



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)



*Third Quarterly Report*  
**2012/13**

\*For identification purposes only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the board of directors (“Directors”) of China Vanguard Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“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 report 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 report misleading.*

## RESULTS

The board (the "Board") of Directors of China Vanguard Group Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three and nine months ended 31 March 2013 ("Period 2013"), together with the comparative unaudited figures for the corresponding periods in 2012 ("Period 2012"), are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and nine months ended 31 March 2013

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	20,810	22,420	65,659	79,009
Cost of sales		(4,819)	(5,992)	(21,433)	(26,328)
Gross profit		15,991	16,428	44,226	52,681
Other revenue		388	192	1,198	8,729
Selling and distribution costs		(2,024)	(2,413)	(7,627)	(9,489)
Administrative expenses		(17,441)	(18,871)	(58,101)	(61,708)
Finance costs		(1,564)	(741)	(8,129)	(2,004)
<b>LOSS BEFORE TAXATION</b>		<b>(4,650)</b>	<b>(5,405)</b>	<b>(28,433)</b>	<b>(11,791)</b>
Income tax expenses	3	(1,390)	(45)	(1,954)	(1,644)
<b>LOSS FOR THE PERIOD</b>		<b>(6,040)</b>	<b>(5,450)</b>	<b>(30,387)</b>	<b>(13,435)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Exchange difference on translation of financial statements of foreign operations		1,044	175	4,560	5,058
Changes in interests in subsidiaries		-	-	-	3,672
		1,044	175	4,560	8,730
<b>TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD</b>		<b>(4,996)</b>	<b>(5,275)</b>	<b>(25,827)</b>	<b>(4,705)</b>

	<i>Notes</i>	<b>Three months ended</b>		<b>Nine months ended</b>	
		<b>31 March</b>		<b>31 March</b>	
		<b>2013</b>	2012	<b>2013</b>	2012
		<b>HK\$'000</b>	<i>HK\$'000</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<hr/>					
Loss for the period attributable to:					
Equity holders of the Company		<b>(5,492)</b>	(5,401)	<b>(28,599)</b>	(12,815)
Non-controlling interests		<b>(548)</b>	(49)	<b>(1,788)</b>	(620)
<hr/>					
<b>LOSS FOR THE PERIOD</b>		<b>(6,040)</b>	(5,450)	<b>(30,387)</b>	(13,435)
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Total comprehensive expenses					
for the period attributable to:					
Equity holders of the Company		<b>(4,507)</b>	(5,072)	<b>(24,237)</b>	(4,379)
Non-controlling interests		<b>(489)</b>	(203)	<b>(1,590)</b>	(326)
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<b>TOTAL COMPREHENSIVE EXPENSES</b>					
<b>FOR THE PERIOD</b>		<b>(4,996)</b>	(5,275)	<b>(25,827)</b>	(4,705)
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<b>LOSS PER SHARE (HK CENTS)</b>	5		(restated)		(restated)
Basic		<b>(0.73)</b>	(0.83)	<b>(4.12)</b>	(1.97)
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the nine months ended 31 March 2013

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared on the historical costs basis, except for certain financial instruments, which are measured at fair values.

The principal accounting policies used in the unaudited condensed consolidated results are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2012. The financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

In the current period, the Group has adopted the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKAS 1 (Amendments)	Presentation of items of other comprehensive income
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets

The application of the new and revised HKFRSs in the current period has had no material effect on the amounts reported or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective for the current accounting period. The Directors anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 19 (as revised in 2011)	Employee benefits <sup>1</sup>
HKAS 27 (as revised in 2011)	Separate financial statements <sup>1</sup>
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures <sup>1</sup>
HKAS 32 (Amendments)	Presentation – Offsetting financial assets and financial liabilities <sup>2</sup>
HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle <sup>1</sup>
HKFRS 1 (Amendments)	Government loan <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities <sup>1</sup>
HKFRS 9	Financial instruments <sup>3</sup>
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures <sup>3</sup>
HKFRS 10	Consolidated financial statements <sup>1</sup>
HKFRS 11	Joint arrangements <sup>1</sup>
HKFRS 12	Disclosure of interests in other entities <sup>1</sup>
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidation financial statements, joint arrangements and disclosure of interests in other entities: transition guidance <sup>1</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities <sup>2</sup>
HKFRS 13	Fair value measurement <sup>1</sup>
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

## 2. REVENUE

The principal activities of the Group are (i) supply of software, equipment and services to the lottery industry and operates the lottery distribution network in China; (ii) land and property development in China; and (iii) supply of equipment and services to the entertainment industry in China.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable.

