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眾彩科技股份有限公司
CHINA VANGUARD GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8156

VOLUNTARY ANNOUNCEMENT

LETTER OF INTENT IN RESPECT OF THE PROPOSED ESTABLISHMENT OF JOINT VENTURE COMPANY

This announcement is made by China Vanguard Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors informed of the latest business development of the Group.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 5 December 2016, the Company through a wholly-owned subsidiary and You Champion International Industrial Limited (羽翔國際實業有限公司) (“**You Champion**”) has entered into a non-legally binding letter of intent (the “**LOI**”) under which both parties to the LOI (the “**Parties**”) expressed the intention to form a new joint venture company (the “**JV Company**”) to operate in the Kingdom of Tonga (“**Tonga**”).

PRINCIPAL TERMS OF THE LOI

Pursuant to the LOI, the JV Company will be engaged in the following businesses:-

1. Utilizing the Group’s proprietary interactive marketing solution via online and offline distribution channels to promote Tonga tourism and airlines in Tonga to international and PRC tourists;

2. Providing the membership management system with precision marketing features for airlines in Tonga via the Group's proprietary interactive marketing solution; and
3. Developing tourism and aviation-related businesses in Tonga, as well as assisting airlines in Tonga to promote their international routes.

The Parties will work together to enter into formal agreement(s) on the establishment of the JV Company at the next stage.

ABOUT YOU CHAMPION

You Champion is a Hong Kong registered company and is principally engaged in high value-added businesses such as gravel mining, marine fishing exports and aviation in Tonga.

REASONS FOR AND BENEFITS OF THE LOI TO THE GROUP

Our proprietary precision solution for commercial environment can apply in different applications, including marketing, customer relationship management. Our solution is an international awarded marketing solution, and it received a gold award for "Technology for Dissemination System of Public Information and Advertising" at the 44th International Exhibition of Inventions of Geneva. Currently, this solution is applied in our "Yao Cai" cooperation with certain lottery centers in four provinces/cities of the PRC. The establishment of the JV Company can leverage this advantage of Yao Cai platform coverage and bring our proprietary interactive marketing solution onto the global stage and is in line with the Group's future development.

Tonga is located at the South Pacific in the region of western Polynesia, neighborhood to Republic of Fiji Islands ("Fiji"). It consists of an archipelago of over 170 islands covering 740 square kilometers. In the fiscal year 2013/2014, the hotel and catering revenue generated by tourism accounted for 3% of Tonga's GDP. In August 2016, a mutual visa exemption agreement between PRC and Tonga took effect and is expected to attract more Chinese tourists to Tonga in the future.

The Board is of the view that the development of the tourism industry in Tonga is still in early stage and believes that there is high potential for Tonga to replicate the successful story of Fiji. Through our interactive marketing solution, the Board believes we can utilize the online and offline channels to catalyze Tonga's tourism industry to international tourists. At the same time, the Board believes the Group can explore new business opportunities through the JV Company.

As at the date of this announcement, no formal agreement has been entered into. The Company will make further announcement(s) if the intent as mentioned in the LOI is materialized as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

By order of the Board
CHINA VANGUARD GROUP LIMITED
眾彩科技股份有限公司*
CHAN Ting
Executive Director and Chief Executive Officer

Hong Kong, 6 December 2016

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. ZHANG Xiu Fu, Mr. YANG Qing Cai and Mr. TO Yan Ming Edmond as Independent Non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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*