000
Property, plant and equipment	181
Intangible assets	166
Deposits and other receivables	456
Bank balances and cash	208
Deposits received, other payables and accruals	(60)
Amount due to an associate	(3,963)
Total identified net liabilities	(3,012)
Goodwill	9,617
Purchase consideration settled by cash	6,605

Cash (inflow)/outflow arising from acquisition of a subsidiary:

	HK'000
Cash consideration	6,605
Bank balances and cash acquired	(208)
Purchase consideration settled by cash	6,397

Since the acquisition date, Beijing Haowai had contributed a revenue of HK$218,000 and a loss after tax of HK$620,000 to the Group during the year. If the acquisition had been completed on 1 January 2017, the Group's revenue and loss after tax would have been HK$511,742,000 and HK$373,743,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of further performance.

11. EVENTS AFTER THE REPORTING DATE

On 4 January 2018, the Company and Rising Green Limited entered into a conditional sale and purchase agreement pursuant to which the Company has conditionally agreed to acquire the entire issued shares of Easy Prime Developments Limited at a consideration of HK$630,000,000, which will be satisfied by cash and the issue of consideration shares and convertible bonds, as detailed in the Company's announcement dated 4 January 2018. After completion of the acquisition, the Company will gain effective control over the financing and operations and enjoy the economic interest and benefits of the 北京瘋狂體育產業管理有限公司 (Beijing Crazy Sports Management Company Limited*).

* *for identification purposes only*

REVIEW OF ANNUAL RESULTS

The annual results for the year ended 31 December 2017 have been reviewed by the audit committee of the Company.

CHAIRMAN’S STATEMENT

“Roll up our sleeves to work harder!”

How to repeat remarkable success experienced in CMGE?

I have this question hanging over my head for long.

With the rapid development of the internet market and the general trend of “Nationwide Entrepreneurship and Innovation”(大眾創業，萬眾創新), we have actively carried out a diversified layout based on “Internet Plus” after the successful disposal of CMGE, in order to seek for new breakthroughs and repeat remarkable success experience in CMGE. I am glad to inform that, after three years’ endeavor and with the rapid market development and strong high-tech development in China, we have finally found out the breakthrough point, namely “digital + new culture and entertainment”.

New culture and entertainment means “new media”, “new culture” and “new sports”.

Driven by the ever-changing digital technology, focusing on the trillion-dollar cultural, sports and game markets and utilizing its unique resource advantage, deepening the development in the new culture and entertainment sector will be the future development direction of V1 Group. In order to devote more talents, funds and resources to this sector, in 2017, we strengthened the infrastructure of “one TV station, one website and three applications” and established CATV China News Center with the great support of the Chinese government, thereby launching a global publicity and content collection network based on the Belt and Road initiative. Meanwhile, artificial intelligence technology was integrated in the V1 Portal, V1.CN application and its financial video application “Tower”(投將), which enabled the effective operation of new media business models, i.e. “joint operations of website and TV station” and “joint operations of website and applications”. Contents and traffic, the key resources of the internet industry, are gathering and turning into income stream. With the support of media influence, V1 Group’s online trading platform business has realized rapid and sound development and become a highlight in the new culture and entertainment business.

In order to facilitate the rapid development of the new culture and entertainment business especially in new sports sector and help itself out of the "growth headache" of large preliminary investment, high cost and long profit-making cycle arising from self-developement of products, V1 Group decided to merge the sports game business, invest in and acquire leading enterprises in sports and anime comic industries to rapidly form a powerful new culture business cluster, so as to enhance the industrial influence of V1 Group and make the five-trillion-dollar huge sports market a solid support for extensive development and profit-making of V1 Group.

In February 2018, V1 Group officially launched its cloud platform, and established cloud computing big data center jointly with Huawei Group. With the support of and driven by the high-tech artificial intelligence technology of V1 Group Research Institute, data sharing will be realized among new media, new culture and new sports business clusters; in-depth data mining, data business support system and digital+ will become the momentum for development of V1 Group.

