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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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 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.*

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Results

The board of Directors (the "**Board**") of the Company is pleased to announce that the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the three months and six months ended 31 December 2017 ("**Period 2017**"), together with the selected comparative unaudited figures for the corresponding period in 2016 ("**Period 2016**"), are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2017

		(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2017	2016	**2017**	2016
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**6,174**	7,145	**12,865**	15,333
Costs of sales		**(733)**	(1,237)	**(1,292)**	(2,344)
Gross profit		**5,441**	5,908	**11,573**	12,989
Other income	*3*	**2,448**	826	**2,973**	1,204
Selling and distribution expenses		**(316)**	(2,227)	**(945)**	(3,874)
Administrative and operating expenses		**(19,772)**	(26,045)	**(40,157)**	(49,873)
Operating loss		**(12,199)**	(21,538)	**(26,556)**	(39,554)
Finance costs	*4*	**(3,438)**	(3,277)	**(6,797)**	(6,561)
Share of results of joint ventures		**—**	(533)	**—**	(541)
Loss before tax	*5*	**(15,637)**	(25,348)	**(33,353)**	(46,656)
Income tax credit	*6*	**271**	1,273	**528**	1,677
Loss for the period		**(15,366)**	(24,075)	**(32,825)**	(44,979)
Loss for the period attributable to:					
Equity holders of the Company		**(15,237)**	(22,361)	**(30,908)**	(41,495)
Non-controlling interests		**(129)**	(1,714)	**(1,917)**	(3,484)
		(15,366)	(24,075)	**(32,825)**	(44,979)

		(Unaudited)		(Unaudited)	
		Three months ended		Six months ended	
		31 December		31 December	
		2017	2016	**2017**	2016
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other comprehensive loss for the period, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of overseas operations		**893**	(3,302)	**1,782**	(4,020)
Total comprehensive loss for the period		**(14,473)**	(27,377)	**(31,043)**	(48,999)
Total comprehensive loss for the period attributable to:					
Equity holders of the Company		**(14,463)**	(25,193)	**(29,414)**	(45,006)
Non-controlling interests		**(10)**	(2,184)	**(1,629)**	(3,993)
		(14,473)	(27,377)	**(31,043)**	(48,999)
Loss per share attributable to equity holders of the Company	*8*				
Basic		**(HK0.46 cent)**	(HK0.69 cent)	**(HK0.94 cent)**	(HK1.29 cent)
Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	(Unaudited) 31 December 2017 HK$'000	(Audited) 30 June 2017 HK$'000
Non-current assets			
Property, plant and equipment		**7,908**	13,260
Goodwill		**105,733**	62,746
Intangible assets		**33,488**	8,509
Interests in joint ventures		**—**	—
		147,129	84,515
Current assets			
Inventories		**1,232**	1,692
Trade and other receivables and prepayments	*9*	**33,677**	33,554
Bank balances and cash		**9,770**	14,302
		44,679	49,548
Current liabilities			
Trade payables, accruals and other payables	*10*	**94,196**	17,125
Amount due to directors		**28,579**	15,076
Obligation under finance leases — current portion		**191**	188
Convertible bonds	*11*	**89,301**	89,301
Deferred tax liabilities		**54**	54
Tax liabilities		**1,440**	1,382
		213,761	123,126
Net current liabilities		**(169,082)**	(73,578)
Total assets less current liabilities		**(21,953)**	10,937

	Notes	(Unaudited) 31 December 2017 *HK$'000*	(Audited) 30 June 2017 *HK$'000*
Non-current liabilities			
Obligation under finance leases		**248**	344
		248	344
Net (liabilities)/assets		**(22,201)**	10,593
Capital and reserves			
Share capital		**41,135**	41,135
Reserves		**(64,084)**	(41,781)
Equity attributable to equity holders of the Company		**(22,949)**	(646)
Non-controlling interests		**748**	11,239
(Capital deficiency)/total equity		**(22,201)**	10,593

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the GEM Listing Rules.

Except as described below, the principal accounting policies and methods of computation used in the preparation of the unaudited interim consolidated financial statements for the six months ended 31 December 2017 are consistent with the financial statements of the Group for the year ended 30 June 2017.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting period beginning on 1 July 2017. The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.

