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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)

PRICE SENSITIVE INFORMATION

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Company announces that the Ninth Amendment Deeds were entered into on 16 July 2010 after trading hours.

Pursuant to the Ninth Amendment Deeds, the period during which the Noteholders may require redemption of the outstanding principal amounts of the Amended Notes has been changed from “the period from 1 May 2010 to 16 July 2010 or, if 16 July 2010 is not a business day, the next following business day (inclusive)” to “the period from 17 July 2010 to 30 July 2010 or, if 30 July 2010 is not a business day, the next following business day (inclusive)”.

The Company also announces that the Fifth Restatement Agreement was entered into on 16 July 2010 after trading hours.

Pursuant to the Fifth Restatement Agreement, amongst other things:

- (a) the “Undertaking Period” remains the period commenced on 18 June 2009 and ends on the first to occur of (i) the Repayment Date; and (ii) the date on which the Company, Grand Promise and the Noteholders have executed the Notes Restructuring Documents;
- (b) each of Evolution and Liberty Harbor undertakes (i) not to exercise their Holders Put Option to require for redemption under the Current Evolution Note or the Current Liberty Note (as the case may be) prior to 30 July 2010; and (ii) exercise the Holders Put Options as directed by Grand Promise; and
- (c) the Company agreed to pay the Current Step-Up Fees, the Final Fees and, if applicable, the Dis-incentive Fees to Liberty Harbor and Evolution.

Please refer to the section headed “The Fifth Restatement Agreement” for a summary of the material terms of the Fifth Restatement Agreement.

The previous amendments to the Original Notes have allowed time for the Company and Grand Promise to seek financing for redemption. During this time, Grand Promise had redeemed the Original Notes partially. After the partial redemptions occurred prior to the date of this announcement, the aggregate outstanding principal amounts of the Original Notes together with interest accrued were reduced from approximately HK\$327,710,000 on 3 July 2009 to approximately HK\$80,825,000 as at the date of this announcement and are expected to be further reduced to approximately HK\$50,354,000 by next week.

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules. Capitalised terms used in this announcement have the meaning given to them in the First Announcement unless otherwise defined in this announcement.

1. BACKGROUND

Reference is made to the First Announcement, the announcements of the Company dated 15 July 2009, 4 August 2009, 28 August 2009, 14 September 2009, 22 September 2009, 29 September 2009, 30 October 2009, 13 January 2010, 25 February 2010 and 31 March 2010 respectively and the Last Announcement.

(a) The Original Notes as amended

In the First Announcement, it was announced, amongst other things, that the First Amendment Deeds were entered into amending the Original Notes. The Original Notes were subsequently further amended.

Pursuant to the amendments of the Eighth Amendment Deeds, being the latest amendments prior to the coming into effect of the Ninth Amendment Deeds, the Noteholders may require redemption of the outstanding principal amounts of the Amended Notes from 1 May 2010 to 16 July 2010 or, if 16 July 2010 is not a business day, the next following business day (inclusive).

(b) The Original Undertaking as amended

In the First Announcement, it was announced, amongst other things, that the Company, Grand Promise, Evolution and Liberty Harbor had entered into the Original Undertaking. Pursuant to the Original Undertaking, restrictions were imposed on the CVG Group Member and Aptus on withdrawals or transfers from bank accounts during the Undertaking Period (being the period commencing on 18 June 2009 and ending on the first to occur of (A) 15 July 2009 and (B) the date on which the Company, Grand Promise and the Noteholders have executed definitive legally binding and enforceable

documentation to restructure all amounts outstanding under the Original Notes (the “**Notes Restructuring Documents**”).

The Original Undertaking was subsequently amended and/or restated by the Previous Undertaking Amendment Agreements as disclosed in the announcements of the Company dated 15 July 2009, 4 August 2009, 28 August 2009, 14 September 2009, 22 September 2009, 29 September 2009, 30 October 2009, 13 January 2010, 25 February 2010 and 31 March 2010 respectively and the Last Announcement.

2. THE NINTH AMENDMENT DEEDS

(a) Entering into of the Ninth Amendment Deeds

The Company announces that after trading hours on the date of this announcement:

- (i) the Company, Grand Promise and Evolution have entered into the Ninth Evolution Amendment Deed; and
- (ii) the Company, Grand Promise and Liberty Harbor have entered into the Ninth Liberty Amendment Deed.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both Evolution and Liberty Harbor and their ultimate beneficial owner(s) are Independent Third Parties.