To all shareholders: for a long period of time in future, people in China and even the world will have increasingly strong demand for cultural, sports and video information products, which will foster a huge emerging market supported by high technology. We are very excited that, after two to three years' efforts, V1 Group finally found and established its presence in this emerging market, and we are confident that V1 Group will repeat the success in building up CMGE!

In future, video, sport, game and finance will be the keys to V1 Group's development.

I hereby extend our sincere gratitude to all our shareholders for their understanding and support on behalf of the management of V1 Group!

In order to realize our vision, let's roll up our sleeves and work harder!

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover of the Group for the year ended 31 December 2017 amounted to HK$510,626,000, representing an increase of around 231.3% as compared with last year. Due to the absence of one-off impairment loss in last year caused by the suspension of the lottery-related business, loss for the year decreased to HK$371,700,000 (2016: HK$981,639,000) which included the non-cash impairment loss of web games and games engines, Quick To and Homeincare businesses and the cost incurred for the development of new internet plus businesses.

Business Review and Development

In 2017, the Group continued to focus on the development of the tele-media business, including internet audio-visual new media, online games, online trading platform and other internet plus businesses.

- Tele-media business

V1 Portal

Short video, an emerging magnet that attracted major capital inflows in 2017, is progressing from pan-entertainment to the vertical field. According to the "2017 Big Data Insight of the Short Video Industry"（二零一七短視頻行業大數據洞察）report published by CBNData ("CBNData Report"), the production of short videos are increasingly organized, verticalized and personalized; and the industry is evolving towards paid and copyright protected short videos.

As short videos are experiencing exponential growth, V1 Portal has adjusted and upgraded its strategy on short videos on a timely basis, extending the deployment in organized, verticalized and personalized production of short videos, while improving and upgrading its paid services.

Organized Production

V1 Portal has entered into cooperation agreements with individuals as well as small and medium-sized teams, leveraging their content production and assisting in their operation, promotion, mid to long-term planning and commercialization. Aside from that, V1 Portal also tapped into its own merits in short video production and extensive media relations network to produce quality IP contents in various areas such as culture, finance and popular social issues. Currently, V1 Portal has achieved preliminary results in content production and professional operation.

Verticalized Content

As indicated in the CBNData Report, the popularity of funny, humorous and entertaining contents is receding due to the increasing homogeneity of these contents. In contrast, the scarcity value of the quality contents focusing on finance, culture and the society has been emerging. Professional knowledge contents gain easier access to capital investments. As a large number of verticalized content areas are still virgin lands, there exists huge market potential.

While amassing contents, V1 Portal seeks to commercialize the contents of short videos that focused on finance, culture and the society. In particular, the Company places the emphasis on the IP copyright of its live commentary and video on demand programs, such as "World Insight"(坐視天下) and "Learning Chinese Idioms with Wenyun"(文運成語). V1 Portal also boosts its online influence and video views by working with mainstream media such as Toutiao(今日頭條), Yidianzixun(一點資訊), ifeng News(鳳凰新聞), Sohu News(搜狐新聞), Tencent News(騰訊新聞), Kuaibao(天天快報), Sina Video(新浪視頻), ZAKER and CCTV News. Besides, during the second half of 2017, V1 Portal placed its operational focus on Tower, a national investment service community mobile application. Integrating various contents such as financial information, investment consultation and escort transaction, Tower targets 400 million users of the Chinese middle class and also engages financial commentators, such as Wu Xiaobo(吳曉波), Ye Tan(葉檀), Ma Guangyuan(馬光遠) and Qin Xiao(秦曉). As the first financial video platform in China, Tower delivers commercial value in multiple respects.

Regional Personalization

V1 Portal has experienced an exponential growth of short videos on its platform, coupled with the continuous emergence and update of verticalized and professionalized contents. Against this backdrop, precise and personalized recommendation will be given a more important role. V1 Portal's personalized recommendation system, a product of its own research and development, is capable of precisely calculating the user's personal preference and recommending personalized short videos based on regional characteristics, which enables the contents to be recommended to potential users in a more precise way.

