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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
SIGNING OF THE GUIZHOU DALONG ECONOMIC
DEVELOPMENT ZONE
CLASS 1 LAND DEVELOPMENT FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 3 March 2012, Luck Centre, a non wholly-owned subsidiary of the Company, entered into the Agreement with the GDEDZ Management Committee and Huiyuan, a wholly-owned subsidiary of the GDEDZ Management Committee. Pursuant to the Agreement, Luck Centre and Huiyuan will jointly contribute capital on a pro-rata basis to form the JVC in the Guizhou Dalong Economic Development Zone to perform the relevant development work associated with class 1 land development on certain portions of land in this Development Zone. The JVC will have a registered capital of RMB50,000,000 and will be owned 85% by Luck Centre and 15% by Huiyuan. The total area which can be developed under the Agreement is approximately 30km², of which circa 21km² would be Category 2 industrial land and circa 9km² would be Category 1 commercial/residential land. The GDEDZ Management Committee undertakes that should any land developed by the JVC, regardless of the way that the GDEDZ Management Committee manages the land, that the JVC, as an incentive, will earn no less than a 2% return on its land development costs. If any land is sold at over and above this 2% return, then the JVC will receive a 45% share after its land development costs, taxes and other requisite deductions are made.

INTRODUCTION

This announcement is made voluntarily by China Vanguard Group Limited (the “**Company**”) to provide the investors and shareholders of the Company with further information regarding the Company and its subsidiaries (collectively referred to as the “**Group**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 3 March 2012 Luck Centre Limited (福中有限公司) (“**Luck Centre**”), a non wholly-owned subsidiary of the Company entered into an agreement (the “**Agreement**”) with Guizhou Dalong Economic Development Zone Management Committee (貴州大龍經濟開發區管理委員會) (the “**GDEDZ Management Committee**”) and Guizhou Dalong Huiyuan Development Investment Company Limited (貴州大龍匯源開發投資有限公司) (“**Huiyuan**”), pursuant to which Luck Centre and Huiyuan will jointly contribute capital on a pro-rata basis to form a joint venture company Guizhou Dalong China Vanguard Development Company Limited (貴州大龍眾彩科技開發有限責任公司) (“**JVC**”) in the Guizhou Dalong Economic Development Zone (貴州省大龍經濟開發區) (“**Development Zone**”) to perform the relevant development work associated with class 1 land development on certain portions of land (土地一級開發) in the Development Zone. Class 1 land development means the government or its authorized company secures land, compensates and relocates residents, levels land and constructs the basic infrastructure and facilities in order to meet the land selling requirement.

THE GDEDZ CLASS 1 LAND DEVELOPMENT FRAMEWORK AGREEMENT

Date: 3 March 2012

Party A: Guizhou Dalong Economic Development Zone Management Committee
Party B: Guizhou Dalong Huiyuan Development Investment Company Limited
Party C: Luck Centre Limited

Pursuant to the Agreement, Luck Centre and Huiyuan will jointly contribute capital on a pro-rata basis to form a joint venture company Guizhou Dalong China Vanguard Development Company Limited (貴州大龍眾彩科技開發有限責任公司) (“**JVC**”). Luck Centre and Huiyuan will own 85% and 15% of the JVC respectively.

Registered capital of the JVC: RMB50,000,000

AREA AND DEVELOPMENT AREA

The GDEDZ Management Committee is responsible for land planning, securing land and relocating residents and ensuring that all requisite legal and other necessary approvals such as, but not limited to, infrastructure and construction are received. The JVC is responsible for funding and to perform the relevant development work associated with class 1 land development on certain portions of land in the Development Zone.

The total area which can be developed under the Agreement is approximately 30km². Phase 1 will be 5.0 km². Phase 2 will commence after 60% of the industrial land of Phase 1 has been developed and Phase 3 will commence after 50% of the industrial land of Phase 2 has been developed.

The GDEDZ Management Committee undertakes that should any land developed by the JVC, regardless of the way that the GDEDZ Management Committee manages the land, that the JVC, as an incentive, will earn no less than a 2% return on its land development costs. If any land is sold at a profit over and above this 2% return, then the JVC will receive a 45% share after its land development costs, taxes and other requisite deductions are made.

