眾彩羽翔股份有限公司*
China Vanguard You Champion Holdings Limited
(Formerly known as China Vanguard Group Limited)

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of China Vanguard You Champion Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of Stock Exchange (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.*

ANNUAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred as the "**Group**") for the year ended 30 June 2017 ("**Year 2017**"), together with the comparative audited figures for the preceding financial year ("**Year 2016**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	**Year ended 30-6-2017** ***HK$'000***	Year ended 30-6-2016 *HK$'000*
Revenue	*5*	**26,359**	34,657
Cost of sales		**(4,865)**	(3,113)
Gross profit		**21,494**	31,544
Other income	*5*	**3,954**	10,203
Provision for doubtful receivables		**(43,127)**	(46,465)
Impairment loss on assets	*6*	**(53,776)**	(85,712)
Selling and distribution expenses		**(6,837)**	(6,276)
Administrative and operating expenses		**(92,436)**	(106,226)
Operating loss		**(170,728)**	(202,932)
Finance costs	*7*	**(13,316)**	(11,988)
Share of result of joint ventures		**(31)**	(490)
Loss before tax	*8*	**(184,075)**	(215,410)
Income tax credit	*9*	**2,835**	1,568
Loss for the year		**(181,240)**	(213,842)
Loss for the year attributable to:			
Equity holders of the Company		**(175,027)**	(206,778)
Non-controlling interests		**(6,213)**	(7,064)
		(181,240)	(213,842)

	Notes	Year ended 30-6-2017 *HK$'000*	Year ended 30-6-2016 *HK$'000*
Other comprehensive expenses for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of overseas operations		**(1,192)**	(11,469)
Total comprehensive expenses for the year		**(182,432)**	(225,311)
Total comprehensive expenses for the year attributable to:			
Equity holders of the Company		**(176,006)**	(217,578)
Non-controlling interests		**(6,426)**	(7,733)
		(182,432)	(225,311)
Loss per share attributable to equity holders of the Company			
Basic	*11*	**(HK5.40 cent)**	(HK6.43 cent)
Diluted	*11*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30-6-2017 HK$'000	30-6-2016 HK$'000
Non-current assets			
Property, plant and equipment		**13,260**	16,070
Goodwill		**62,746**	99,288
Intangible assets		**8,509**	14,674
Available-for-sale financial assets		**–**	–
Interests in joint ventures		**–**	15,110
		84,515	145,142
Current assets			
Inventories		**1,692**	5,059
Trade and other receivables and prepayments	*12*	**33,554**	76,111
Bank balances and cash		**14,302**	32,999
		49,548	114,169
Current liabilities			
Trade payables, accruals and other payables	*13*	**17,125**	18,797
Amount due to a director		**15,076**	732
Obligation under finance leases – current portion		**188**	–
Convertible bonds	*14*	**89,301**	83,434
Deferred tax liabilities		**54**	1,746
Tax liabilities		**1,382**	5,121
		123,126	109,830
Net current (liabilities)/assets		**(73,578)**	4,339
Total assets less current liabilities		**10,937**	149,481

	Notes	**30-6-2017**	30-6-2016
		HK$'000	*HK$'000*
Non-current liabilities			
Obligation under finance leases		**344**	–
		344	–
Net assets		**10,593**	149,481
Capital and reserves			
Share capital		**41,135**	40,338
Reserves		**(41,781)**	96,003
Equity attributable to equity holders of the Company		**(646)**	136,341
Non-controlling interests		**11,239**	13,140
Total equity		**10,593**	149,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM. The Company's registered office is located at P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and its principal place of business is located at Units 307-313, 3/F., Wireless Centre, Phase One Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollar which is the Company's functional and presentation currency.

The Company is an investment holding Company. The principal activities of its subsidiaries are (i) provision of lottery-related services; and (ii) others (included catering services, consulting services and provision of internet plus solution services).