## 3. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during Period 2013 (Period 2012: Nil).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 4. DIVIDEND

The Board does not recommend the payment of any dividend for Period 2013 (Period 2012: Nil).

## 5. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

### Loss

	Three months ended 31 March		Nine months ended 31 March	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Loss for the period attributable to the equity holders of the Company	<b>(5,492)</b>	(5,401)	<b>(28,599)</b>	(12,815)

## 5. LOSS PER SHARE – continued

### Number of shares

	Three months ended		Nine months ended	
	31 March		31 March	
	2013	2012	2013	2012
	'000	'000	'000	'000
		(restated)		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>754,379</b>	654,379	<b>694,890</b>	652,255
Effects of dilutive potential ordinary shares	-	-	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	<b>754,379</b>	654,379	<b>694,890</b>	652,255

The weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share has been adjusted for the consolidation of shares on 1 February 2013.

No diluted loss per share has been presented for Period 2013 and Period 2012 as the outstanding share options, warrants and convertible bonds of the Company are anti dilutive since their exercise or concession would result in a decrease in loss per share.

## 6. MOVEMENT OF RESERVES

### For the nine months ended 31 March 2013

	Attributable to equity holders of the Company								Total HK\$'000
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/ losses) HK\$'000	
At 1 July 2012	2,165,054	234	35,572	11,092	23,735	(1)	10,195	(2,227,934)	17,947
Loss for the period	-	-	-	-	-	-	-	(28,599)	(28,599)
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	4,362	-	-	-	4,362
<b>Total comprehensive income (expenses) for the period</b>	-	-	-	-	<b>4,362</b>	-	-	<b>(28,599)</b>	<b>(24,237)</b>
Transfer of share option reserve upon the lapse of share options	-	-	(35,572)	(11,092)	-	-	-	46,664	-
Shares issued on loan capitalization	30,500	-	-	-	-	-	-	-	30,500
	30,500	-	(35,572)	(11,092)	-	-	-	46,664	30,500
<b>At 31 March 2013</b>	<b>2,195,554</b>	<b>234</b>	<b>-</b>	<b>-</b>	<b>28,097</b>	<b>(1)</b>	<b>10,195</b>	<b>(2,209,869)</b>	<b>24,210</b>

## 6. MOVEMENT OF RESERVES – continued

For the nine months ended 31 March 2012

	Attributable to equity holders of the Company								
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Employee share-based compensation reserve HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2011	2,157,154	234	35,572	11,092	20,722	(1)	-	(1,120,429)	1,104,344
Loss for the period	-	-	-	-	-	-	-	(12,815)	(12,815)
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	4,764	-	-	-	4,764
Changes of interests in subsidiaries	-	-	-	-	-	-	3,672	-	3,672
Total comprehensive income (expenses) for the period	-	-	-	-	4,764	-	3,672	(12,815)	(4,379)
Shares issued on exercise of warrants	7,900	-	-	-	-	-	-	-	7,900
At 31 March 2012	2,165,054	234	35,572	11,092	25,486	(1)	3,672	(1,133,244)	1,107,865

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group is engaged in: (i) supply of software, equipment and services to the lottery industry and operates the lottery distribution network in China; (ii) land and property development in China; and (iii) supply of equipment and services to the entertainment industry in China.

For Period 2013, the Group recorded unaudited consolidated revenue of HK65.7 million, down 16.9% against Period 2012's HK\$79 million. The decrease in revenue was predominantly due to reduced revenue from the lottery business. The gross profit ratio maintained stable at 67% as compared with Period 2012.

