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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)**

## **CHANGE OF DOMICILE AND REORGANISATION OF SHARE CAPITAL**

### **CHANGE OF DOMICILE AND CAPITAL REORGANISATION**

The Board proposes to (a) create a contributed surplus account and transfer to it the credits arising from cancellation of the entire amounts standing to the credit of the share premium account of the Company and to seek the approval of the Shareholders that the contributed surplus account of the Company shall be the contributed surplus account of the Company within the meaning of the Companies Act effective upon the Change of Domicile; (b) change of domicile from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda; (c) after the Change of Domicile, effect (i) the Capital Reduction whereby the par value of each of the issued Shares will be reduced from HK\$0.10 to HK\$0.001 by cancelling the paid-up capital to the extent of HK\$0.099 on each issued Share; and (ii) the credit of HK\$129,907,800.00 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. The amount of HK\$278,123,606.72 from the contributed surplus account of the Company will be applied to set off against the Accumulated Losses; and (d) after the Change of Domicile and the Capital Reduction, effect the Capital Consolidation whereby every one hundred issued Shares of HK\$0.001 each in the share capital of the Company will be consolidated into one issued Consolidated Share of HK\$0.10 each.

\* *for identification purpose only*

The Cancellation of Share Premium Account and the Capital Reorganisation is conditional upon the Change of Domicile becoming effective. Subject to the fulfilment of the conditions, the Directors expect the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation will be completed by the end of April 2013. Subject to the completion of the Change of Domicile, the Company proposes to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda laws to replace the existing memorandum and articles of association of the Company.

#### **WARNING**

**Shareholders should be aware of and take note that the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Cancellation of Share Premium Account”, “Conditions of the Change of Domicile” and “Conditions of the Capital Reorganisation” in the section headed “Change of Domicile and Capital Reorganisation” below. Therefore, the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

#### **GENERAL**

A circular containing, amongst other things, further information on the Cancellation of Share Premium Account, the Change of Domicile, the Capital Reorganisation, the adoption of the new memorandum of continuance and bye-laws and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

#### **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 September 2011 and shall remain suspended until further notice.

#### **CHANGE OF DOMICILE AND CAPITAL REORGANISATION**

The Board proposes to create a contributed surplus account and transfers to it the credits arising from the Cancellation of Share Premium Account and to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, and to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda law to replace the existing memorandum and articles of association of the Company.

Before the Change of Domicile, the Directors propose to create a contributed surplus account of the Company and the share premium account of the Company will be cancelled and the credits arising from such cancellation will be credited to the contributed surplus account of the Company. As at the date of this announcement, the Company has a credit balance of HK\$175,357,082.10 standing in its share premium account.

After the Change of Domicile, the Directors propose to reorganise the capital of the Company in the following manner:

- (a) the par value of each of the issued Share of HK\$0.10 shall be reduced to HK\$0.001 by cancelling the paid-up capital to the extent of HK\$0.099 on each issued Share;
- (b) the credit of HK\$129,907,800.00 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. The amount of HK\$278,123,606.72 from the contributed surplus account of the Company will be applied to set off against the Accumulated Losses; and
- (c) after the Capital Reduction, effect a consolidation of the issued Shares whereby every one hundred issued Shares of HK\$0.001 each in the share capital of the Company will be consolidated into one issued Consolidated Share of HK\$0.10 each.

Subject to the completion of the Change of Domicile, the Company proposes to adopt a new memorandum of continuance and bye-laws in compliance with Bermuda laws to replace the existing memorandum and articles of association of the Company.

### **Effect of the Change of Domicile**

As advised by the Legal Advisers, Shareholders will be required to approve the Change of Domicile and the adoption of the proposed memorandum of continuance and bye-laws upon the Change of Domicile becoming effective by special resolutions. After the passing of the special resolutions at the EGM, applications will be made to the Cayman Registrar to have the Company de-registered in the Cayman Islands, and to the Bermuda Monetary Authority for seeking permission for the Shareholders to be shareholders of a Bermuda Company, and the filing of the memorandum of continuance and bye-laws of the Company will be made to the Bermuda Registrar. The Change of Domicile will become effective upon registration by the Bermuda Registrar of the memorandum of continuance and bye-laws of the Company and the Company will become a company to which the Companies Act and any other laws in Bermuda apply as if the Company had been incorporated in Bermuda.

