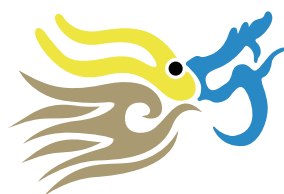


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**眾彩羽翔股份有限公司\***  
**China Vanguard You Champion Holdings Limited**

(Formerly known as China Vanguard Group Limited)

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8156

## **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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.*

## FIRST QUARTERLY RESULTS

The board of Directors (“**Board**”) of the Company announces that the unaudited consolidated results of the Company and its subsidiaries (together as the “**Group**”) for the three months ended 30 September 2017 (“**Period 2017**”), together with the comparative unaudited figures for the corresponding period in 2016 (“**Period 2016**”), as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		(Unaudited)	
		Three months ended	
		30 September	
		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	6,691	8,188
Costs of sales		(559)	(1,107)
Gross profit		6,132	7,081
Other income		525	378
Selling and distribution expenses		(629)	(1,647)
Administrative and operating expenses		(20,385)	(23,828)
<b>Operating loss</b>		<b>(14,357)</b>	<b>(18,016)</b>
Finance costs		(3,359)	(3,284)
Share of result of joint ventures		—	(8)
<b>Loss before tax</b>	3	<b>(17,716)</b>	<b>(21,308)</b>
Income tax credit	4	257	404
<b>Loss for the period</b>		<b>(17,459)</b>	<b>(20,904)</b>
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(15,671)	(19,134)
Non-controlling interests		(1,788)	(1,770)
		<b>(17,459)</b>	<b>(20,904)</b>

		<b>(Unaudited)</b>	
		<b>Three months ended</b>	
		<b>30 September</b>	
		<b>2017</b>	<b>2016</b>
<i>Notes</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income/(loss)</b>			
<b>for the period, net of tax:</b>			
<i>Items that may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
Exchange differences arising			
on translation of financial statements			
of overseas operations		<b>889</b>	(718)
		<hr/>	<hr/>
Total comprehensive loss for the period		<b>(16,570)</b>	(21,622)
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive loss for the period</b>			
<b>attributable to:</b>			
Equity holders of the Company		<b>(14,951)</b>	(19,813)
Non-controlling interests		<b>(1,619)</b>	(1,809)
		<hr/>	<hr/>
		<b>(16,570)</b>	(21,622)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share attributable to equity</b>			
<b>holders of the company</b>			
	5		
Basic		<b>(HK0.48 cent)</b>	(HK0.59 cent)
		<hr/> <hr/>	<hr/> <hr/>
Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended 30 September 2017

### 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of GEM Listing Rules.

Except as described below, the accounting policies and methods of computation used in the unaudited consolidated financial results for the three months ended 30 September 2017 are the same as those followed in the preparation of the Group’s annual financial statements 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. REVENUE

The principal activities of the Group are (i) provision of lottery-related services, (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 period is as follows:

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$’000</b>	<b>HK\$’000</b>
Revenue		
Lottery-related services	<b>5,925</b>	7,319
Others	<b>766</b>	869
	<b>6,691</b>	8,188

### 3. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories sold	<b>559</b>	1,107
Equity-settled share-based payments	<b>24</b>	326
Depreciation of property, plant and equipment	<b>1,640</b>	1,155
Interest income	<b>(1)</b>	(39)
Loss/(gain) on change in fair value of contingent consideration	<b>200</b>	(204)
Exchange losses, net	<b>9</b>	890
Interest on convertible bonds	<b>3,353</b>	3,231
	<b>=====</b>	<b>=====</b>

### 4. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during Period 2017 (Period 2016: Nil).

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

### 5. 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:

#### Loss

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period attributable to the equity holders of the Company	<b>(15,671)</b>	(19,134)
	<b>=====</b>	<b>=====</b>

## Number of shares

	'000	'000
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>3,290,855</u>	<u>3,227,065</u>

For the three months ended 30 September 2017, outstanding share options and convertible bonds of the Company are anti-dilutive (Three months ended 30 September 2016: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (Three months ended 30 September 2016: decrease in loss per share).

## 6. MOVEMENT OF RESERVES

### For the three months ended 30 September 2017

	Attributable to equity holders of the Company									
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ losses (Accumulated) HK\$'000	Total HK\$'000
At 1 July 2017 (audited)	2,480,372	1,484	35,572	1,547	5,543	2,672	(1)	5,769	(2,574,739)	(41,781)
Loss for the period	—	—	—	—	—	—	—	—	(15,671)	(15,671)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	720	—	—	—	—	720
Total comprehensive (loss)/income for the period	—	—	—	—	720	—	—	—	(15,671)	(14,951)
Amendments to the terms of convertible bonds	—	—	—	—	—	528	—	—	2,672	3,200
Deferred tax liabilities arising from amendments to the terms of convertible bonds	—	—	—	—	—	(528)	—	—	—	(528)
Recognition of equity-settled share-based payments	—	—	—	24	—	—	—	—	—	24
Share options lapsed	—	—	—	(988)	—	—	—	—	988	—
At 30 September 2017 (unaudited)	<u>2,480,372</u>	<u>1,484</u>	<u>35,572</u>	<u>583</u>	<u>6,263</u>	<u>2,672</u>	<u>(1)</u>	<u>5,769</u>	<u>(2,586,750)</u>	<u>(54,036)</u>

