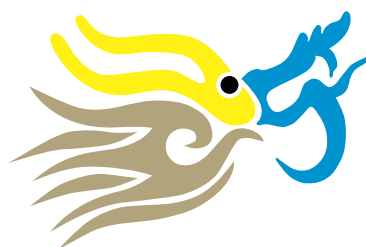

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Vanguard Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 the contents of this circular.



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)

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE SHARES;
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Room 2201, 22/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on Tuesday, 6 November 2012 at 10:30 a.m. is set out on pages 12 to 16 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 7:30 a.m. on 6 November 2012 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 6 November 2012 that either of the above mentioned warnings is to be issued within the next two hours, the annual general meeting shall automatically be postponed to the next Business Day on which no “black” rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 7:30 a.m. to 10:30 a.m. and in such case the annual general meeting shall be held at 10:30 a.m. on that Business Day at Room 2201, 22/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

This circular will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of 7 days from the date of its posting and on the website of the Company at <http://www.cvg.com.hk>.

* for identification purpose only

28 September 2012

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Room 2201, 22/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on Tuesday, 6 November 2012 at 10:30 a.m., notice of which is set out in this circular. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 7:30 a.m. on 6 November 2012 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 6 November 2012 that either of the above mentioned warnings is to be issued within the next two hours, the annual general meeting shall automatically be postponed to the next Business Day on which no “black” rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 7:30 a.m. to 10:30 a.m. and in such case the annual general meeting shall be held at 10:30 a.m. on that Business Day at Room 2201, 22/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Articles of Association”	the articles of associations of the Company (as amended from time to time), and “Article” shall mean an article thereof
“associates”	has the meanings ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors from time to time
“Business Day”	has the meaning ascribed to this term under GEM Listing Rules
“Company”	China Vanguard Group Limited, as exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Directors”	the directors of the Company from time to time
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing Securities on GEM
“Group”	the Company and all of its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Issuance Mandate”	as defined in paragraph 2.1 of the Letter from the Board
“Latest Practicable Date”	24 September 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	as defined in paragraph 2.2 of the Letter from the Board
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Madam Cheung Kwai Lan (*Chairman*)
Mr. Chan Ting (*Chief Executive Officer*)
Mr. Wang Yong Chun
Ms. Chan Siu Sarah
Mr. Chan Tung Mei
Mr. Lau Hin Kun

Independent Non-Executive Directors:

Mr. Zhang Xiu Fu
Mr. Tian He Nian
Mr. Ying Qing Cai
Mr. To Yan Ming Edmond

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Room 2201, 22/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

28 September 2012

*To the Shareholders and, for the information only,
The holders of the options*

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO REPURCHASE SHARES AND TO ISSUE SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information relating to the resolutions to be proposed at the AGM for (i) the granting of the general mandate to issue Shares and to repurchase Shares and (ii) the re-election of Directors, and the notice of the AGM.

* *for identification purpose only*

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES AND TO REPURCHASE SHARES

At the AGM, the Directors propose to seek the approval of the Shareholders to grant the Directors the general mandate to issue Shares and to repurchase Shares.

2.1 General Mandate to issue Shares

At the AGM, an ordinary resolution will be proposed such that the Directors be given an unconditional general mandate (i.e. the Issuance Mandate) to allot, issue and deal with unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividends on Shares in accordance with the Articles of Association) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate amount of up to 20% of the issued Shares as at the date of granting of the Issuance Mandate.

In addition, a separate ordinary resolution will further be proposed for extending the Issuance Mandate authorizing the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company has an aggregate of 3,271,893,839 Shares in issue. Subject to the passing of the resolutions for the approval of the Issuance Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Issuance Mandate to allot, issue and deal with a maximum of 654,378,767 Shares.

2.2 General Mandate to repurchase Shares

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange of an aggregate amount of up to 10% of the issued Share as at the date of granting of the Repurchase Mandate.

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 327,189,383 Shares.