Initial Effect in Paid Service

In the Chinese internet market, the main commercialization model of short videos still concentrates on product placement and e-commerce traffics. However, statistics show that the penetration of paid membership rose from 10% to 16% across video websites in 2017. Paid membership will play a more prominent role in the revenue model of video websites. With the new trend of users being more inclined to pay for original high quality contents, there will be a great prospect for paid short-video contents. For instance, Tower will also provide large amounts of paid financial contents to diversify product revenue sources.

Joint Action by Live-broadcast Platforms

In December 2017, V1 Portal had joined the "New Times Online Positive Energy Live"(新時代網上正能量直播矩陣). Under the guidance of Beijing Cyberspace Affairs Office(北京市網信辦) and Beijing Internet Association(首都互聯網協會), V1 Portal cooperated with other online live-broadcast platforms to jointly plan, create and explore the main theme contents and cultural products, jointly provide mainstream cultural live contents to netizens. V1 Portal takes full advantage of its own platform and assumes the responsibility of mainstream cultural communication, with good results obtained and positive social value delivered.

Rolling Out the City Partners Scheme

Leveraging its media influence, advantageous products and technologies and capability to integrate various resources, V1 Portal has launched the brand new "City Channel", focusing on urban development as well as tourism and cultural resources. The new channel empowers its alliance members to tap into their value, and engages We Media professionals, industrial chain institutions, governments and clients in in-depth collaboration, to jointly materialize the internet plus tourism development.

Wide Industrial Recognition

On 15 April 2017, The Global CEO Innovation Summit co-hosted by the State Administration of Foreign Experts Affairs and the People's Government of Shenzhen Municipality took place at the Convention and Exhibition Center in Shenzhen. The event gathered more than 1,000 political and business leaders, innovation presidents, representatives from renowned investment institutions and the deans of Top-500 business schools. The attendees discussed the opportunities and challenges for corporate sustainability in the background of global economy. Adhering to the innovation and improvement of user experience, V1 Portal won the "Most Innovative Enterprises with the Highest Investment Value Award in 2016"(二零一六年度最具投資價值創新企業獎).

In the Sixth China FinTech Summit, Tower platform won the "Highest Growth Value Award in Fintech in 2017"(二零一七年度金融科技最具成長價值獎) among more than 300 Fintech corporate participants.

The Sixth China Forex Expo of 2017 took place at Great China International Exchange Square in Shenzhen. Participated by over 4,000 industry leaders, the event covered various areas including foreign exchange, precious metals, stocks, internet finance, social trading, crude oil and natural gas. During the presentation ceremony, the jury of the organizing committee selected Tower as the winner of the "Top-10 Financial Product Innovation Award"(十佳金融產品創新獎) out of more than 100 institutional candidates.

China Short Video Conference (CSVC) took place at Beijing Taihe Theater(北京泰禾影城). A total of 129 leading industry platforms joined the competition, chaired by a 15-member jury composed of representatives from research institutes and leading companies. With reference to online voting, Tower platform was awarded the "China Best Financial Video Award"(中國最佳財經視訊獎).

CATV

2017 witnessed the growing influence of CATV, an improving brand with greater commercialization. In May 2017, the Ministry of Foreign Affairs of the PRC granted CATV China News Center a license for China-based foreign news agency, which marks a new stage in the exchange of information, trade, commerce and cultural communication between China and the Arab countries.

As economic globalization deepens nowadays, China and the Arab countries have emerged as key partners under the Belt and Road initiative and engaged in increasingly in-depth communication in respect of trade and commerce, science and technology, academics, tourism, folk culture, publication and media, radio, film and television, food and beverage. As a window for Chinese and Arabs to learn about each other, CATV helps both peoples to forge great partnerships featuring mutual respect, extensive communication, in-depth collaboration, mutual benefit and common development.

