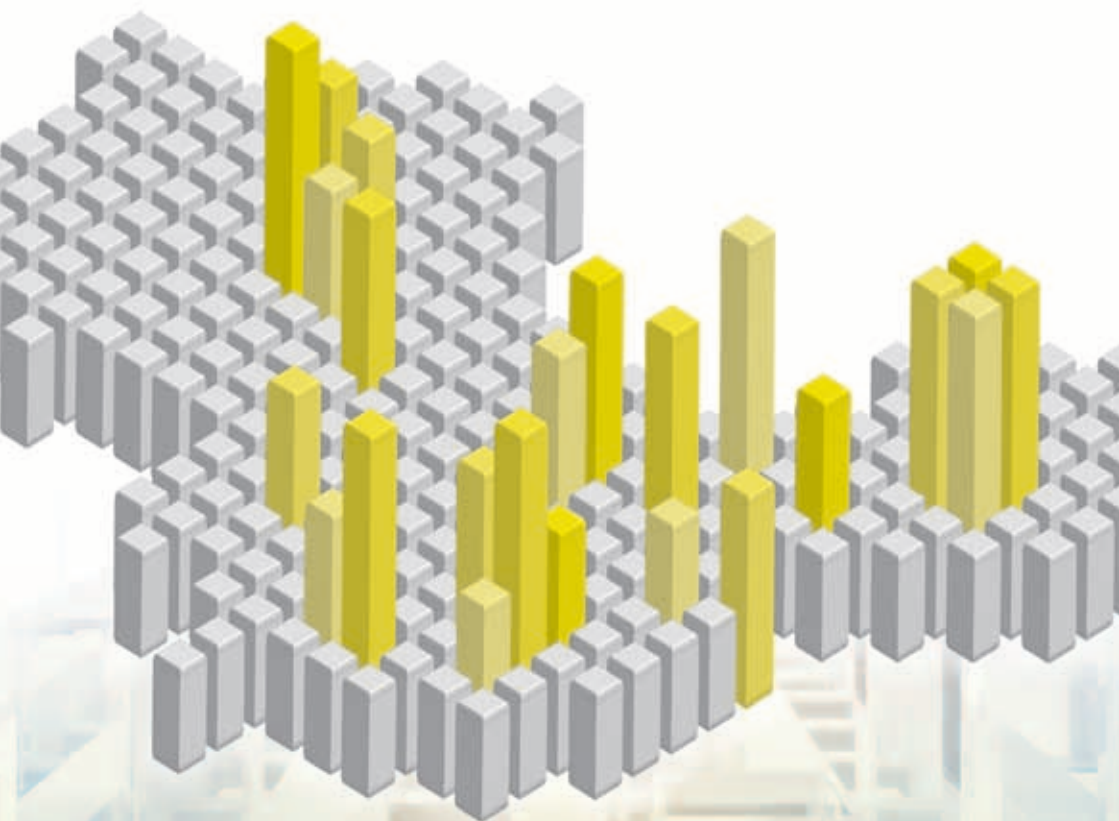




眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8156)



Third Quarterly Report 2014/2015

**For identification purposes only*

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*This report, for which the directors (the “**Directors**”) of China Vanguard Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of Stock Exchange (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 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 of directors (the “**Board**”) of China Vanguard Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively as the “**Group**”) for the nine months ended 31 March 2015 (“**Period 2015**”), together with the comparative unaudited figures for the corresponding period in 2014 (“**Period 2014**”) are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2015

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
REVENUE	2	55,129	50,557	122,371	82,926
Cost of sales		(603)	(882)	(3,288)	(2,094)
Gross profit		54,526	49,675	119,083	80,832
Other revenue		446	173	3,450	523
Selling and distribution costs		(1,386)	(187)	(3,968)	(620)
Administrative expenses		(22,642)	(18,506)	(63,433)	(50,465)
Operating profit		30,944	31,155	55,132	30,270
Finance costs		(2,678)	(2,849)	(7,937)	(7,260)
Share of result of a joint venture		(200)	(75)	343	(1,432)
PROFIT BEFORE TAXATION	3	28,066	28,231	47,538	21,578
Income tax expenses	4	(7,592)	(12,824)	(5,138)	(13,018)
PROFIT FOR THE PERIOD		20,474	15,407	42,400	8,560