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the GEM Listing Rules.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at revalued amounts or fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements have been prepared on a going concern basis, the Group had incurred a loss attributable to shareholders of approximately HK$175.0 million for the year ended 30 June 2017, net current liabilities of approximately HK$73.6 million as at 30 June 2017 and the convertible bonds with principal amount of approximately HK$89.6 million due on 17 January 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. In preparing the consolidated financial statements, the directors of the Company have carefully reviewed the Group's cash position as at the end of the reporting period. In reviewing the Group's cash flows, the directors of the Company have considered the following factor:

A major and controlling shareholder confirms that fund, if required, will be made available to the Company through shareholder' loans to meet the present and future cash flow requirement from operation and settlement of its outstanding obligations.

The directors of the Company believe that the Group is able to meet its financial obligations in full as and when they fall due and consider that the preparation of the consolidated financial statements on going concern basis is appropriate.

3. APPLICATION OF NEW AND REVISED HKFRSS

For the purpose of preparing and presenting the consolidated financial statements for the year ended 30 June 2017, the Group has adopted all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for the Group's financial year beginning on 1 July 2016. The application of the amendments to HKFRSs and the new Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements. The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle[2]
HKAS 7 (Amendments)	Disclosure Initiative[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses[1]
HKAS 40 (Amendments)	Transfers of Investment Property[3]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[3]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 15	Clarification to HKFRS 15[3]
HKFRS 16	Leases[4]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[4]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

3 Effective for annual periods beginning on or after 1 January 2018

4 Effective for annual periods beginning on or after 1 January 2019

5 Effective for annual periods beginning on or after a date to be determined

The above new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

4. SEGMENT INFORMATION

The factors that used to identify the Group's operating segments, including the basis of organization are mainly based on the services provided by the Group's operating divisions as follows:

(a) Provision of lottery-related services

(b) Others included catering services, consulting services and provision of internet plus solution services

Information regarding the above segments is reported below.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Year ended 30-6-2017

	Lottery-related services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**21,904**	**4,455**	**26,359**
Segment results	**(156,841)**	**(376)**	**(157,217)**
Unallocated income			**1,313**
Unallocated expenses			**(14,824)**
Share of result of joint ventures			**(31)**
Finance costs			**(13,316)**
Loss before tax			**(184,075)**
Income tax credit			**2,835**
Loss for the year			**(181,240)**

Year ended 30-6-2016

	Lottery-related services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	34,172	485	34,657
Segment results	(198,834)	(1,620)	(200,454)
Unallocated income			7,838
Unallocated expenses			(10,316)
Share of result of joint ventures			(490)
Finance costs			(11,988)
Loss before tax			(215,410)
Income tax credit			1,568
Loss for the year			(213,842)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

30-6-2017

	Lottery-related services *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**131,307**	**2,220**	**133,527**
Unallocated assets			**536**
Total assets			**134,063**
Liabilities			
Segment liabilities	**29,195**	**1,571**	**30,766**
Unallocated liabilities			**3,403**
Convertible bonds			**89,301**
Total liabilities			**123,470**

30-6-2016

	Lottery-related services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Assets			
Segment assets	228,750	2,399	231,149
Unallocated assets			28,162
Total assets			259,311
Liabilities			
Segment liabilities	17,932	583	18,515
Unallocated liabilities			7,881
Convertible bonds			83,434
Total liabilities			109,830

For the purposes of monitoring segment performances and allocating resources between segments, all assets are allocated to operating segments other than other corporate assets.

The chief operating decision maker mainly reviews the segment assets for the purposes of resource allocation and performance assessment. An analysis of the Group's liabilities is not regularly reviewed by the chief operating decision maker and hence, the relevant information is not presented accordingly.