For Period 2013, the Group recorded a net loss attributable to the equity holders of HK\$28.6 million against HK\$12.8 million for the Period 2012. Selling and distribution costs and administrative expenses in Period 2013 amounted to HK\$65.7 million, decreased 7.7% as compared to HK\$71.2 million in Period 2012.



## **Business Review**

During the reporting period, our lottery-related and property development operations have achieved several milestones. We continue strengthening our market position and relationship with our customers, as well as exploring new revenue stream.

### *Lottery-related operations*

The Group's lottery-related operation is engaged in the supply of lottery-related software, equipment and services to the China Welfare Lottery authorities. We also operate a lottery distribution network in China. Our operations cover Zhejiang, Heilongjiang, Shenzhen, Chongqing, Tianjin and Jilin.

During the reporting period, several achievements have been reached. In Chongqing, besides providing the tailored, touchscreen based high frequency lottery game product to karaoke venues, our presence in karaoke venues industry also brought us new business opportunities from which we have secured an exclusive distribution rights on scratch-and-win cards to the karaoke venues. We are expanding our business scope in Chongqing from equipment and service provider to also being a lottery tickets distributor.

During the period, our Tianjin operation has licensed a supermarket chain as part of our lottery distribution network, the expansion of our distribution network from specific locations to retail chains can broaden the customers' base and enjoy the benefit of high pedestrian flow from retail chains.

Further, our Jilin lottery operation has commenced its trial run on the touch-screen based high frequency lottery game "Happy 3", and we expect it will soon to be official launched.

Meanwhile, we are exploring a new product featuring interactiveness, portability and user-friendly game interface for karaoke venue.

### *Land and Property Development Operations*

The Group's non-wholly owned subsidiary, Guizhou Dalong China Vanguard Development Company Limited (the "GDCVG"), is engaged in class 1 land development work and the promotion of the sales of land in the Guizhou Dalong Economic Development Zone (the "Zone").

During the reporting period, we undergo the prerequisite procedures in preparing our first batch of class 1 land development on the commercial land surrounding the Yi Xin High-speed Railway Station (一心高鐵站) for land auction. Pending on the relevant approval documents issued by the authorities, we expect the first batch of commercial land be ready for land auction during the second half of 2013.

As for the industrial side, GDCVG closely cooperate with the management committee of the Zone on the industrial development in the Zone. We also actively involve in the investment promotion work to bring in companies for their possible establishment of manufacturing plants in the Zone and the establishment of possible partnerships in carrying out the investment promotion work.

### *Entertainment VAS Operations*

Our entertainment equipment unit focuses predominantly on supply of song selection/video-on-demand equipment to karaoke venues and our entertainment services unit on royalty collection on behalf of copyright owners from karaoke venues. The revenue attributable to the Group remains steady comparing with the Period 2012.

### **Future Outlook and Prospects**

Lottery industry in China nowadays has an increasing demand on exploring new distribution channels or new games in order to broaden its lottery customers' base and improve its penetration into various classes of the society. We believe there are opportunities from this market segment. Our new generation of products which cater the market needs, become one of the growth drivers for our lottery-related business. Through these new development, we were able to expand our businesses into new geographic areas. We are confident that, through our new strategic development in the lottery-related business, we can realize and monetize new opportunities.

As for our property division, the development of the Zone in the past months has been significant and we gradually formed our commercial and industrial land business models in this highly developing area. We expect the first batch of commercial lands will be ready for auction during the second half of 2013 and this operation is likely to bring in new revenue stream for the Group in the foreseeable future.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (1) Long positions in the ordinary shares of the Company or any of its associated corporations

Name of Directors	Company/ Name of associated corporation	Number of ordinary shares held			Total interest	Approximate percentage of shareholding
		Interest in controlled corporation	Beneficial owner	Family interest		
Cheung Kwai Lan ("Madam Cheung")	Company	335,291,464 (Note 1)	414,000 (Note 2)	-	335,705,464	44.50%
Chan Tung Mei ("Mr. Chan")	Company	-	-	335,705,464 (Note 1 & 2)	335,705,464	44.50%
Madam Cheung	Best Frontier Investments Limited ("Best Frontier")	-	909	1 (Note 3)	910	-
Mr. Chan	Best Frontier	-	1	909 (Note 3)	910	-