In km² Land area	Category 2 Industrial Land (二類工業用地)	Category 1 Commercial/ Residential Land (一類商住用地)	Total Land
Phase 1	3.0 km ²	2.0 km ²	5.0 km ²
Phase 2	6.0 km ²	at least 2.4 km ²	at least 8.4 km ²
Phase 3	12.0 km ²	at least 4.8 km ²	at least 16.8 km ²
Total	21.0 km²	at least 9.2 km²	at least 30.2 km²

In mou Land area	Category 2 Industrial Land (二類工業用地)	Category 1 Commercial/ Residential Land (一類商住用地)	Total Land
Phase 1	4,500 mou	3,000 mou	7,500 mou
Phase 2	9,000 mou	at least 3,600 mou	at least 12,600 mou
Phase 3	18,000 mou	at least 7,200 mou	at least 25,200 mou
Total	31,500 mou	at least 13,800 mou	at least 45,300 mou

Notes:

1. Category 2 Industrial Land means land used for light to medium industrial purposes.
2. Category 1 Commercial/Residential Land means commercial/residential land with comprehensive and well constructed basic infrastructure.

INFORMATION ON LUCK CENTER

Luck Centre is 40% indirectly owned by CVG with the balance held by five other independent parties. As CVG is the largest single shareholder and has control of the Luck Centre board, Luck Centre is considered a non wholly-owned subsidiary of the Group.

INFORMATION ON GDEDZ MANAGEMENT COMMITTEE

GDEDZ Management Committee is an organisation authorized by the Tongren City Government and Yuping County Government for the overall management of the

Development Zone. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the GDEDZ Management Committee is a third party independent of the Company and its subsidiaries, their respective directors, chief executives, substantial shareholders and their respective associates.

INFORMATION ON HUIYUAN

Huiyuan is a wholly-owned subsidiary of the GDEDZ Management Committee. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Huiyuan is a third party independent of the Company and its subsidiaries, their respective directors, chief executives, substantial shareholders and their respective associates.

REASONS FOR THE INVESTMENTS AND PROSPECT

Guizhou is one of the most underdeveloped provinces in China with an abundance of labour and natural resources. Due to its economic underdevelopment, Guizhou is highly supported by the Chinese Government. Recently, the State Council of China issued a document, State Council No.2 [2012] document (國發【2012】2號) – supporting economic and social development in Guizhou province. The State Council has also confirmed a series of preferential policies to promote economic growth in Guizhou. In addition, the Guizhou Provincial Committee Office also issued a notice, No. 2 [2012] notice (黔委廳字【2012】2號) – supporting development of the Development Zone by issuing a series of preferential policies.

The Guizhou Dalong Economic Development Zone is managed and operated by the GDEDZ Management Committee. The Development Zone is a provincial economic development zone approved by China' National Development and Reform Commission, and therefore has preferential policies in order to facilitate the attraction of businesses into Guizhou province. The Development Zone is at the juncture of Guizhou and Hunan province, with national highway and rail access on its doorstep.

Taking into consideration the: (i) economic potential of Guizhou province; (ii) the Chinese Government support for Guizhou to realise its potential; (iii) the Guizhou Government support Development Zone to realise its potential and; (iv) the significant potential of the Development Zone; the Directors (including the independent non-executive Directors) are of a view that this is a good opportunity for the Group to participate in the economic growth of Guizhou province and will enable the Group to widen its operations and tap into opportunities to bring greater returns to our Shareholders.

The Directors (including the independent non-executive Directors) are of a view that the terms of the Agreement are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

By Order of the Board
China Vanguard Group Limited
眾彩科技股份有限公司*
CHAN Siu Sarah
Director

As at the date of this announcement, the board of directors of the Company comprises five executive directors, being Madam Cheung Kwai Lan, Mr. Chan Ting, Ms. Chan Siu Sarah, Mr. Chan Tung Mei, and Mr. Lau Hin Kun; and four independent non-executive directors, being Mr. Zhang Xiu Fu, Mr. Tian He Nian, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 posting and on the website of the Company at www.cvg.com.hk.

** For identification purposes only*