The Ninth Evolution Amendment Deed and the Ninth Liberty Amendment Deed are made on the same terms and conditions.

(b) Amendments relating to the Noteholders’ option to require redemption pursuant to the Ninth Amendment Deeds

Pursuant to the Ninth Amendment Deeds, the period during which the Noteholders may exercise their options to require redemption of the outstanding principal amounts of the Amended Notes has been changed to “the period from 17 July 2010 to 30 July 2010 or, if 30 July 2010 is not a business day, the next following business day (inclusive)”. The amendments to the Amended Notes contemplated under the Ninth Amendment Deeds came into effect on 16 July 2010.

Save and except as amended pursuant to the amendment described above and incidental amendments (for example, amending the definition of the term “Transaction Documents” to include the Ninth Amendment Deeds), the terms of the Amended Notes remain in full force and effect.

(c) Approval of the Stock Exchange

The Stock Exchange has granted its approval of the amendments to the Amended Notes contemplated by the Ninth Amendment Deeds as required under the GEM Listing Rules.

3. THE FIFTH RESTATEMENT AGREEMENT

The Company announces that the Company, Grand Promise, Evolution and Liberty Harbor have entered into the Fifth Restatement Agreement after trading hours on the date of this announcement.

(a) Summary of the material terms

A summary of the material terms of the Fifth Restatement Agreement and relevant information is set out below:

(i) Undertaking Period

The “Undertaking Period” remains the period commenced on 18 June 2009 and ends on the first to occur of (i) the Repayment Date; and (ii) the date on which the Company, Grand Promise and the Noteholders have executed the Notes Restructuring Documents.

(ii) Undertaking not to exercise the Holders Put Options

(A) Each of Evolution and Liberty Harbor undertakes:

(aa) not to exercise their Holders Put Option to require redemption under the Current Evolution Note or the Current Liberty Note (as the case may be) prior to 30 July 2010; and

(bb) to exercise the Holders Put Options as directed by Grand Promise as summarised in paragraph (C) below.

(B) Notwithstanding the undertakings described above, each of Liberty Harbor and Evolution may exercise the Holders Put Options unilaterally on 30 July 2010.

(C) Grand Promise has the right, but not the obligation, during the period from 17 July 2010 to 30 July 2010 (inclusive) to (from time to time and on multiple occasions), require by written notice, (“**Direction Notice**”) Liberty Harbor and Evolution to exercise the Holder Put Options provided that Grand Promise must direct Liberty Harbor and Evolution to redeem the Current Liberty Note and the Current Evolution Note on a pro rata basis.

(iii) Current Step-Up Fees

- (A) The Company will pay recurring non-refundable fees calculated on a daily basis in respect of the period from 1 May 2010 to the Repayment Date. The amounts payable is to be calculated on a daily basis in accordance with a specified formula relevant to the outstanding principal under the Current Notes at the time of calculation.
- (B) In respect of the period from 1 May 2010 to 20 July 2010, the amounts of Step-Up Fees payable to Liberty Harbor and Evolution is US\$70,930.89 (equivalent to approximately HK\$549,714.40) and US\$45,542.25 (equivalent to approximately HK\$352,952.44) respectively.
- (C) For the purpose of the Fifth Restatement Agreement, “Repayment Date” means the first to occur of:
 - (aa) the date on which Liberty Harbor (in respect of the Current Liberty Note) or Evolution (in respect of the Current Evolution Note) receives payment in full of all principal outstanding under the Current Liberty Note (in the case of Liberty Harbor) or Current Evolution Note (in the case of Evolution) and accrued (but unpaid) interest and any other amounts accrued thereon in accordance with the terms of the Current Liberty Note or the Current Evolution Note (as the case may be); and
 - (bb) the date on which Liberty Harbor (in respect of the Current Liberty Note) or Evolution (in respect of the Current Evolution Note) transfers the Current Liberty Note (in the case of Liberty Harbor) or the Current Evolution Note (in the case of Evolution) (as the case may be) to a third party or otherwise ceases to have any interest in the Current Liberty Note (in the case of Liberty Harbor) or the Current Evolution Note (in the case of Evolution) (as the case may be).

