

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of contents of this announcement.



ANNOUNCEMENT

The board of directors (“**Directors**”) of China Vanguard Group Limited (“**Company**”) refers to its annual report for the year ended 30 June 2011 (“**Annual Report**”).

In the Annual Report, in Note 39 of the Notes to the Consolidated Financial Statements it was mentioned that arbitration proceedings against the Group’s jointly controlled entity, China Culture Development Digital Technology Co., Limited (“**CCDDT**”), had commenced on 22 June 2011 in Beijing, the PRC. These proceedings were brought against CCDDT by its Excellent Union Communication Group Co., Limited (“**Excellent Union**”) (天合文化集團有限公司) joint venture partner, Shenzhen Hua Rong Sheng Shi Investment Management Company Limited (“**Shenzhen Huarong**”). Excellent Union is CCDDT’s copyright collection operation.

The Company received the decision (“**Decision**”) of the arbitration made on 30 July 2012 which ruled that the share transfer agreement shall be terminated and CCDDT shall return a 20% equity interest in Excellent Union to Shenzhen Huarong accordingly. As a result, CCDDT’s interest in Excellent Union will change from 50% to 30%. It also ruled that the shareholders’ agreement dated 15 July 2007 be terminated. All other claims made by Shenzhen Huarong were rejected.

The Company disagrees with some aspects of the Decision and is pursuing further legal advice on the Decision.

The Company will make further announcement(s) as and when appropriate in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 8 August 2012

As at the date of this announcement, the board of directors of the Company comprises six executive directors, being Madam Cheung Kwai Lan, Mr. Chan Ting, Mr. Wang Yong Chun, 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*