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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)**

**(1) PROPOSED BYE-LAWS AMENDMENTS;  
(2) SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO  
MAJOR TRANSACTION AND CONNECTED TRANSACTION; AND  
(3) GRANT OF WAIVER FROM STRICT COMPLIANCE  
WITH RULES 14A.52 AND 14A.53 OF THE LISTING RULES**

Reference is made to the announcements dated 4 January 2018 (the “**Announcement**”), 28 February 2018 and 29 March 2018 of V1 Group Limited (the “**Company**”) in relation to the Acquisition. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

#### **THE PROPOSED BYE-LAWS AMENDMENTS**

In order to minimize the possible impact on both the current principal businesses of the Group and the OPCO Group in the event that the Draft Foreign Investment Law is adopted and becomes law, the Board proposes to seek approval from the Shareholders by way of special resolution at the SGM for the proposed amendments to be made to the Bye-laws set out below (the “**Proposed Bye-laws Amendments**”):

By inserting the sentence “More than 50% of the members of the Board from time to time shall be nationals of the People’s Republic of China.” immediately after the first sentence of Bye-law 89 such that Bye-law 89 shall read as follows:

“89. The number of Directors shall not be less than two. More than 50% of the members of the Board from time to time shall be nationals of the People’s Republic of China. The Board shall cause to be kept a register of the Directors and Secretaries.”

Further details of the Proposed Bye-laws Amendments will be included in the circular in respect of the Acquisition (the “**Circular**”) to be despatched to the Shareholders in due course.

## **THE SECOND SUPPLEMENTAL AGREEMENT**

The Board is pleased to announce that on 23 April 2018 (after trading hours), the Company and the Vendor entered into a second supplemental agreement (the “**Second Supplemental Agreement**”) to supplement and amend certain terms of the Agreement. Major terms of the Second Supplemental Agreement are summarized as follows:

**Date:** 23 April 2018 (after trading hours)

**Parties:** the Company and the Vendor

### **Conditions precedent**

Pursuant to the Agreement and as set out in the Announcement, completion of the Acquisition is subject to and conditional upon the satisfaction (or waiver) of a number of conditions precedent set out under the Agreement on or before the Long Stop Date.

Pursuant to the Second Supplemental Agreement, it is agreed that an additional condition, being “the passing of a special resolution by the Shareholders at the SGM to approve the Proposed Bye-laws Amendments.”, shall be included as one of the conditions precedent to the completion of the Acquisition. Such condition is not waivable by any of the parties to the Agreement.

### **Repurchase and cancellation of the Retained Consideration Shares**

Pursuant to the Agreement and as set out under the paragraph headed “(iii) Third Batch Consideration Shares to be released to the Vendor” of the section headed “Profit guarantee” in the Announcement, in the event that the amount of Total Consideration Shares to be released is a negative figure, the Vendor shall compensate the Company such amount (a sum equal to the absolute amount of the negative number of the Consideration Shares calculated times the Issue Price) (i) in cash; or (ii) by return in whole or in part of the First and the Second Batch Consideration Shares released to the Vendor for disposal or dealing by the Company; or (iii) a combination of (i) and (ii). Any cash compensation and/or return of Consideration Shares in accordance with the aforesaid arrangements shall be made by the Vendor to the Company within one (1) month from the issue of the Audited Report for the financial year ending 31 December 2020. Any unreleased Retained Consideration Shares shall remain in the custody of the Company until full compensation is made. And upon expiry of such one-month period, any unreleased Retained Consideration Shares shall be disposed of or otherwise dealt with by the Company pursuant to power granted to it under the Agreement with the proceeds being kept by the Company for its own benefit.

Pursuant to the Second Supplemental Agreement, it is agreed that any unreleased Retained Consideration Shares as aforementioned shall be repurchased and cancelled, and not be disposed of or dealt with, by the Company. As such, in the event that the amount of Total Consideration Shares to be released is a negative figure, the Vendor shall compensate the Company such amount (i) in cash; or (ii) by return in whole or in part of the First and the Second Batch Consideration Shares released to the Vendor for buy-back and cancellation by the Company at nil cost at the request of the Vendor (or its nominee(s)); or (iii) a combination of (i) and (ii). And upon expiry of such one-month period, any unreleased Retained Consideration Shares shall be bought back and cancelled by the Company at nil cost without the prior agreement of the Vendor (or its nominee(s)).

