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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**

Reference is made to the Company's announcements dated 2 November 2012, 16 May 2013 and 2 November 2015 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 21 December 2015, AUPU Technology entered into the Third Entrusted Loan Agreement with Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch pursuant to which AUPU Technology agreed to provide further funding of a total amount of RMB9.0 million to Chengdu Qianyin.

As disclosed in the Company's announcement dated 2 November 2015, the Company has also granted the Renewed Entrusted Loan and the Second Entrusted Loan in the aggregate amount of RMB127.5 million to Chengdu Qianyin. As the highest applicable percentage ratios regarding all Entrusted Loans exceed 5% but are less than 25%, the Entrusted Loans 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, the Second Entrusted Loan Arrangements and the Third Entrusted Loan Arrangements pursuant to the corresponding 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 announcements dated 2 November 2012, 16 May 2013 and 2 November 2015 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 announcement dated 2 November 2015.

On 21 December 2015, AUPU Technology entered into the Third Entrusted Loan Agreement with Chengdu Qianyin and Agricultural Bank of China, Hangzhou Wensan Road Branch pursuant to which AUPU Technology agreed to provide further funding of a total amount of RMB9.0 million to Chengdu Qianyin.

THIRD ENTRUSTED LOAN ARRANGEMENTS PURSUANT TO THE THIRD LOAN AGREEMENT

Date	:	21 December 2015
Parties	:	(1) AUPU Technology (2) Agricultural Bank of China, Hangzhou Wensan Road Branch (3) Chengdu Qianyin
Third Entrusted Loan Arrangements	:	Pursuant to the Third Entrusted Loan Agreement, AUPU Technology would, from time to time as may be requested by Chengdu Qianyin, with its own funds, provide Entrusted Loan up to RMB9.0 million, with Agricultural Bank of China, Hangzhou Wensan Road Branch designated to act as the trustee to release the same
Total principal amount of the Third Entrusted Loan	:	RMB9.0 million
Interest rate	:	The interest rate of the Third Entrusted Loan is 6.15% per annum, which is set as the interest rate in the previous loan agreements and shall be payable quarterly during the term of the underlying loan
Term	:	3 years
Handling charges	:	0.03% of the total amount of the Third Entrusted Loan, which shall be paid by Aupu Technology in one lump sum
Repayment:	:	Chengdu Qianyin shall repay the outstanding amount of the underlying loan together with any unpaid accrued interest upon the expiry of the term of the loan as stated above

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

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, the Second Entrusted Loan Arrangements and the Third Entrustment 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 RMB163.5 million, representing approximately 15.38% 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 for facilities granted to affiliated company	Amount of advance intended to be made by the Group	Total amount of advances made/to be made and guarantee for facilities granted to affiliated company
		RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Chengdu Qianyin (Note 1)	41.67%	9.0	N/A	9.0	9.0	N/A	9.0
Chengdu Qianyin (Note 2)	41.67%	65.0	N/A	65.0	65.0	N/A	65.0
Chengdu Qianyin (Note 3)	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) (Note 4)	40.00%	27.0	N/A	9.0	9.0	N/A	9.0
Total		163.5	N/A	145.5	145.5	N/A	145.5

Note 1: The Third Entrusted Loan provided by AUPU Technology pursuant to the Second Entrusted Loan Arrangements dated 21 December 2015 is unsecured loan facility of an aggregate maximum amount of RMB9.0 million (equivalent to approximately HK\$10.78 million) for a term of 3 years. The loan facility carries an interest at the rate of 6.15% per annum. Pursuant to the Third Entrusted Loan Agreement, the loan is to be applied and used by Chengdu Qianyin as general working capital and for paying taxes and governmental fees. The loan was funded from the internal resources of the Group.

Note 2: 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\$77.8 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 3: 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\$74.85 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 4: 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\$10.78 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 have 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 Third Entrusted Loan Arrangements pursuant to the Third Entrusted Loan Agreement will help maintain the day-to-day business operations of Chengdu Qianyin and pay relevant taxes and fees to the government, and the interests charged in the Third Entrusted Loan Arrangements provide satisfactory returns to the Company.

The Directors are of the view that the terms of the Third Entrusted Loan Arrangements pursuant to the Third Entrusted Loan Agreement 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

Hangzhou Aupu Bathroom & Kitchen Technology Co., Ltd., 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

As disclosed in the Company's announcement dated 2 November 2015, the Company has also granted the Renewed Entrusted Loan and the Second Entrusted Loan in the aggregate amount of RMB127.5 million to Chengdu Qianyin. As the highest applicable percentage ratios regarding the all Entrusted Loans exceed 5% but are less than 25%, the Entrusted Loans 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, the Second Entrusted Loan Arrangements and the Third Entrusted Loan Arrangements pursuant to the corresponding 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.

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
“Entrusted Loan(s)”	entrusted loan(s) under the Renewed Entrusted Loan Agreement, the Second Entrusted Loan Agreement and the Third Entrusted Loan Agreement, as the case may be
“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(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
“Third Entrusted Loan”	the unsecured entrusted loan under the Third Entrusted Loan Arrangements up to the aggregate amount of RMB9.0 million
“Third Entrusted Loan Arrangements”	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 in proportion to their registered capital in Chengdu Qianyin respectively
“Third Entrusted Loan Agreement”	the loan agreement dated 21 December 2015 entered into between AUPU Technology, Agricultural Bank of China, Hangzhou Wensan Road Branch and Chengdu Qianyin in respect of the provision of funding to Chengdu Qianyin by AUPU Technology in respect of a loan of RMB9.0 million for a term of 3 years
“RMB”	Renminbi yuan, the lawful currency of the PRC

“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, 21 December 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=RMB0.835. 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.