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
OTHER COMPREHENSIVE INCOME				
Items that may be classified subsequently to profit or loss:				
Exchange differences arising on translation of financial statements of overseas operations	(876)	(4,272)	(1,301)	(2,333)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19,598	11,135	41,099	6,227
PROFIT (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Company	16,149	15,756	31,210	9,471
Non-controlling interests	4,325	(349)	11,190	(911)
PROFIT FOR THE PERIOD	20,474	15,407	42,400	8,560
TOTAL COMPREHENSIVE INCOME (EXPENSES) ATTRIBUTABLE TO:				
Equity holders of the Company	15,203	11,531	30,063	7,155
Non-controlling interests	4,395	(396)	11,036	(928)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	19,598	11,135	41,099	6,227
EARNINGS PER SHARE	5	(Restated)	(Restated)	
Basic	HK0.51 cent	HK0.51 cent	HK0.97 cent	HK0.31 cent
Diluted	HK0.49 cent	HK0.49 cent	HK0.95 cent	HK0.31 cent

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2015

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.

Except as described below, the accounting policies and methods of computation used in the unaudited consolidated financial results for the nine months ended 31 March 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014.

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretation ("**new and revised HKFRSs**") issued by the HKICPA:

HKAS 19 (Amendments)	Defined benefit plans: Employee contributions
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Revised) (Amendments)	Investment entities
HK(IFRIC) — INT21	Levies
Annual improvements 2010-2012 cycle and 2011-2013 cycle	Number of HKFRSs issued in December 2013

The application of the other new or revised HKFRSs in the current year has no material effect on the amounts reported and/or disclosures set out in these unaudited consolidated financial results.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.

2. REVENUE

The principal activities of the Group are (i) lottery-related business, (ii) land and property development, trading and consulting services, and (iii) others.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable. Revenue recognized during the period is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Lottery-related business	55,129	50,539	117,691	76,101
Land and property development, trading and consulting services	-	-	4,666	6,800
Distribution of natural supplementary products	-	18	14	25
	55,129	50,557	122,371	82,926

3. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of sales	603	882	3,288	2,094
Equity-settled share-based payments	1,526	4,979	6,713	6,132
Depreciation of property, plant and equipment	694	1,804	2,538	5,491
Interest income	(154)	(91)	(265)	(110)
Exchange gain, net	(526)	(2,493)	(224)	(1,123)
Interest on:				
— Convertible bonds	2,678	1,956	7,937	1,956
— Borrowings wholly repayable within five years	-	893	-	5,304

4. INCOME TAX EXPENSES

The amount of tax charged to the consolidated statements of profit or loss and other comprehensive income represents:

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The charge comprises:				
Current period				
— Hong Kong profits tax	4,463	-	4,463	-
— Other jurisdiction	<u>3,425</u>	12,824	<u>5,051</u>	13,018
	<u>7,888</u>	12,824	<u>9,514</u>	13,018
(Over) under provision in the prior periods				
— Hong Kong profits tax	-	-	-	-
— Other jurisdiction	<u>-</u>	<u>-</u>	<u>(3,510)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>(3,510)</u>	<u>-</u>
Deferred taxation	<u>(296)</u>	<u>-</u>	<u>(866)</u>	<u>-</u>
Income tax expenses charged for the period	<u><u>7,592</u></u>	<u>12,824</u>	<u><u>5,138</u></u>	<u>13,018</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the three months and nine months ended 31 March 2015.

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

5. EARNINGS PER SHARE

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

Earnings

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Profit for the period attributable to equity holders of the Company	16,149	15,756	31,210	9,471

Number of shares

	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2015 '000	2014 '000 (Restated)	2015 '000	2014 '000 (Restated)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share <i>(Note)</i>	3,197,265	3,077,524	3,209,062	3,037,224
Weighted average number of ordinary shares for the purposes of diluted earnings per share <i>(Note)</i>	3,319,747	3,195,724	3,301,299	3,047,312

Note:

At the extraordinary general meeting of the Company held on 16 December 2014, an ordinary resolution was passed whereas every authorised issued and unissued share of HK\$0.05 was divided into four subdivided shares of HK\$0.0125 each. The comparative amount of the basic and diluted earnings per share for the period ended 31 March 2014 have been adjusted to reflect the impact of the share subdivision.

For the three months and nine months ended 31 March 2015 and the three months and nine months ended 31 March 2014, outstanding convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings per share.

