



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

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

2018 / 2019

Third Quarterly Report



B2G



B2C



B2B

眾彩  
China Vanguard

公共安全  
Public Security

醫療衛生  
Health Care

政務  
Government  
Affairs

彩票  
Lottery

教育  
Education

旅遊  
Tourism

住房租賃  
Leasing



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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 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 NINE MONTHS ENDED 31 MARCH 2019

## RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce that the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 March 2019 (the “**Period 2019**”), together with the selected comparative unaudited figures for the corresponding period in 2018 (the “**Period 2018**”), are as follows:

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

For the three months and nine months ended 31 March 2019

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)
Revenue	2	9,183	5,781	21,558	18,646
Costs of services		(1,148)	(2,152)	(5,604)	(6,244)
Gross profit		8,035	3,629	15,954	12,402
Other income/(expenses)		356	396	616	3,369
Selling and distribution expenses		(7)	(294)	(7)	(1,239)
Administrative and operating expenses		(18,711)	(18,903)	(42,219)	(56,260)
<b>Operating loss</b>		<b>(10,327)</b>	<b>(15,172)</b>	<b>(25,656)</b>	<b>(41,728)</b>
Finance costs		(1,992)	(3,356)	(7,663)	(10,153)
<b>Loss before tax</b>	3	<b>(12,319)</b>	<b>(18,528)</b>	<b>(33,319)</b>	<b>(51,881)</b>
Income tax credit	4	88	257	1,060	785
<b>Loss for the period</b>		<b>(12,231)</b>	<b>(18,271)</b>	<b>(32,259)</b>	<b>(51,096)</b>
<b>Loss for the period attributable to:</b>					
Equity holders of the Company		(10,801)	(17,952)	(29,707)	(48,860)
Non-controlling interests		(1,430)	(319)	(2,552)	(2,236)
		<b>(12,231)</b>	<b>(18,271)</b>	<b>(32,259)</b>	<b>(51,096)</b>



## QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2019

Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Other comprehensive 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	116	1,427	(102)	3,209
<b>Total comprehensive loss for the period</b>	<b>(12,115)</b>	(16,844)	<b>(32,361)</b>	(47,887)
<b>Total comprehensive loss for the period attributable to:</b>				
Equity holders of the Company	(10,718)	(16,763)	(29,719)	(46,177)
Non-controlling interests	(1,397)	(81)	(2,642)	(1,710)
	<b>(12,115)</b>	(16,844)	<b>(32,361)</b>	(47,887)
<b>Loss per share attributable to equity holders of the Company</b>				
Basic	<b>(HK0.32 cents)</b>	(HK0.54 cents)	<b>(HK0.89 cents)</b>	(HK1.48 cents)
Diluted	<b>N/A</b>	N/A	<b>N/A</b>	N/A

The accompanying notes on page 3 to 7 form an integral part of this quarterly financial report.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial results for the nine months ended 31 March 2019 have been prepared in accordance with accounting principle generally accepted in Hong Kong under which 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 the GEM Listing Rules.

Except as described below, the principal accounting policies and methods of computation used in the preparation of the unaudited consolidated financial results for the nine months ended 31 March 2019 are consistent with the financial statements of the Group for the year ended 30 June 2018.

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 2018. 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 provision of (i) lottery-related services, (ii) internet plus solution services and (iii) others (including catering services and consulting services). Revenue represents income from the following services rendered by Group, net of returns, discounts allowed or sales taxes:

	<b>(Unaudited)</b> <b>Three months ended</b> <b>31 March</b>		<b>(Unaudited)</b> <b>Nine months ended</b> <b>31 March</b>	
	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
Lottery-related services	<b>9,164</b>	4,358	<b>19,614</b>	15,741
Internet plus solution services	<b>15</b>	—	<b>1,582</b>	—
Others	<b>4</b>	1,423	<b>362</b>	2,905
	<b>9,183</b>	5,781	<b>21,558</b>	18,646



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 3. LOSS BEFORE TAX

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

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2019 HK\$'000	2018 HK\$'000 (Restated)	2019 HK\$'000	2018 HK\$'000 (Restated)
Cost of services	1,148	2,152	5,604	6,244
Equity-settled share-based payments	—	—	—	24
Depreciation of property, plant and equipment	323	1,111	1,471	3,848
Amortization of intangible assets	2,362	763	7,047	2,213
Interest income	(4)	(4)	(5)	(7)
Exchange (gain)/losses, net	(190)	492	(190)	737
Interest on convertible bonds	1,992	3,352	7,663	10,137

### 4. INCOME TAX CREDIT

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

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Under provision in the prior periods: — Hong Kong profits tax	(533)	—	(691)	—
Deferred tax	621	257	1,751	785
Income tax credit for the period	88	257	1,060	785

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 nine months ended 31 March 2019 (three months and nine months ended 31 March 2018: HK\$Nil).

