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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 Fourth Amendment Deeds, the Seventh Undertaking Amendment Agreement and the Extension Letter were entered into on 30 October 2009 after trading hours.

Pursuant to the Fourth 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 30 September 2009 to the date falling 15 business days thereafter (inclusive)” to “the period from 30 November 2009 to 13 January 2010 (inclusive)”. The amendments to the Amended Notes contemplated under the Fourth Amendment Deeds came into effect on 30 October 2009.

Pursuant to the Seventh Undertaking Amendment Agreement, amongst other things, with effect from the date of the Seventh Undertaking Amendment Agreement the definition of the term “Undertaking Period” and the terms governing restrictions on withdrawals or transfers from bank accounts maintained or controlled by CVG Group Member or Aptus under the Amended Undertaking were amended as summarised in the section headed “The Seventh Undertaking Amendment Agreement”.

Pursuant to the Extension Letter, in consideration for Evolution and Liberty Harbor agreeing not to exercise the Holder Put Option before 30 November 2009, the Extension Fees and the Daily Extension Fees are payable by the Company upon the terms of the Extension Letter. The Extension Letter also provides that the Company will be entitled to require, and Evolution and Liberty Harbor will be obliged to accept, redemption of the Current Notes provided that the Company may not exercise such option in respect of any Current Notes which are the subject of an outstanding exercise of the Holder Put Option.

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 18 June 2009 (“**June Announcement**”) unless otherwise defined in this announcement.

## **1. BACKGROUND**

Reference is made to the June Announcement and the announcements of the Company dated 15 July 2009, 4 August 2009, 28 August 2009, 14 September 2009, 22 September 2009 and 29 September 2009 respectively.

### **(a) The Original Notes as amended by the First Amendment Deeds, the Second Amendment Deeds and the Third Amendment Deeds**

In the June Announcement, it was announced, amongst other things, that the First Amendment Deeds had been entered into amending the Original Notes. The Original Notes were subsequently amended by the Second Amendment Deeds as described in the announcement of the Company dated 4 August 2009 and the Third Amendment Deeds as described in the announcement of the Company dated 22 September 2009.

Pursuant to the amendments contemplated under the Third Amendment Deeds, being the latest amendments prior to the execution of the Fourth Amendment Deeds, the Noteholders may require redemption of the outstanding principal amounts of the Original Notes from 30 September 2009 to the date falling 15 business days thereafter (inclusive).

### **(b) The Original Undertaking as amended by the Previous Undertaking Amendment Agreements**

In the June 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 subsequent amended 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 and 29 September 2009 respectively.

## 2. THE FOURTH AMENDMENT DEEDS

### (a) Entering into of the Fourth 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 Fourth Evolution Amendment Deed; and
- (ii) the Company, Grand Promise and Liberty Harbor have entered into the Fourth 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 Fourth Evolution Amendment Deed and the Fourth Liberty Amendment Deed are made on the same terms and conditions.

### (b) Amendments to the Amended Notes relating to the Noteholders' option to require redemption during the period from 30 September 2009 to the date falling 15 business days thereafter (inclusive) pursuant to the Fourth Amendment Deeds

Under the terms of the Amended Notes, if on 30 September 2009, the holder of the note has not exercised its right to exchange the note into the shares of the Company, the holder of the note had the option, but not the obligation, during the period from 30 September 2009 to the date falling 15 business days thereafter (inclusive) to require Grand Promise to redeem all or any part of its outstanding note at the Early Redemption Amount.

Pursuant to the Fourth Amendment Deeds, the period (the "**Option Period**") during which the Noteholders may exercise their options to require redemption of the outstanding principal amounts of the Amended Notes (the "**Holder Put Options**") has been changed from "the period from 30 September 2009 to the date falling 15 business days thereafter (inclusive)" to "the period from 30 November 2009 to 13 January 2010 (inclusive)". The amendments to the Amended Notes contemplated under the Fourth Amendment Deeds came into effect on 30 October 2009.

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 Fourth 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 under the Fourth Amendment Deeds as required under the GEM Listing Rules.

