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PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10(1) of GEM Listing Rules.

The Board wishes to inform the shareholders and potential investors of the Company that based on the information currently available to the Board, the Group expects to record a loss for the year ended 30 June 2012.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by China Vanguard Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10(1) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that based on the latest information currently available to the Board, the Group expects to record a loss for the year ended 30 June 2012. The loss is mainly attributable to a significant impairment of goodwill which arose from the acquisition of China Culture Development Digital Technology Co., Ltd. (北京中文發數字科技有限公司).

This profit warning announcement is only a preliminary assessment by the Board based on the information currently available, which have not been reviewed nor audited by the Company’s auditors. The Company is in the process of finalizing the Group’s audited results for the year ended 30 June 2012. Details of the Group’s performance will be disclosed as and when the results of the Group for the year ended 30 June 2012 are announced.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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, 5 September 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*