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



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 5. 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 March		(Unaudited) Nine months ended 31 March	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Loss for the period attributable to the equity holders of the Company	<b>(10,801)</b>	(17,952)	<b>(29,707)</b>	(48,860)

#### Number of shares

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2019 '000	2018 '000	2019 '000	2018 '000
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>3,419,655</b>	3,290,855	<b>3,333,161</b>	3,290,855
Weighted average number of ordinary shares for the purposes of diluted loss per share	<b>3,419,655</b>	3,290,855	<b>3,333,161</b>	3,290,855

For the three months and nine months ended 31 March 2019, outstanding share options and convertible bonds of the Company are anti-dilutive (Three months and nine months ended 31 March 2018: anti-dilutive) since their exercise or conversion would result in a decrease in loss per share (Three months and nine months ended 31 March 2018: decrease in loss per share).



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 6. MOVEMENT OF RESERVES

#### For the nine months ended 31 March 2019

	Attributable to equity holders of the Company												
	Share capital 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	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 July 2018 (audited)	41,135	2,480,372	1,484	35,572	—	5,134	—	(1)	10,184	(2,633,272)	(59,392)	(607)	(59,999)
Loss for the period	—	—	—	—	—	—	—	—	—	(29,707)	(29,707)	(2,552)	(32,259)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	—	(12)	—	—	—	—	(12)	(90)	(102)
Total comprehensive (loss)/income for the period	—	—	—	—	—	(12)	—	—	—	(29,707)	(29,719)	(2,642)	(32,361)
Amendments to the terms of convertible bonds	—	—	—	—	—	—	343	—	—	1,737	2,080	—	2,080
Deferred tax liabilities arising from amendments to the terms of convertible bonds	—	—	—	—	—	—	(343)	—	—	—	(343)	—	(343)
Share issued upon placement of shares	2,100	37,884	—	—	—	—	—	—	—	—	39,984	—	39,984
At 31 March 2019 (unaudited)	43,235	2,518,256	1,484	35,572	—	5,122	—	(1)	10,184	(2,661,242)	(47,390)	(3,249)	(50,639)





## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2019

### 6. MOVEMENT OF RESERVES – *Continued*

#### For the nine months ended 31 March 2018

	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 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	—	—	—	—	—	—	—	—	(48,860)	(48,860)
Exchange differences arising from translation of financial statements of overseas operations	—	—	—	—	2,683	—	—	—	—	2,683
Total comprehensive (loss)/income for the period	—	—	—	—	2,683	—	—	—	(48,860)	(46,177)
Amendments to the terms of convertible bonds	—	—	—	—	—	528	—	—	5,343	5,871
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	—	—	—	(1,257)	—	—	—	—	1,257	—
Disposal of interest in subsidiary	—	—	—	—	—	—	—	4,415	—	4,415
<b>At 31 March 2018 (unaudited)</b>	<b>2,480,372</b>	<b>1,484</b>	<b>35,572</b>	<b>314</b>	<b>8,226</b>	<b>2,672</b>	<b>(1)</b>	<b>10,184</b>	<b>(2,616,999)</b>	<b>(78,176)</b>

### 7. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated third quarterly financial statements were approved and authorised for issue by the Board on 14 May 2019.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

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

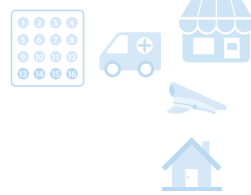
For Period 2019, the Group recorded unaudited consolidated revenue of HK\$21.6 million, increased by 15.6% against Period 2018 of HK\$18.6 million. The gross profit ratio increased to about 74% as compared with 66.5% for Period 2018.

For Period 2019, the Group recorded a net loss attributable to the equity holders of HK\$29.7 million, decreased 39.2% from HK\$48.9 million for Period 2018. Loss attributable to equity holders was HK\$10.8 million from the third quarter of Period 2019, decreased by 39.8% from HK\$18.0 million for Period 2018. Selling and distribution expenses and administrative expenses in Period 2019 amounted to HK\$42.2 million, decreased 26.6% as compared to HK\$57.5 million in Period 2018.