6. MOVEMENTS OF RESERVES

For the nine months ended 31 March 2015

	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	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/(accumulated losses) HK\$'000	Total HK\$'000
At 1 July 2014 (audited)	2,436,474	1,181	35,572	6,202	17,201	24,184	(1)	10,184	(2,244,288)	286,709
Profit for the period	-	-	-	-	-	-	-	-	31,210	31,210
Exchange differences arising on translation of financial statements of overseas operations	-	-	-	-	(1,147)	-	-	-	-	(1,147)
Total comprehensive income for the period	-	-	-	-	(1,147)	-	-	-	31,210	30,063
Recognition of equity-settled share-based payments	-	-	-	6,713	-	-	-	-	-	6,713
Exercise of share options	-	-	-	(2,365)	-	-	-	-	-	(2,365)
Share options lapsed	-	-	-	(523)	-	-	-	-	523	-
Shares repurchased	(17,491)	303	-	-	-	-	-	-	(303)	(17,491)
Share issued upon exercise of share options	8,187	-	-	-	-	-	-	-	-	8,187
At 31 March 2015 (unaudited)	2,427,170	1,484	35,572	10,027	16,054	24,184	(1)	10,184	(2,212,858)	311,816

For the nine months ended 31 March 2014

	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	Convertible bonds reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Retained profits/(accumulated losses) HK\$'000	Total HK\$'000
At 1 July 2013 (audited)	2,195,554	234	35,572	-	19,278	-	(1)	10,184	(2,258,463)	2,358
Profit for the period	-	-	-	-	-	-	-	-	9,471	9,471
Exchange differences on translation of financial statements of overseas operations	-	-	-	-	(2,316)	-	-	-	-	(2,316)
Total comprehensive income (expenses) for the period	-	-	-	-	(2,316)	-	-	-	9,471	7,155
Recognition of equity-settled share-based payments	-	-	-	6,132	-	-	-	-	-	6,132
Placement of shares	267,506	-	-	-	-	-	-	-	-	267,506
Shares repurchased	(39,872)	543	-	-	-	-	-	-	(543)	(39,872)
Equity component of convertible bonds	-	-	-	-	-	28,963	-	-	-	28,963
Deferred tax liabilities arising from the issuance of convertible bonds	-	-	-	-	-	(4,779)	-	-	-	(4,779)
At 31 March 2014 (unaudited)	2,423,188	777	35,572	6,132	16,962	24,184	(1)	10,184	(2,249,535)	267,463

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The principal activities of the Group are (i) lottery-related business; (ii) land and property development, trading and consulting services; and (iii) others.

For Period 2015, the Group recorded unaudited consolidated revenue of HK\$122.4 million, significantly increased by 48% against Period 2014 of HK\$82.9 million. The increase in revenue was predominantly due to substantial increase in revenue contributions from the Group's lottery business in the PRC. Gross profit ratio remain steady at above 97% as compared with Period 2014.

For Period 2015, the Group recorded an unaudited profit attributable to the equity holders of HK\$31.2 million, significantly increased by 230% as compared to HK\$9.5 million for Period 2014. Selling and distribution costs and administrative expenses for Period 2015 amounted to HK\$67.4 million, increased by 32% as compared to HK\$51.1 million for Period 2014.

Business Review

The Group reported consolidated revenue of HK\$122.4 million for Period 2015, with 48% increase relative to Period 2014. 96% of the Group's consolidated revenue is attributable to the lottery-related business. The Group has significantly increased its market coverage in Period 2015 which is instrumental to the impressive increase in revenues.

Lottery-Related Business

The Group is primarily engaged in lottery-related services in the PRC. The Group has continued to strengthen its position as a leading purveyor in the PRC, having proven our ability to provide a comprehensive, end-to-end solution in hardware and software solutions, marketing and distribution services as well as downstream channel management services to Sports Lottery Authorities and Welfare Lottery Authorities located across 21 provinces and regions throughout the PRC.

Interactive self-service lottery continues to be the strategic focus of the Group during Period 2015. The Group is of the view that in reference to recent statements issued by the PRC government, the Group's strategies to focus on developing self-service lottery and related services as well as expanding its market presence through geographic coverage is fully-compliant with the PRC government's previously announced policies to regulate the lottery industry. As disclosed in the Company's Voluntary Business Update, the Group are currently not engaged in Internet lottery and any related operations and our operations are not affected by recent initiatives to enforce such policies which prohibit the distribution of lottery tickets through the Internet unless otherwise authorised by the Ministry of Finance.

The Management is delighted that the Group has continued to expand its presence during the third quarter via entering into two more agreements respectively with Shaanxi Province Sports Lottery Administration Centre and Sichuan Province Sports Lottery Administration Centre for the provision of comprehensive, end-to-end services related to the roll-out of interactive self-service lottery within these provinces.

