

INTERNET + GOVERNMENT AFFAIRS

INTERNET + HEALTH

INTERNET + TOURISM

INTERNET + LOTTERY



FIRST QUARTERLY REPORT  
2017 / 2018



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

## **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.

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*This report, 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 report 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 report misleading.*

# QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

## 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 HK\$'000	2016 HK\$'000
	<i>Notes</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>

QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

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

# 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>HK\$’000</b>	2016 HK\$’000
Revenue		
Lottery-related services	<b>5,925</b>	7,319
Others	<b>766</b>	869
	<b>6,691</b>	8,188

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

For the three months ended 30 September 2017

### 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>	2016
	<b>HK\$'000</b>	HK\$'000
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

### 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.

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

For the three months ended 30 September 2017

### 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>HK\$'000</b>	<b>2016</b> <b>HK\$'000</b>
Loss for the period attributable to the equity holders of the Company	<b>(15,671)</b>	(19,134)

#### Number of shares

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

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).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended 30 September 2017

## 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/ (Accumulated losses) 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)	2,480,372	1,484	35,572	583	6,263	2,672	(1)	5,769	(2,586,750)	(54,036)

### For the three months ended 30 September 2016

	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/ (Accumulated losses) HK\$'000	Total 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)	2,442,537	1,484	35,572	7,670	5,843	24,184	(1)	5,769	(2,446,542)	76,516





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

For the three months ended 30 September 2017

### **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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2017, the interests and short positions of the Directors and chief executive in the ordinary share(s) of HK\$0.0125 each of the Company (the "**Share(s)**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

### 1. Long Positions in the Shares of the Company or Any of Its Associated Corporation

Name of Directors	The Company/ Name of Associated Corporation	Number of Shares Held				Approximate Percentage Shareholding
		Interest in Controlled Corporation	Personal Interest	Family Interest	Total Interest	
Madam CHEUNG Kwai Lan ("Madam CHEUNG") (Note 1 & 2)	The Company	818,565,856	4,656,000	3,020,000	826,241,856	25.11%
Mr. CHAN Tung Mei ("Mr. CHAN") (Notes 1 & 3)	The Company	—	3,020,000	823,221,856	826,241,856	25.11%
Madam CHEUNG	Best Frontier Investments Limited ("Best Frontier") (Note 1)	—	909	1	910	—
Mr. CHAN	Best Frontier	—	1	909	910	—
Dr. LIU Ta-pei ("Dr. LIU") (Note 4)	The Company	—	2,620,000	—	2,620,000	0.08%
Mr. YANG Qing Cai ("Mr. YANG") (Note 5)	The Company	—	475,000	—	475,000	0.01%



## GENERAL INFORMATION

### Notes:

1. 818,565,856 Shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN respectively. In addition, Madam CHEUNG and Mr. CHAN directly hold 4,656,000 Shares and 3,020,000 Shares respectively. Accordingly, Madam CHEUNG is the spouse of Mr. CHAN and so both of them are deemed to be interested in the Shares.
2. The personal interests of Madam CHEUNG represents the interest in 4,656,000 Shares.
3. The personal interests of Mr. CHAN represents the interest in 3,020,000 Shares.
4. The personal interests of Dr. LIU represents the interest in 2,620,000 Shares.
5. The personal interests of Mr. YANG represents the interest in 475,000 Shares.

Save as disclosed above, as at 30 September 2017, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

## 2. Share Options

The Company conditionally adopted a share option scheme on 31 January 2013 under which the Board may, at its discretion, invite eligible persons to take up to subscribe for the Shares in the Company (the “**Share Option Scheme**”). Eligible persons shall include any directors, employees and consultants of the Company or of any subsidiary of the Company or such other persons whom at the sole discretion of the Board are deemed to have contributed to the Group at the time when an option is granted to such person. The Share Option Scheme will remain valid for a period of 10 years commencing from the date of adoption of the Share Option Scheme.