## BUSINESS REVIEW

During the review period, the Group developed business together with Sino-TCM, a leading enterprise in the comprehensive healthcare as well as in pharmaceutical industry in China, from the basis of mutual trust and cooperation, into strategic cooperation through equity acquisition transaction, which lay a solid foundation of the "Internet Plus Health" business for the Group. Meanwhile, the Group provided the leading hardware and software solutions to the lottery industry in a number of provinces and cities in the PRC, and the "Internet Plus" business of the Group has been commenced and broadly applied into various industries and has been progressively generating revenue.

For "Internet Plus Health", during the review period, on 4 January 2019, the Purchaser, a wholly-owned subsidiary of the Company, and Sinopharm Traditional Chinese Medicine Overseas Holdings Limited ("**Sinopharm Overseas**") as the Vendor entered into the Sale and Purchase Agreement ("**Sale and Purchase Agreement**") pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, which represents 100% of the equity interest in the Hero Global Holdings Ltd ("**Target Company**"), which holds the 70% of the equity interest in the Sinopharm Health Cross Border E-Commerce Company Limited ("**Sinopharm E-Commerce**"), for a consideration of HK\$139.10 million. The consideration will be settled by the allotment and issue of 650,000,000 new shares by the Company to the Vendor under the specific mandate at the issue price of HK\$0.214 per Consideration Share ("**Consideration Share**"). The business of Sinopharm E-Commerce included business consulting management services (including but not limited to Internet Plus, blockchain, big data and others); e-commerce; development of e-commerce platform technology; and supply chain management. Sinopharm E-Commerce also had a wholly-owned subsidiary that focused in the business with e-commerce platforms in the PRC, Sinopharm (Hong Kong) Industrial Co. Ltd. ("**Sinopharm Industrial**"). Pursuant to the Sale and Purchase Agreement, the Vendor warranted to the Purchaser that the actual net profit after taxation of the Target Company ("**Net Profit**") for each of the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK\$23,000,000, HK\$23,000,000 and HK\$23,000,000, respectively; or the aggregate Net Profit for the three years ending 31 December 2019, 2020 and 2021 shall not be less than HK\$69,000,000 in total ("**Guaranteed Profit**"). If the aggregate Net Profit



## MANAGEMENT DISCUSSION AND ANALYSIS

for the three years ending 31 December 2019, 2020 and 2021 is less than the Guaranteed Profit, the Vendor shall compensate the Purchaser the shortfall multiplied by a compensation factor of 1.7 in cash. The Vendor shall settle the compensation amount, if any, within 30 business days following the issue of written confirmation in respect of the shortfall by the Purchaser on or before 30 June 2022 with reference to the respective Net Profits for each of the three years as mentioned above.

For “Internet Plus Health”, the Group assists Sino-TCM to achieve its strategy of developing comprehensive healthcare industry business chain by using latest technology to build a one-stop comprehensive smart healthcare platform (“**Comprehensive Healthcare Platform**”). Pursuant to the management service agreement signed in November 2018, the comprehensive healthcare platform, which shall be built with assistance from the Group, will use “Internet Plus” technology (including big data, cloud computing, artificial intelligence, internet of things, blockchain technology, etc.) to connect online users and data to offline services and products, and to monitor and manage services products to achieve a comprehensive healthcare information sharing platform to establish a closed ecological systems of comprehensive healthcare community containing the users and service providers.

Subsequent to the review period, the Group held an extraordinary general meeting, which was duly passed to approve and authorise the allotment and issuance of the Consideration Shares. The completion acquisition of the Target Company also took place after all the condition precedent have been fulfilled, and announced on 6 May 2019, thus Sinopharm Overseas (and accordingly Sino-TCM, its sole shareholder) has become a strategic investor and substantial shareholder of the Group. This will assist the Group to better unleash the potential of “Internet Plus Health” business, and utilize the synergistic effect with Sino-TCM to further excavate the business opportunities in both online and offline.