The aggregate outstanding principal amounts of the Current Liberty Note together with interest accrued are approximately US\$6,351,000 (equivalent to approximately HK\$49,220,000) as at the date of this announcement. On the assumption that the Repayment Date is 30 July 2010 and there is no redemption (full or partial) before the Repayment

Date, the Current Step-Up Fees payable to Liberty Harbor for the period from 21 July 2010 to the Repayment Date will be approximately US\$8,757 (equivalent to approximately HK\$67,866).

The aggregate outstanding principal amounts of the Current Evolution Note together with interest accrued are approximately US\$4,078,000 (equivalent to approximately HK\$31,605,000) as at the date of this announcement. On the assumption that the Repayment Date is 30 July 2010 and there is no redemption (full or partial) before the Repayment Date, the Current Step-Up Fees payable to Evolution for the period from 21 July 2010 to the Repayment Date will be approximately US\$5,623 (equivalent to approximately HK\$43,574).

(iv) Final Fees

The Company will pay the following non-refundable fees (equivalent to 1.5% of the face value of the outstanding principal under the Current Liberty Note and the Current Evolution Note (as the case may be) as at 30 April 2010):

- (A) US\$72,750 to Liberty Harbor (equivalent to approximately HK\$563,812.50); and
- (B) US\$46,710 to Evolution (equivalent to approximately HK\$362,002.50).

The Final Fees payable in accordance with the Fifth Restatement Agreement and the Fourth Restatement Agreement is one and the same fees except that the Final Fees payable under the Fifth Restatement Agreement shall be settled in cash only instead of capable of being settled in cash or by the Company issuing the Warrants as provided under the Fourth Restatement Agreement.

(v) Dis-incentive Fees

(A) Liberty Dis-Incentive Fees

- (aa) The Company agrees to pay to Liberty Harbor non-refundable fees in an amount equivalent to 2.5% of the face value of the outstanding principal under the Current Liberty Note (excluding any amount included in a notice given to the Company by Liberty Harbor under the applicable provision of the Current Liberty Note) as at 21 July 2010, being US\$46,250 (equivalent to approximately HK\$358,438) (“**Liberty Dis-Incentive Fees**”).

(bb) Liberty Harbor has no entitlement to the Liberty Harbor Dis-Incentive Fees under certain circumstances specified in the Fifth Restatement Agreement. These circumstances include (without limitation) (I) if as at 30 July 2010, there is no amount outstanding to Liberty Harbor under the Current Liberty Note; (II) if Liberty Harbor does not exercise the put option available to it under the Current Liberty Note by delivering to Grand Promise on 30 July 2010 a written notice in accordance with the applicable provision of the Current Liberty Note to require Grand Promise to redeem all outstanding principal under the Current Liberty Note; or (III) Liberty Harbor has not co-operated in good faith to promptly implement a proposal which is acceptable to it (acting reasonably) to redeem, transfer or restructure the Current Liberty Note prior to 30 July 2010.

(B) Evolution Dis-Incentive Fees

(aa) The Company agrees to pay to Evolution non-refundable fees in an amount equivalent to 2.5% of the face value of the outstanding principal under the Current Evolution Note (excluding any amount included in a notice given to the Company by Evolution under the applicable provision of the Current Evolution Note) as at 21 July 2010, being US\$52,850 (equivalent to approximately HK\$409,588) (“**Evolution Dis-Incentive Fees**”).

(bb) Evolution has no entitlement to the Evolution Dis-Incentive Fees under certain circumstances specified in the Fifth Restatement Agreement. These circumstances include (without limitation) (I) if as at 30 July 2010, there is no amount outstanding to Evolution under the Current Evolution Note; (II) if Evolution does not exercise the put option available to it under the Current Evolution Note by delivering to Grand Promise on 30 July 2010 a written notice in accordance with the applicable provision of the Current Evolution Note to require Grand Promise to redeem all outstanding principal under the Current Evolution Note; or (III) Evolution has not co-operated in good faith to promptly implement a proposal which is acceptable to it (acting reasonably) to redeem, transfer or restructure the Current Evolution Note prior to 30 July 2010.

