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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 AND  
DISCLOSURE PURSUANT TO RULES 13.13 AND 13.16 OF THE LISTING RULES  
ON ADVANCE TO AN AFFILIATED COMPANY  
AND  
NON-COMPLETION OF DISPOSAL OF 41.67% EQUITY INTEREST IN  
AFFILIATED COMPANY**

Reference is made to the Company's announcement dated 2 November 2012 in relation to provision of funding by Entrusted Loans from AUPU Technology, an indirect wholly-owned subsidiary of the Company, and Hangzhou Qianyin to Chengdu Qianyin.

On 2 November 2015, AUPU Technology entered into the Renewed Entrusted Loan Agreements with Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch pursuant to which AUPU Technology agreed to extend the Renewed Entrusted Loan in the aggregate amount of RMB62.5 million granted to Chengdu Qianyin.

As disclosed in the Company's announcement dated 16 May 2013, the Company has also granted the Second Entrusted Loan in the amount of RMB65.0 million to Chengdu Qianyin. As the aggregate applicable percentage ratios regarding the Renewed Entrusted Loan and the Second Entrusted Loan exceed 5% but are less than 25%, these together constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and subject to the reporting and announcement requirements under the Listing Rules.

The transactions contemplated under the Renewed Entrusted Loan Arrangements and the Second Entrusted Loan Arrangements pursuant to the corresponding Renewed Entrusted Loan Agreements and the Second Master Loan Agreement and all the relevant entrusted loan agreements constitute advances to an entity under Rule 13.13 of the Listing Rules and will exceed 8% under the assets ratio under Rule 14.07(1) of the Listing Rules. The Company also announces that the financial assistance to affiliated companies of the Company in aggregate exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules. This announcement is also made in accordance with the requirements under Rules 13.13 and 13.16 of the Listing Rules.

Reference is made to the Company's announcement dated 15 April 2015 regarding the proposed disposal by AUPU Technology of 41.67% equity interest in Chengdu Qianyin to the Purchaser. Under the S&P Agreement, the Purchaser shall, on or before 1 November 2015, pay to AUPU Technology RMB22.0 million being the balance of the consideration and RMB127.5 million being indebtedness owed by Chengdu Qianyin to AUPU Technology. The Purchaser has failed to pay such sums to AUPU Technology and therefore completion of the S&P Agreement did not take place. AUPU Technology will pursue its rights under the S&P Agreement, which may lead to a new agreement with the Purchaser or AUPU Technology commencing litigation against the Purchaser. The Company will make further announcement in this regard as required by the Listing Rules.

Reference is made to the Company's announcement dated 2 November 2012 in relation to provision of funding by Entrusted Loans from AUPU Technology, an indirect wholly-owned subsidiary of the Company, and Hangzhou Qianyin to Chengdu Qianyin. Unless defined herein or the context otherwise requires, capitalized terms in this announcement shall have the meaning as ascribed to them in the Company's announcements dated 2 November 2012 and 16 May 2013.

On 2 November 2015, AUPU Technology entered into the Renewed Entrusted Loan Agreements with Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch pursuant to which AUPU Technology agreed to extend the Renewed Entrusted Loan in the aggregate amount of RMB62.5 million granted to Chengdu Qianyin.

As disclosed in the Company's announcement dated 16 May 2013, the Company has also granted the Second Entrusted Loan in the amount of RMB65.0 million to Chengdu Qianyin. As the aggregate applicable percentage ratios regarding the Renewed Entrusted Loan and the Second Entrusted Loan exceed 5% but are less than 25%, these together constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and subject to the reporting and announcement requirements under the Listing Rules.

#### **RENEWED ENTRUSTED LOAN ARRANGEMENTS PURSUANT TO THE RENEWED ENTRUSTED LOAN AGREEMENTS**

Date : 2 November 2015

Parties : (1) AUPU Technology  
(2) Agricultural Bank of China, Hangzhou Wensan Road Branch  
(3) Chengdu Qianyin

- Renewed Entrusted Loan Arrangements : Pursuant to the Renewed Entrusted Loan Agreements, AUPU Technology would, from time to time as may be requested by Chengdu Qianyin, with its own funds, provide the Renewed Entrusted Loan, with Agricultural Bank of China, Hangzhou Wensan Road Branch designated to act as the trustee to release the same
- Total principal amount of the Renewed Entrusted Loan : RMB62.50 million
- Interest rate : The interest rate of the Renewed Entrusted Loan is 6.15% per annum, which is set as the interest rate in the previous loan agreement and shall be payable quarterly during the term of each respective underlying loan
- Term : The renewal of an existing loan of RMB9.5 million for a term up to 24 December 2016 and the renewal of another existing loan of RMB53.0 million for a term up to 8 November 2016
- Handling charges : 0.025% of the total amount of the Renewed Entrusted Loan, which shall be paid by Aupu Technology in one lump sum
- Repayment: : Chengdu Qianyin shall repay the outstanding amount of each underlying loan together with any unpaid accrued interest upon the expiry of the term of the loan as stated above

The terms of the Renewed Entrusted Loan Arrangements were determined after arm's length negotiations among AUPU Technology, Hangzhou Qianyin, Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch. The terms of the Renewed Entrusted Loan Agreements were determined after arm's length negotiations among AUPU Technology, Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch.