2. SEGMENT INFORMATION

(a) Segment revenue and results

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

Six months ended 31 December 2017 (Unaudited)

	Lottery-related services *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**11,383**	**1,482**	**12,865**
Segment results	**(22,783)**	**(3,139)**	**(25,922)**
Unallocated income			**2,453**
Unallocated expenses			**(3,087)**
Finance costs			**(6,797)**
Loss before tax			**(33,353)**
Income tax credit			**528**
Loss for the period			**(32,825)**
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	**325**	**424**	**749**
Depreciation and amortization	**3,297**	**144**	**3,441**

Six months ended 31 December 2016 (Unaudited)

	Lottery-related services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	13,647	1,686	15,333
Segment results	(36,007)	(246)	(36,253)
Unallocated income			175
Unallocated expenses			(3,476)
Share of results of joint ventures			(541)
Finance costs			(6,561)
Loss before tax			(46,656)
Income tax credit			1,677
Loss for the period			(44,979)
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	1,340	214	1,554
Depreciation and amortization	4,247	256	4,503

(b) Segment assets and liabilities

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

As at 31 December 2017 (Unaudited)

	Lottery-related services *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Assets			
Segment assets	**164,071**	**1,802**	**165,873**
Unallocated assets			**25,935**
Total assets			**191,808**
Liabilities			
Segment liabilities	**36,627**	**1,411**	**38,038**
Unallocated liabilities			**86,670**
Convertible bonds			**89,301**
Total liabilities			**214,009**

As at 30 June 2017 (Audited)

	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

3. REVENUE AND OTHER INCOME

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

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

	(Unaudited) Six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Provision of lottery-related services	**11,383**	13,647
Others	**1,482**	1,686
	12,865	15,333
Other income		
Interest income	**3**	43
Gain on disposal of subsidiaries	**2,159**	—
Others	**811**	1,161
	2,973	1,204

4. FINANCE COSTS

	(Unaudited) Six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Interest on:		
— Convertible bonds	**6,785**	6,554
— Finance lease payment	**12**	7
	6,797	6,561

5. LOSS BEFORE TAX

	(Unaudited) Six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Loss before tax has been arrived at after charging:		
Cost of inventories sold	**1,292**	2,344
Equity-settled share-based payments	**24**	562
Depreciation of property, plant and equipment	**2,737**	2,692
Amortization of intangible assets	**1,450**	1,811
Exchange losses, net	**245**	1,749

6. INCOME TAX CREDIT

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

	(Unaudited) Six months ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Over provision in the prior periods		
— Hong Kong profits tax	**—**	20
Deferred tax	**528**	1,657
Income tax credit for the period	**528**	1,677

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for the three months and six months ended 31 December 2017 (three months and six months ended 31 December 2016: HK$Nil).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

7. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: Nil)

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

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

Loss

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period attributable to the equity holders of the Company	**(15,237)**	(22,361)	**(30,908)**	(41,495)

Number of shares

	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
	2017	2016	**2017**	2016
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basic loss per share	**3,290,855**	3,227,065	**3,290,855**	3,227,065
Weighted average number of ordinary shares for the purposes of diluted loss per share	**3,290,855**	3,227,065	**3,290,855**	3,227,065

For the three months and six months ended 31 December 2017, outstanding share options and convertible bonds of the Company are anti-dilutive (Three months and six months ended 31 December 2016: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (Three months and six months ended 31 December 2016: decrease in loss per share).

9. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	(Unaudited) **31 December** **2017** ***HK$'000***	(Audited) 30 June 2017 *HK$'000*
Trade receivables	**79,930**	82,195
Other receivables and prepayments	**45,247**	40,572
	125,177	122,767
Less: Allowances for doubtful receivables	**(91,500)**	(89,213)
	33,677	33,554

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 the reporting period:

	(Unaudited) **31 December** **2017** ***HK$'000***	(Audited) 30 June 2017 *HK$'000*
0 to 30 days	**2,770**	4,919
31 to 60 days	**2,595**	1,314
61 to 180 days	**—**	5,993
181 to 365 days	**69**	339
Over 1 year	**74,496**	69,630
	79,930	82,195

10. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	(Unaudited) **31 December** **2017** ***HK$'000***	(Audited) 30 June 2017 *HK$'000*
Trade payables	**374**	1,106
Accruals and other payables	**93,822**	16,019
	94,196	17,125