(b) Effect of the Fifth Restatement Agreement

As a result of the entering into of the Fifth Restatement Agreement, the terms of the Fourth Restatement Agreement, to the extent that they are not restated in the Fifth Restatement Agreement ceased to have any force or effect with effect from the date of the Fifth Restatement Agreement. The terms of the Fourth Restatement Agreement which are not restated in the Fifth Restatement Agreement included (without limitation) (i) the restrictions on withdrawals or transfers from the bank accounts of Aptus as described in the announcement of the Company dated 30 October 2009 and (ii) the terms pursuant to which Evolution and/or Liberty Harbor may elect to have the Previous Step-Up Fees and/or the Final Fees payable to them by the Company issuing to Evolution and/or Liberty Harbor the Warrants as described in the Last Announcement. By virtue of the Fifth Restatement Agreement, the Warrants are, therefore, no longer issuable. However, the Company shall pay the Current Step-Up Fees and the Final Fees pursuant to the terms of the Fifth Restatement Agreement and such fees shall be settled in cash.

4. REASONS FOR ENTERING INTO THE NINTH AMENDMENT DEEDS AND THE FIFTH RESTATEMENT AGREEMENT

The previous amendments to the Original Notes have allowed time for the Company and Grand Promise to seek financing for redemption. During this time, Grand Promise had redeemed the Original Notes partially. After the partial redemptions occurred prior to the date of this announcement, the aggregate outstanding principal amounts of the Original Notes together with interest accrued were reduced from approximately HK\$327,710,000 on 3 July 2009 to approximately HK\$80,825,000 as at the date of this announcement and is expected to be further reduced to approximately HK\$50,354,000 by next week.

The Ninth Amendment Deeds and the Fifth Restatement Agreement allow time for the Company, Grand Promise and the Noteholders to continue the negotiation on restructuring and/or repayment of all amounts outstanding under the Current Notes and to also allow the Company to seek potential refinancing of those amounts (including with third parties other than Evolution and Liberty Harbor).

After taking into account these factors and considerations, the Directors (including the independent non-executive Directors) consider that the terms of the Ninth Amendment Deeds and the Fifth Restatement Agreement are fair and reasonable, on normal commercial terms and in the interest of the CVG Group and the shareholders of the Company as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meaning:

“Amended Evolution Note”	the Original Evolution Note as amended by the Previous Evolution Amendment Deeds
“Amended Liberty Note”	the Original Liberty Note as amended by the Previous Liberty Amendment Deeds
“Amended Notes”	collectively the Amended Evolution Note and the Amended Liberty Note
“Aptus”	Aptus Holdings Limited, an indirect non wholly-owned subsidiary of the Company and, for the purpose of this announcement, includes its subsidiaries
“Current Evolution Note”	the Original Evolution Note as amended by the Previous Evolution Amendment Deeds and the Ninth Evolution Amendment Deed, the outstanding principal amount of which being US\$3,114,000 (equivalent to approximately HK\$24,134,000) as at the date of this announcement
“Current Liberty Note”	the Original Liberty Note as amended by the Previous Liberty Amendment Deeds and the Ninth Liberty Amendment Deed, the outstanding principal amount of which being US\$4,850,000 (equivalent to approximately HK\$37,588,000) as at the date of this announcement
“Current Notes”	collectively the Current Evolution Note and the Current Liberty Note
“Current Step-Up Fees”	the non-refundable fees payable to Liberty Harbor and Evolution as described in the section headed “3. The Fifth Restatement Agreement – (a) Summary of material terms – (iii) Current Step-Up Fees” in this announcement
“Dis-incentive Fees”	collectively the Liberty Dis-Incentive Fees and the Evolution Dis-Incentive Fees

“Eighth Amendment Deeds”	collectively the Eighth Evolution Amendment Deed and the Eighth Liberty Amendment Deed
“Eighth Evolution Amendment Deed”	the eighth amendment deed dated 30 April 2010 between the Company, Grand Promise and Evolution amending the Original Evolution Note
“Eighth Liberty Amendment Deed”	the eighth amendment deed dated 30 April 2010 between the Company, Grand Promise and Liberty Harbor amending the Original Liberty Note
“Fifth Restatement Agreement”	the fifth amendment and restatement agreement dated 16 July 2010 between the Company, Grand Promise, Liberty Harbor and Evolution further amending and restating the Original Undertaking
“Final Fees”	the non-refundable fees payable to Liberty Harbor and Evolution as described in the section headed “3. The Fifth Restatement Agreement – (a) Summary of material terms – (iv) Final Fees” in this announcement
“First Amendment Deeds”	collectively the First Evolution Amendment Deed and the First Liberty Amendment Deed
“First Announcement”	the announcement of the Company dated 18 June 2009 in relation to, amongst other things, the First Amendment Deeds
“First Evolution Amendment Deed”	the amendment deed dated 17 June 2009 between the Company, Grand Promise and Evolution amending the Original Evolution Note
“First Liberty Amendment Deed”	the amendment deed dated 17 June 2009 between the Company, Grand Promise and Liberty Harbor amending the Original Liberty Note
“Fourth Restatement Agreement”	the fourth amendment and restatement agreement dated 30 April 2010 between the Company, Grand Promise, Liberty Harbor and Evolution further amending and restating the Original Undertaking