According to an industry report, the market size of cross-border e-commerce in the PRC has significantly blossomed, with turnover from RMB3.15 trillion in 2013 to RMB9.1 trillion in 2018, and is expected to further reach RMB10.8 trillion in 2019; among which, several cross-border e-commerce platforms, such as JD.COM (京東), NetEase Kaola (網易考拉) and Tmall (天貓國際), have already occupied over half of the market share. Meanwhile, the total turnover of e-commerce import has also increased on a continual basis from a growth of 14.3% in 2013 to a growth of 21.8% in 2017, and reached a growth of 22.9% in the first half of 2018. By policy, the “E-commerce Law” and series of “Cross-border E-commerce new policies”, implemented on January 1, 2019, have further relaxed the restriction on cross-border e-commerce retail imports, standardized the cross-border e-commerce market, and promoted the development of cross-border e-commerce industry. Under the backdrop of increasing consumption from rural area, the momentum has provided the e-commerce market with robust and extensive customer base, from first-tier cities to fourth-tier cities. Through this acquisition, the Group not only made further breakthrough in “Internet Plus Health” segment, but also grasped the offline business opportunities by closer relationship with Sino-TCM and the business of assistance to build comprehensive healthcare platform, to gradually reflect the value of Sinopharm E-Commerce in cross-border e-commerce.



## MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent to the review period, Sinopharm Industry, a subsidiary of the Sinopharm E-Commerce has signed a contract (the “**Contract**”) with JD.com International Limited in relation to the supply of products to JD.com International Limited. Through the contract, the Group has achieved a significant breakthrough in the offline side of the Internet Plus business. The cooperation with large scale e-commerce platform shall assist the smart retail segment of our Internet Plus Health to progressively integrate with the upstream and downstream supply chain and establish a closed ecological system, and eventually the products and services of the Group can seamlessly be delivered from online to users in offline channels. The relevant services provided by the Group for JD.Com International Limited have already been commenced, and the revenue generated from these services will be gradually recognized in the next quarter.

According to “the Notice on the Announcement of the First Batch of National High-tech Enterprises in Shenzhen in 2018”, a subsidiary of the Group was awarded the “High-tech Enterprise” certificate, which was issued by Science, Technology and Innovation Commission of Shenzhen municipality, the Shenzhen Finance Commission of Shenzhen municipality and Shenzhen Taxation Bureau of State Administration of Taxation on October 16, 2018. This certification represents the further recognition from the government toward our technical development capability.

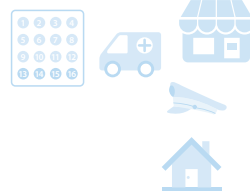
For lottery business, with the improvement of product research and development technology capabilities and the precipitation of “Internet Plus” business experience, the Group was exploring new business opportunities for new offline lottery business with new products and solutions.

### OUTLOOK AND STRATEGIES

After the completion of the acquisition of Sinopharm E-Commerce, the Group will not only further strengthen the business relationship with Sino-TCM, but will further unleash the development potential and expansion capacity of the comprehensive healthcare platform in “Internet Plus Health” business. This is expected to derive more varieties of business in the future. Meanwhile, the Group’s smart retail business has been carried out successfully, combining tight cooperation with and empowerment from various Internet giants, which has created more favorable conditions for future business negotiations with various online and offline sales channels. In order to march with the rapid development of the “Internet Plus” business, the Group plans to hire relevant professionals to reserve talents, in supporting the continuously evolving “Internet Plus” business. In the future, the Group will actively speedup the realization of values in various segments of “Internet Plus” businesses and to further increase value for shareholders.

### DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 March 2019 (nine months ended 31 March 2018: 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 31 March 2019, 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 relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

#### 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 of Shareholding
		Interest in Controlled Corporation	Personal Interest	Family Interest	Total Interest	
Madam CHEUNG Kwai Lan ("Madam CHEUNG") (Note)	The Company	675,565,856	4,656,000	3,020,000	683,241,856	19.75%
Mr. CHAN Tung Mei ("Mr. CHAN") (Note)	The Company	—	3,020,000	680,221,856	683,241,856	19.75%
Madam CHEUNG	Best Frontier Investments Limited ("Best Frontier") (Note)	—	909	1	910	—
Mr. CHAN	Best Frontier	—	1	909	910	—
Mr. YANG Qing Cai	The Company	—	475,000	—	475,000	0.01%

Note:

The 675,565,856 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN respectively. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 Shares and 3,020,000 Shares respectively. Accordingly, Madam CHEUNG is the spouse of Mr. CHAN and so both of them were deemed to be interested in the Shares.



## GENERAL INFORMATION

Save as disclosed above, as at 31 March 2019, 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 were 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

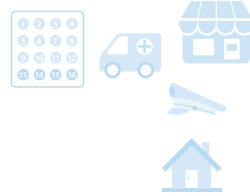
Save as disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of acquisition of the 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 nine months ended 31 March 2019.

