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AUPU

AUPU GROUP HOLDING COMPANY LIMITED

奥普集团控股有限公司

(Incorporated in Cayman Islands as an exempted company with limited liability)

(Stock Code: 00477)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF INTEREST IN AN ASSOCIATED COMPANY

INSIDE INFORMATION

THE DISPOSAL AND THE S&P AGREEMENT

On 15 April 2015 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, and the Purchaser entered into the S&P Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest for a Consideration of RMB32.00 million. Details of the S&P Agreement are set out under the paragraph headed “The S&P Agreement” below.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the S&P Agreement, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from Shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

This announcement is also made pursuant to Rules 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE DISPOSAL

On 15 April 2015 (after trading hours), the Vendor, an indirect wholly owned subsidiary of the Company, and the Purchaser entered into the S&P Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Interest for a Consideration of RMB32.00 million.

THE S&P AGREEMENT

Set out below are the principal terms of the S&P Agreement:

Transaction date: 15 April 2015

Parties: Vendor: 杭州奧普衛廚科技有限公司 (Hangzhou Aupu Bathroom & Kitchen Technology Co., Ltd.), an indirect wholly owned subsidiary of the Company

Purchaser: 達州市東福商貿有限公司 (Dazhou City Dongfu Commercial & Trading Company Limited)

The Vendor held 41.67% of the entire equity interest of the Target Company before the entering into of the S&P Agreement. The principal activity of the Purchaser is engaged in selling daily merchandise, construction materials and other goods.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Sale and purchase of the Sale Interest

The Sale Interest represents 41.67% of entire equity interest of the Target Company as at the date of this announcement. The principal activity of the Target Company is investment holding. The Target Company has interests in two parcels of commercial and residential land with a total area of 322.5 mu in Chengdu, the PRC.

Consideration and manner of payment

The Consideration for the sale of the Sale Interest is RMB32.00 million.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, after taking into account the financial performance and investment prospect of the Target Company, valuation of the underlying properties and its net worth of approximately RMB20.21 million as at 31 December 2014 standing in the accounts of the Target Company. The Directors consider that the terms of the S&P Agreement are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

RMB10.00 million out of the Consideration has been paid to the Vendor prior to the execution of the S&P Agreement. The balance of RMB22.00 million shall be paid by the Purchaser to the Vendor on or before 1 November 2015.

Treatment of Shareholder's Loan

The Target Company is indebted to the Vendor in the total amount of RMB132.08 million which consists of a three-year entrusted loan in the sum of RMB127.50 million and interest in the sum of RMB4.58 million for the period from 1 April 2015 to 1 November 2015. The Purchaser shall pay the Target Company the following sums which will forthwith be used by the Target Company to repay the above indebtedness to the Vendor:

- (a) RMB2.62 million by 16 April 2015;
- (b) RMB1.96 million by 1 August 2015; and
- (c) RMB127.50 million by 1 November 2015.

Completion

Completion will take place within 30 days after the full payment of the Consideration and repayment of the indebtedness owed by the Target Company to the Vendor.

INFORMATION ON TARGET COMPANY

Target Company is a limited company incorporated in the PRC, which is held as to 41.67% by the Vendor and as to 58.33% by Hangzhou Qianyin.

Based on the statement of financial position of Target Company as at 31 December 2014, the amount of net asset of the Target Company was approximately RMB20.21 million (unaudited).

According to its unaudited accounts, the net profit before and after taxation of the Target Company are as follows:

	For the year ended	
	31 December	
	2014	2013
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net loss before taxation	26,115	11,776
Net loss after taxation	26,115	11,776

The Target Company will cease to be an associated company of the Group after completion of the Disposal.

INFORMATION ON THE VENDOR, THE COMPANY AND THE GROUP

The Company is an investment holding company. Through Tricosco Limited, it indirectly holds 100% equity interest of three operating entities in the PRC, namely Hangzhou Aupu Electrical Appliances Co., Ltd., Chengdu Aupu Broni Kitchen and Bathroom Technology Co., Ltd. and the Vendor, and all of which are mainly engaged in the production of bathroom appliances such as bathroom masters, exhaust fans and bathroom roof.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group aims to rationalize its assets by increasing their productivity and returns. The Disposal will provide reasonable returns to the Group. The Directors consider that the Disposal will enable the Group to further streamline its business and commit the available resources of the Group to its existing and prospective businesses.

The Directors consider that the terms of the S&P Agreement have been negotiated on an arm's length basis and on normal commercial terms and terms thereof are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL

Based on the preliminary assessment of the management accounts of Target Company as at 31 December 2014, the Group is expected to recognise a net profit of approximately RMB21.86 million (unaudited) upon the Disposal, which represents the Consideration of RMB32.00 million less the net asset of the Sale Interest in the sum of approximately RMB9.24 million (unaudited) as at 31 December 2014 and the estimated capital gain tax of approximately RMB0.90 million for the Disposal.

The net proceeds from the Disposal of approximately RMB31.10 million will be used by the Group for general working capital purposes.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the S&P Agreement, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from Shareholders' approval requirement, under Rule 14.33 of the Listing Rules

DEFINITIONS

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

“Board” the board of Directors of the Company

“Company”	AUPU Group Holding Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Interest subject to the terms and conditions of the S&P Agreement
“Group”	the Company and its subsidiaries
“Hangzhou Qianyin”	杭州牽銀投資有限公司 (Hangzhou Qian Yin Investment Company Limited), a limited company incorporated in the PRC, an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party (-ties)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and is(are) not connected person(s) of the Company (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	達州市東福商貿有限公司 (Dazhou City Dongfu Commercial & Trading Company Limited), a limited company incorporated in the PRC
“RMB”	Renminbi yuan, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 15 April 2015 between the Vendor and the Purchaser in relation to the sale and purchase of 41.67% of the entire equity interest of the Target Company
“Sale Interest”	41.67% of the entire equity interest of the Target Company currently held by the Vendor
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	成都牽銀投資有限公司 (Chengdu Qian Yin Investment Company Limited), a limited company incorporated in the PRC, which is held as to 41.67% by the Vendor and as to 58.33% by Hangzhou Qianyin

“Vendor”

杭州奧普衛廚科技有限公司 (Hangzhou Aupu Bathroom & Kitchen Technology Co., Ltd.) (previously known as 杭州奧普衛浴科技有限公司 (Hangzhou Aupu Bathroom Technology Co., Ltd.)), a wholly foreign owned enterprise established on 9 September 2004 under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“%”

per cent.

By Order of the Board of
AUPU Group Holding Company Limited
Fang James
Chairman

Hong Kong, 15 April 2015

As at the date hereof, the executive directors of the Company consists of Mr. Fang James, Mr. Fang Shengkang and Mr. Wu Xingjie; the non-executive directors are Mr. Lin Xiaofeng and Mr. Lu Songkang; the independent non-executive directors are Mr. Wu Tak Lung, Mr. Gan Weimin and Mr. Shen Jianlin.