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, business operations, management or financial position of the Company nor the proportionate equity interests of the Shareholders. The continuation of the Company into Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain its existing principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Shares, any issue of new Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect the listing status of the Shares on GEM.

## **Conditions of the Cancellation of Share Premium Account**

The Cancellation of Share Premium Account is conditional upon the passing of the necessary special resolution by the Shareholders at the EGM to approve the creation of a contributed surplus account of the Company and the transfer to such account the credits arising from a cancellation of the entire amounts standing to the credit of the share premium account of the Company.

## **Conditions of the Change of Domicile**

The Change of Domicile is conditional upon:

- (a) the passing of the necessary special resolutions by the Shareholders at the EGM to approve an amendment to the articles of association of the Company to facilitate the Change of Domicile and the adoption of the new memorandum of continuance and by-laws of the Company; and
- (b) compliance with the relevant procedures and requirements under the Cayman Islands laws and Bermuda laws.

## **Effect of the Capital Reorganisation**

As at the date of this announcement, the Company has an authorised share capital of HK\$500,000,000 divided into 5,000,000,000 Shares of HK\$0.10 each, of which 1,312,200,000 Shares have been issued and are fully paid or credited as fully paid. Upon completion of the Capital Reorganisation, the Company will have an authorised share capital of HK\$500,000,000 divided into 5,000,000,000 New Shares of HK\$0.10 each, of which 13,122,000 New Shares will be issued and fully paid or credited as fully paid, assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reorganisation becomes effective.

The New Shares will rank pari passu in all respect among themselves and the New Shares will, subject to the suspension of trading in the Shares on the Stock Exchange be resumed, continue to be traded in the board lots of 5,000 New Shares on the business day immediately following the date of completion of the Capital Reorganisation.

According to the audited financial statements of the Company for the year ended 30 June 2012, the balance of the share premium account was HK\$175,357,082.10. After the completion of the Cancellation of Share Premium Account and the Capital Reduction, HK\$278,123,606.72 will be applied from the contributed surplus account of the Company to offset against the Accumulated Losses.

Other than the expenses to be incurred, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company nor the proportionate equity interests of the Shareholders. The Directors believe that the Capital Reorganisation will not have any adverse effect on the financial position of the Company and its subsidiaries and that on the date the Capital Reorganisation becoming effective, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses to be incurred which is expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before or after the Capital Reorganisation becoming

effective. The Capital Reorganisation does not involve any diminution of any liability and any paid up capital of the Company. The Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

### **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary special resolution by the Shareholders at the EGM to approve the Capital Reorganisation involving the Capital Reduction and the Capital Consolidation;
- (b) the Change of Domicile becoming effective;
- (c) compliance with the relevant procedures and requirements under Bermuda laws and the GEM Listing Rules to effect the Capital Reorganisation; and
- (d) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation.

The Change of Domicile is not conditional upon completion of the Capital Reorganisation. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

The Capital Reorganisation will be completed upon fulfilling all the conditions of Capital Reorganisation.

### **Reasons for the Change of Domicile and the Capital Reorganisation and impact on the Company and the Shareholders**

The Change of Domicile is proposed to shorten the time required to effect the Capital Reorganisation. As advised by the Legal Advisers, if the Company is to proceed with the Capital Reorganisation in the Cayman Islands, the sanction of the Grand Court of the Cayman Islands shall be required for the Capital Reduction and such sanction cannot be obtained in a commercially expedient time frame. The Company has been advised further by the Legal Advisers that no court sanction is required for the Change of Domicile in the Cayman Islands or Bermuda or the Capital Reorganisation in Bermuda.

The Capital Reorganisation is proposed in order to provide the Company with more flexibility in possible future fund raisings. This, together with the application of the credit standing to the contributed surplus account arising from the Capital Reduction as set out above, will facilitate the payment of dividends as and when the Directors consider it appropriate in the future.

Accordingly, the Directors believe that the Change of Domicile and the Capital Reorganisation are beneficial to and in the interests of the Company and the Shareholders as a whole.