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:

	(Unaudited) **31 December** **2017** ***HK$'000***	(Audited) 30 June 2017 *HK$'000*
0-30 days	**—**	921
31-120 days	**—**	—
121-180 days	**—**	—
181-365 days	**—**	50
Over 1 year	**374**	135
	374	1,106

11. CONVERTIBLE BONDS

On 17 January 2014, the Company issued convertible 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 general working capital and repayment of borrowings (the "**Bonds**"). The Bonds are convertible into fully-paid ordinary shares with a conversion price of HK$2.39 per share. The conversion price has been adjusted to HK$0.598 per share upon share subdivision on 17 December 2014.

Upon full conversion of the Bonds at the conversion price of HK$0.598 (adjusted) per ordinary share of the Company, a total of 150,000,000 shares (adjusted) would be issued by the Company upon the exercise of the conversion rights attached to the Bonds. The Company shall redeem any Bonds which remain outstanding on the maturity date at its principal amount.

The 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 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.

On 18 January 2017, the Company and the Bondholder entered into the Amendment Agreement and agreed to amend some principal terms of the Bonds, where (i) the conversion price shall be amended to HK$0.359 per share which can be converted into for the maximum number of 249,651,810 Shares; (ii) the maturity date share be extended for six months from 17 January 2017 to 17 July 2017 with a further six months extension upon a prior written consent from the Bondholder; and (iii) the interest rates shall be increased to 8% per annum and shall be paid semi-annually.

On 18 January 2018, the Company entered into the Second Amendment Agreement with the bondholder, pursuant to which both parties agreed to amend some principal terms of the Convertible Bonds maturing on 17 January 2018, where the maturity date shall be extended for six months from 17 January 2018 to 17 July 2018 with a further six months extension upon a prior written consent from the bondholder.

The Bonds have been split between the liability and equity components as follows:

	(Unaudited) 31 December 2017 *HK$'000*	(Audited) 30 June 2017 *HK$'000*
Nominal value of the Bonds issued	**89,625**	89,625
Equity component	**(3,200)**	(3,200)
Liability component at the issuance date	**86,425**	86,425
Imputed finance costs	**6,122**	6,122
Interest paid and payable	**(3,246)**	(3,246)
Carrying amount	**89,301**	89,301

12. EVENTS AFTER THE REPORTING PERIOD

On 18 January 2018, the Company entered into the Second Amendment Agreement with the bondholder, pursuant to which both parties agreed to amend the terms of the Convertible Bonds maturing on 17 January 2018, where the maturity date shall be extended for six months from 17 January 2018 to 17 July 2018 with a further six months extension upon a prior written consent from the bondholder.

The Second Amendment Agreement, Proposed Amendments and transactions contemplated thereunder are subject to the approval by the independent shareholders of the Company at the forthcoming extraordinary general meeting, and the Stock Exchange approving the Proposed Amendments and the listing on the Stock Exchange of conversion shares arising from the Convertible Bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The principal activities of the Group are (i) the provision of lottery-related services and (ii) others.

For Period 2017, the Group recorded unaudited consolidated revenue of HK$12.9 million, decreased by 15.7% against Period 2016 of HK$15.3 million. Revenue decreased as the result of a decline in sales of lottery related business. The gross profit ratio increased to about 90% as compared with 84.7% for Period 2016.

For Period 2017, the Group recorded a net loss attributable to the equity holders of HK$30.9 million, decreased 25.5% from HK$41.5 million for Period 2016. Loss attributable to equity holders was HK$15.2 million from the second quarter of Period 2017, decreased by 32.1% from HK$22.4 million for Period 2016. Selling and distribution expenses and administrative expenses in Period 2017 amounted to HK$41.1 million, decreased 23.5% as compared to HK$53.7 million in Period 2016.

Business Review

The Group has been continually providing the leading hardware and software solutions to the lottery industry in a number of provinces and cities in the PRC. At the same time, the business transformation of the Group into the "Internet Plus" market segment has been carried on and has achieved initial successes including being recognized by the leading players in the PRC's Internet industry.

