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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 announcement dated 16 May 2013 in relation to provision of funding by the Second Entrusted Loans from AUPU Technology, an indirect wholly-owned subsidiary of the Company, and Hangzhou Qianyin to Chengdu Qianyin.

On 20 May 2016, AUPU Technology entered into the Renewed Second 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 RMB65 million granted to Chengdu Qianyin.

As disclosed in the Company's announcements dated 2 November 2015 and 21 December 2015, the Company has also granted the Renewed First Entrusted Loan in the amount of RMB62.5 million and the Third Entrusted Loan in the amount of RMB9 million to Chengdu Qianyin. As the aggregate applicable percentage ratios regarding the Renewed Entrusted Loan and the aforesaid 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 is subject to the reporting and announcement requirements under the Listing Rules.

The transactions contemplated under the Renewed Second Entrusted Loan Arrangements and the aforesaid Entrusted Loan Arrangements pursuant to the corresponding renewed entrusted loan agreements and all the relevant entrusted loan agreements constitute advance 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 16 May 2013 in relation to provision of funding by the Second 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 2015 and 16 May 2013.

On 20 May 2016, AUPU Technology entered into the Renewed Second 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 Second Entrusted Loan in the aggregate amount of RMB65 million granted to Chengdu Qianyin.

As disclosed in the Company's announcements dated 2 November 2015 and 21 December 2015, the Company has also granted the Renewed First Entrusted Loan in the amount of RMB62.5 million and the Third Entrusted Loan in the amount of RMB9 million to Chengdu Qianyin. As the aggregate applicable percentage ratios regarding the Renewed Entrusted Loan and the aforesaid 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 is subject to the reporting and announcement requirements under the Listing Rules.

RENEWED ENTRUSTED LOAN ARRANGEMENTS PURSUANT TO THE RENEWED ENTRUSTED LOAN AGREEMENTS

Date	:	20 May 2016
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	:	RMB65 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 RMB28 million for a term up to 3 June 2017, the renewal of an existing loan of RMB17 million for a term up to 16 June 2017 and the renewal of an existing loan of RMB20 million for a term up to 8 July 2017
- 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 Second 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 PROVISION OF FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

According to the latest published account of the Group for the year ended 31 December 2015 and taking into account the Renewed Second 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 RMB163.5 million, representing approximately 17.08% 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 available by the Company to the affiliated company	Amount of loan facilities guaranteed by the Company	Amount of advance made to the affiliated company	Total amount of advance made and guarantee for facilities granted to affiliated company	Amount of advance intended to be made by the Group	Total amount of advance 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%	65.0	N/A	65.0	65.0	N/A	65.0
Chengdu Qianyin (Note 2)	41.67%	62.5	N/A	62.5	62.5	N/A	62.5
Chengdu Qianyin (Note 3)	41.67%	9.0	N/A	9.0	9.0	N/A	9.0
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	7.0	7.0	N/A	7.0
Total		163.5	N/A	143.5	143.5	N/A	143.5

Note 1: The Second Entrusted Loans provided by AUPU Technology pursuant to the Entrusted Loan dated 16 May 2013 are unsecured loan facilities of an aggregate maximum amount of RMB65 million (equivalent to approximately HK\$77.38 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 Master Loan Agreement, the loan was applied and used by Chengdu Qianyin for acquiring a piece of commercial and residential land from the PRC local government for the operation of the commercial properties for creative design business and its ancillary residential units. The loan was funded from the internal resources of the Group.

Note 2: The Renewed First Entrusted Loan provided by AUPU Technology to Chengdu Qianyin pursuant to the Renewed Entrusted Loan Agreements comprises unsecured entrusted loan facilities of an aggregate maximum amount of RMB62.50 million (equivalent to approximately HK\$74.40 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 and residential land from the PRC local government for the operation of the commercial properties for creative design business and its ancillary residential units. The loan was funded from the internal resources of the Group.

Note 3: The Third Entrusted Loans provided by AUPU Technology pursuant to the Entrusted Loan dated 21 December 2015 are unsecured loan facilities of an aggregate maximum amount of RMB9 million (equivalent to approximately HK\$10.71 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. The loan is mainly used by Chengdu Qianyin for general working capital, payments for taxation, government fees, etc.

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 amount of RMB7 million (equivalent to approximately HK\$8.33 million) for a term up to February 2018. 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 provided 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 provision 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 under the Renewed Entrusted Loan Arrangements will also 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 properties 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 treatment.

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 in 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 properties 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 2015 was RMB3.047 million. The net losses before and after tax of Chengdu Qianyin for the year ended 31 December 2014 were RMB26.1 million and RMB26.1 million, and those for the year ended 31 December 2015 were RMB17.16 million and RMB17.16 million, respectively.

Agricultural Bank of China, Hangzhou Wensan Road Branch

Agricultural Bank of China is 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 a 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 advance 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
“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, and 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
“Renewed First Entrusted Loan”	the Renewed Entrusted Loan in the amount of RMB62.5 million as defined in the Company’s announcement dated 2 November 2015
“Renewed Second Entrusted Loan”	the unsecured entrusted loan under the Renewed Entrusted Loan Arrangements up to an aggregate amount of RMB65 million
“Renewed Second 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 in proportion to their registered capital in Chengdu Qianyin respectively
“Renewed Second Entrusted Loan Agreements”	the loan agreements both dated 20 May 2016 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 RMB28 million for a term up to 3 June 2017, the renewal of an existing loan of RMB17 million for a term up to 16 June 2017 and the renewal of an existing loan of RMB20 million for a term up to 8 July 2017, respectively
“RMB”	Renminbi yuan, the lawful currency of the PRC
”Second Entrusted Loan”	has the meaning as defined in the Company’s announcement dated 16 May 2013
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Entrusted Loan”	has the meaning as defined in the Company’s announcement dated 21 December 2015
“%”	per cent.

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

Hong Kong, 20 May 2016

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=RMB0.84. 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.