**3. THE SEVENTH UNDERTAKING AMENDMENT AGREEMENT**

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

Pursuant to the Seventh Undertaking Amendment Agreement, with effect from the date of the Seventh Undertaking Amendment Agreement (i.e. 30 October 2009), the amendments as summarised below are made to the Amended Undertaking:

**(a) Amendments relating to restrictions on withdrawals or transfers from bank accounts of CVG Group Member**

*(i) Prior to the coming into effect of the Seventh Undertaking Amendment Agreement*

Each of the Company and Grand Promise undertook for the benefit of Evolution and Liberty Harbor that unless each of Liberty Harbor and Evolution gave its prior written approval, no withdrawals or transfers were to be made from any bank account maintained or controlled by any CVG Group Member (other than Aptus, the Joint Venture and Tian He) (the “**CVG Withdrawal Restrictions**”). The CVG Withdrawal Restrictions did not apply in certain circumstances specified in the Amended Undertaking including in relation to withdrawals or transfers for working capital purposes or in the ordinary course of business of the relevant CVG Group Member or for payment of any reasonable costs or expenses for services provided by third party professionals (including without limitation lawyers, accountants, financial advisers or valuers) to any CVG Group Member (the “**CVG Professional Costs**”) (provided that such amounts withdrawn or transferred did not exceed HK\$15,000,000).

*(ii) Upon coming into effect of the Seventh Undertaking Amendment Agreement*

The CVG Withdrawal Restrictions do not apply to withdrawals or transfers from any bank account for working capital purposes or in the ordinary course of business of the relevant CVG Group Member (provided that such amounts withdrawn or transferred shall not in aggregate exceed HK\$3,000,000 per month) or for payment (following no less than 5 business days written notice to Evolution and Liberty Harbor) of the CVG Professional Costs.

**(b) Amendments relating to restrictions on withdrawals or transfers from bank accounts of Aptus**

*(i) Prior to the coming into effect of the Seventh Undertaking Amendment Agreement*

Each of Grand Promise and the Company undertook for the benefit of Liberty Harbor and Evolution that it would use reasonable endeavours to ensure that during the Undertaking Period, unless each of Liberty Harbor and Evolution gave its prior written approval, no withdrawals or transfers were to be made from any bank account maintained or controlled by Aptus (the “**Old Aptus Withdrawal Restrictions**”).

The Old Aptus Withdrawal Restrictions did not apply in the following circumstances:

- (A) in connection with the payment of any amount due and payable by Aptus for the purposes of repayment or redemption by Aptus of the Bonds;
- (B) withdrawals or transfers for working capital purposes or in the ordinary course of business of Aptus or for payment of any reasonable costs or expenses for services provided by third party professionals (including without limitation lawyers, accountants, financial advisers or valuers) to Aptus (the “**Aptus Professional Costs**”) (provided that such amounts withdrawn or transferred did not exceed HK\$5,000,000).

*(ii) Upon coming into effect of the Seventh Undertaking Amendment Agreement*

- (A) The Old Aptus Withdrawal Restrictions have been deleted in their entirety.
- (B) Each of Grand Promise and the Company have now undertaken for the benefit of Liberty Harbor and Evolution that they will each use reasonable endeavours to ensure that during the Undertaking Period, unless each of Liberty Harbour and Evolution gives its prior written approval:
  - (aa) no withdrawal or transfer can be made from any bank account maintained or controlled by Aptus to the extent that following such withdrawal or transfer the funds standing to the credit of such bank accounts are less than the net proceeds (including deduction of any proceeds directly applied to repay debt of Aptus) of sale of any assets by Aptus (the “**New Aptus Withdrawal Restrictions**”); and

(bb) Aptus shall not (directly or indirectly, in each case where completion of such transaction would require the approval of the shareholders of Aptus) complete any transaction or combination of transactions (including without limitation, an equity issuance) that reduces the Company's indirect pro rata share of the total net cash directly held by Aptus (the "**CVG's Share**"), immediately prior to completion of such transaction, unless the Company increases its own total net cash held immediately prior to completion of such transaction by an amount equal to or greater than the difference between CVG's Share immediately prior to completion of such transaction and CVG's Share immediately after completion of such transaction (the "**Completion Restrictions**").