Other Businesses

During Period 2015, as the Group continued to focus on developing its core business in lottery operations, 4% of the Group's revenue came from the Group's other businesses relative to 8% from the prior period.

Outlook and Strategies

Relative to Period 2014, the Group has seen generally greater adoption of gamified content in lottery solutions offered through its interactive self-service lottery terminals. The Group has continued to deploy both internal resources to develop a more diverse content offering as well as seek to collaborate with leading content developers with an accurate understanding of the specific needs of the PRC market.

As the Group continues to roll out its services in the rapidly growing number of provinces in China, we have developed a systematic workflow as part of the on boarding process that involves full service and procedural training would enable our local partners to quickly set up their operation while adhering to the Group's operational standards. Service fees and consulting fees for the roll-out and on boarding process is expected to continue to contribute to the Group's revenues across the recently accumulated provinces and regions.

We have also recently started to offer our VIPs more flexibility and comfort in VIP lounges over traditional store settings. The Group will gradually launch more VIP lounges in selected stores to attract more high-spending customers.

On the strategic level, the Group will continue to strengthen its services to support different Sports and Welfare lottery centres across the country as it continues to seek out new regions and provinces to provide its services, focusing on self-service lottery and roll-out its market coverage through geographic expansion. The Group will continue to explore new distribution channels and remain responsive to industry reforms that will better regulate and improve market environment and facilitate holistic growth of the lottery industry.

Dividend

The Board does not recommend the payment of dividend for the nine months ended 31 March 2015 (nine months ended 31 March 2014: Nil).

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 2015, the interests and short positions of the Directors and chief executive in the ordinary shares of HK\$0.0125 each of the Company (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 GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares of the Company or any of its Associated Corporations

Name of Directors	The Company/ Name of Associated Corporation	Number of Shares Held			Total Interest	Approximate Percentage of Shareholding
		Interest in Controlled Corporation	Beneficial Owner	Family Interest		
Cheung Kwai Lan ("Madam Cheung") (Note 1 & 2)	The Company	1,341,165,856	1,656,000	160,000	1,342,981,856	41.94%
Chan Tung Mei ("Mr. Chan") (Note 1 & 3)	The Company	-	160,000	1,342,821,856	1,342,981,856	41.94%
Madam Cheung	Best Frontier Investments Limited ("Best Frontier") (Note 1)	-	909	1 (Note 1)	910	-
Mr. Chan	Best Frontier	-	1	909 (Note 1)	910	-
Mr. To Yan Edmond ("Mr. To") (Note 4)	The Company	-	600,000	-	600,000	0.02%
Mr. Yang Qi Cai ("Mr. Yang") (Note 5)	The Company	-	200,000	-	200,000	0.01%

Notes:

1. The 1,341,165,856 Shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung and Mr. Chan respectively. In addition, Madam Cheung and Mr. Chan directly holds 1,656,000 Shares and 160,000 Shares respectively. Accordingly, Madam Cheung is the spouse of Mr. Chan and so both of them are deemed to be interested in the Shares.
2. The personal interest of Madam Cheung represents the interest in 1,656,000 Shares and interest in 3,000,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
3. The personal interest of Mr. Chan represents the interest in 160,000 Shares and interest in 2,860,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
4. The personal interest of Mr. To represents the interest in 600,000 Shares and interest in 800,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
5. The personal interest of Mr. Yang represents the interest in 200,000 Shares and interest in 1,800,000 underlying Shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

Share Options

The Company conditionally adopted a share option scheme on 31 January 2013 under which the Board may, at its discretion, invite eligible persons to take up options to subscribe for the Shares in the Company (the "**Share Option Scheme**"). Eligible persons shall include any directors, employees and consultants of the Company or of any subsidiary of the Company or such other persons who at the sole discretion of the Board have contributed to the Group at the time when an option is granted to such person. The Share Option Scheme will remain valid for a period 10 years commencing from the date of adoption of the Share Option Scheme.