(c) Other segment information

Year ended 30-6-2017

	Lottery-related services *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	**5,117**	**293**	**5,410**
Depreciation of property, plant and equipment	**5,440**	**419**	**5,859**
Impairment loss on goodwill	**36,542**	**–**	**36,542**
Impairment loss on intangible assets	**2,307**	**–**	**2,307**
Loss on disposal of property, plant and equipment	**863**	**–**	**863**
Provision for doubtful receivables	**31,676**	**–**	**31,676**
Written off of obsolete stocks	**601**	–	**601**
Written off of amount due from a related company	**1,671**	**–**	**1,671**
Impairment loss on interests in joint ventures	**14,927**	**–**	**14,927**
Amortization of intangible assets	**3,604**	**–**	**3,604**

Year ended 30-6-2016

	Lottery-related services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	8,505	673	9,178
Depreciation of property, plant and equipment	4,166	61	4,227
Impairment loss on goodwill	84,967	–	84,967
Impairment loss on intangible assets	745	–	745
Loss on disposal of property, plant and equipment	204	–	204
Provision for doubtful receivables	45,644	821	46,465
Written off of other receivables	109	–	109
Amortization of intangible assets	3,035	–	3,035

(d) Geographical information

The Group's operations are mainly located in PRC. The following table provides an analysis of the Group's sales by geographical markets:

	Revenue from external customers	
	Year ended 30-6-2017 ***HK$'000***	Year ended 30-6-2016 *HK$'000*
PRC	**26,359**	22,986
Hong Kong	**–**	11,671
	26,359	34,657

The following is an analysis of the carrying amount of total assets, and additions to property, plant and equipment analyzed by the geographical area in which the assets are located:

	Carrying amount of total assets		Additions to property, plant and equipment Capital expenditure	
	30-6-2017	30-6-2016	**30-6-2017**	30-6-2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**58,023**	94,530	**4,583**	8,901
Hong Kong	**76,040**	164,781	**827**	11,103
	134,063	259,311	**5,410**	20,004

Revenue from major products and services

The Group's revenue from its products is as follows:

	Year ended 30-6-2017	Year ended 30-6-2016
	HK$'000	*HK$'000*
Lottery-related services	**21,904**	34,172
Others	**4,455**	485
	26,359	34,657

(e) Information about major customers

Revenue from customers of the year ended 30 June 2017 contributing over 10% of the total sales of the Group is as follows:

	Year ended 30-6-2017
	HK$'000
Customer A – Provision of lottery-related services	**13,928**
Customer B – Provision of lottery-related services	**4,011**
Customer C – Provision of lottery-related services	**2,766**

5. REVENUE AND OTHER INCOME

The principal activities of the Group are (i) provision of lottery-related services and (ii) others (including catering services, consulting services and provision of internet plus solution services).

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable. Revenue recognized during the year is as follows:

	Year ended 30-6-2017 ***HK$'000***	Year ended 30-6-2016 *HK$'000*
Revenue		
Provision of lottery-related services	**21,904**	34,172
Others	**4,455**	485
	26,359	34,657

	Year ended 30-6-2017 ***HK$'000***	Year ended 30-6-2016 *HK$'000*
Other income		
Interest income	**54**	817
Gain on dissolve of subsidiaries	**1,242**	122
Gain on change in fair value of contingent consideration	**–**	4,304
Cancellation of consideration to acquire a subsidiary	**–**	3,350
Rental income	**1,848**	60
Others	**810**	1,550
	3,954	10,203

6. IMPAIRMENT LOSS ON ASSETS

	Year ended 30-6-2017 *HK$'000*	Year ended 30-6-2016 *HK$'000*
Impairment loss on goodwill	**36,542**	84,967
Impairment loss on intangible assets	**2,307**	745
Impairment loss on interests in joint ventures	**14,927**	–
	53,776	85,712

7. FINANCE COSTS

	Year ended 30-6-2017 *HK$'000*	Year ended 30-6-2016 *HK$'000*
Interest on:		
– Interest on finance leases	**16**	–
– Convertible bonds	**13,300**	11,988
	13,316	11,988

