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眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8156

VOLUNTARY ANNOUNCEMENT

SIGNING DEFINITIVE JOINT VENTURE AGREEMENT

This announcement is made by China Vanguard Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

Reference is made to the announcement of the Company dated 29 December 2016 regarding a memorandum of understanding signed by a wholly-owned subsidiary of the Company with 國藥（延邊）電子商務股份有限公司 (Sinopharm (Yanbian) Ecommerce Co., Ltd) (“**Sinopharm Ecommerce**”), 方舟愛客供應鏈有限公司 (IQARK Supply Chain Co., Ltd) (“**IQARK**”) and 國合跨境（上海）文化產業電子商務有限公司 (United Enterprises CBT Cultural Industrial Co., Ltd) (“**United Enterprises**”) in respect of the establishment of a new joint venture company (the “**JV Company**”) in the People's Republic of China (“**China**” or the “**PRC**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that a definitive joint venture agreement (the “**JV Agreement**”) for the establishment of the JV Company was signed on 27 February 2017. This represents that the Group has established the cooperation with the aforementioned strong business partners and officially signified the beginning of our “Internet Plus Health” business.

PRINCIPAL TERMS OF THE JV AGREEMENT

The principal terms of the JV Agreement are set out as below:

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|--------------------|---|--|
| Signing Date | : | 27 February 2017 |
| The Parties | : | The Group, Sinopharm Ecommerce, IQARK, and United Enterprises. |
| Registered Capital | : | The Parties shall totally invest RMB 10,000,000 as registered capital based on their respective equity interest in the JV Company. |

Shareholding in the JV Company : The Group, Sinopharm Ecommerce, IQARK, and United Enterprises will hold 51%, 5%, 30%, and 14% of equity interest in the JV Company respectively.

Principal Business of the JV Company : To build a nationwide “Internet Plus Health” online-to-offline (“O2O”) sales platform, through online and offline channels to conduct marketing promotion and to sell non-pharmaceutical products via online distribution channel.

Roles of the Parties : 1. The Group shall provide offline distribution channels and online marketing promotion via our proprietary interactive marketing solution to the JV Company;

2. Sinopharm Ecommerce and United Enterprises shall become the suppliers of the non-pharmaceutical products for the JV Company and ensure the quality and safety of the products sold by the JV Company; and

3. IQARK shall provide marketing services to the offline distribution channels and related supply chain services to the JV Company.

The Board Structure of the JV Company : The board of directors of the JV Company shall comprise seven members of which four will be nominated by the Group, and three will be nominated by each of Sinopharm Ecommerce, IQARK and United Enterprises.

Registered Location of the JV Company : Shanghai city of the PRC.

The JV Company will apply for the relevant approvals and authorizations on the establishment and the operation in the PRC as required.

To the best of the Board’s knowledge, information and belief having made all reasonable enquiries, Sinopharm Ecommerce, IQARK and United Enterprises are a third party independent of and not connected with the Company and its core connected person (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”)).

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

Entering into the JV Agreement illustrates that the Group has been firmly executing the concept of "Internet Plus" as proposed by the PRC government. Through respective strengths of the Parties, the Board believes that the JV Company shall leverage on (1) the Group’s proprietary interactive marketing solution and its lottery industry-related resources to expand the distribution networks throughout the PRC; (2) Sinopharm Ecommerce and United Enterprises’ abilities to ensure stable supply of non-pharmaceutical products with quality assurance; and (3) IQARK’s solid experience on operation of offline distribution channels and logistics; to share the resources of the Parties more effectively and maximize the synergy effects to the JV Company.

The JV Company will rely on the Group's offline distribution channels to explore its community base. In the initial stage, the community distribution networks will be developed in pilot cities. We will establish the infrastructure on sales and services including the service management system on chain network, the formation of online interactive marketing B2B distribution platform and B2C retail stores, and will gradually cover the rest of the cities in the PRC to provide effective sales and services.

One of the Parties of the JV Agreement, Sinopharm Ecommerce is directly invested by Sinopharm Traditional Chinese Medicine Co. Ltd. (國藥藥材股份有限公司), a company under China National Pharmaceutical Group, known as Sinopharm. Sinopharm is a pharmaceutical group which is directly under the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. In 2016, Sinopharm was listed in Fortune Global 500 for four consecutive years and ranked from 446th in 2013 to 205th in 2016. Sinopharm was the only pharmaceutical company from the PRC in the list. Establishment of the JV Company with such prestigious partners will benefit the Group to explore new business opportunities in the PRC.

The Board is of the view that the cooperation in the JV Agreement demonstrates the value of the Group's technology and distribution channel resources. The valuable experience gained from this cooperation will serve as a role model for the Group and will help to explore new cooperation structures with other parties, provide a winning formula for new business opportunities and generate new revenue streams for the Group.

ABOUT THE GROUP

The Group provides lottery equipment, software, and related services via a comprehensive lottery distribution network for China's Sports and Welfare Lottery authorities located throughout 22 provinces and regions across the PRC. Besides, the Group has an international awarded proprietary interactive marketing solution, which is currently applied in selected lottery centers in five provinces/cities of the PRC.

ABOUT SINOPHARM ECOMMERCE

Sinopharm Ecommerce was established in Jilin province in June 2015 and is directly invested by Sinopharm Traditional Chinese Medicine Co. Ltd. (國藥藥材股份有限公司), a company under Sinopharm. Sinopharm is a pharmaceutical group which is directly under the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. The core strategy of Sinopharm Ecommerce is to establish a "Sinopharm Comprehensive Health Products Integrity Certification System" (國藥大健康商品誠信認證體系). Sinopharm Ecommerce also established a "cross-border commodity integrity trading center" with foreign merchants to ensure quality and safety of the products.

ABOUT IQARK

IQARK was established in Shanghai in September 2016 and is a logistics company which provides global commercial supply chain integrated services. IQARK uses its various technologies to execute its strategic layout of "Buy Globally; Sell Globally; Serve Globally".

ABOUT UNITED ENTERPRISES

United Enterprises was established in Shanghai in March 2016 and is an e-commerce trading company specializing in the distribution of renowned foreign brands, while Sinopharm Ecommerce is one of its shareholders. United Enterprises has established a trading platform for foreign brands entering the PRC's market which allows foreign brands trade in the PRC's domestic market directly.

IMPLICATION UNDER THE GEM LISTING RULES

As all of the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the establishment of the JV Company and the transactions contemplated under the JV Agreement are less than 5%, the entering into the JV Agreement and the transactions contemplated thereunder does not constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules.

By Order of the Board
CHINA VANGUARD GROUP LIMITED
眾彩科技股份有限公司*
CHAN Ting
Executive Director and Chief Executive Officer

Hong Kong, 28 February 2017

As at the date of this announcement, the Board of the Company comprises Madam CHEUNG Kwai Lan, Mr. CHAN Ting as Executive Directors, Mr. CHAN Tung Mei as Non-executive Director and Mr. TO Yan Ming Edmond, Mr. YANG Qing Cai and Dr. LIU Ta-pei as Independent Non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the website of the Company at www.cvg.com.hk.

* *For identification purposes only*