The Group's "Internet Plus" solutions have been recognized by the leading internet players in the PRC because our solutions can provide premium users' experience and meet the requirements of the clients, especially clients from the government sector. The Group also demonstrated its high capability in applying various technologies from the leading internet players into actual applications. One of the typical examples is the solution the Group provided to Shenzhen Traffic Police (the "**SZTP**"), SZTP Star Users Service Platform (深圳交警星級用戶服務平台) (the "**Star Users platform**"), which has successfully created a new standard of its kind among the industry. The Star Users platform provides the relevant convenient traffic police services to the general public on a 24-hours basis. On the back of the positive feedbacks,the Group's "Internet Plus" solutions have become the showcase in various conferences hosted by those leading Internet players, such as Tencent's mobile internet partners' conference in Shenzhen in December 2017 and Alibaba's Computing Conference in Hangzhou (also known as "雲栖大會") in October 2017.

One of the key milestones of the Group's transformation into "Internet Plus" was the cooperation with one of the leading internet companies in the PRC. In October 2017, the Group, through its subsidiary, has entered into a legally binding strategic cooperation agreement with Tencent Cloud Computing (Beijing) Company Limited (騰訊雲計算(北京)有限責任公司) (the "**Tencent Cloud**") in four specific market segments, namely government affairs, public security, health care and lottery as nationwide priority strategic partner. The Group is expected to work closely with Tencent Cloud in exploring the potential markets in the coming years.

Further to the above strategic partnership, in November 2017, the Group has successfully entered into an agreement with Information Centre of Housing and Construction Bureau of Shenzhen Municipality (the "**HCBSZ**") for the development of a revolutionize content management platform in converging and managing all media content under the HCBSZ via WeChat (微信) ("**Weixin**").

In addition to the above and subsequent to the review period, in January 2018, the Group while being the technical development service provider for the Shenzhen Lease Trading Service Platform, through its subsidiary, entered into a legally binding strategic cooperation agreement (the "**GZCI Strategic Cooperation Agreement**") with Guangzhou City Construction Investments Group Smart City Technology Development Company Limited (廣州城投智慧城市科技發展有限公司) ("**GZCI Smart City**"). The purpose of entering into the GZCI Strategic Cooperation Agreement is the formation of strategic partnership between the Group and GZCI Smart City in GZCI Lease Platform and smart city market segment. During the same month, a subsidiary of the Group and GZCI Smart City have further entered into a development agreement for GZCI Residential Lease Platform ("**GZCI Development Agreement**"). In the GZCI Development Agreement, the Group as the technical service provider, is to build a one-stop WeChat (微信) ("**Weixin**") based platform that can be connected with various types of services, in order to provide basic services on an online residential lease platform that contains public rental housing, institutional housing and private housing in Guangzhou.

Besides the development in the government affairs market, the Group has also strengthened its cooperation with Sinopharm Traditional Chinese Medicine Co. Ltd (國藥藥材股份有限公司) (the "**Sino-TCM**"), a subsidiary of China National Pharmaceutical Group (中國醫藥集團總公司), by establishing the second joint venture company in Hong Kong after the initial cooperation in Shanghai. The joint venture company in Hong Kong will be established for the e-commerce, import and export of health-related products, supply chain and related businesses. The Group will assurance the technical and operational development of the "Internet Plus" of this joint venture Company, including an online e-commerce platform with the interactive marketing solution for Hong Kong and overseas.

Outlook and Strategies

The Group's "Internet Plus" business has been progressively developing the necessary components for the long term success of this new business area. We have formed legally binding cooperation with a number of important strategic partners which are resourceful and leading players in their respective industries. At the same time, we were able to contract and to implement our solutions while building up reputation in various market segments. These meaningful achievements and recognitions not only motivate the Group to strive for continual development and innovation of our solutions, but they also create unmatchable advantages in expanding into new markets and industries. The Board believes that as of this present stage of development, the infrastructure that has been built is ready for massive rollout and is expected to be the new growth engine for the Group while monetizing and creating value for the shareholders.

Dividend

The Board does not recommend the payment of dividend for the six months ended 31 December 2017 (six months ended 31 December 2016: Nil).

Financial Resources and Liquidity

As at 31 December 2017, capital deficiency amounted to HK$22 million (total equity as at 30 June 2017: HK$11 million). Current assets amounted to HK$45 million (30 June 2017: HK$50 million), mainly comprising of trade and other receivables and prepayments, bank balances and cash. Current liabilities amount to HK$214 million (30 June 2017: HK$123 million), mainly comprising of convertible bonds, trade payables, accruals and other payables, and tax liabilities.