LETTER FROM THE BOARD

The Issuance Mandate (including the extended Issuance Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the Issuance Mandate (including the extended Issuance Mandate) and the Repurchase Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) or any applicable laws of the Cayman Islands to be held; or (iii) the revocation or variation of the Issuance Mandate (including the extended Issuance Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix I to this circular. The explanatory statement contains all the requisite information required under the GEM Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

3. RE-ELECTION OF DIRECTORS

In relation to the proposed Resolution 2 as set out in the notice of the AGM, Madam Cheung Kwai Lan (“**Madam Cheung**”) and Mr. Tian He Nian (“**Mr. Tian**”) shall retire from office by rotation at the AGM in accordance with Article 116 and being eligible, Madam Cheung offer herself for re-election as an Executive Director and Mr. Tian decides not to stand for re-election and will retire at the conclusion of AGM.

Mr. Wang Yong Chun (“**Mr. Wang**”) will hold office until the AGM in accordance with Article 99 and, being eligible, offer himself for re-election at the AGM as an Executive Director.

Information of these Directors required to be disclosed under the GEM Listing Rules are set out in Appendix II of this circular.

Recommendations of the Nomination Committee

On 21 September 2012, the Nomination Committee of the Company, comprising a majority of Independent Non-executive Directors, confirmed that Madam Cheung continues to contribute effectively. As proposed by the Nomination Committee and recommended by the Board, Madam Cheung stands for re-election as Director at the AGM. As a good corporate governance practice, Madam Cheung abstained from voting on the respective propositions of their recommendations for election by Shareholders in the Nomination Committee meeting.

The Nomination Committee is responsible for, inter alia, assessing the independence of all Independent Non-executive Directors. On 21 September 2012, the Nomination Committee reviewed and assessed each individual INED’s annual confirmation of independence based on the independence criteria as set out in GEM Listing Rules, and affirmed that all INEDs including, Mr. Tian, remained independent.

LETTER FROM THE BOARD

4. CLOSURE OF REGISTER OF MEMBERS

Shareholders are reminded that in order to be entitled to attend and vote at the AGM, the register of members of the Company will be closed from 5 November 2012 (Monday) to 6 November 2012 (Tuesday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong not later than 4:30 p.m. on 2 November 2012 (Friday).

5. ANNUAL GENERAL MEETING

The resolutions to be proposed at the forthcoming AGM are set out in full in the notice of the AGM on pages 12 to 16 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. If you intend to appoint a proxy to attend the AGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the AGM or adjourned meeting (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournments thereof if you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolutions set out in the notice of AGM will be decided by poll, the results of which will be announced after the AGM.

6. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

7. RECOMMENDATIONS

The Directors consider the proposed grant of the Issuance Mandate (including the extended Issuance Mandate) and the Repurchase Mandate; and the proposed re-election of Directors is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully
For and on behalf of the Board of
China Vanguard Group Limited
眾彩科技股份有限公司*
Chan Siu Sarah
Executive Director

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information to you for consideration as to whether to vote for or against the ordinary resolution to be proposed at the AGM for granting the Repurchase Mandate

This explanatory statement contains all information pursuant to Rule 13.08 and other relevant provisions of the GEM Listing Rules which is set out as follows:

1. NUMBER OF SHARES WHICH MAY BE REPURCHASED

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,271,893,839 Shares.

Subject to the passing of the Ordinary Resolution no. 5 and in accordance with the terms therein, on the basis that no further shares are issued or repurchased by the Company following the Latest Practicable Date and up to the date of the AGM, the Company will be allowed under the Repurchase Mandate to repurchase fully paid Shares up to the aggregate nominal amount of a maximum of 327,189,383 Shares, representing 10% of the issued share capital of the Company.

2. REASONS FOR PROPOSED REPURCHASE OF SHARES

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on GEM. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

3. SOURCE OF FUNDS

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

4. EFFECT OF EXERCISING THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 30 June 2012) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

6. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Articles of the Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

7. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If, as a result of a repurchase of Shares, pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

As a result, a shareholder, or a group of shareholders acting in concert (within that term's meaning under the Takeovers Code), depending on the level of increase in the shareholders' interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or 32 of the Takeovers Code. The Directors are not aware of any consequences which could arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate in full.