(C) The New Aptus Withdrawal Restrictions and the Completion Restrictions do not apply to withdrawals or transfers for working capital purposes or in the ordinary course of business of Aptus (provided that such amounts withdrawn or transferred shall not in aggregate exceed HK\$1,000,000 per month from the proceeds of sale of assets by Aptus) or for payment (following no less than 5 business days written notice to Evolution and Liberty Harbor) of the Aptus Professional Costs.

(D) The HK\$1,000,000 cap on withdrawal or transfer for working capital purposes or otherwise for purposes in the ordinary course of business of Aptus shall on the 30th day of each month succeeding October 2009 automatically increase by an additional amount of HK\$1,000,000.

**(c) Amendment to the definition of "Undertaking Period"**

(i) *Prior to the coming into effect of the Seventh Undertaking Amendment Agreement*

The Undertaking Period commenced on 18 June 2009 and ended on the first to occur of (A) 17 October 2009 and (B) the date on which the Company, Grand Promise and the Noteholders have executed the Notes Restructuring Documents.

(ii) *Upon coming into effect of the Seventh Undertaking Amendment Agreement*

The Undertaking Period commences on 18 June 2009 and ends on the first to occur of (A) 13 January 2010 and (B) the date on which the Company, Grand Promise and the Noteholders have executed the Notes Restructuring Documents.

#### 4. **EXTENSION LETTER**

The Company has entered into an extension letter dated 30 October 2009 (the “**Extension Letter**”) with Liberty Harbor and Evolution pursuant to which, amongst other things:

- (a) in consideration for Evolution and Liberty Harbor agreeing not to exercise the Holder Put Option before 30 November 2009 (as documented in the Fourth Amendment Deeds), the following fees (the “**Extension Fees**”) are payable:
  - (i) a fee of approximately HK\$873,000 and approximately HK\$349,300 will be payable to Liberty Harbor and Evolution respectively; and
  - (ii) in relation to the period from 1 November 2009 to 30 November 2009, a daily fee of approximately HK\$105,800 and approximately HK\$42,400 will be payable to Liberty Harbor and Evolution respectively up to the date of repayment of the Current Notes;
- (b) if repayment of the Current Notes has not occurred by 30 November 2009, the Company is liable to pay a daily fee of approximately HK\$28,100 and approximately HK\$11,200 for Liberty Harbor and Evolution respectively (so long as the Current Notes remain outstanding) (the “**Daily Extension Fee**”);
- (c) the Company has agreed to monitoring requirements in respect of its cash position and potential third party refinance; and
- (d) the Company has agreed to pay US\$200,000 towards the legal costs of Liberty Harbor and Evolution.

The Extension Fees are payable on the date of redemption of all the Current Notes, or if not redeemed by 30 November 2009, within 5 business days of that date.

The Daily Extension Fees shall only be payable if agreements are entered into between the Company and each of Evolution and Liberty Harbor postponing the commencement date of the Option Period to a date which is no earlier than 13 January 2010 in which case they will be payable within 5 business days of the first day of each month from 1 January 2010.

The Extension Letter also provides that the Company will be entitled to require, and Evolution and Liberty Harbor will be obliged to accept, redemption of the Current Notes provided that the Company may not exercise such option in respect of any Current Notes which are the subject of an outstanding exercise of the Holder Put Option. The Company must procure the transfer into escrow of an amount for the redemption of the Current Notes on or prior to 30 November 2009 or such later date as the parties agree to postpone the commencement date of the Option Period.