## ADVANCE TO AN ENTITY, AND FINANCIAL ASSISTANCE GIVEN TO AFFILIATED COMPANIES

According to the latest published account of the Group for the 6-month period ended 30 June 2015 and taking into account the Renewed Entrusted Loan Arrangements and the Second Entrusted Loan Arrangements, the aggregate amount of financial assistance to, and (where applicable) guarantee given for the loan facilities granted to, affiliated companies of the Company named in the first column of the table below amounts to RMB154.5 million, representing approximately 14.5% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules, details of which are set out as follows:

Name of affiliated company	Attributable interest held by the Group	Amount of loan facilities made available by the Company to the affiliated company	Amount of loan facilities guaranteed by the Company	Amount of advances made to the affiliated company	Total amount of advances made and guarantee granted to affiliated company	Amount of advance intended to be made by the Group	Total amount of advances made/to be made and guarantee granted to affiliated company
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Chengdu Qianyin ( <i>Note 1</i> )	41.67%	65.0	N/A	65.0	65.0	N/A	65.0
Chengdu Qianyin ( <i>Note 2</i> )	41.67%	62.5	N/A	62.5	62.5	N/A	62.5
Hangzhou AUPU Broni Kitchen & Bath Co., Ltd (杭州奥普博朗尼厨衛科技有限公司) ( <i>Note 3</i> )	40.00%	27.0	N/A	9.0	9.0	N/A	9.0
<b>Total</b>		<b>154.5</b>	<b>N/A</b>	<b>136.5</b>	<b>136.5</b>	<b>N/A</b>	<b>136.50</b>

*Note 1:* The Second Entrusted Loans provided by AUPU Technology pursuant to the Second Entrusted Loan Arrangements dated 16 May 2013 are unsecured loan facilities of an aggregate maximum amount of RMB65 million (equivalent to approximately HK\$79.8 million) for a maximum term of 3 years beginning from the date of drawdown of the earliest Entrusted Loan. The loan facilities carry an interest at the rate of 6.15% per annum. Pursuant to the Second Master Loan Agreement, the loan was applied and used by Chengdu Qianyin for acquiring a piece of commercial residence land from the PRC local government for the operation of the commercial properties for creative design business and its supporting residences. The loan was funded from the internal resources of the Group.

*Note 2:* The Renewed Entrusted Loan provided by AUPU Technology to Chengdu Qianyin pursuant to the Renewed Entrusted Loan Agreements was an unsecured entrusted loan facility of an aggregate maximum amount of RMB62.50 million (equivalent to approximately HK\$76.7 million) (as to RMB9.50 million for a term up to 24 December 2016 and as to RMB53.00 million for a term up to 8 November 2016). The loan facilities carry an interest at the rate of 6.15% per annum. The loan was applied and used by Chengdu Qianyin for acquiring a piece of commercial residence land from the PRC local government for the operation of the commercial properties for creative design business and its supporting residences. The loan was funded from the internal resources of the Group.

*Note 3:* The loan facility provided by AUPU Technology to Hangzhou AUPU Broni Kitchen & Bath Co., Ltd. pursuant to the loan agreement was an unsecured loan facility of an aggregate maximum amount of RMB9.0 million (equivalent to approximately HK\$11.0 million) for a term until February 2016. The loan facility carried an interest at the rate of 7% per annum. Pursuant to the loan agreement, the loan shall be applied and used by Hangzhou AUPU Broni Kitchen & Bath Co., Ltd. for normal business operations. The loan was funded from the internal resources of the Group.

Save as disclosed above, no further financial assistance has been made by the Company (or any of its subsidiaries) to its affiliated companies up to the date of this announcement.

## **REASONS FOR ENTERING INTO THE ENTRUSTED LOAN ARRANGEMENTS**

The Directors consider that the extension of funds to Chengdu Qianyin through the Renewed Entrusted Loan Arrangements pursuant to the Renewed Entrusted Loan Agreements will help maintain the day-to-day business operations of Chengdu Qianyin, and the interests charged in the Renewed Entrusted Loan Arrangements provide satisfactory returns to the Company.

The Directors are of the view that the terms of the Renewed Entrusted Loan Arrangements pursuant to the Renewed Entrusted Loan Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Chengdu Qianyin is principally engaged in creative design business and the development and investment of property relating to such industry.

