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LAPSE OF ACQUISITION AGREEMENTS FOR THE ACQUISITION OF CCD

Lapse of the Acquisition Agreements

As the acquisition of stakes in CCD has not been consummated by the Long Stop Date and as the parties to the Acquisition Agreements have decided not to extend the Long Stop Date, the Acquisition Agreements have automatically lapsed with effect from 5:00 p.m. 27 August 2012. The Directors consider that this is in the interest of the Company and Shareholders as a whole. At the date of this announcement, the Group has not paid any consideration towards the Acquisitions and the Directors consider that the lapse of the Acquisition Agreements will not have any material adverse impact on the Group's financial position and operation.

Reference is made to the announcement of China Vanguard Group Limited (“**Company**”) dated 13 July 2012 (“**Announcement**”) and the circular dated 30 March 2011 issued by the Company in respect of the Acquisitions (“**Circular**”). Terms used herein shall have the same meanings as those defined in the Circular unless otherwise specify.

Lapse of the Acquisition Agreements

The Board announces that the acquisition of stakes in CCD has not been consummated by the Long Stop Date and that the parties to the Acquisition Agreements have decided not to extend the Long Stop Date. Pursuant to the terms of the Acquisition Agreement, the Acquisition Agreements have lapsed automatically with effect from 5:00 p.m. 27 August 2012.

As at the date of this announcement, the Group has not paid any consideration and pursuant to the terms and conditions of the Acquisition Agreements, the parties shall have no further obligations and liabilities to each other. The Directors believe the lapse of the Acquisition Agreements is in the interests of the Company and Shareholders as a whole and do not consider the lapse of the Acquisition Agreements will have any material adverse impact on the Group's financial position and operation.

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, 27 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*