### **Waiver in respect of the CCTs**

Pursuant to the Agreement and as set out in the Announcement, the Company will apply to the Stock Exchange for the Waiver in respect of the CCTs from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing rules in respect of the CCTs; (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the relevant VIE Contract; and (iii) fixing the term of the VIE Contracts and having a term of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules.

Pursuant to the Second Supplemental Agreement, it is agreed that the Company will not apply for the waiver from strict compliance with "the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing rules in respect of the CCTs". Therefore, the Company will only apply to the Stock Exchange for the waiver from strict compliance with (i) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the relevant VIE Contract; and (ii) fixing the term of the VIE Contracts and having a term of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules.

Save as disclosed above, there are no other changes to the Acquisition and all other terms and conditions of the Agreement (as amended by the supplemental agreement dated 29 March 2018 entered into by the Company and the Vendor) remain unchanged and continue to be in full force and effect.

## GRANT OF WAIVER

The Company considers that it is impracticable or unduly burdensome to set a maximum aggregate annual caps under Rule 14A.53 and fix the terms of the VIE Contracts under Rule 14A.52 of the Listing Rules in relation to the CCTs given that:

- (i) the VIE Contracts will enable the Group to receive the entire economic benefits derived by the OPCO Group;
- (ii) Dr. Zhang, who is interested in 99.5% of the issued share capital of the PRC Equity Owner, will not receive any economic benefits from the operation by the OPCO Group following Completion under the VIE Contracts;
- (iii) based on (i) and (ii) above, there is no genuine CCTs while the VIE Contracts merely constitute a technical CCTs implication owing to a typical VIE structure; and
- (iv) the VIE Contracts and the transactions contemplated thereunder will become the ordinary and usual course of business of the Group following Completion.

In view of the above, the Company has applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) the requirement of setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to the WFOE under the relevant VIE Contract; and (ii) the requirement of fixing the term of the VIE Contracts and having a term of not exceeding three years pursuant to Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange and subject to the following conditions:

***(a) No Change without Independent Non-executive Directors' Approval***

No changes to the terms of any of the VIE Contracts will be made without the approval of the independent non-executive Directors.

***(b) No Change without Independent Shareholders' Approval***

No changes to the terms of any of the VIE Contracts will be made without the approval of the Independent Shareholders. Once Independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the VIE Contracts in the annual reports of the Company (as set out in paragraph (d) below) will however continue to be applicable.

**(c) *Economic Benefits Flexibility***

The VIE Contracts shall continue to enable the Group to receive the economic benefits derived by the OPCO Group through: (i) the WFOE's right (if and when so allowed under the applicable PRC laws) to acquire part or all of the equity interest in the registered capital or part or all of the assets of the OPCO at the lowest price permitted by PRC law; (ii) the business structure under which the net profits generated by the OPCO Group are substantially retained by the WFOE (such that no annual caps shall be set on the amount of the services fees payable to the WFOE under the relevant VIE Contracts); and (iii) the WFOE's right to control the management and operation of, as well as, in substance, all of the voting rights of the OPCO.

**(d) *Ongoing Reporting and Approvals***

The Group will disclose details relating to the VIE Contracts on an ongoing basis as follows:

- (i) The VIE Contracts in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.
- (ii) The independent non-executive Directors will review the transaction carried out pursuant to the VIE Contracts annually and confirm in the Company's annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the VIE Contracts, have been operated so that the revenue generated by the OPCO Group has been substantially retained by the WFOE; and (ii) no dividends or other distributions have been made by the OPCO to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.
- (iii) The Company's auditors will carry out procedures annually on the transactions carried out pursuant to the VIE Contracts and will provide a letter to the Directors with a copy to the Stock Exchange that the transactions carried out pursuant to the VIE Contracts have received the approval of the Directors, have been entered into in accordance with the relevant VIE Contracts and that no dividends or other distributions have been made by the OPCO to the holders of its equity interests which are not otherwise subsequently assigned/transferred to the Group.

- (iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, the OPCO and its subsidiaries will be treated as the Company’s wholly owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the OPCO and its subsidiaries and their respective associates will be treated as the Company’s “connected persons”. As such, transactions between these connected persons and the Group (including for this purpose the OPCO Group), other than those under the VIE Contracts, shall comply with Chapter 14A of the Listing Rules.
- (v) Each of the OPCO and its subsidiaries will undertake that, for so long the Shares are listed on the Stock Exchange, it will provide the Group’s management and the Company’s auditors full access to its relevant records for the purpose of procedures to be carried out by the Company’s auditors’ on the continuing connected transactions.

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

Hong Kong, 23 April 2018

As at the date of this announcement, the Directors 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