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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 — EXEMPTED CONTINUING CONNECTED TRANSACTION

On 1 February 2013, EDS, an indirect wholly-owned subsidiary of the Company, and Koffman, a company wholly and beneficially owned by Mr. Yu, entered into the Tenancy Agreement.

Since Mr. Yu is also a Director and a director of EDS, Koffman is a connected person of the Company and hence the entering into of the Tenancy Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the relevant percentage ratios are less than 5% and the annual rental payment for each of three years ending 31 January 2016 is less than HK\$1,000,000, the transactions contemplated under the Tenancy Agreement is therefore exempted from the requirements of reporting, announcement and independent Shareholders' approval. The Company elects to publish this voluntary announcement in adherence to the principle of ongoing disclosure.

On 1 February 2013, EDS, an indirect wholly-owned subsidiary of the Company, and Koffman, a company wholly and beneficially owned by Mr. Yu, entered into the Tenancy Agreement. Since Mr. Yu is also a Director and a director of EDS, Koffman is a connected person of the Company and hence the entering into of the Tenancy Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. Details of the Tenancy Agreement are disclosed below.

* *For identification purpose only*

THE TENANCY AGREEMENT

Date: 1 February 2013

Parties: (1) EDS (as the tenant)
(2) Koffman (as the landlord)

EDS is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Koffman is a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by Mr. Yu. Since Mr. Yu is also a Director and a director of EDS, Koffman is a connected person of the Company as defined in the GEM Listing Rules.

To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiries, Koffman is principally engaged in the provision of business consultancy services and property investment.

Subject Matter

Pursuant to the terms of the Tenancy Agreement, EDS shall rent the Premises owned by Koffman for a fixed term of three years commencing from 1 February 2013 to 31 January 2016.

The Premises is situated at 3rd Floor (including the flat roofs above 2nd Floor level abutting thereon), Woo Sing Kee Industrial Building, No. 138 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. The saleable area of the Premises is approximately 2,787 square feet.

The Premises will be handed over to EDS with vacant possession. The Company intends to use the Premises as the office and warehouse of the Group.

Rent

The monthly rent for the Premises shall be HK\$40,000 payable on the first day of each calendar month. The monthly rent is determined after arm's length negotiations with reference to the monthly rental price of other similar premises in the neighbouring area where the Premises situated at.

REASONS FOR THE TRANSACTION AND THE ANNUAL RENTAL AMOUNT PAYABLE

The Group is principally engaged in developing, distributing and marketing of personal care treatment, products and services.

The existing tenancy agreement of the office premises of the Company will be terminated on 1 April 2013. After comparing the rental prices, locations and usable areas of the existing office premises and the Premises, the Board is of the view that the renting of the Premises will be more economical and better suits the operation needs of the Company.

The terms of the Tenancy Agreement were arrived at after arm's length negotiations between EDS and Koffman with reference to the market terms and monthly rental price of similar premises in the neighbouring area where the Premises situated at.

The Directors, including the independent non-executive Directors, consider that the transactions contemplated under the Tenancy Agreement are in the ordinary and usual course of business of the Group and the terms of the Tenancy Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Since Mr. Yu is a Director and a director of EDS, as well as the sole beneficial owner of Koffman, Mr. Yu has abstained from voting in the relevant resolution of the meeting of the Board.

Based on the monthly rent under the Tenancy Agreement, the annual rental amount payable by the Group under the Tenancy Agreement will be HK\$480,000.

The exact date of relocating the principal place of business of the Company in Hong Kong to the Premises is not yet decided. The Board will make further announcement to inform the Shareholders of the change of principal place of business of the Company in Hong Kong in compliance with the GEM Listing Rules as and when appropriate.

GEM LISTING RULES IMPLICATIONS

Since Mr. Yu is also a Director and a director of EDS, Koffman is a connected person of the Company and hence the entering into of the Tenancy Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the relevant percentage ratios are less than 5% and the annual rental payment for each of three years ending 31 January 2016 is less than HK\$1,000,000, the transactions contemplated under the Tenancy Agreement is therefore exempted from the requirements of reporting, announcement and independent Shareholders' approval. The Company elects to publish this voluntary announcement in adherence to the principle of ongoing disclosure.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below shall have the following meaning:

“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“EDS”	EDS (Asia) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Koffman”	Koffman Corporate Service Limited, a company incorporated in Hong Kong with limited liability and is wholly and beneficially owned by Mr. Yu
“Mr. Yu”	Mr. Yu Shu Kuen, an executive Director and the chairman of the Board, who is also a director of EDS
“Premises”	the premises is situated at 3rd Floor (including the flat roofs above 2nd Floor level abutting thereon), Woo Sing Kee Industrial Building, No. 138 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong and owned by Koffman
“Shareholders”	the holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 1 February 2013 and entered into between EDS and Koffman for a fixed term of 3 years
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 1 February 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 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.