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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 informed of the latest business development of the Group.

Reference is made to the announcement of the Company dated 5 December 2016 regarding a letter of intent signed by a wholly-owned subsidiary of the Company with You Champion International Industrial Limited (羽翔國際實業有限公司) (“**You Champion**”) in respect of the establishment of a new joint venture company (the “**JV Company**”).

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 23 March 2017. The formation of the JV Company has signified the beginning of the Group’s “Internet Plus Tourism” business.

PRINCIPAL TERMS OF THE JV AGREEMENT

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

Signing Date : 23 March 2017

The Parties : The Group and You Champion.

Share Capital : The Parties shall totally invest HK\$10,000,000 as share capital based on their respective equity interest in the JV Company.

Shareholding in the JV Company : The Group and You Champion will hold 51% and 49% of equity interest in the JV Company respectively.

- Principal Business of the JV Company :
1. Utilizing the Group’s proprietary interactive marketing solution via online and offline distribution channels to promote tourism and airlines in the Kingdom of Tonga (“**Tonga**”) to international and PRC tourists;
 2. Providing the membership management system with precision marketing features for airlines in Tonga via the Group’s proprietary interactive marketing solution;
 3. Developing tourism and aviation-related businesses in Tonga, as well as assisting airlines in Tonga to promote their international routes; and
 4. Other businesses as from time to time agreed in writing by the Parties.

The Board Structure of the JV Company : The board of directors of the JV Company shall comprise three members of which two will be nominated by the Group and one will be nominated by You Champion.

Registered Location of the JV Company : Hong Kong Special Administrative Region (“**Hong Kong**”)

To the best of the Board’s knowledge, information and belief having made all reasonable enquiries, You Champion 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

The proprietary interactive marketing solution which will be utilized in the JV Company can be applied in different applications, including marketing, customer relationship management. Our solution is an international awarded marketing solution, and it received a gold award for “Technology for Dissemination System of Public Information and Advertising” at the 44th International Exhibition of Inventions of Geneva. Currently, this solution is applied in our “Yao Cai” solution in the lottery industry. The establishment of the JV Company can leverage existing platform coverage and bring our proprietary interactive marketing solution onto the global stage.

Tonga is located at the South Pacific in the region of western Polynesia, neighborhood to Republic of Fiji Islands (“**Fiji**”). It consists of an archipelago of over 170 islands covering 740 square kilometers. In the fiscal year 2013/2014, the hotel and catering revenue generated by tourism accounted for 3% of Tonga's GDP. In August 2016, a mutual visa exemption agreement between PRC and Tonga took effect and is expected to attract more Chinese tourists to Tonga in the future.

The Board is of the view that the development of the tourism industry in Tonga is still in early stage and believes that there is high potential for Tonga to replicate the successful story of Fiji. Through our proprietary interactive marketing solution, the Board believes we can utilize the online and offline channels to catalyze Tonga's tourism industry to international tourists. At the same time, the Board believes the Group can explore new business opportunities through the JV Company.

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 YOU CHAMPION

You Champion is a Hong Kong registered company and is principally engaged in high value-added businesses such as gravel mining, marine fishing exports and aviation in Tonga.

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, 23 March 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*