8. LOSS BEFORE TAX

	Year ended 30-6-2017 ***HK$'000***	Year ended 30-6-2016 *HK$'000*
Loss before tax has been arrived at after charging/(crediting):		
Staff costs (excluding Directors' emoluments):		
– Wages and salaries	**33,036**	42,694
– Retirement benefits scheme contributions	**377**	440
– Equity-settled share-based payment	**987**	3,952
Total staff costs	**34,400**	47,086
Cost of inventories sold	**4,865**	3,113
Auditors' remuneration	**761**	1,050
Depreciation of property, plant and equipment:		
– Owned assets	**5,722**	4,478
– Asset held under finance leases	**137**	–
Donations	**–**	20
Amortization of intangible assets	**3,604**	3,035
Equity-settled share-based payment to other eligible participants	**7,420**	51
Loss on disposal of property, plant and equipment	**863**	204
Gain on dissolve of subsidiaries	**(1,242)**	(122)
Impairment loss on intangible assets	**2,307**	745
Impairment loss on goodwill	**36,542**	84,967
Impairment loss on interests in joint ventures	**14,927**	–
Minimum lease payments under operating leases:		
– Land and buildings	**7,638**	13,272
– Office equipment	**65**	50
Provision for doubtful receivables	**43,127**	46,465
Written-off of other receivables	**–**	109
Written-off of amount due from a related company	**1,671**	–
Written-off of obsolete stocks	**601**	–
Exchange losses, net	**2,068**	116

9. INCOME TAX CREDIT

The amount of tax credit to the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 30-6-2017 *HK$'000*	Year ended 30-6-2016 *HK$'000*
Over provision in prior years		
– Hong Kong Profits Tax	**20**	–
– Other jurisdiction	**595**	182
	615	182
Deferred tax	**2,220**	1,386
Income tax credit for the year	**2,835**	1,568

Hong Kong Profits Tax has been provided at 16.5% (30-6-2016: 16.5%) to the assessable profit derived in Hong Kong. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 30 June 2017, nor has any dividend been proposed since the end of reporting date (Year ended 30-6-2016: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

	Year ended 30-6-2017 ***HK$'000***	Year ended 30-6-2016 *HK$'000*
Loss for the year attributable to the equity holders of the Company	**(175,027)**	(206,778)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,243,380**	3,216,595
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,585,540**	3,507,280

For the year ended 30 June 2017 and 30 June 2016, outstanding convertible bonds and share options of the Company are anti-dilutive since their exercise or concession would result in a decrease in loss per share.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30-6-2017 ***HK$'000***	30-6-2016 *HK$'000*
Trade receivables	**82,195**	78,714
Other receivables and prepayments	**40,572**	43,936
	122,767	122,650
Less: Provision for doubtful receivables	**(89,213)**	(46,539)
	33,554	76,111

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 180 days of issuance. The following is an aged analysis of trade receivables at the end of reporting period:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
0 to 30 days	**4,919**	3,077
31 to 60 days	**1,314**	13,788
61 to 180 days	**5,993**	13,164
181 to 365 days	**339**	34,918
Over 1 year	**69,630**	13,767
	82,195	78,714

The trade receivables with carrying amount of approximately HK$3,187,000 (30-6-2016: approximately HK$5,321,000) are neither past due nor impaired at the reporting period.

The Group has policies for allowances of doubtful receivables which are based on the evaluation of collectability and age analysis of accounts and on the management's judgement including the credit worthiness, collaterals and the past collection history of each customer.

During the year ended 30 June 2017, the Group made an allowance of approximately HK$43,127,000 (Year ended 30-6-2016: approximately HK$46,465,000) in respect of trade and other receivables and prepayments, which was past due at the reporting date with long age and slow repayments were received from respective customers since the due date.

Movement in the allowances for doubtful receivables:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
Balance at the beginning of the year	**46,539**	74
Additions for the year	**43,127**	46,465
Exchange realignment	**(453)**	–
Balance at the end of the year	**89,213**	46,539

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The trade receivables past due but not provided for were either subsequently settled as at the date of this announcement or no historical default of payments by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for bad and doubtful debts.

Included in the Group's trade receivables with a carrying amount of approximately HK$11,779,000 (30-6-2016: approximately HK$33,319,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amount are still considered recoverable. The Group does not hold any collateral over these balances. The aging of these overdue trade receivables but not impaired is as follows:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
0 to 30 days	**1,335**	1,359
31 to 60 days	**1,314**	1,308
61 to 180 days	**5,994**	2,115
181 to 365 days	**340**	11,811
Over 1 year	**2,796**	16,726
	11,779	33,319

The fair value of the Group's trade receivables as at 30 June 2017 approximates to the corresponding carrying amount.

