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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)

VOLUNTARY ANNOUNCEMENT EXCLUSIVE DISTRIBUTORSHIP FOR EVIDENS DE BEAUTÉ PRODUCTS AND CONDITIONS FOR RESUMPTION OF TRADING IN THE SHARES

EXCLUSIVE DISTRIBUTORSHIP FOR EVIDENS DE BEAUTÉ PRODUCTS

The Board is pleased to announce that EDS Distribution, a wholly-owned subsidiary of the Company, has on 13 July 2012 entered into the Exclusive Distribution Agreement with Montaigne. Pursuant to the Exclusive Distribution Agreement, Montaigne has granted exclusive distributorship in Hong Kong to EDS Distribution for an initial term of 3 years which shall be renewed automatically thereafter for a period of 1 year unless terminated by either party.

CONDITIONS FOR RESUMPTION OF TRADING IN THE SHARES

On 13 July 2012, the Stock Exchange issued a letter to the Company setting out the conditions which must be satisfied by the Company before the Stock Exchange considers any application for trading resumption. The details of the conditions are set out in this announcement.

EXCLUSIVE DISTRIBUTORSHIP FOR EVIDENS DE BEAUTÉ PRODUCTS

The board (the “**Board**”) of directors (the “**Directors**”) of China AU Group Holdings Limited (the “**Company**”) is pleased to announce that EDS Distribution Limited (“**EDS Distribution**”), a wholly-owned subsidiary of the Company, has on 13 July 2012 entered into the exclusive distribution agreement (the “**Exclusive Distribution Agreement**”) with Montaigne Limited (“**Montaigne**”). Pursuant to the Exclusive Distribution Agreement, Montaigne has granted exclusive distributorship of “Evidens de Beauté” products in Hong Kong to EDS Distribution for an initial term of 3 years which shall be renewed automatically thereafter for a period of 1 year unless terminated by either party.

* *For identification purposes only*

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Montaigne and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

CONDITIONS FOR RESUMPTION OF TRADING IN THE SHARES

Reference is made to the announcements of the Company dated 11 November 2011, 10 January 2012, 13 January 2012, 21 February 2012, 3 May 2012 and 29 June 2012 in relation to, among others, the suspension of trading in the shares of the Company pending the publication of the announcements of the first quarterly results for the three months ended 30 September 2011 (the "**First Quarterly Results**"), the interim results for the six months ended 31 December 2011 (the "**Interim Results**") and the third quarterly results for the nine months ended 31 March 2012 (the "**Third Quarterly Results**") of the Company and its subsidiaries (collectively, the "**Group**") in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**").

On 13 July 2012, the Stock Exchange issued a letter to the Company setting out the following conditions which must be satisfied by the Company before the Stock Exchange considers any application for trading resumption:

- (a) engage an independent professional adviser acceptable to the Stock Exchange to conduct a forensic investigation to address all the issues raised in the Company's former auditors, HLM & Co.'s resignation letter dated 7 March 2012 and the audit qualifications made by the Company's current auditors, HLB Hodgson Impey Cheng, in its independent auditors' report dated 8 June 2012;
- (b) inform the market of all material information (including the findings of the forensic investigation of (a) above) that is necessary to appraise the Group's position;
- (c) publish all outstanding financial results and reports, and address any other concerns raised by the Company's auditors; and
- (d) demonstrate that the Group has adequate financial reporting procedures and internal control systems to meet the obligations under the GEM Listing Rules.

The Company should also comply with the GEM Listing Rules and all applicable laws and regulations before resumption.

The Stock Exchange may modify any of the above conditions and/or impose further conditions if the situation changes.

On 16 July 2012, the Company appointed RSM Nelson Wheeler Corporate Advisory Limited as independent forensic accountants to address the conditions set out by the Stock Exchange. The Company may also seek advice from other professional parties to address the conditions set out by the Stock Exchange and will announce further material developments as and when appropriate.

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 30 September 2011 pending the publication of the announcements of the First Quarterly Results, the Interim Results and the Third Quarterly Results in accordance with the GEM Listing Rules and will remain suspended until further notice.

The release of this announcement does not necessarily indicate the shares of the Company will be resumed for trading. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China AU Group Holdings Limited
Du Juan Hong
Chairman

Hong Kong, 18 July 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 two independent non-executive Directors, namely 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.