**5. REASONS FOR ENTERING INTO THE FOURTH AMENDMENT DEEDS, THE SEVENTH UNDERTAKING AMENDMENT AGREEMENT AND THE EXTENSION LETTER**

The entry into of the Fourth Amendment Deeds, the Seventh Undertaking Amendment Agreement and the Extension Letter allows 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 financing 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 Fourth Amendment Deeds, the Seventh Undertaking Amendment Agreement and the Extension Letter 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 First Evolution Amendment Deed, the Second Evolution Amendment Deed and the Third Evolution Amendment Deed
“Amended Liberty Note”	the Original Liberty Note as amended by the First Liberty Amendment Deed, the Second Liberty Amendment Deed and the Third Liberty Amendment Deed
“Amended Notes”	collectively the Amended Evolution Note and the Amended Liberty Note
“Amended Undertaking”	the Original Undertaking as amended by the Previous Undertaking Amendment Agreements



“Aptus”	Aptus Holdings Limited, a non wholly-owned subsidiary of the Company and, for the purpose this announcement, includes its subsidiaries
“Current Evolution Note”	the Original Evolution Note as amended by the First Evolution Amendment Deed, the Second Evolution Amendment Deed, the Third Evolution Amendment Deed and the Fourth Evolution Amendment Deed, the outstanding principal amount of which being US\$6,630,000 (equivalent to approximately HK\$51,382,500) as at the date of this announcement
“Current Liberty Note”	the Original Liberty Note as amended by the First Liberty Amendment Deed, the Second Liberty Amendment Deed, the Third Liberty Amendment Deed and the Fourth Liberty Amendment Deed, the outstanding principal amount of which being US\$16,570,000 (equivalent to approximately HK\$128,417,500) as at the date of this announcement
“Current Notes”	collectively the Current Evolution Note and the Current Liberty Note
“Fifth Undertaking Amendment Agreement”	the fifth amendment and undertaking agreement dated 22 September 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking
“First Amendment Deeds”	collectively the First Evolution Amendment Deed and the First Liberty Amendment Deed
“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
“First Undertaking Amendment Agreement”	the amendment and undertaking agreement dated 15 July 2009 between the Company, Grand Promise, Evolution and Liberty Harbor amending the Original Undertaking

“Fourth Amendment Deeds”	collectively the Fourth Evolution Amendment Deed and the Fourth Liberty Amendment Deed
“Fourth Evolution Amendment Deed”	the fourth amendment deed dated 30 October 2009 between the Company, Grand Promise and Evolution amending the Original Evolution Note
“Fourth Liberty Amendment Deed”	the fourth amendment deed dated 30 October 2009 between the Company, Grand Promise and Liberty Harbor amending the Original Liberty Note
“Fourth Undertaking Amendment Agreement”	the fourth amendment and undertaking agreement dated 14 September 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking
“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 Undertaking Amendment Agreements”	collectively the First Undertaking Amendment Agreement, the Second Undertaking Amendment Agreement, the Third Undertaking Amendment Agreement, the Fourth Undertaking Amendment Agreement, the Fifth Undertaking Amendment Agreement and the Sixth Undertaking Amendment Agreement

“Second Amendment Deeds”	collectively the Second Evolution Amendment Deed and the Second Liberty Amendment Deed
“Second Evolution Amendment Deed”	the second amendment deed dated 4 August 2009 between the Company, Grand Promise and Evolution further amending the Original Evolution Note
“Second Liberty Amendment Deed”	the second amendment deed dated 4 August 2009 between the Company, Grand Promise and Liberty Harbor further amending the Original Liberty Note
“Second Undertaking Amendment Agreement”	the second amendment and undertaking agreement dated 4 August 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking
“Seventh Undertaking Amendment Agreement”	the seventh amendment and undertaking agreement dated 30 October 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking
“Sixth Undertaking Amendment Agreement”	the sixth amendment and undertaking agreement dated 29 September 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking
“Third Amendment Deeds”	collectively the Third Evolution Amendment Deed and the Third Liberty Amendment Deed
“Third Evolution Amendment Deed”	the third amendment deed dated 22 September 2009 between the Company, Grand Promise and Evolution amending the Original Evolution Note
“Third Liberty Amendment Deed”	the third amendment deed dated 22 September 2009 between the Company, Grand Promise and Liberty Harbor amending the Original Liberty Note

“Third Undertaking  
Amendment Agreement”

the amendment and undertaking agreement dated 28 August 2009 between the Company, Grand Promise, Evolution and Liberty Harbor further amending the Original Undertaking

*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, 30 October 2009

*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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*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