Coverage of Major Events

In response to the Belt and Road initiative that calls for "Telling a Good Chinese Story and Spreading Chinese Voices"(講好中國故事，傳播中國聲音), CATV covered many major events in 2017, including the Belt and Road Forum, BRICS Summit, China-Arab States Expo and the 19th CPC National Congress. In the future, CATV will continue to boost its influence by covering such key events as the Two Sessions, the Boao Forum for Asia Annual Conference, the Shanghai Cooperation Organization Summit, and the Forum on China-Africa Cooperation.

Production of Key Programs

"Belt and Road: China-Arab Interview"(一帶一路•中阿訪談錄) is a high-end program produced by CATV in the form of interview, with an aim to better promote the investment environment, corporate product and tourist market of various Chinese provinces to the investment agencies and corporate clients from the Arab countries. By building on its existing programs, CATV will produce more prime programs in 2018, such as "Xin's View"(馨視野), "Let's Learn Chinese"(跟我學漢語) and "Here Comes Ah-Sir"(阿Sir來了), to attract more audience in order to increase the audience rating of CATV.

Hosting a Variety of Events

By undertaking promotional events for Chinese government agencies and companies in the UAE, CATV has deepened its partnership with UAE government agencies, business institutions and social organizations. In 2017, CATV hosted a number of major events in Dubai, such as "Global Overseas Chinese Spring Gala Dubai – Love for My Motherland"(全球海外華人杜拜春晚－祖國之戀), "Chinese Film Premiere of True Love in Dubai"(中國電影《真愛》杜拜展映會) and Chinese film road shows. CATV also intends to host the Top Chinese Brand Summit(中國品牌高峰論壇) in 2018, in an attempt to promote CATV as a brand for hosting annual events and its influence in the Middle Eastern market.

Development Direction

CATV will enter a fresh development stage in 2018 where keeps enriching the program contents, enhancing market collaborations and delivering its image as mainstream media. With growing influence, CATV will embrace more opportunities in resource integration, market collaboration and advertising investment.

As part of its efforts in resource integration, CATV intends to establish strategic cooperation with Chinese mainstream media, while building its connection to pan-Arab media alliance, all in a bid to realize comprehensive cooperation between Chinese and Arab mainstream media. Apart from that, CATV will work with renowned institutions to facilitate the cultural exchange between China and Arab countries and improve the reputation of CATV. By leveraging its cooperation with multinational corporations, CATV gathers media coverage on them in long term, with an aim to building business relationship with them step by step. In addition, CATV provides special promotion videos and customized promotion services for governments and companies, which will bring more business opportunities.

"Internet Plus" Business

Liangzi Gang（量子港）

Liangzi Gang is a digital economic exchange platform of V1 Group. The platform applies the blockchain technology to record every session of commodity transaction, forming scale effect and creating a "professional, honest, innovative and efficient" online trading platform.

The Liangzi Gang team is experienced in the internet, finance and professional supply chain management industries, with product design, risk control and enterprise management capabilities. The goal of Liangzi Gang is to establish cooperation with more than 150 countries around the world, including the G20 countries, the countries along the Belt and Road, and APEC countries based on "digital+", focusing on providing competitive supply chain solutions, products and services to various enterprises, customers, value-added service providers, shops and their consumers, and thus building a borderless, shared and win-win business community. At present, Liangzi Gang has established partnerships with many state-owned telecommunications companies and communication equipment manufacturing companies.

Quick To

Along with the emergence of "sharing economy", Quick To, being a sub-brand under V1 Group, rapidly developed the bicycle-sharing business which was regarded as one of the " new four great inventions" in the PRC.

The business development of Quick To went well in the beginning, especially the self-developed technical platform and the standard operation team received positive reviews from local governments. However, the bicycle-sharing market in the first and second tier cities is becoming saturated. But new competitors still continued to raise fund and put on the market blindly, resulting in a serious influence on the business model of bicycle-sharing.