## **INFORMATION ON THE COMPANY, AUPU TECHNOLOGY, HANGZHOU QIANYIN, CHENGDU QIANYIN AND AGRICULTURAL BANK OF CHINA, HANGZHOU WENSAN ROAD BRANCH**

### **The Company**

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

### **AUPU Technology**

AUPU Technology is 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. Currently, AUPU Technology is accredited as the state's key high-tech enterprise and enjoys the relevant preferential tax policies.

### **Hangzhou Qianyin**

Hangzhou Qianyin, a limited company incorporated in the PRC, is an investment holding company.

## **Chengdu Qianyin**

Chengdu Qianyin is a company established under the laws of the PRC on May 2010, with limited liability and located in Chongzhou City, Sichuan province, the PRC. It is principally engaged in creative design business and the development and investment of property relating to such industry. Chengdu Qianyin does not possess any other assets, legal titles or business. Based on the audited financial statements of Chengdu Qianyin prepared in accordance with PRC accounting standards, the net assets of Chengdu Qianyin as at 31 December 2014 was RMB20.2 million. The net losses before and after tax of Chengdu Qianyin for the year ended 31 December 2013 were RMB11.8 million and RMB11.8 million, and those for the year ended 31 December 2014 were RMB26.1 million and RMB26.1 million, respectively.

## **Agricultural Bank of China, Hangzhou Wensan Road Branch**

Agricultural Bank of China, is the bank being a joint stock limited company incorporated in the PRC and the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange. Hangzhou Wensan Road Branch is the Branch of Agricultural Bank of China.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hangzhou Qianyin, Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch, its ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons of the Company.

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Renewed Entrusted Loan Arrangements and the Second Entrusted Loan Arrangements pursuant to the corresponding Renewed Entrusted Loan Agreements and the Second Master Loan Agreement and all the relevant entrusted loan agreements constitute advances to an entity under Rule 13.13 of the Listing Rules and will exceed 8% under the assets ratio under Rule 14.07(1) of the Listing Rules. The Company also announces that the financial assistance to affiliated companies of the Company in aggregate exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules. This announcement is also made in accordance with the requirements under Rules 13.13 and 13.16 of the Listing Rules.

## **NON-COMPLETION OF THE S&P AGREEMENT**

Reference is made to the Company's announcement dated 15 April 2015 regarding the proposed disposal by AUPU Technology of 41.67% equity interest in Chengdu Qianyin to the Purchaser. Under the S&P Agreement, the Purchaser shall, on or before 1 November 2015, pay to AUPU Technology RMB22.00 million being the balance of the consideration and RMB127.50 million being indebtedness owed by Chengdu Qianyin to AUPU Technology. The Purchaser has failed to pay such sums to AUPU Technology and therefore completion of the S&P Agreement did not take place. AUPU Technology will pursue its rights under the S&P Agreement, which may lead to a new agreement with the Purchaser or AUPU Technology commencing litigation against the Purchaser. The Company will make further announcement in this regard as required by the Listing Rules.

## DEFINITIONS

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

“Associates”, “connected person(s)”, “subsidiary(ies)”	each of which has the meaning ascribed to it under the Listing Rules
“AUPU Technology”	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
“Board”	the board of Directors of the Company
“Chengdu Qianyin”	成都牽銀投資有限公司 (Chengdu Qianyin Investment Company Limited), a limited company incorporated in the PRC, which is held as to 41.67% by AUPU Technology and as to 58.33% by Hangzhou Qianyin
“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
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(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
“Renewed Entrusted Loan”	the unsecured entrusted loan under the Renewed Entrusted Loan Arrangements up to the aggregate amount of RMB62.5 million
“Renewed Entrusted Loan Arrangements”	collectively, the entrusted loan agreements entered into and to be entered into between AUPU Technology, Hangzhou Qianyin and Chengdu Qianyin with funding commitments to Chengdu Qianyin by AUPU Technology and Hangzhou Qianyin proportion to their registered capital in Chengdu Qianyin respectively
“Renewed Entrusted Loan Agreements”	the two loan agreements both dated 2 November 2015 entered into between AUPU Technology, Agricultural Bank of China, Hangzhou Wensan Road Branch and Chengdu Qianyin in respect of, among other things, the provision of funding to Chengdu Qianyin by AUPU Technology in respect of the renewal of an existing loan of RMB9.50 million for a term up to 24 December 2016 and the renewal of another existing loan of RMB53.0 million for a term up to 8 November 2016, respectively
“RMB”	Renminbi yuan, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 15 April 2015 between AUPU Technology and the Purchaser in relation to the sale and purchase of 41.67% of the entire equity interest of Chengdu Qianyin
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 2 November 2015



*As at the date of this announcement, the executive directors are 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. Shen Jianlin and Mr. Gan Weimin.*

*Unless otherwise stated, the exchange rate between RMB and HK\$ used in this announcement is HK\$1=RMB0.815. Such exchange rate should not be taken as that the relevant amount has been, ought to be or can be exchanged at such exchange rate.*