## **Application for listing of New Shares**

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the New Shares and all necessary arrangements will be made for the New Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

## **EXPECTED TIMETABLE**

Despatch of the circular regarding, among other matters,  
the Change of Domicile and the Capital Reorganisation . . . . . 7 January 2013

Publication of the notice of EGM . . . . . 7 January 2013

Latest time for lodging the form of proxy for the EGM . . . . . 4:30 p.m., 4 February 2013

EGM . . . . . 4:30 p.m., 6 February 2013

The following events are conditional on the fulfilment of the conditions for the implementation of the Change of Domicile and the Capital Reorganisation:

Effective date for the Change of Domicile . . . . . on or after 13 March 2013

Effective date of the Capital Reorganisation . . . . . on or after 2 April 2013

## **WARNING**

**Shareholders should also be aware of and take note that the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Cancellation of Share Premium Account”, “Conditions of the Change of Domicile” and “Conditions of the Capital Reorganisation” in the section headed “Change of Domicile and Capital Reorganisation”. Therefore, the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **GENERAL**

The Cancellation of Share Premium Account, the Change of Domicile, the Capital Reorganisation and the adoption of the new memorandum of continuance and bye-laws will be conditional upon the passing of special resolutions by the Shareholders at the EGM.

The EGM will be held to consider and, if thought fit, approve the resolutions in respect of the Cancellation of Share Premium Account, the Change of Domicile, the Capital Reorganisation and the adoption of the new memorandum of continuance and bye-laws of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, amongst other things, further information on the Cancellation of Share Premium Account, the Change of Domicile, the Capital Reorganisation, the adoption of the new memorandum of continuance and bye-laws and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

## **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 September 2011 and shall remain suspended until further notice.

## **DEFINITIONS**

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

- “Accumulated Losses”** the accumulated losses of the Company which amounted to HK\$278,123,606.72 based on the audited financial statements of the Company for the year ended 30 June 2012
- “Bermuda Registrar”** the Registrar of Companies in Bermuda
- “Board”** the board of Directors
- “Cancellation of Share Premium Account”** the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
- “Capital Consolidation”** the proposed consolidation of every one hundred issued Shares of HK\$0.001 each in the share capital of the Company upon the Capital Reduction taking effect into one issued Consolidated Share of HK\$0.10
- “Capital Reduction”** the proposed reduction of capital of the Company by way of cancellation of the paid-up share capital to the extent of HK\$0.099 on each existing issued Share, such that the par value of all of the issued Shares shall be reduced from HK\$0.10 each to HK\$0.001
- “Capital Reorganisation”** the capital reorganisation of the Company involving the Capital Reduction and the Capital Consolidation
- “Cayman Registrar”** the Registrar of Companies in the Cayman Islands
- “Change of Domicile”** the proposed change of the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
- “Companies Act”** the Companies Act 1981 of Bermuda
- “Company”** China AU Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM

<b>“Consolidated Share(s)”</b>	issued share(s) of HK\$0.10 each in the share capital of the Company upon the Capital Consolidation taking effect
<b>“Directors”</b>	the directors of the Company
<b>“EGM”</b>	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Cancellation of Share Premium Account, the Change of Domicile and the Capital Reorganisation
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange
<b>“GEM listing Rules”</b>	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
<b>“Legal Advisers”</b>	the Company’s legal advisers as to the laws of the Cayman Islands and Bermuda
<b>“New Shares”</b>	shares of HK\$0.10 each in the share capital of the Company upon the Capital Reorganisation taking effect
<b>“Shares”</b>	existing shares of HK\$0.10 each in the share capital of the Company
<b>“Shareholders”</b>	holders of issued Shares
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

By order of the Board  
**China AU Group Holdings Limited**  
**Lee Chan Wah**  
*Executive Director*

Hong Kong, 20 December 2012

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yu Shu Kuen, Mr. Wang Xiaofei (with Mr. Lee Chan Wah as alternate), Mr. Wang Shangzhong and Mr. Lee Chan Wah; one non-executive Director, namely Mr. Du Juanhong; and three independent non-executive Directors, namely Mr. Tam B Ray Billy, Mr. Chu Kin Wang Peleus and Mr. Tse Joseph.*

*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](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.china-au-group.com](http://www.china-au-group.com).*