With the disordered competition in the market, the government policies on the bicycle-sharing management become more rigorous. In August 2017, the Ministry of Transport and other government departments jointly issued the "Guiding Opinions on Encouraging and Regulating the Development of Bicycle Rental"(關於鼓勵及規範互聯網租賃自行車發展的指導意見), which makes the existing business model do not work anymore. Therefore, the management of Quick To decided to stop its investment, and recognized non-cash impairment loss in respect of the related goodwill and bicycles based on prudential assessment of related business.

Homeincare(醫護到家)

As of 31 December 2017, Homeincare had covered more than 300 cities, including Beijing, Shanghai and Guangzhou. Its services mainly consist of home nursing, rehabilitation, maternal and infant care and health management. Homeincare has certified nearly 41,000 registered nurse, more than 70% of whom are from Third-level Grade-A hospitals. As a home nursing platform with a relatively large number of nurses and users in China, Homeincare will focus on the development of vertical integration in home nursing and healthcare.

However, the business is facing many challenges such as policy uncertainty of China's internet medical reform, natural dependency of healthcare services on medical insurance and competitors' efforts to expand market share after having raised large amount of funds. The management recognized non-cash impairment loss in respect of the related intangible assets based on prudential assessment.

- Lottery-related business

At present, the two websites, i.e. Zhongguozucaiwang(中國足彩網)(www.zgzcw.com) and Diyicai(第一彩)(www.diyicai.com), in our lottery-related business only carry out lottery-related information publishing function.

Business Prospect

In 2017, V1 Group's management examined and judged the situation and according to the general trend of "Nationwide Entrepreneurship and Innovation" in the Chinese internet industry, laid out a forward-looking business road map for the Group's future development.

V1 Group focuses on the culture, sports and games market with new culture and entertainment, which covers "new media", "new culture" and "new sports", as its core business, forming an infrastructure comprising "one TV station, one website and three applications" and cloud platforms; the online trading platform which applies the blockchain technology centering on Liangzi Gang and the internet plus business is in line with the general trend of Belt and Road initiative and "Nationwide Entrepreneurship and Innovation" of China. We believe that V1 Group will make another miracle and build a brilliant future for development as all our business lines are foresighted and of huge market potential.

FINANCIAL REVIEW

Business segments

	Tele-media business		**Lottery-related business**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**510,626**	154,121	**–**	–	**510,626**	154,121
Reportable segment loss	**(297,315)**	(465,994)	**(18,251)**	(491,630)	**(315,566)**	(957,624)

Tele-media Business

The tele-media business segment contributed a turnover of HK$510,626,000 to the Group for the year ended 31 December 2017, representing an increase of around 231.3% as compared with the corresponding period in 2016, which was primarily due to the new online trading platform, Liangzi Gang, launched in September 2017. The new platform has received overwhelming demand from customers since the platform was launched.

Segment loss was HK$297,315,000 for the year (2016: HK$465,994,000). The significant decrease in segment loss was mainly attributable to the absence of one-off impairment loss recorded last year as a result of the suspension of the lottery-related business, which was partially offset by the adverse effect of the non-cash impairment of web games and games engines after the termination of the web game operation, the non-cash impairment of goodwill, intangible assets and property, plant and equipment of Quick To and Homeincare businesses for the reasons as described in the management discussion section which amounted to HK$101,941,000, and the cost incurred for the development of new internet plus businesses.

Lottery-related Business

For the year ended 31 December 2017, segment loss was HK$18,251,000 as compared with a segment loss of HK$491,630,000 last year. The significant decrease in segment loss was mainly due to the absence of one-off impairment loss recorded last year. The Group's lottery-related business currently only carries out lottery-related information publish function. Segment loss represented the maintenance costs for the information platforms.