The details of the movements in the Share Options under Share Option Scheme during the period were as follows:—

Name/Category of Participants	Grant Date	Exercise Price HK\$	Adjusted Exercise Price (Note 1)	Exercisable Period	Number of Share Options						
					As at 1 July 2014	Adjusted Balance as at 17 December 2014 (Note 1)	Granted	Exercised	Cancelled	Lapsed	As at 31 March 2015
Directors											
Madam Cheung Kwai Lan	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	225,000	900,000	-	-	-	-	900,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	225,000	900,000	-	-	-	-	900,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	300,000	1,200,000	-	-	-	-	1,200,000
Mr. Chan Ting	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	225,000	900,000	-	-	-	-	900,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	225,000	900,000	-	-	-	-	900,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	300,000	1,200,000	-	-	-	-	1,200,000

Name/Category of Participants	Grant Date	Exercise Price HK\$	Adjusted Exercise Price (Note 1)	Exercisable Period	Number of Share Options						As at 31 March 2015
					As at 1 July 2014	Adjusted Balance as at 17 December 2014 (Note 1)	Granted	Exercised	Cancelled	Lapsed	
Mr. Chan Tung Mei	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	190,000	760,000	-	-	-	-	760,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	225,000	900,000	-	-	-	-	900,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	300,000	1,200,000	-	-	-	-	1,200,000
Mr. To Yan Ming Edmond	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	150,000	600,000	-	(600,000)	-	-	-
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	200,000	800,000	-	-	-	-	800,000
Mr. Zhang Xiu Fu	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	150,000	600,000	-	-	-	-	600,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	150,000	600,000	-	-	-	-	600,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	200,000	800,000	-	-	-	-	800,000
Mr. Yang Qing Cai	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	150,000	600,000	-	(200,000)	-	-	400,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	150,000	600,000	-	-	-	-	600,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	200,000	800,000	-	-	-	-	800,000
				Sub-total	3,565,000	14,260,000	-	(800,000)	-	-	13,460,000
Employees	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	1,458,000	5,832,000	-	(3,306,000)	-	(32,000)	2,494,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	4,536,000	18,144,000	-	(6,087,000)	-	(1,032,000)	11,025,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	6,048,000	24,192,000	-	-	-	(1,376,000)	22,816,000
	13/06/2014	3.806	0.952	01/07/2015 - 30/06/2018	1,413,000	5,652,000	-	-	(372,000)	(528,000)	4,752,000
	13/06/2014	3.806	0.952	01/07/2016 - 30/06/2018	1,413,000	5,652,000	-	-	(372,000)	(528,000)	4,752,000
	13/06/2014	3.806	0.952	01/07/2017 - 30/06/2018	1,884,000	7,536,000	-	-	(496,000)	(704,000)	6,336,000
					Sub-total	16,752,000	67,008,000	-	(9,393,000)	(1,240,000)	(4,200,000)

Name/Category of Participants	Grant Date	Exercise Price HK\$	Adjusted Exercise Price (Note 1)	Exercisable Period	Number of Share Options						
					As at 1 July 2014	Adjusted Balance as at 17 December 2014 (Note 1)	Granted	Exercised	Cancelled	Lapsed	As at 31 March 2015
Other Eligible Participants (Note 2)	10/12/2013	1.752	0.438	01/04/2014 - 31/03/2017	2,892,000	11,568,000	-	(474,000)	-	-	11,094,000
	10/12/2013	1.752	0.438	01/07/2014 - 31/03/2017	12,250,000	49,000,000	-	(3,000,000)	-	-	46,000,000
	10/12/2013	1.752	0.438	01/01/2015 - 31/03/2017	207,000	828,000	-	(16,000)	-	-	812,000
	10/12/2013	1.752	0.438	01/04/2015 - 31/03/2017	2,700,000	10,800,000	-	-	-	-	10,800,000
	10/12/2013	1.752	0.438	01/07/2015 - 31/03/2017	12,250,000	49,000,000	-	-	-	-	49,000,000
	10/12/2013	1.752	0.438	01/01/2016 - 31/03/2017	276,000	1,104,000	-	-	-	-	1,104,000
	13/06/2014	3.806	0.952	01/07/2015 - 30/06/2018	5,400,000	21,600,000	-	-	-	-	21,600,000
	13/06/2014	3.806	0.952	01/07/2016 - 30/06/2018	5,400,000	21,600,000	-	-	-	-	21,600,000
				Sub-total	41,375,000	165,500,000	-	(3,490,000)	-	-	162,010,000
				Total	61,692,000	246,768,000	-	(13,683,000)	(1,240,000)	(4,200,000)	227,645,000

Notes:

1. As a result of Share Subdivision becoming effective on 17 December 2014, the total number of Shares falling to be issued upon full exercise of the Share Options of the Company granted 10 December 2013 and 13 June 2014 were adjusted to 246,768,000 and also with exercise price of HK\$1.752 and HK\$3.806 was adjusted to HK\$0.438 and HK\$0.952 per Share respectively.
2. Other Eligible Participants include certain business partners and consultants of the Group.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Share, debentures or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and 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 GEM Listing Rules relating to securities transactions by Directors, 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 2015.