“Holders Put Options”	options of the Noteholders to require redemption of the outstanding Current Notes during the period from 17 July 2010 to 30 July 2010 or, if 30 July 2010 is not a business day, the next following business day (inclusive) pursuant to the Current Notes
“Last Announcement”	the announcement of the Company dated 30 April 2010 in relation to, amongst other things, the Fourth Restatement Agreement
“Ninth Amendment Deeds”	collectively the Ninth Evolution Amendment Deed and the Ninth Liberty Amendment Deed
“Ninth Evolution Amendment Deed”	the ninth amendment deed dated 16 July 2010 between the Company, Grand Promise and Evolution amending the Amended Evolution Note
“Ninth Liberty Amendment Deed”	the ninth amendment deed dated 16 July 2010 between the Company, Grand Promise and Liberty Harbor amending the Amended Liberty Note
“Noteholders”	holders of the Original Notes (as amended from time to time) from time to time, being Evolution and Liberty Harbor as at the date of this announcement
“Original Evolution Note”	the senior convertible redeemable note dated 30 November 2007 in the original principal amount of US\$10,000,000 issued by Grand Promise to Evolution the maturity date of which is 30 November 2012
“Original Liberty Note”	the senior convertible redeemable note dated 30 November 2007 in the original principal amount of US\$25,000,000 issued by Grand Promise to Liberty Harbor the maturity date of which is 30 November 2012
“Original Notes”	collectively the Original Evolution Note and the Original Liberty Note
“Original Undertaking”	the undertaking agreement dated 17 June 2009 between the Company, Grand Promise, Evolution and Liberty Harbor

“Previous Evolution Amendment Deeds”	collectively (i) the First Evolution Amendment Deed; (ii) the six amendment deeds amending the Original Evolution Note dated 4 August 2009, 22 September 2009, 30 October 2009, 13 January 2010, 25 February 2010 and 31 March 2010 respectively, each between Evolution, the Company and Grand Promise; and (iii) the Eighth Evolution Amendment Deed
“Previous Liberty Amendment Deeds”	collectively (i) the First Liberty Amendment Deed; (ii) the six amendment deeds amending the Original Liberty Note dated 4 August 2009, 22 September 2009, 30 October 2009, 13 January 2010, 25 February 2010 and 31 March 2010 respectively, each between Liberty Harbor, the Company and Grand Promise; and (iii) the Eighth Liberty Amendment Deed
“Previous Step-Up Fees”	the non-refundable fees payable to Liberty Harbor and Evolution pursuant to the Fourth Restatement Agreement as described in the section headed “The Fourth Restatement Agreement – (d) Step-Up Fees” in the Last Announcement
“Previous Undertaking Amendment Agreements”	collectively (i) the seven amendment and undertaking agreements amending the Original Undertaking dated 15 July 2009, 4 August 2009, 28 August 2009, 14 September 2009, 22 September 2009, 29 September 2009 and 30 October 2009 respectively, each between the Company, Grand Promise, Evolution and Liberty Harbor; (ii) the three amendment and restatement agreement amending and restating the Original Undertaking dated 13 January 2010, 25 February 2010 and 31 March 2010 respectively, each between the Company, Grand Promise, Liberty Harbor and Evolution; and (iii) the Fourth Restatement Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 in the capital of the Company
“Warrants”	the warrants to subscribe for Shares proposed to be issued by the Company to Liberty Harbor and/or Evolution in accordance with the Fourth Restatement Agreement in satisfaction of the Previous Step-Up Fees and the Final Fees as described in the Last Announcement

For the purposes of illustration, amounts in this announcement expressed in the United States dollars have been translated into Hong Kong dollars at the rate of US\$1.00 = HK\$7.75.

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, 16 July 2010

As at the date of this announcement, the board of directors of the Company comprises five executive directors, being Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Chan Ting, Ms. Chan Siu Sarah and Mr. Lau Hin Kun; and three independent non-executive directors, being Mr. Tian He Nian, Mr. Zhang Xiu Fu 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 in 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*