Liquidity and Financial Resources

As at 31 December 2017, the Group had HK$451,771,000 cash and cash equivalents (31 December 2016: HK$745,535,000). Working capital was HK$374,011,000 as compared with the working capital of HK$1,056,877,000 at the end of last year. Since the Group generates most of the revenue and incurs most of the costs in Renminbi, there is no material foreign exchange risk. As at 31 December 2017, the Group's current ratio was 2.8 (31 December 2016: 8.8). The decrease in current ratio was mainly due to the strategic investment in Bank of Asia (BVI) Limited and investing in other long term financial assets. Taking into account the financial resources available, the Directors are of the view that the Group will have sufficient working capital for its present requirement.

Contingent Liabilities

As at 31 December 2017, the Group had no significant contingent liabilities.

Capital Structure

As at 31 December 2017, the total assets of the Group amounted to HK$1,725,910,000 (2016: HK$1,991,972,000) which were mainly financed by shareholders' fund of HK$1,496,258,000 (2016: HK$1,833,220,000). There was no change to the Group's capital structure for the year and the number of the issued shares of the Company was 3,297,925,262 shares. The Group's capital structure, as well as cash inflow, are therefore very healthy.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Except for the acquisitions of the equity interest in subsidiaries as disclosed in note 10 to the financial statements in this announcement, there was no material acquisition and disposal of subsidiaries during the year ended 31 December 2017. Additional information is set forth in the notes to the consolidated financial statement of the Company.

EMPLOYEES REMUNERATION AND BENEFITS

As at 31 December 2017, the Group had a total of 260 employees. They included the management team and the employees in administration, production and sales departments. The Group regularly reviews its professional team members and will expand its management team whenever necessary.

The Group remunerates the Directors and its staff primarily based on their contribution, responsibilities, qualification and experience. The Group has implemented staff stock option plans. The Group has granted options to the Directors and other employees to encourage them towards enhancing the value of the Group and to promote the long-term growth of the Group.

Furthermore, the Group offers training programs to employees to upgrade their skills and knowledge on a regular basis.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 May 2018 to Friday, 18 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting of the Company, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 May 2018.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining statutory and regulatory standards and adhering to good corporate governance in the conduct of its business. The Board believes that good corporate governance is essential in enhancing the confidence of the shareholders, potential investors and business partners and is consistent with the Board's pursuit of value creation for the Company's shareholders.

The Company had applied and complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2017 except for the deviations with explanations as set out hereunder.

1. According to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Up to the date of this announcement, the Board has not appointed an individual to the post of chief executive. The role of the chief executive has been performed collectively by all the executive Directors, particularly by the chairman of the Company. The Board considers that this arrangement is appropriate and cost effective in fostering the development of the Group, allowing contributions from all executive Directors with different expertise and more coherence and consistency in the planning and implementation of the policies and long term business strategies of the Company. The Board will periodically review the effectiveness of this arrangement and consider appointing an individual as chief executive when it is appropriate.

2. According to the code provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings. Two of the independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 May 2017 due to various work commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2017.

AUDIT COMMITTEE

The audit committee of the Company consists of the independent non-executive directors, namely Dr. LOKE Yu (alias LOKE Hoi Lam), Prof. GONG Zhankui and Mr. WANG Linan. The audit committee has reviewed with management the accounting principles and standards adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the annual results for the year ended 31 December 2017.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (http://ir.v1group.com.hk) and the Hong Kong Exchanges and Clearing Limited's website (http://www.hkexnews.hk). The 2017 annual report will be dispatched to the shareholders of the Company and will be made available on the aforesaid websites in due course.

APPRECIATION

I would like to extend on behalf of the Board its sincere gratitude to our employees for their hard work and commitment, which has been, and will continue to be, essential for the Group's success and competitive edge in a market full of challenges and uncertainties. We also thank our shareholders for their continuous support and confidence in the Group.

By order of the Board
V1 Group Limited
ZHANG Lijun
Chairman

Hong Kong, 28 March 2018

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

Executive directors:
Dr. ZHANG Lijun *(Chairman)*
Ms. WANG Chun
Mr. JI Qiang

Independent non-executive directors:
Dr. LOKE Yu (alias LOKE Hoi Lam)
Prof. GONG Zhankui
Mr. WANG Linan