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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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 (the “**Stock Exchange**”) 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.

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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

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

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A notice convening the annual general meeting (the “**AGM**”) of the Company to be held at Units 307-313, 3/F, Wireless Centre, Phase One Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong on Wednesday, 23 November 2016 at 10:00 a.m. is set out on pages 13 to 16 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

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 Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 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*

17 October 2016

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## CHARACTERISTICS OF GEM

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**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

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*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 Units 307-313, 3/F, Wireless Centre, Phase One Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong on Wednesday, 23 November 2016 at 10:00 a.m., notice of which is set out in this circular |
| “Articles of Association”         | the articles of associations of the Company (as amended from time to time), and “Article” shall mean an article thereof   |
| “Best Frontier”                   | Best Frontier Investments Limited, a limited company incorporated in British Virgin Islands   |
| “Board”                           | the board of Directors  |
| “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   |
| “Convertible Bonds”               | Unlisted convertible bonds of the Company with a term of three years in the aggregate principal amount of HK\$89,625,000  |
| “close associate(s)”              | has the meaning ascribed to this term under the GEM Listing Rules   |
| “Director(s)”                     | the director(s) of the Company  |
| “GEM”                             | Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”               | the Rules Governing the Listing of Securities on GEM  |
| “Group”                           | the Company and its subsidiaries  |
| “HK\$”                            | Hong Kong dollar(s), the lawful currency of Hong Kong   |
| “Hong Kong”                       | The Hong Kong Special Administrative Region of the PRC  |
| “Issuance Mandate”                | as defined in paragraph 2.1 of the Letter from the Board  |

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## DEFINITIONS

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|---------------------------|---|
| “Latest Practicable Date” | 11 October 2016, being the latest practicable date prior to the printing of this circular for 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 HK\$0.0125 each in the share capital of the Company  |
| “Share Option(s)”         | share option(s) granted under the Share Option Scheme   |
| “Share Options Scheme”    | the share option scheme adopted by the Company on 31 January 2013   |
| “Shareholder(s)”          | holder(s) of the Share(s)   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited   |
| “Takeovers Code”          | The Codes on Takeovers and Mergers and Share Buy-backs  |
| “%”                       | per cent.   |

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## LETTER FROM THE BOARD

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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

*Executive Directors:*

Madam CHEUNG Kwai Lan (*Chairperson*)

Mr. CHAN Ting (*Deputy Chairperson and  
Chief Executive Officer*)

*Non-executive Director:*

Mr. CHAN Tung Mei

*Independent Non-executive Directors:*

Mr. TO Yan Ming Edmond

Mr. ZHANG Xiu Fu

Mr. YANG Qing Cai

*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:*

Units 307-313, 3/F

Wireless Centre

Phase One Hong Kong Science Park

Pak Shek Kok, New Territories

Hong Kong

17 October 2016

*To the Shareholders and,  
for information only, the Convertible Bonds holders*

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES  
TO ISSUE SHARES AND TO REPURCHASE SHARES,  
RE-ELECTION OF RETIRING 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 mandates to issue Shares and to repurchase Shares; (ii) the re-election of retiring Directors; and (iii) the notice of the AGM.

\*for identification purpose only

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## LETTER FROM THE BOARD

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### **2. GENERAL MANDATE TO ISSUE SHARES AND TO REPURCHASE SHARES**

At the AGM, separate ordinary resolutions will be proposed to seek the approval of the Shareholders to grant the Directors the general mandates 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, share options and warrants which might require the exercise of such power, of an aggregate nominal 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 3,227,065,068 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 645,413,013 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 nominal 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 322,706,506 Shares.

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## LETTER FROM THE BOARD

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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.

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.

### **3. RE-ELECTION OF RETIRING DIRECTORS**

In relation to the proposed resolution no. 2 as set out in the notice of the AGM, Mr. ZHANG Xiu Fu and Mr. YANG Qing Cai shall retire from office by rotation at the AGM in accordance with Article 116 and, being eligible, offer themselves for re-election as an Independent Non-executive Director.

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

### **4. 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 13 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 proxy form and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or adjourned meeting (as the case may be). 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, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions set out in the notice of AGM will be voted by way of poll at the AGM. The Company will announce the results of poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.



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## LETTER FROM THE BOARD

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### 5. 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.

### 6. 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 retiring Directors are 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 Ting**  
*Executive Director*

\* for identification purpose only

*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.*

**1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued Share capital of the Company comprised 3,227,065,068 Shares.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and, on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 322,706,506 Shares, representing 10% of the issued Share capital of the Company as at the date of passing of the resolution.