Other receivables, deposits and prepayments included the following:

(a) Amounts due from subsidiaries of a joint venture of Nil (30-6-2016: approximately HK$1,117,000). The amounts are unsecured, interest free and have no fixed repayment terms.

(b) Amounts due from related companies of approximately HK$1,762,000 (30-6-2016: approximately HK$351,000). The amounts are unsecured, interest free and have no fixed repayment terms.

13. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
Trade payables	**1,106**	136
Accruals and other payables	**16,019**	18,661
	17,125	18,797

An aged analysis of the Group's trade payables at the end of the reporting period, based on the date of goods and services received, is as follows:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
0 to 30 days	**921**	–
31 to 120 days	**–**	–
121 to 180 days	**–**	–
181 to 365 days	**50**	–
Over 1 year	**135**	136
	1,106	136

The fair value of the Group's trade payables, accruals and other payables as at 30 June 2017 approximates to the corresponding carrying amount.

Included in trade payables, accruals and other payables, there was consideration payable of approximately HK$2,080,000 (30-6-2016: approximately HK$4,701,000) arisen from acquisition of subsidiaries in previous year.

14. CONVERTIBLE BONDS

(a) 2% Coupon Bonds Due 2017

On 17 January 2014, the Company issued the Bonds due on 17 January 2017 with a principal amount of HK$89,625,000, which is interest bearing at a rate of 2% per annum, as a general working capital and repayment of borrowings. The Bonds are convertible into fully paid ordinary shares with a conversion price of HK$2.39 per conversion share. As a result of Share Subdivision, the number of Share fallings to be issued upon full conversion of the Bonds was adjusted to 150,000,000 at the conversion price of HK$0.598.

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 13.89% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a)	Principal amount:	HK$89,625,000
(b)	Coupon rate:	2% per annum
(c)	Maturity date:	17 January 2017
(d)	Conversion price:	HK$2.39
(e)	Risk-free rate:	0.687%
(f)	Expected volatility:	70.45%
(g)	Expected dividend yield:	0%

The movement of the liability component of the convertible bonds for the year is set out below:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
Nominal value of convertible bonds issued	**89,625**	89,625
Equity component	**(28,963)**	(28,963)
Liability component	**60,662**	60,662
Imputed finance costs	**34,340**	27,162
Interest paid and payable	**(5,377)**	(4,390)
Deemed to be settled by amendment of terms	**(89,625)**	–
Carrying amount	**–**	83,434

(b) 8% Coupon Bonds Due 2017

On 18 January 2017, the Company entered into an amendment agreement with the bondholder to amend certain terms and conditions of 2% coupon bonds. The conversion price shall be amended to HK$0.359 per share and it can be converted into for the maximum of 249,651,810 shares. The maturity date shall be extended to 17 July 2017 and a further six months extension to 17 January 2018 upon a written consent from the bondholder. As at the reporting date, the Company has received a written consent for the further extension. The interest rate shall be increased to 8% per annum and paid semi-annually from the date of the amendment agreement.

The convertible bonds contain liability and equity components. The effective interest rate of the liability component is 16.32% per annum. The equity component is presented under the equity heading of "convertible bonds reserve".

The fair value of the liability component of the convertible bonds at the issue date was valued by an independent valuer determined based on the present value of the estimated future cash outflows discounted at the prevailing market rate for an equivalent non-convertible loan.