For the three months ended 30 September 2016

	Attributable to equity holders of the Company									Total HK\$'000
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	
At 1 July 2016 (audited)	2,442,537	1,484	35,572	10,056	6,522	24,184	(1)	5,769	(2,430,120)	96,003
Loss for the period	—	—	—	—	—	—	—	—	(19,134)	(19,134)
Exchange differences arising on translation of financial statements of overseas operations	—	—	—	—	(679)	—	—	—	—	(679)
Total comprehensive (loss)/income for the period	—	—	—	—	(679)	—	—	—	(19,134)	(19,813)
Recognition of equity-settled share-based payments	—	—	—	326	—	—	—	—	—	326
Share options lapsed	—	—	—	(2,712)	—	—	—	—	2,712	—
At 30 September 2016 (unaudited)	<u>2,442,537</u>	<u>1,484</u>	<u>35,572</u>	<u>7,670</u>	<u>5,843</u>	<u>24,184</u>	<u>(1)</u>	<u>5,769</u>	<u>(2,446,542)</u>	<u>76,516</u>

## 7. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated first quarterly financial statements were approved and authorised for issue by the Board on 13 November 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

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

For Period 2017, the Group recorded unaudited consolidated revenue of HK\$6.7 million, decreased by 18% against Period 2016 of HK\$8.2 million. Revenue decreased as the result of a decline in sales of lottery related business. The gross profit ratio increased to about 92% as compared with 87% for Period 2016.

For Period 2017, the Group recorded a net loss attributable to the equity holders of HK\$15.7 million, decreased 18% from HK\$19.1 million for Period 2016. Selling and distribution expenses and administrative expenses in Period 2017 amounted to HK\$21.0 million, decreased 18% as compared to HK\$25.5 million in Period 2016.

Finance costs for Period 2017 increased 2% to HK\$3.4 million as compared to HK\$3.3 million for Period 2016 relating to increase in imputed finance costs on convertible bonds.

## **Business Review**

While the Group is continually engaging in the 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, the Group is at the same time carrying forward the business transformation into the “Internet Plus” market segment. The Group has progressed with solid steps in its evolving direction during the reporting period.

One of the substantial progress made during the reporting period, was the cooperation with one of the leading internet company in the PRC. 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) (“**Tencent Cloud**”), a controlled structured entity of Tencent Holdings Limited. The purpose of this strategic cooperation is to broaden and deepen the cooperation between both parties on a nationwide basis in four specific market segments, namely government affairs, public security, health care and lottery.

Within the strategic cooperation agreement, Tencent Cloud and the Group mutually recognize each other as their priority strategic partner in the above market segments, whilst jointly develop and support applications in mobile, cloud computing, big data, AI and other similar areas. Both parties are expected to cooperate closely to explore these huge potential markets in the coming years.

Under the “Internet Plus Government Affairs”, the Group has successfully assisted Shenzhen Traffic Police (“**SZTP**”) in elevating the performance and function of the SZTP Star Users Service platform (深圳交警星級用戶服務平台) (“**Star Users platform**”) to a new standard. Through the technology cooperation with the leading internet companies in the PRC, the Star Users platform provides the relevant convenient traffic police services to the general public on a 24-hours basis. This solution is a leading solution of its kind among the traffic police sector in the PRC.

## **Outlook and Strategies**

The application of “Internet Plus” on the government affairs was spotlighted as advocated under 13th Five-year plan and also written in the 2016 government report by the State Council in the PRC. This direction includes offline-to-online smart solutions to enhance efficiency, to provide paperless solutions and to bring in convenient services to users. The market size of government affairs in 2018 expected to be over multi-hundred billion renminbi with enormous potential.

As the Group has established a trusted long term business relationship with the authorities through the existing business coverage in most of the provinces and regions in the PRC. The formation of strategic alliance with Tencent Cloud, provides us a hinge in integrating the respective resources, on the basis of mutual benefit and reciprocity, to ensure long-term development in “Internet Plus” segments, while bringing in new perspectives to existing businesses.

## **Dividend**

The Board does not recommend the payment of dividend for the three months ended 30 September 2017 (three months ended 30 September 2016: Nil).

## **GENERAL INFORMATION**

### **Purchase, Sale or Redemption of The Company’s Listed Securities**

During the three months ended 30 September 2017, 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 30 September 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 of the Company.

## **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 three months ended 30 September 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 three months ended 30 September 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. TO Yan Ming Edmond, Mr. YANG Qing Cai and Dr. LIU Ta-pai. 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 systems.

The Group's unaudited results for the three months ended 30 September 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, 13 November 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. 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](http://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](http://www.cvg.com.hk).*

*\* For identification purposes only*