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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)

GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULES 14A.36, 14A.52 AND 14A.53 OF THE LISTING RULES

Reference is made to the announcement of V1 Group Limited (the “**Company**”) dated 7 December 2020 (the “**Announcement**”) in relation to, among other things, restructuring of telemedia business (the “**Restructuring**”), change of the composition of the board and committees and the continuing connected transactions between the Company, Crazy Sports and the WFOE (the “**CCTs**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULES 14A.36, 14A.52 AND 14A.53 OF THE LISTING RULES

The Company wishes to state that Crazy Sports was wholly owned by Vodone Telemedia Co., Ltd.* (第一視頻通信傳媒有限公司) (“**Vodone**”), in which Dr. Zhang Lijun has an effective interest of approximately 99.5%. As part of the Restructuring, Vodone has transferred its 99% equity interest and 1% equity interest in Crazy Sports to a limited partnership, in which Mr. Peng has equity interest of 40% (the “**Limited Partnership**”) and Mr. Peng, respectively (the “**Transfer of Equity Interest**”). As a result of the Transfer of Equity Interest, the WFOE, Crazy Sports, the Limited Partnership and Mr. Peng entered into the new set of variable interest entity contracts, namely, (i) the exclusive business cooperation agreement; (ii) the exclusive call option agreement; (iii) the shareholders’ voting right entrustment agreement; (iv) the equity pledge agreement; and (v) the WFOE’s undertaking (the “**New VIE Contracts**”). The New VIE Contracts contain the terms and conditions substantially the same as those of the VIE Contracts and are a reproduction from the VIE Contracts. The structure established through the entering into of the New VIE Contracts (the “**New VIE Structure**”) will be on substantially the same terms as those currently in place under the VIE structure as disclosed on page 51 to 66 in the major and connected transaction circular of the Company dated 28 September 2018 (the “**2018 Circular**”), save as to the consequential amendments following the change of shareholders of Crazy Sports.

As Crazy Sports is held by Mr. Peng and an associate of Mr. Peng under the Listing Rules, the transactions contemplated under the New VIE Contracts will constitute CCTs. As such, the Company has applied for a waiver (the “**Waiver**”) pursuant to Rule 14A.102 of the Listing Rules from (i) the independent shareholders’ approval requirements for the New VIE Contracts under Rule 14A.36 of the Listing Rules, (ii) the requirement of fixing the term of the New VIE Contracts of not exceeding three years under Rule 14A.52 of the Listing Rules; and (iii) the requirement of setting annual caps for the service fees payable by Crazy Sports to the WFOE for the New VIE Contracts under Rule 14A.53 of the Listing Rules.

The Company has applied for the Waiver for the following reasons:

- (a) the New VIE Contracts, taken as a whole, permit the results and financial operations of Crazy Sports Group to be consolidated by the Group as if it was a subsidiary of the WFOE, resulting in all of the economic benefits of its business flowing to the WFOE, a subsidiary of the Company, and thus places the Group in a special position in relation to connected transaction rules. Accordingly, notwithstanding that the transactions contemplated under the New VIE Contracts technically constitute CCTs for the purpose of Rule 14A of the Listing Rules, the Directors consider that it would be unduly burdensome and impracticable and would impose unnecessary administrative costs on the Company to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules in respect of these CCTs. Furthermore, the Directors confirm that it is a normal business practice and in the best interests of the Company and the Shareholders as a whole for the New VIE Contracts to be of duration longer than three years;
- (b) Mr. Peng and his associate, who are interested in 100% equity interest of Crazy Sports, will not receive any economic benefits from the operation by Crazy Sports under the New VIE Contracts;
- (c) based on (a) & (b) above, there are no genuine CCTs while the New VIE Contracts merely constitute a technical CCTs implication owing to a typical VIE structure; and
- (d) the Directors (including the independent non-executive directors) are of the view that the New VIE Contracts are fundamental to the Group’s legal structure and operation of its business. Such transactions are entered into in the ordinary and usual course of business of the Group on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board is pleased to announce that the Stock Exchange granted the Waiver on 5 February 2021, for so long as the Shares are listed on the Stock Exchange and subject to the following conditions:

1. No change without independent non-executive directors’ approval

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

2. No change without independent Shareholders' approval

No change to the terms of any of the New 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 New VIE Contracts in the annual reports of the Company (as set out in paragraph (4) below) will however continue to be applicable.

3. Economic benefits facility

The New VIE Contracts shall continue to enable the Group to receive the economic benefits derived by the Crazy Sports 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 Crazy Sports at the lowest price permitted by PRC law; (ii) the business structure under which the net profits generated by the Crazy Sports 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 Crazy Sports.

4. Ongoing Reporting and Approvals

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

- (a) The New 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.
- (b) The independent non-executive Directors will review the transaction carried out pursuant to the New 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 New VIE Contracts, have been operated so that the revenue generated by the Crazy Sports Group has been substantially retained by the WFOE; and (ii) no dividends or other distributions have been made by Crazy Sports to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.
- (c) The Company's auditors will carry out procedures annually on the transactions carried out pursuant to the New 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 New 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 Crazy Sports to the holders of its equity interests which are not otherwise subsequently assigned/transferred to the Group.

- (d) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, Crazy Sports 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 Crazy Sports 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 Crazy Sports Group), other than those under the New VIE Contracts, shall comply with Chapter 14A of the Listing Rules.
- (e) Each of Crazy Sports 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 CCTs.

By Order of the Board
V1 Group Limited
ZHANG Lijun
Chairman

Hong Kong, 9 February 2021

As at the date of this announcement, the Directors are:

Executive Directors:

Dr. ZHANG Lijun (*Chairman*)

Mr. PENG Xitao

Ms. CHENG Po Chuen

Independent non-executive Directors:

Dr. LOKE Yu (alias LOKE Hoi Lam)

Mr. ZANG Dongli

Mr. ZHOU Jingping

* *for identification purposes only*