Detail of principal valuation parameters have been applied in determining the liability component and equity component was summarized as follows:

(a)	Principal amount:	HK$89,625,000
(b)	Coupon rate:	8% per annum
(c)	Maturity date:	17 July 2017
(d)	Conversion price:	HK$0.359
(e)	Risk-free rate:	0.771%
(f)	Expected volatility:	89.30%
(g)	Expected dividend yield:	0%

The movement of the liability component of the convertible bonds for the year is set out below:

	30-6-2017	30-6-2016
	HK$'000	*HK$'000*
Nominal value of convertible bonds issued	**89,625**	–
Equity component	**(3,200)**	–
Liability component	**86,425**	–
Imputed finance costs	**6,122**	–
Interest paid and payable	**(3,246)**	–
Carrying amount	**89,301**	–

MANAGEMENT DISCUSSIONS AND ANALYSIS

Business Review

"Internet Plus" Business

Internet Plus Lottery ("**Yao Cai*****" solution)***

Yao Cai is an interactive in-store marketing solution that utilizes our proprietary Bluetooth beacon device and LED display information dissemination system, via WeChat "Shake" function as well as unique QR code, to interact with lottery consumers. The solution won gold medal at the 44th International Exhibition of Inventions of Geneva in 2016, subsequently in November same year, the Group successfully won a tender in provision of LED display information dissemination system with Yao Cai for Hainan Sports Lottery Administration Center. This is the fourth Yao Cai cooperation contract made with the lottery centres which brings the business of the Group into a new geographical region, Hainan province. Winning this tender is a further recognition of Yao Cai from the market.

Internet Plus Government Affairs

During Year 2017, the Group successfully won a tender in the provision of new media services for Shenzhen Traffic Police ("**SZTP**"), and implemented the platform which provides new media services including transformation of SZTP's traditional services from offline to online. The Group has been facilitating SZTP in enhancing work efficiency such as setting up an online platform for traffic accidents reporting. We believe that the cooperation with SZTP is just a beginning of this business segment. Our interactive marketing solution for "Internet Plus Government Affairs" has the potential to gradually expand geographically throughout the PRC and to help out various government authorities in the coming years.

Internet Plus Health

On 27 February 2017, the Group entered into a definitive joint venture agreement with Sinopharm (Yanbian) Ecommerce Co., Ltd. ("**Sinopharm Ecommerce**"), IQARK Supply Chain Co., Ltd. ("**IQARK**") and United Enterprises CBT Cultural Industrial Co., Ltd. ("**United Enterprises**") for the establishment of a new joint venture company to build a nationwide "Internet Plus Health" online-to-offline sales platform in the PRC. Through the respective strengths of all parties including the Group's leading edge technology and lottery industry-related resources and the other joint venture partners experiences on the operation and the logistics of offline distribution channels which will help the joint venture company in the establishment stage and the joint venture company should be able to scale up its business efficiently. The Group has established this cooperation with prestigious business partners and present a solid entry into the "Internet Plus Health" business.

Internet Plus Tourism

On 23 March 2017, the Group entered into a definitive joint venture agreement with You Champion International Industrial Limited for the establishment of a new joint venture company (the "**JV Company**") to operate in the Kingdom of Tonga. It will be the first time for the Group to apply the Interactive Marketing Solution to "Internet Plus Tourism" and bring the Interactive Marketing Solution into the global stage. We are designing the solution based on Wechat platform with the objectives to bring information and convenience services to users through Wechat official account and mini program in order to promote tourism in the Kingdom of Tonga.

International Recognition in year 2017

We are pleased to announce that the Group's latest interactive marketing solution named "Health Management Cloud Platform" has won two international awards from the 45th International Exhibition of Inventions of Geneva and the Scientific Community of Romania, respectively. The Group developed the above platform targeting the general workforce in the office environment. Through this platform, the Group will provide personalized wellness recommendation based on the data gathered. With proper analysis on the data collected, our interactive marketing solution can provide precision marketing according to the users' needs. This platform has been applied in our "Internet Plus Health" business.

Lottery Business

We have continually engaged in provision of lottery transaction system, lottery Point-of-Sale ("**POS**") terminals, and self-service lottery operations (the "**Lottery Business**") to Sports Lottery and Welfare Lottery Centres in the PRC. In Year 2017, the performance of the Lottery Business remains stagnant with the traditional lottery segment believed to reach certain market saturation. On the other hand, the overall regulatory atmosphere on internet lottery remains tight with resumption of lottery sales through online channels not happened during the year, fundamental breakthrough in our self-service lottery would still be difficult.