As at the Latest Practicable Date, to the best knowledge of the Company, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name of Shareholder	Number of Shares held of shareholding	Approximate percentage
Best Frontier Investments Limited <i>(note)</i>	1,676,457,322 (L)	51.24%

L denotes long position

Note: These 1,676,457,322 Shares are held by Best Frontier Investments Limited which is owned as to approximately 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei respectively. Each of Madam Cheung Kwai Lan, Mr. Chan Tung Mei and Mr. Chan Ting, being a Director, is also a director of Best Frontier Investments Limited.

In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name of Shareholder	Approximate percentage of shareholding
Best Frontier Investments Limited	56.93%

On the basis of the current shareholdings of the above substantial Shareholder, the exercise of the Repurchase Mandate in full will not result in it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of any of the above Shareholders or any other persons to make a general offer under the Takeovers Code or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

8. NO PURCHASES OF SHARES BY THE COMPANY

No repurchase of share has been made by the Company in the previous six months preceding the Latest Practicable Date.

9. CONNECTED PERSON

No connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

10. SHARE PRICES

The highest and lowest prices at which the Shares were traded on GEM during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
September	\$0.300	\$0.192
October	\$0.249	\$0.176
November	\$0.215	\$0.146
December	\$0.178	\$0.130
2012		
January	\$0.150	\$0.120
February	\$0.168	\$0.121
March	\$0.155	\$0.130
April	\$0.140	\$0.121
May	\$0.138	\$0.090
June	\$0.101	\$0.060
July	\$0.090	\$0.062
August	\$0.068	\$0.051
September (up to and including the Latest Practicable Date)	\$0.059	\$0.041

Sources: The Stock Exchange of the Hong Kong Limited

Information of the Directors, who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, as at the Latest Practicable Date is set out below in alphabetical order:

(1) Madam Cheung Kwai Lan (“Madam Cheung”)

Madam Cheung, aged 74, one of the founders of the Group, is the Chairperson, an Executive Director and chairman of the Nomination Committee of the Company.

Madam Cheung has served the Group for more than 12 years and is the director of various subsidiaries of the Group. Madam Cheung is responsible for business development, strategic planning and marketing for the Group. She is the President of the Zhang Xueliang Foundation (張學良基金會). She graduated from Shanxi Tai Yuan Medical School in 1960 and was a researcher at Shanxi Province Tai Yuan (Atomic Energy) Research Institute (山西省太原(原子能)研究所), which was one of the institutions of the Chinese Academy of Science. She also participated in the research and development of the radioactive material Cobalt 60 for imaging and cancer treatment. She was an executive director and chairperson of Hong Kong Life Group Holdings Limited (“HKLG”) for the period from 20 December 2004 to 18 June 2010. She is the mother of Ms. Chan Siu Sarah and Mr. Chan Ting and the spouse of Mr. Chan Tung Mei, all being Executive Directors of the Company.

As at the Latest Practicable Date, Madam Cheung hold 1,676,457,322 Shares through her shareholding in Best Frontier Investments Limited and personally hold 2,070,000 Shares in the Company, in aggregate representing approximately 51.30% of the issued share capital of the Company. Madam Cheung was also granted options under the Share Option Scheme on 23 November 2006, entitling her to subscribe for (i) 1,560,000 Shares at an exercise price of HK\$0.62 per Share during the period from 23 November 2006 to 17 October 2012; (ii) 1,560,000 Shares at an exercise price of HK\$0.62 per Share during the period from 23 May 2007 to 17 October 2012; and (iii) 3,120,000 Shares at an exercise price of HK\$0.62 per Share during the period from 23 November 2007 to 17 October 2012.

Save as disclosed above, Madam Cheung is not connected with any other Directors, senior management, substantial Shareholders or controlling Shareholders (as defined in GEM Listing Rules) of the Company and does not have any other interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Madam Cheung does not hold any other position with the Company and other members of the Group nor any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years preceding the Latest Practicable Date.

Madam Cheung has entered into a service agreement with the Company for a term of three years from 18 October 2002, renewable automatically for successive terms of one year unless terminated by not less than six months’ notice in writing served by either party on the other.

(2) Mr. Wang Yong Chung (“Mr. Wang”)

Mr. Wang, aged 61, joined the Company as an Executive Director on 6 March 2012.

