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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)**

#### **PROPOSED VOLUNTARY WINDING-UP OF A SUBSIDIARY**

The Board wishes to inform the Shareholders and potential investors that the sole director of BSHK, which is an indirect wholly-owned Subsidiary, decided to voluntarily wind-up BSHK. On 6 February 2013, written resolutions were passed by the sole director of BSHK to, among other things, (i) voluntarily wind-up BSHK; and (ii) appoint Messrs. Osman Mohammed Arab and Wong Kwok Keung as joint and several provisional liquidators.

The resolution for the voluntary winding-up of BSHK is scheduled to be passed by Blu Spa Group Limited as the sole shareholder on 26 February 2013. A creditors' meeting will be held on 26 February 2013. A notice of commencement of liquidation and appointment of provisional liquidators and a notice of meeting of creditors have been published in the government gazette and the newspapers on 15 February 2013 respectively, by the provisional liquidators. In the creditors' meeting, the creditors of BSHK will elect and appoint the joint and several liquidators of BSHK.

Upon the appointment of the liquidators, the assets of BSHK will be realised, where possible and appropriate. The estimated loss to the Group arising from the winding-up of BSHK will be approximately HK\$1.2 million. In consideration of the impairment resulting from the de-consolidation and the relatively small amount of outstanding payment due from BSHK to the Company, the Board does not expect that the winding-up will have any material adverse financial effect on the Group.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

This announcement is made by the Company in accordance with Rule 17.10 of the GEM Listing Rules.

\* *For identification purpose only*

## **VOLUNTARY WINDING-UP OF BSHK**

The Board wishes to inform the Shareholders and potential investors that the sole director of BSHK, which is an indirect wholly-owned Subsidiary, decided to voluntarily wind-up BSHK. On 6 February 2013, written resolutions were passed by the sole director of BSHK to, among other things, (i) voluntarily wind-up BSHK; and (ii) appoint Messrs. Osman Mohammed Arab and Wong Kwok Keung as joint and several provisional liquidators.

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## **INFORMATION ON BSHK**

BSHK is a company incorporated in Hong Kong with limited liability, and is an indirect wholly-owned Subsidiary. It is, through its seven subsidiaries, principally engaged in the sales of beauty equipment, sales of beauty products, therapy services, granting of royalty in relation to the sales of beauty products and provision of training courses.

## **REASONS FOR THE VOLUNTARY WINDING-UP OF BSHK**

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

As disclosed in the annual results announcement of the Company for the year ended 30 June 2012 dated 6 December 2012, the directors and management of, among certain other Subsidiaries, BSHK, have not provided complete documentary information and reasonable explanation in respect of the transactions asserted to have been undertaken by BSHK. The Directors were unable to obtain complete documentary information to satisfy themselves regarding the accounting treatments in respect of those transactions for the year ended 30 June 2012. As such, the results, assets and liabilities of BSHK and the subject Subsidiaries have not been included into the consolidated financial statements of the Group since 1 July 2011. The relevant resulting gain on de-consolidation and the impairment of the amount due from BSHK and the subject Subsidiaries has already been recognised in the consolidated statement of comprehensive income of the Group for the year ended 30 June 2012.

On the other hand, the Group is actively exploring new business opportunities and furthering its business development. As set out in the Company's announcement dated 18 July 2012, on 13 July 2012, EDS Distribution has entered into an exclusive distribution agreement with Montaigne Limited, pursuant to which EDS Distribution has been granted an exclusive distributorship of "Evidens de Beauté" products in Hong Kong for an initial term of 3 years which shall be renewed automatically for a period of 1 year unless terminated by either party thereto. Also, on 5 October 2012, the Group opened a spa of around 2,231 square feet with the brand "Le Spa Evidens" in Causeway Bay, Hong Kong in order to promote and publicise "Evidens de Beauté" products and generate further income for the Group.

In light of the above and considering the strategic needs of the Group, the Board has determined that it would be in the best interests of the Company and the Shareholders as a whole, to voluntarily wind-up BSHK, which can simplify the corporate structure of the Group and therefore reduce administrative expenses and enhance the performance of the Group. In addition, this can enable the Group to allocate more of its management efforts for its existing business, as well as to explore further business opportunities. The Board is confident that its existing business will continue to generate a sufficient level of operations for the Company to operate.

## **FINANCIAL EFFECT OF THE VOLUNTARY WINDING-UP**

Upon the appointment of the liquidators, the assets of BSHK will be realised, where possible and appropriate. The estimated loss to the Group arising from the winding-up of BSHK will be approximately HK\$1.2 million.

The amount due from the unconsolidated Subsidiaries, including BSHK, has been impaired in the final results of the Company for the year ended 30 June 2012. There is a remaining sum of approximately HK\$47,627,000 not impaired and due from BSHK to the Company, and the Directors are confident in recovering such repayment in full. As announced in the announcement of the Company dated 29 January 2013, BSHK has assigned all its rights and benefits in an outstanding principal sum of HK\$36,450,000 payable by Mr. Shum Yeung pursuant to the relevant deeds of settlement, as well as those under the other relevant deeds and agreements, to the Company. The remaining amount yet to be repaid by BSHK to the Company thus amounts to approximately HK\$1.2 million. In consideration of the impairment resulting from the de-consolidation and the relatively small amount of outstanding payment due from BSHK to the Company, the Board does not expect that the winding-up will have any material adverse financial effect on the Group.

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“Board”</b>	the board of Directors
<b>“BSHK”</b>	Blu Spa (Hong Kong) Limited, a company incorporated in Hong Kong and is an indirect wholly-owned Subsidiary
<b>“Company”</b>	China AU Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EDS Distribution”</b>	EDS Distribution Limited, a company incorporated in Hong Kong and is an indirect wholly-owned Subsidiary
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange
<b>“GEM Listing Rules”</b>	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
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiaries of the Company
“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, 19 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](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).*