Outlook and Strategies

We face many challenges in the Lottery Business partly because the industry itself is regulatory sensitive. However, as a trusted long term partner with the lottery authorities, our continual effort, persistency and sustainability shall make us prevail in such environment.

On the other hand, the latest developments of our "Internet Plus" business open up new lights in front of us and gave us new confidence in its potential development. We observed a growing market needs and the business is less susceptible to policy and regulatory changes. With our already accumulated experience and resources, we will further explore more business opportunities and will bring out more value for the shareholders from this new business segment of ours.

Financial Review

Results

During the year ended 30 June 2017, the Group recorded revenue of HK$26 million, a decrease of 24% over revenue of HK$35 million for the same period in 2016, while gross profit for the period of HK$21 million also represented a decrease of 32% over gross profit of HK$32 million in the corresponding period in 2016. Revenue and gross profit decreased as the result of a decrease in lottery related consultancy income for the year.

The Group recorded a loss attributable to equity holders of HK$175 million for the year under review. The loss attributable to the equity holders in Year 2016 was HK$207 million. The primary reason for the loss is that in Year 2017, the self-service lottery related business is still pending. As a result, the Group recorded impairment losses on goodwill of HK$37 million to reflect the current market situation. Furthermore, the Group recorded provision for doubtful receivables of HK$43 million for which was past due at the reporting date with long age since the due date.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2017, Shareholder's fund amounted to HK$11 million (2016: HK$149 million). Current assets amounted to HK$50 million (2016: HK$114 million), mainly comprising of trade and other receivables and prepayments, bank balances and cash. Current liabilities amounted to HK$123 million (2016: HK$110 million) mainly comprising of trade payable, accruals and other payables, amount due to a director and convertibles bonds.

The Group's bank balances and cash amounted to HK$14 million which were mainly held in HK$ and RMB (2016: HK$33 million). Net asset value per share was HK$0.003 (2016: HK$0.05).

As at 30 June 2017, the gearing ratio of the Group was 843% on the basis of the Group's total interest-bearing borrowings divided by total equity (2016: 56%).

Capital Structure

On 16 December 2014, Shareholders of the Company approved the ordinary resolution in relation to the proposed share subdivision at an extraordinary general meeting of the Company. Pursuant to which, with effect from 17 December 2014, each existing issued and unissued share of HK$0.050 each in the share capital of the Company was divided into four subdivided shares of HK$0.0125 each (the "**Share Subdivision**"). As a result of the Share Subdivision, adjustments to the share option scheme adopted on 31 January 2013 and to the convertible bonds issued on 17 January 2014 have been made respectively.

As at 30 June 2017, the total number of issued share capital of the Company was 3,290,855,068 Shares.

Convertible Bonds

On 17 January 2014, the Company issued unlisted convertible bonds due on 17 January 2017 with a principal amount of HK$89,625,000 at a rate of 2% per annual as general working capital and for repayment of borrowings (the "**Bonds**"). A maximum number of 37,500,000 shares would be issued by the Company upon full conversion of the Bonds at the conversion price of HK$2.39 per share into full-paid ordinary shares of the Company. As a result of Share Subdivision, the number of Shares fallings to be issued upon full conversion of the Bonds was adjusted to 150,000,000 at the conversion price of HK$0.598 per Share.

On 18 January 2017, the Company entered an amendment agreement with the Bondholder to amend some principal terms of the Convertible Bonds. The maturity date of the Convertible Bonds was extended for six months from 17 January to 17 July 2017, and further extended maturity date upon a written consent from the Bondholder shall be 17 January 2018. Its conversion price was amended from HK$0.598 to HK$0.359 per conversion share, which can be converted into for the maximum number of 249,651,810 shares. The interest rates of the Convertible Bonds shall be increased to 8% per annum and paid semi-annually (the "**Amendments**"). Save for the adjustment, all other terms and conditions of the Bonds shall remain unchanged. The Amendments had been passed as an ordinary resolution by the shareholders at the extraordinary general meeting, the Company held on 29 March 2017.