The Group's bank balances and cash amounted to HK$10 million (30 June 2017: HK$14 million). Net asset value per share of the Group was N/A (30 June 2017: HK$0.003).

As at 31 December 2017, the gearing ratio of the Group was 47% (30 June 2017: 67%) on the basis of the Group's total interest-bearing borrowings divided by total assets.

Foreign Exchange Exposure

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars ("**HK$**"), Renminbi ("**RMB**") or United Stated dollars ("**US$**"). The Group's major investment and financing strategies are to invest in domestic projects in the PRC by RMB, HK$ and US$ 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, US$ and HK$ exchange rate movement.

Share Capital

As at 31 December 2017, the total number of issued share of the Company was 3,290,855,068 ordinary shares of HK$0.0125 each (the "**Shares(s)**").

EVENT AFTER THE REPORTING PERIOD

Proposed Amendments to the Terms of the Convertible Bonds

On 18 January 2018, the Company entered into the Second Amendment Agreement with the bondholder, pursuant to which both parties agreed to amend the terms of the Convertible Bonds maturing on 17 January 2018, where the maturity date shall be extended for six months from 17 January 2018 to 17 July 2018 with a further six months extension upon a prior written consent from the bondholder.

The Second Amendment Agreement, Proposed Amendments and transactions contemplated thereunder are subject to the approval by the independent shareholders of the Company at the forthcoming extraordinary general meeting, and the Stock Exchange approving the Proposed Amendments and the listing on the Stock Exchange of conversion shares arising from the Convertible Bonds.

GENERAL INFORMATION

Connected Transaction

On 18 January 2018, the Company and Integrated Asset Management, as the bondholder, entered into the Second Amendment Agreement in respect of the Proposed Amendment of the Convertible Bonds. As Integrated Asset Management is a substantial shareholder and a connected person of the Company as defined under Chapter 20 of the GEM Listing Rules, the Proposed Amendment as contemplated under the Second Amendment Agreement constitutes a connected transaction of the Company pursuant to the GEM Listing Rules. The Second Amendment Agreement, Proposed Amendments and transactions contemplated thereunder are subject to the approval by the independent shareholders of the Company at the forthcoming extraordinary general meeting, and the Stock Exchange approving the Proposed Amendments and the listing on the Stock Exchange of conversion shares arising from the Convertible Bonds.

Details of the Proposed Amendments have been disclosed in the announcement of the Company dated 18 January 2018.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's Shares.

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

Competing Interests

As at 31 December 2017, none of Directors, the substantial shareholders nor the controlling shareholders of the Company or any of their respective close associates (as defined the GEM Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

Corporate Governance Practices

The Company has adopted and complied with the applicable code of provisions as out in Appendix 15 to the GEM Listing Rules on the Stock Exchange (the "**CG Code**") during the six months ended 31 December 2017, except for the following deviations which are summarized below:

Code provision A.4.1

Under code provision A.4.1 of the CG Code, Non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-executive Directors (the "**INEDs**") of the Company are not appointed under a specific terms but are subject to retirement by rotation in annual general meetings of the Company at least once every three years in accordance with the Articles of Association of the Company. 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 the Company's shareholders. The retirement and re-election requirements of INEDs have given the rights to the Company's shareholders to approve continuation of INEDs' offices.

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

Directors' Securities Transactions

The Company has adopted the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct (the "**Code of Conduct**") regarding Directors' securities transaction in the Shares of the Company. Having made specific enquires, the Company has confirmed with all Directors that they have complied with the required standards as set out in the Code of Conduct during the six months ended 31 December 2017.

Audit Committee

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the GEM Listing Rules and consisted of three INEDs, namely Mr. YANG Qing Cai, Mr. TO Yan Ming Edmond and Dr. LIU Ta-pei. Mr. TO Yan Ming Edmond is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review the Company's annual report and accounts, interim report and quarterly reports and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Company's financial reporting, risk management and internal control procedures.

The Group's unaudited results for the six months ended 31 December 2017 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

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, 12 February 2018

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. YANG Qing Cai, Mr. TO Yan Ming Edmond 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 publication and on the website of the Company at www.cvg.com.hk.

* *For identification purposes only*