*Notes:*

1. The 335,291,464 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung and Mr. Chan respectively, who are spouse to each other. Accordingly, Madam Cheung is deemed to be interested in the shares held by Best Frontier and Mr. Chan is deemed to be interested in all 335,291,464 shares by virtue of being the spouse of Madam Cheung under the SFO.
2. The 414,000 shares are owned by Madam Cheung who is the spouse of Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in the shares under the SFO.
3. The 1 share and 909 shares of US\$1 each in Best Frontier is owned respectively by Mr. Chan and Madam Cheung who are spouse to each other. Accordingly, Madam Cheung and Mr. Chan are deemed to be interested in the shares held by each other under the SFO.

**(2) Share Options of the Company**

The Company has adopted a share option scheme on 31 January 2013 (the "Share Option Scheme"), under which the Board may, at its discretion, invite any person who satisfies the criteria of the Share Option Scheme, to take up options to subscribe for the shares in the Company.

The Share Option Scheme remains valid for a period of 10 years commencing from 31 January 2013. As at 31 March 2013, no option has been granted.

Save as disclosed herein, as at 31 March 2013, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which required, pursuant to Rules 5.46 to 5.67 of the Listing Rules, to be notified to the Company and the Stock Exchange.

**ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

Save as disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the nine months ended 31 March 2013.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2013, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

### Long positions in the Shares

Name of shareholder	Capacity	Number of shares held		Approximate percentage of shareholding
		Long position	Short position	
Best Frontier	Beneficial Owner	335,291,464 (Note 1)	-	44.45%
Capital Day Investments Limited ("Capital Day")	Beneficial Owner	100,000,000 (Note 2)	-	13.26%
Tarascon Asia Absolute Fund (Cayman) Ltd	Beneficial Owner	61,990,000	-	8.22%

#### Notes:

1. The 335,291,464 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung and Mr. Chan who are spouse to each other.
2. The 100,000,000 shares are owned by Capital Day which is wholly-owned by Mr. Ng Kim Ming.

Save as disclosed above, as at 31 March 2013, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interest in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the nine months ended 31 March 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **COMPETITION AND CONFLICT OF INTERESTS**

During the nine months ended 31 March 2013, none of the Directors, the substantial shareholders or the controlling shareholder of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Practices**

During the nine months ended 31 March 2013, the Company has complied with the Code of Corporate Governance Practices as set out in Appendix 15 of the Listing Rules (the "CG Code") save and except that the Non-executive Director and Independent Non-executive Directors are not appointed by a specific terms under code provision A.4.1 of the CG Code but are subject to retirement by rotation in annual general meeting of the Company at least once every three years in accordance with the articles of association of the Company. The reason for the deviation is that the Company does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices. Except for the deviation from code provision A.4.1 of the CG Code, the Company has complied with all remaining provisions of the CG Code during the nine months ended 31 March 2013.

The Directors will review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Directors consider appropriate.

### **Code of Conduct Regarding Securities Transactions by Directors**

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the Listing Rules (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code throughout the nine months ended 31 March 2013.

### **Audit Committee**

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules and consisted of three Independent Non-executive Directors, namely Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond. Mr. To Yan Ming Edmond is the chairman of the audit committee. The primary duties of the audit committee are to review the Company's annual report and accounts, half year reports and quarterly reports and to provide advice and comments thereon to the Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

The Group's unaudited results for the nine months ended 31 March 2013 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made.

By Order of the Board  
**China Vanguard Group Limited**  
眾彩科技股份有限公司\*  
**CHAN Ting**  
Chief Executive Officer

Hong Kong, 14 May 2013

*As at the date of this report, the board of directors of the Company comprises Madam Cheung Kwai Lan, Mr. Chan Ting, Ms. Chan Siu Sarah as Executive Directors, Mr. Chan Tung Mei as Non-executive Director and Mr. Zhang Xiu Fu, Mr. Yang Qing Cai and Mr. To Yan Ming Edmond as Independent Non-executive Directors.*

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