On 18 July 2017, the Company received a written consent from the Bondholder, of which the maturity date of the Convertible Bonds would be extended for the further six months to 17 January 2018.

As at 30 June 2017, no conversions have been made for the Bonds issued by holders of the Bonds or redeemed by the Company.

Contingent Liabilities and Pledge of Assets

The Group had no contingent liabilities as at 30 June 2017 (30 June 2016: Nil).

No assets of the Group was pledged as securities to any third parties as at 30 June 2017 (30 June 2016: Nil)

Commitments

The Group had capital commitments at HK$52 million and operating commitments as lease of HK$8 million from operations as at 30 June 2017 (30 June 2016: capital commitments of HK$39 million and operating lease commitments of HK$16 million respectively).

Significant Investments, Material Acquisition and Disposal of Subsidiaries

During the reporting period, the Group did not make any significant investment or material acquisition or disposal of subsidiaries and affiliated companies.

Foreign Exchange Exposure

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in HK$ or RMB. The Group's major investment and financing strategies are to invest in domestic projects in the PRC by RMB and HK$ borrowings. As the exchange rate of RMB against HK$ is relatively stable and the Group's operating income is substantially denominated in RMB, the Group did not perform any foreign currency hedging activities during the period. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB and HK$ exchange rate movement.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 30 June 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 June 2017, 63,790,000 Shares were issued to eligible persons after they had exercised their Share option rights. Net proceeds exclusive of handling fees of HK$27,940,027 was received.

Save as disclosed, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's Shares during the period.

CORPORATE GOVERNANCE

Corporate Governance Practice

The Company has adopted and complied with the applicable code of provisions as set out in CG Code contained in Appendix 15 of the GEM Listing Rules during the year ended 30 June 2017, except for the following deviations which are summarized below:

Code Provision A.4.1

The Non-executive Director and the INEDs of the Company were not appointed under specific terms but are subject to retirement by rotation in annual general meetings of the Company at least once every time three years in accordance with the Articles of Association. The Company does not believe that arbitrary term limits on Directors' services are appropriate given that Directors ought to be committed to representing the long term interests of Shareholders. The retirement and re-election requirements of INEDs have given the rights to the Shareholders to approve the continuation of INEDs' offices.

Code Provision A.6.7

An INED was unable to attend the annual general meeting of the Company held 23 November 2016 due to health reason.

The corporate governance practices of the Company will be review and updated from time to time in order to comply with the GEM Listing Rules requirements when the Board considers appropriate.

Directors' Securities Transactions

The Company has adopted the required standards of dealings set out in the Code of Conduct for securities transactions by the Directors in respect of the Shares of the Company. Have made specific enquiries, the Company has confirmed with all the Directors that they have complied with the required standards as set out in the Code of Conduct throughout the year ended 30 June 2017.

Audit Committee

The Audit Committee comprises three INEDs, namely, Mr. TO Yan Ming Edmond, Mr. YANG Qing Cai and Dr. LIU Ta-pei. Mr. TO was appointed as the Chairperson of the Audit Committee. The major duties and functions of Audit Committee are (i) to review the financial information of the Company; (ii) to review the accounting policies, financial position and results, financial reporting system, and risk management and internal control systems of the Group; (iii) to oversee the relationship between the Company and the external auditors and (iv) to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their term of appointment. During the year ended 30 June 2017, the Audit Committee held four meetings (i) to discuss the financial reporting and the compliance procedures with the external auditors; (ii) to review the audited annual results and unaudited quarterly and interim results; and (iii) to discuss and revise the terms of reference of the Audit Committee.

The Group's audited consolidated results for the year ended 30 June 2017 has been reviewed by the Audit Committee of the Company.

By Order of the Board
CHINA VANGUARD YOU CHAMPION HOLDINGS LIMITED
眾彩羽翔股份有限公司**
CHAN Ting
Executive Director and Chief Executive Officer

Hong Kong, 26 September 2017

As at the date of this announcement, the Board 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 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 posting and on the website of the Company at www.cvg.com.hk.

** For identification purposes only*