## GENERAL INFORMATION

The details of the movements in Share Options under Share Options Scheme during the period were as follows:—

Name/Category of Participants	Grant Date	Exercise Price (Note 1)	Exercisable Period	Number of Share Options					As at 30 September 2017
				As at 30 June 2017	Granted	Exercised	Cancelled	Lapsed	
Employees	13/06/2014	0.952	01/07/2015 - 30/06/2018	936,000	—	—	—	—	936,000
	13/06/2014	0.952	01/07/2016 - 30/06/2018	936,000	—	—	—	—	936,000
	13/06/2014	0.952	01/07/2017 - 30/06/2018	1,248,000	—	—	—	—	1,248,000
	21/07/2015	1.280	01/07/2016 - 30/06/2019	540,000	—	—	—	(540,000)	—
	21/07/2015	1.280	01/07/2017 - 30/06/2019	540,000	—	—	—	(540,000)	—
	21/07/2015	1.280	01/07/2018 - 30/06/2019	720,000	—	—	—	(720,000)	—
	Sub-total				4,920,000	—	—	—	(1,800,000)

Name/Category of Participants	Grant Date	Exercise Price (Note 1)	Exercisable Period	Number of Share Options					As at 30 September 2017
				As at 30 June 2017	Granted	Exercised	Cancelled	Lapsed	
Other Eligible Participants (Note 2)	13/06/2014	0.952	01/07/2015 - 30/06/2018	20,100,000	—	—	—	—	20,100,000
	13/06/2014	0.952	01/07/2016 - 30/06/2018	20,100,000	—	—	—	—	20,100,000
	21/07/2015	1.280	01/07/2016 - 30/06/2019	10,000,000	—	—	—	—	10,000,000
	21/07/2015	1.280	01/07/2017 - 30/06/2019	10,000,000	—	—	—	—	10,000,000
	Sub-total				60,200,000	—	—	—	—
<b>Total</b>				<b>65,120,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,800,000)</b>	<b>63,320,000</b>

Notes:

- In respect of share subdivision becoming effective on 17 December 2014, the total number of Shares that would be eligible to be issued upon full exercise of the Share Options of the Company granted 10 December 2013 and 13 June 2014 were adjusted and also with exercise price of HK\$1.752 and HK\$3.806 was adjusted to HK\$0.438 and HK\$0.952 per Share respectively.
- Other Eligible Participants include certain business partners and consultants of the Group.



## GENERAL INFORMATION

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, debentures or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) that are required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Save as disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any body corporate, and none of the directors and chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the three months ended 30 September 2017.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2017, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follow:

#### Long Positions in the Shares

<u>Name of Shareholders</u>	<u>Capacity</u>	<u>Number of issued Shares Held</u>	<u>Approximate Percentage of the Shareholding</u>
Best Frontier & its concert parties ( <i>Note 1</i> )	Beneficial Owner	826,241,856	25.11%
Integrated Asset Management (Asia) Limited ("Integrated Asset") & its concert parties ( <i>Note 2</i> )	Beneficial Owner	538,233,000	16.36%
GAM Hong Kong Limited	Investment Manager	240,950,000	7.32%
Tarascon Asia Absolute Fund (Cayman) Ltd.	Beneficial Owner	170,099,960	5.17%





## GENERAL INFORMATION

### Notes:

1. 818,565,856 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN who are spouses to each other. In addition, Madam CHEUNG and Mr. CHAN directly beneficially holds 4,656,000 and 3,020,000 Shares respectively. Madam CHEUNG is the spouse of Mr. CHAN and so both of them are deemed to have interests in the Shares.
2. 538,233,000 Shares are owned by Integrated Asset which is wholly owned by Mr. YAM Tak Cheung. A 8% coupon convertible bonds in aggregate amount of HK\$89,625,000 for a term of six months was issued to Integrated Asset pursuant to the Amendment Agreement dated 18 January 2017 ("the **Bonds**"). The Company received a written consent from the Integrated Asset, of which the maturity date of the Bonds would be extended for the further six months to 17 January 2018. A maximum of 249,651,810 Shares will be allotted and issued to Integrated Asset upon conversion of the Bonds in full and thereafter the shareholding of Integrated Asset will be increased to approximately 23.94% of the current issued share capital of the Company and approximately 22.25% of the enlarged issued share capital of the Company. The adjusted conversion price is HK\$0.359 per conversion share subject to adjustment.

Save as disclosed above, as at 30 September 2017, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 an 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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.



## GENERAL INFORMATION

### 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.



## GENERAL INFORMATION

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 report, 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.*

\* For identification purposes only