

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **ANNOUNCEMENT SETTLEMENT OF LEGAL PROCEEDINGS**

This announcement is made pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited.

Reference is made to the announcements (together, the “**Announcements**”) of China AU Group Holdings Limited (the “**Company**”) dated 5 April 2012, 4 July 2012, 24 July 2012, 3 August 2012, 21 August 2012, 28 September 2012, 26 October 2012, 1 November 2012 and 21 December 2012 respectively in relation to, among other matters, the Deed of Termination, the issuing of the writ of summons in the High Court of Hong Kong Special Administrative Region by Blu Spa (Hong Kong) Limited (“**BSHK**”) against Mr. Shum Yeung (“**Mr. Shum**”), and the subsequent execution of a deed of settlement (the “**Deed**”) by BSHK and Mr. Shum, for the settlement of legal proceedings represented by the Writ and the extension to the repayment dates for Mr. Shum to make repayment under the Deed. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board wishes to announce that, as at the date hereof, Mr. Shum has made repayment in the aggregate sum of HK\$7,055,876.67 to BSHK, which consists of outstanding principal sum due from Mr. Shum to BSHK and interest accrued thereon. The outstanding principal sum (the “**Outstanding Principal Sum**”) under the Deed of Termination after deducting the payment made by Mr. Shum amounted to HK\$36,450,000.

#### **DEED OF ASSIGNMENT**

On 29 January 2013, BSHK and the Company entered into a deed of assignment (the “**Deed of Assignment**”), pursuant to which BSHK assigned and transferred to the Company all its right, title, interest and obligation under the Deed of Termination, Repayment Extension Agreements, Second Repayment Extension Agreement, Third Repayment Extension Agreement and Fourth Repayment Extension Agreement, (as well as all the fruits, benefits,

\* *For identification purpose only*

rights, advantages, judgment sums and interests of and/or arising from the legal proceedings represented by the Writ, if any) in the consideration of HK\$36,450,000 to be paid by the Company to BSHK.

## **SECOND DEED OF SETTLEMENT**

On the same date, BSHK, the Company and Mr. Shum entered into a second deed of settlement (the “**Second Deed**”), pursuant to which the parties thereto have agreed to settle the claims under the Writ and the Outstanding Principal Sum on the follow terms:

- (a) HK\$1,822,500.00, being five percent (5%) of the Outstanding Principal Sum payable on or before 29 January 2013, which has been duly paid to the Company as at the date hereof;
- (b) HK\$389,465.70, being the daily interest accrued for January 2013 (for the period from 17 January 2013 to 29 January 2013) payable on or before 29 January 2013, which has been duly paid to the Company as at the date hereof;
- (c) HK\$1,736,118.49, being the additional daily interest accruing on the new principal balance of HK\$34,627,500.00 (“**New Balance**”) (for the period from 30 January 2013 to 31 March 2013) payable on or before 29 January 2013, which has been duly paid to the Company as at the date hereof;
- (d) HK\$120,000.00, being part contribution to the legal costs of BSHK payable on or before 29 January 2013, which has been duly paid to the Company as at the date hereof; and
- (e) HK\$34,627,500.00 being the New Balance payable on or before 31 March 2013.

In consideration of BSHK, the Company and Mr. Shum agreeing to settle the claims under the Writ, and upon payment of the entirety the sums on specified dates as set out above, BSHK and/or the Company shall perform the following:

- (a) apply to the court for a court order to withdraw the legal proceedings represented by the Writ with no order as to costs;
- (b) apply to the court for a court order to withdraw the summary judgment application made under the legal proceedings represented by the Writ with no order as to costs; and
- (c) apply to the court for a court order or otherwise, to withdraw the statutory demand served by BSHK on Mr. Shum dated 10 October 2012 with no order as to costs.

Furthermore, upon the execution of the Second Deed, BSHK and the Company covenants and undertakes not to commence any bankruptcy proceedings against Mr. Shum. However, in the event that Mr. Shum fails to fully perform or comply with all or any of his repayment obligation as set out above, without prejudice to BSHK’s and/or the Company’s rights to enforce the Second Deed, BSHK and/or the Company shall be entitled to continue pursuing the legal proceeding represented by the Writ, and to commence bankruptcy proceedings against Mr. Shum forthwith.

In the event that Mr. Shum has satisfied his repayment obligation in full pursuant to the Second Deed, BSHK, the Company and Mr. Shum and their respective associates, including but not limited to, parents, subsidiaries, assigns, transferees, representatives, shall be fully discharged and shall release each other from all and/or any actions claims, counterclaims, entitlements, remedies, rights, demands and set-offs arising from, relating to, in respect of,

under and/or in connection with the matters referred to in the Deed of Termination, the Deed, the Second Deed, the summary judgement applied by BSHK against Mr. Shum for the amount due under the Deed of Termination, the statutory demand served by BSHK on Mr. Shum for the amount due under the Deed of Termination and the Deed of Assignment.

The Board considers that the entering into of the Deed of Assignment and the Second Deed would simplify the process of settlement between the Company and Mr. Shum, and allow the parties to have more time to fully settle the claims under the Writ, which, in turn would avoid the incurring of further legal costs by BSHK and the Company in pursuing to enforce the summary judgment and to obtain a bankruptcy order against Mr. Shum, and hence are in the interests of the Company and its shareholders as a whole.

The Board will make further announcement(s) to update the Shareholders and potential investors of any new development of the settlement progress as and when appropriate.

By order of the Board  
**China AU Group Holdings Limited**  
**Yu Shu Kuen**  
*Chairman*

Hong Kong, 29 January 2013

*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).*