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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**

The Company announces that the Note Purchase Agreement and the Assignment and Novation Agreement were entered into after trading hours on the date of this announcement.

Pursuant to the Note Purchase Agreement, (i) Liberty Harbor agreed to sell, and Tarascon agreed to purchase, the Amended Liberty Note; and (ii) Grand Promise waived its right to redeem the Amended Liberty Note.

Pursuant to the Assignment and Novation Agreement, with effect from the Effective Date (i) Liberty Harbor assigns to Tarascon its entire rights in, and is released from its obligations under, the Relevant Documents; and (ii) the Company, Grand Promise and Evolution give their consent to that assignment and novation of Liberty Harbor's obligations under the Relevant Documents.

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 announcement of the Company dated 26 July 2010 unless otherwise defined in this announcement.

Reference is made to various announcements of the Company issued during the period from 18 June 2009 to 26 July 2010 in relation to, amongst other things, the amendments to, and redemptions of, the Original Notes and the relevant arrangements between the Company, Grand Promise and the Noteholders and the actions taken by the Company in relation to the redemptions of the Original Notes.

## **1. NOTE PURCHASE AGREEMENT**

### **(a) Background**

In the announcement of the Company dated 26 July 2010, it was announced, amongst other things, that Grand Promise, Liberty Harbor and Tarascon have entered into negotiations in respect of the proposed transfer of the Amended Liberty Note from Liberty Harbor to Tarascon.

### **(b) Entering into of the Note Purchase Agreement**

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

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

### **(c) Transfer of the Amended Liberty Note and obligations of Grand Promise under the Note Purchase Agreement**

Pursuant to the Note Purchase Agreement:

- (i) Liberty Harbor agreed to sell, and Tarascon agreed to purchase, the Amended Liberty Note subject to the terms of the Note Purchase Agreement;
- (ii) completion of the transfer of the Amended Liberty Note shall take place on or before 29 July 2010 (or such other date as may be agreed between Liberty Harbor and Tarascon) subject to the satisfaction of the condition provided under the Note Purchase Agreement, being Liberty Harbor, Evolution, Tarascon, Grand Promise and the Company having entered into the Assignment and Novation Agreement;
- (iii) Grand Promise waives its right to redeem the Amended Liberty Note; and
- (iv) Grand Promise shall record in the register of noteholders the transfer of the Amended Liberty Note from Liberty Harbor to Tarascon and issue a new note certificate to Tarascon.

Save as disclosed in this announcement, Grand Promise has no material rights or obligations under the Note Purchase Agreement.

The condition to the completion of the transfer of the Amended Liberty Note referred to in paragraph (c)(ii) above has already been satisfied.

## 2. ASSIGNMENT AND NOVATION AGREEMENT

The Company announces that after trading hours on the date of this announcement, the Company, Grand Promise, Liberty Harbor, Evolution and Tarascon have entered into the Assignment and Novation Agreement. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Evolution and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the Assignment and Novation Agreement, with effect on and from the Effective Date:

- (a) Liberty Harbor assigns to Tarascon its entire rights, title and interest in, and is released from its obligations under, the Relevant Documents; and
- (b) the Company, Grand Promise and Evolution consent to the assignment of Liberty Harbor's rights, title and interest in, and novation of Liberty Harbor's obligations under, the Relevant Documents with effect from the Effective Date.

The Assignment and Novation Agreement will come into effect on the date on which the transfer of the Amended Liberty Note is completed in accordance with the Note Purchase Agreement or such other date agreed by the parties to the Assignment and Novation Agreement (“**Effective Date**”).

## 3. REASONS FOR ENTERING INTO THE NOTE PURCHASE AGREEMENT AND THE ASSIGNMENT AND NOVATION AGREEMENT

The entry into of the Note Purchase Agreement by Grand Promise can facilitate the transfer of the Amended Liberty Note. The transfer of the Amended Liberty Note is to the benefit of the Company since Tarascon has entered into the Tarascon Deed which provides for, amongst other things, postponing the expiry date of the option period under the Amended Liberty Note to 30 November 2010 (which is subject to, amongst other things, the approval of the Stock Exchange being granted) which will allow time for the Company, Grand Promise and Tarascon to negotiate the restructuring and/or repayment of all amounts outstanding under the Tarascon Note and will also allow the Company to seek potential refinancing of those amounts (including with third parties other than the holders of the Tarascon Note).

The Assignment and Novation Agreement was entered into in contemplation of the transfer of the Amended Liberty Note for the purpose of rationalising the contractual arrangements involving the Company, Grand Promise, Evolution, Liberty Harbor and Tarascon under the Relevant Documents.

After taking into account these factors and considerations, the Directors (including the independent non-executive Directors) consider that the terms of the Note Purchase Agreement and the Assignment and Novation 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 Liberty Note”	the Original Liberty Note as amended from time to time, most recently on 16 July 2010, the outstanding principal amount of which is US\$1,850,000 (equivalent to approximately HK\$14,337,000) as at the date of this announcement
“Assignment and Novation Agreement”	the assignment and novation agreement dated 28 July 2010 between the Company, Grand Promise, Liberty Harbor, Evolution and Tarascon in relation to the assignment and novation of the rights and obligations under the Relevant Documents
“Birdview”	Birdview Group Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Birdview Charge”	the share charge in respect of the entire issued share capital of Birdview dated 30 November 2007 between Grand Promise, Evolution and Liberty Harbor for the purpose of securing the obligations of Grand Promise under the Original Notes
“Convertible Notes Issuance Agreement”	the agreement dated 28 November 2007 between, amongst others, Evolution, Liberty Harbor and Grand Promise pursuant to which the Original Notes were issued.
“Deed of Adherence”	the deed of adherence dated 11 April 2008 executed by the Company pursuant to which the Company agreed to be bound by all the terms and conditions of the Original Liberty Note jointly and severally (to the extent practicable) with Grand Promise
“Note Purchase Agreement”	the Note Purchase Agreement dated 28 July 2010 entered into between Tarascon, Liberty Harbor and Grand Promise pursuant to which the Amended Liberty Note will be transferred by Liberty Harbor to Tarascon
“Noteholders”	holders of the Original Notes (as amended from time to time)

“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
“Relevant Documents”	collectively the Convertible Notes Issuance Agreement, the Birdview Charge and the Deed of Adherence

By Order of the Board  
**China Vanguard Group Limited**  
 眾彩科技股份有限公司\*  
**CHAN Siu Sarah**  
*Director*

*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.*

Hong Kong, 28 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](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 [www.cvg.com.hk](http://www.cvg.com.hk).*

\* For identification purposes only