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

As at 31 March 2015, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to any Directors or chief executive of the Company, the following persons (other than the Directors 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 were as follow:

Long Positions in the Shares

Name of Shareholder	Capacity	Number of Issued Shares Held	Approximate Percentage of Shareholding
Best Frontier & its concert parties (Note 1)	Beneficial Owner	1,342,981,856	41.94%
Integrated Asset Management Limited (" Integrated Asset ") & its concert parties (Note 2)	Beneficial Owner	304,788,000	9.52%
Tarascon Asia Absolute Fund (Cayman) Ltd.	Beneficial Owner	258,460,000	8.07%
GAM Hong Kong Limited	Investment Manager	252,080,000	7.87%

Notes:

1. 1,341,165,856 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung and Mr. Chan who are spouses to each other. In addition, Madam Cheung and Mr. Chan directly beneficially holds 1,656,000 and 160,000 Shares respectively. Madam Cheung is the spouse of Mr. Chan and so both of them are deemed to have interests in the Shares.
2. 304,788,000 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 (the "**Bonds**"). A maximum of 150,000,000 Shares will be allotted and issued to Integrated Asset upon conversion of the Bonds in full and thereafter the shareholding of Integrated Asset will be increased to approximately 14.20% of the current issued share capital of the Company and approximately 13.57% 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 disclosed above, as at 31 March 2015, 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.

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

Issue of Shares Upon Exercise of Share Options of the Company

During the nine months ended 31 March 2015, 13,683,000 Shares were issued to eligible participants after they had exercised their Share Option rights. Net proceeds exclusive of handling fees of HK\$5,993,154 was received.

Repurchase of Shares

During the nine months ended 31 March 2015, the Company repurchased 24,265,000 Shares of HK\$0.0125 each of the Company's shares on the Stock Exchange, and all of the Shares repurchased were cancelled. Particulars of the Shares repurchased are as follows:

Month of Repurchases	Number of Shares Repurchased	Highest Price Paid Per Share <i>HK\$</i>	Lowest Price Paid Per Share <i>HK\$</i>	Aggregate Consideration Paid (before expenses) <i>HK\$</i>
December 2014	20,400,000	0.840	0.655	14,623,846
January 2015	<u>3,865,000</u>	0.850	0.790	<u>3,170,427</u>
	<u>24,265,000</u>			<u>17,794,273</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's Shares during the period.

COMPETING INTERESTS

As at 31 March 2015, none of the Directors, the substantial shareholders or the controlling shareholder of the Company or any of their respective associates (as defined under the GEM Listing Rules) have any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CORPORATE GOVERNANCE

Corporate Governance Practices

The Company has adopted and complied with the applicable code of provisions as set out in Appendix 15 of the GEM Listing Rules on the Stock Exchange (the “**Code**”) during the nine months ended 31 March 2015, except for the following deviations which are summarized below:

Code provision A.4.1

The Non-executive Director (the “**NED**”) and Independent Non-executive Directors (the “**INEDs**”) of the Company were appointed under specific terms but are subject to retirement by rotation in annual general meetings of the Company at least once every three years in accordance with the Articles of Association of the Company. The Company does not believe that arbitrary term limits on Directors’ services are appropriate given that Directors ought to be committed to representing the long term interests of the Company’s shareholders. The retirement and re-election requirements of INEDs have given the rights to the Company’s shareholders to approve the continuation of INEDs’ offices.

Code provision A.6.7

An Executive Director, a NED and two INEDs were unable to attend an extraordinary general meeting of the Company held on 16 December 2014 due to their respective commitments elsewhere.

The corporate governance practice of the Company will be reviewed and updated from time to time in order to comply with Listing Rules requirements when the Board considers appropriate.

Code of Conduct Regarding Securities Transaction 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 as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code of Conduct**”). Having made enquiry to all Directors, the Company was not aware of any non-compliance with the required standards as set out in the Code of Conduct.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules consisting of three INEDs, 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 report and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures.

The Group's unaudited consolidated results for the nine months ended 31 March 2015 have been reviewed by the audit committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board
CHINA VANGUARD GROUP LIMITED
眾彩科技股份有限公司*

CHAN Ting

Executive Director and Chief Executive Officer

Hong Kong, 14 May 2015

As at the date of this report, the board of directors of the Company comprises Madam Cheung Kwai Lan, Mr. Chan Ting 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.

* for identification purposes only