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China AU Group Holdings Limited

中國金豐集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8176)

TERMINATION OF A MAJOR TRANSACTION

The Company announces that on 5 April 2012, BSHK and the Vendor entered into the Deed of Termination pursuant to which with immediate effect the S&P Agreement shall become null and void and without any further effect. Details of the main terms of the Deed of Termination are briefly set out in this announcement.

The S&P Agreement was entered into on 30 April 2010 between BSHK and the Vendor related to the proposed acquisition of 70% equity interest in the Target Company and the Loan for the consideration of HK\$80,000,000. Under the S&P Agreement, it was intended, among other things, a Reorganization would take place whereby the Target Company will acquire a piece of land situated at Hua Du, Guangzhou, the PRC with certain buildings thereon.

The Directors have decided to terminate the S&P Agreement for the reasons that both BSHK and the Vendor expect the Long Stop Date of 30 April 2012 will be lapsed before all the conditions precedent as set out in the S&P Agreement have been satisfied. It will not be in the best interests of both parties to further extend the Long Stop Date to proceed with the Acquisition. Both BSHK and the Vendor mutually agreed not to proceed with the Acquisition and entered into the Deed of Termination. The Directors believe that the termination of the S&P Agreement will have no material adverse impact on the interests of the Company and the Shareholders as well as the existing business and financial position of the Group.

Reference is made to the announcements (the “**Announcements**”) of the Company dated 30 April 2010, 20 May 2010, 25 August 2010, 29 October 2010, 1 February 2011, 14 February 2011, 28 February 2011, 31 May 2011, 30 June 2011, 3 October 2011, 30 November 2011, 10 January 2012 and 30 March 2012 in relation to the proposed acquisition of 70% equity interest in the Target Company and the Loan and the indirect acquisition of a piece of land situated at 獅嶺鎮楊赤路 in

* *For identification purpose only*

Guangzhou, Hua Du and with certain buildings thereon for the consideration of HK\$80,000,000. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise stated or the context requires otherwise.

TERMINATION

On 5 April 2012, BSHK and the Vendor entered into the deed of termination (the “**Deed of Termination**”) upon which with immediate effect the S&P Agreement shall become null and void and without any further effect. The Deed of Termination was arrived after arm’s length negotiation between BSHK and the Vendor.

The S&P Agreement was entered into on 30 April 2010 between BSHK and the Vendor related to the proposed acquisition of 70% equity interest in the Target Company and the Loan for the consideration of HK\$80,000,000. Under the S&P Agreement, it was intended, among other things, a Reorganization would take place whereby the Target Company will acquire a piece of land situated at Hua Du, Guangzhou, the PRC with buildings thereon.

Pursuant to the Deed of Termination, the Vendor shall repay BSHK the full amount of the refundable deposit of HK\$45,000,000 in cash of which HK\$4,500,000 shall be paid upon signing of the Deed of Termination and HK\$40,500,000 shall be paid within three months of signing of the Deed of Termination. Furthermore, in consideration for BSHK agreeing to enter into the Deed of Termination, the Vendor shall pay BSHK a consideration of HK\$4,500,000 within three months from the signing of the Deed of Termination provided that BSHK shall release and discharge the Vendor from payment of such consideration if the aforesaid refundable deposit of HK\$45,000,000 shall be fully repaid in accordance with the Deed of Termination.

Additionally, if the Vendor fails to repay any monies on or before the due date as stipulated above, the Vendor shall pay interest on the monies due starting from the due date, calculated from day to day at the rate of 30% per annum, until the actual date of full repayment.

REASONS FOR TERMINATION

The Directors have decided to terminate the S&P Agreement for the reasons that both BSHK and the Vendor expect the Long Stop Date of 30 April 2012 will be lapsed before all the conditions precedent as set out in the S&P Agreement have been satisfied. It will not be in the best interests of both parties to further extend the Long Stop Date to proceed with the Acquisition. Both BSHK and the Vendor mutually agreed not to proceed with the Acquisition and entered into the Deed of Termination. The Directors believe that the termination of the S&P Agreement will have no material adverse impact on the interests of the Company and the Shareholders as well as the existing business and financial position of the Group.

By order of the Board
China AU Group Holdings Limited
Lee Chan Wah
Company Secretary

Hong Kong, 5 April 2012

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Shu Kuen, Mr. Wang Xiao Fei (with Mr. Lee Chan Wah as alternate), Mr. Wang Shang Zhong and Mr. Ji He Qun; one non-executive Director, namely Mr. Du Juan Hong; and three independent non-executive Directors, namely Mr. Cheng Hai, Mr. Tam B Ray, Billy and Mr. Chu Kin Wang, Peleus.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 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 this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.bluspa.com.