**2. REASONS FOR 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. FUNDING OF REPURCHASES**

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 2016) 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 close 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 Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

**7. TAKEOVERS CODE**

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 Rule 32 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), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders were interested in 5% or more of the issued Share capital of the Company. In the event that the Repurchase Mandate is exercised in full and there is a change in the number of Shares held by them after the Repurchase Mandate is exercised, the interest of such Shareholders will be increased to approximately the percentage set out as follows:

| Name of Substantial Shareholders  | Capacity           | Number of Shares held | Approximate percentage of the shareholding | Approximate percentage of the shareholding if the Repurchase Mandate is exercised in full |
|---|--------------------|-----------------------|--|---|
| Best Frontier & its concert parties<br><i>(Note 1)</i>  | Beneficial Owner   | 1,070,481,856 (L)     | 33.17%                                     | 36.86%  |
| Integrated Asset Management (Asia) Limited (“Integrated Asset”) & its concert parties <i>(Note 2)</i> | Beneficial Owner   | 472,723,000 (L)       | 14.65%                                     | 16.28%  |
| GAM Hong Kong Limited   | Investment Manager | 240,950,000 (L)       | 7.47%                                      | 8.30%   |
| Tarascon Asia Absolute Fund (Cayman) Ltd  | Beneficial Owner   | 168,225,000 (L)       | 5.21%                                      | 5.79%   |

*L denotes long position*

*Notes:*

- 1,068,565,856 Shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam CHEUNG Kwai Lan and Mr. CHAN Tung Mei who are spouses to each other. In addition, Madam CHEUNG and Mr. CHAN directly beneficially holds 1,656,000 and 260,000 Shares respectively. Madam CHEUNG is the spouse of Mr. CHAN and so both of them are deemed to have interests in the Shares.
- 472,723,000 Shares are owned by Integrated Asset which is wholly owned by Mr. YAM Tak Cheung. A 2% coupon Convertible Bonds in aggregate amount of HK\$89,625,000 for a term of three years was issued to Integrated Assets pursuant to the subscription agreement dated 13 January 2014. A maximum of 150,000,000 Shares will be allotted and issued to Integrated Asset upon conversion of the Convertible Bonds in full and thereafter the shareholding of Integrated Asset will be increased to approximately 19.30% of the current issued Share capital of the Company and approximately 18.44% of the enlarged issued Share capital of the Company. The initial conversion price is HK\$0.598 per conversion share subject to adjustment.

Save as aforesaid and based on information known to the Latest Practicable Date, the Directors are not aware of any consequences of such repurchases of Shares that would result in the above substantial Shareholders or any other Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rule 26 and 32 of the Takeovers Code if the Repurchase Mandate were exercised in full. Nevertheless, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances trigger off any potential consequences under the Takeovers Code.

Furthermore, 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. SHARE REPURCHASED BY THE COMPANY

During the six months preceding the Latest Practicable Date, there was no repurchase of Shares by the Company (whether on the Stock Exchange or otherwise).

#### 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:

|   | <b>Highest</b><br><i>HK\$</i> | <b>Lowest</b><br><i>HK\$</i> |
|---|-------------------------------|------------------------------|
| <b>2015</b>                                 |                               |                              |
| October                                     | 1.240                         | 1.000                        |
| November                                    | 1.080                         | 0.880                        |
| December                                    | 1.150                         | 0.770                        |
| <b>2016</b>                                 |                               |                              |
| January                                     | 0.990                         | 0.620                        |
| February                                    | 0.940                         | 0.560                        |
| March                                       | 0.770                         | 0.590                        |
| April                                       | 0.650                         | 0.450                        |
| May   | 0.530                         | 0.400                        |
| June  | 0.435                         | 0.280                        |
| July  | 0.430                         | 0.176                        |
| August                                      | 0.235                         | 0.183                        |
| September                                   | 0.320                         | 0.196                        |
| October (up to the Latest Practicable Date) | 0.325                         | 0.295                        |

*Sources: The Stock Exchange of 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:*

**(1) Mr. ZHANG Xiu Fu**

Mr. ZHANG Xiu Fu, aged 82, is an Independent Non-executive Director of the Company. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company, respectively. Mr. ZHANG devoted himself to the Chinese Revolution in August 1948 and joined in the Communist Party in March 1950. He had served as the Head of the Municipal Police of Hangzhou City, Zhejiang Province, the Chief Officer of the Provincial Police of Zhejiang Province, a member of the Communist Party's Provincial Standing Committee in Zhejiang Province and the Secretary of the Political and Legislative Affairs Committee. He had also served as the Commissar of the Chinese People's Armed Police, the Vice Minister and the Vice Head of the party organization of the Chinese Ministry of Legislation, a representative of the Ninth National People's Congress, a member of the Legislation Committee of the National People's Congress and the Vice President of China Law Science Association. He currently serves as the President of the China Legal Aid Foundation. He joined the Group in January 2008.