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

As at 31 March 2019, according to the register kept by the Company pursuant to Section 336 of the 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, as follows:

#### 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	683,241,856	19.75%
Integrated Asset Management (Asia) Limited (" <b>Integrated Asset</b> ") & its concert parties ( <i>Note 2</i> )	Beneficial Owner	455,633,000	13.17%
Mr. Tse Siu Hoi	Beneficial Owner	308,650,000	8.92%



## GENERAL INFORMATION

### Notes:

1. The 675,565,856 Shares were owned by Best Frontier which was owned as to 99.89% and 0.11% by Madam CHEUNG and Mr. CHAN. In addition, Madam CHEUNG and Mr. CHAN directly held 4,656,000 and 3,020,000 Shares respectively. Madam CHEUNG is the spouse of Mr. CHAN and so both of them were deemed to be interested in the Shares.
2. The 455,633,000 Shares were owned by Integrated Asset which was wholly-owned by Mr. YAM Tak Cheung. 8% coupon convertible bonds in aggregate amount of HK \$89,625,000 (the "CBs") for a term of six months were issued to Integrated Asset pursuant to the first amendment agreement dated 18 January 2017. The Company received a written consent from Integrated Asset, on which the maturity date of the CBs would be extended for further six months to 17 January 2018. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full. The amended conversion price is HK\$0.359 per conversion share subject to adjustment.

Pursuant to the second amendment agreement, the amendments were that the maturity date of the CBs was extended for six months from 17 January 2018 to 17 July 2018, and further extended maturity date upon a prior written consent from Integrated Asset would be 17 January 2019. Such written consent from Integrated Asset has been received by the Company. A maximum number of 249,651,810 Shares would be allotted and issued to Integrated Asset upon conversion of the CBs in full.

An ordinary resolution was passed at the extraordinary general meeting of the Company held on 19 March 2019 in which pursuant to the third amendment agreement, the amendments are that the maturity date of the CBs shall be extended for six months from 17 January 2019 to 17 July 2019, and further extended maturity date upon a prior written consent from Integrated Asset shall be 17 January 2020. Upon completion of the third amendment agreement, a maximum number of 249,651,810 Shares shall be allotted and issued to Integrated Asset upon conversion of the CBs in full and thereafter the shareholding of Integrated Asset will be increased to approximately 20.39% of the current issued share capital of the Company and approximately 19.02% of the enlarged issued share capital of the Company.

Save as disclosed above, as at 31 March 2019, 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, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 31 January 2013 (the "**Share Option Scheme**") under which the Board may, at its discretion, invite eligible persons to take up to subscribe for the Shares in the Company. 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 the Share Option Scheme during the nine months ended 31 March 2019 were as follows:—

Name/Category of Participants	Grant Date	Exercise Price	Exercisable Period	Number of Share Options					As at 31 March 2019
				As at 1 July 2018	Granted	Exercised	Cancelled	Lapsed	
Other Eligible Participants	21/07/2015	1.280	01/07/2016 - 30/06/2019	10,000,000	—	—	—	—	10,000,000
(Note)	21/07/2015	1.280	01/07/2017 - 30/06/2019	10,000,000	—	—	—	—	10,000,000
<b>Total</b>				<b>20,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>20,000,000</b>

Note:

Other Eligible Participants include certain business partners and consultants of the Group.

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

On 22 January 2019, the Company allotted and issued a total of 168,000,000 fully paid new Shares by way of placing at a price of HK\$0.238 per Share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the nine months ended 31 March 2019.

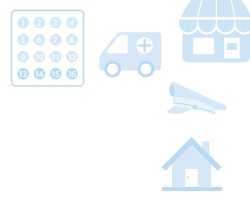
### COMPETING INTERESTS

As at 31 March 2019, none of the Directors, the substantial shareholders nor the controlling shareholders of the Company or any of their respective close associates (as defined under 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 (the "**Articles of Association**") or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.





## GENERAL INFORMATION

### CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the applicable code provisions as set out in Appendix 15 to the GEM Listing Rules (the “**CG Code**”) during the nine months ended 31 March 2019, except for the following deviation which is 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. 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 GEM Listing Rules requirements when the Board considers appropriate.

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard 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. Having made specific enquires, the Company has confirmed with all Directors that they have complied with the required standard as set out in the Code of Conduct during the nine months ended 31 March 2019.

### 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 the Audit Committee consisted of three INEDs, namely Mr. TO Yan Ming Edmond, Mr. YANG Qing Cai 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 systems.



## GENERAL INFORMATION

The Group's unaudited results for the nine months ended 31 March 2019 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, 14 May 2019

*As at the date of this report, 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.*