Mr. Wang has over 20 years working experience in China’s oil and gas industry. He has extensive experience, including but not limited to, oil and gas exploration and development, oil and gas pipeline transportation and city level gas distribution. Previously, Mr. Wang had been the party secretary of PetroChina Kunlun Gas Limited and the deputy general manager of PetroChina Huayou Group, and was appointed other important positions in other state-owned oil and gas exploration companies.

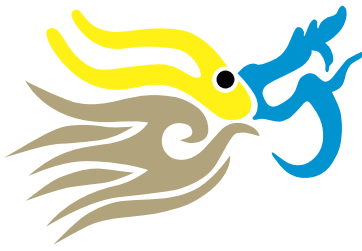
Mr. Wang is a director and substantial shareholder of a joint venture of the Company. Save as disclosed above, Mr. Wang (i) is not related to any other Directors, senior management, substantial Shareholders, or controlling Shareholders (as defined in the GEM Listing Rules) of the Company; (ii) as of the Latest Practicable Date, Mr. Wang does not have, and was not deemed to have, any interest in the Shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and (iii) has not held any position in the Group and (iv) has not held any directorship in the last three years prior to his appointment in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wang has not entered into any service contract with the Company. Although Mr. Wang is not appointed for a specific term, Mr. Tian is subject to retirement by rotation and re-election in accordance with the Articles of Association.

The Company will make disclose of the emoluments of the Directors for the financial year 2011-2012 in its 2012 annual report in accordance with the GEM Listing Rules.

Save as disclosed above, none of the retiring Directors to be re-elected has any information which is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of China Vanguard Group Limited (the “**Company**”) will be held at Room 2201, 22/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on Tuesday, 6 November 2012 at 10:30 a.m. (if there is a “black” rainstorm warning or a tropical cyclone warning signal number 9 or above in force on 6 November 2012, the provisions contained in Note 9 below shall be applicable), for the purpose of considering and, if thought fit, passing the following resolution:

AS ORDINARY RESOLUTIONS:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Board of Directors**” or “**Directors**”) and auditors of the Company for the year ended 30 June 2012
2.
 - (a) to re-elect Madam Cheung Kwai Lan as an Executive Director
 - (b) to re-elect Mr. Wang Yong Chun as an Executive Director
 - (c) to authorize the Board of Directors to fix the directors’ remuneration
3. to re-appoint W.H. Tang & Partners CPA Limited as auditors and to authorize the Directors to fix the auditors’ remuneration
4. to, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (“**Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”) or any other applicable laws of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

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“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

5. to, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”

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6. to, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** the Directors be and they are hereby authorized to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

Yours faithfully
For and on behalf of the Board of
China Vanguard Group Limited
眾彩科技股份有限公司*
Chan Siu Sarah
Director

Hong Kong, 28 September 2012

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Room 2201, 22/F
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

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Notes:

1. A shareholder of the Company entitled to attend and vote at the Meeting (or at any adjournment thereof) is entitled to appoint another person as his/her/its proxy to attend and vote in his/her/its stead in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.
2. A form of proxy for use at the Meeting is enclosed.
3. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he/she/it so wish and in such event, the proxy shall be deemed to be revoked.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of such shares.
5. Shareholders are reminded that in order to be entitled to attend and vote at the Meeting, the register of members of the Company will be closed from 5 November 2012 (Monday) to 6 November 2012 (Tuesday), both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, 26/F., Tesbury Centre, 28 Queen's Road, Wanchai, Hong Kong not later than 4:30 p.m. on 2 November 2012 (Friday).
6. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the directors of the Company of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. Except the current share option scheme or any script dividend scheme, the Company has no immediate plan to issue any Share.
7. In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances they deemed to be appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to this circular.
8. Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolutions set out in this notice will be decided by poll at the Meeting.
9. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 7:30 a.m. on 6 November 2012 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 6 November 2012 that either of the above mentioned warnings is to be issued within the next two hours, the Meeting shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 7:30 a.m. to 10:30 a.m. and in such case the Meeting shall be held at 10:30 a.m. on that Business Day at Room 2201, 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. "Business Day", in this context, shall mean a day (not being a Saturday, Sunday or public holiday) on which the stock exchange in Hong Kong is open for business of dealing in securities.