Save as disclosed above, Mr. ZHANG (i) has not hold any directorship in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (ii) does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in GEM Listing Rules) of the Company.

As at the Last Practicable Date, Mr. ZHANG has personal interests in Share Options to subscribe for an aggregate of 2,000,000 Shares granted under the Share Option Scheme, an aggregate of which representing approximately 0.06% of the issued Share capital of the Company. Save as disclosed above, he does not any other interest in the Share or underlying Shares in the Company within the meaning of Part XV of the SFO.

Mr. ZHANG has not entered into any service contract with the Company. He is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. For the year ended 30 June 2016, Mr. ZHANG received a Director's fee of HK\$120,000 which was determined by the Board based on the recommendation of the Remuneration Committee, with reference to his duties and responsibilities with the Company, the prevailing marketing conditions and the Company's performance.

**(2) Mr. YANG Qing Cai**

Mr. YANG Qing Cai, aged 69, is an Independent Non-executive Director of the Company. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company, respectively. Mr. YANG was formerly the Vice Governor of Jilin Province. He has also served as the Deputy Director of the Rural Affairs Department of the Jilin Provincial Committee, the Deputy Secretary General of the Government of Jilin Province, and the Vice Director of the Standing Committee of the National People's Congress of Jilin Province. He joined the Group in April 2011.

Save as disclosed above, Mr. YANG (i) has not hold any directorship in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (ii) does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in GEM Listing Rules) of the Company.

As at the Last Practicable Date, Mr. YANG has personal interests in 475,000 Shares; and Share Options to subscribe for an aggregate of 1,525,000 Shares granted under the Share Option Scheme, an aggregate of which representing approximately 0.06% of the issued Share capital of the Company. Save as disclosed above, he does not any other interest in the Share or underlying Shares in the Company within the meaning of Part XV of the SFO.

Mr. YANG has not entered into any service contract with the Company. He is not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Articles of Association. For the year ended 30 June 2016, Mr. YANG received a Director's fee of HK\$120,000 which was determined by the Board based on the recommendation of the Remuneration Committee, with reference to his duties and responsibilities with the Company, the prevailing marketing conditions and the Company's performance.

There is no information relating to the above Directors that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**AGM**”) of China Vanguard Group Limited (the “**Company**”) will be held at Units 307-313, 3/F, Wireless Centre, Phase One Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong on Wednesday, 23 November 2016 at 10:00 a.m. for the following purposes:

### **ORDINARY RESOLUTIONS:**

1. To receive and consider the audited consolidated financial statements, the directors’ report and independent auditors’ report of the Company for the year ended 30 June 2016;
2.
  - (a) To re-elect Mr. ZHANG Xiu Fu as an independent non-executive director;
  - (b) To re-elect Mr. YANG Qing Cai as an independent non-executive director;
  - (c) To authorize the board of directors (the “**Board**” or the “**Directors**”) to fix the Directors’ remuneration;
3. To re-appoint Sky Base Partners CPA Limited as auditors of the Company and to authorize the Board to fix their 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 Governing the Listing of Securities on The Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”), 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;

\*for identification purpose only



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## NOTICE OF ANNUAL GENERAL MEETING

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- (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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## NOTICE OF ANNUAL GENERAL MEETING

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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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## NOTICE OF ANNUAL GENERAL MEETING

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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.”

By order of the Board  
**CHINA VANGUARD GROUP LIMITED**  
眾彩科技股份有限公司\*  
**CHAN Ting**  
*Executive Director*

Hong Kong, 17 October 2016

*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:*

Units 307-313, 3/F, Wireless Centre  
Phase One Hong Kong Science Park  
Pak Shek Kok, New Territories  
Hong Kong

*Notes:*

1. A shareholder of the Company entitled to attend and vote at the AGM (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. A form of proxy for use at the AGM is enclosed.
2. In order to be valid, this form of proxy together with the 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 Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the AGM or any adjournment thereof, should he/she/it so wish and in such event, the proxy shall be deemed to be revoked.
3. 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.

\* *for identification purpose only*