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WUZHOU INTERNATIONAL HOLDINGS LIMITED

五洲國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01369)

SUPPLEMENTAL ANNOUNCEMENT

PAST DISCLOSEABLE TRANSACTIONS

Reference is made to the announcement of Wuzhou International Holdings Limited (the “**Company**”) dated 7 May 2018 (the “**Announcement**”) and the supplemental announcement of the Company dated 16 May 2018 (the “**Supplemental Announcement**”) in relation to (i) the acquisition of 100% equity interest in each of Wufeng Zhiye, Purui Site and Wufeng Shangguan, and (ii) the disposal by Wuzhou Ornamental of an aggregate of 51% equity interest in Wuxi Zhouyue. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as defined in the Announcement.

In addition to the information provided in the Announcement and Supplemental Announcement, the Company would like to provide further information in relation to the Acquisition and the Disposal.

Financial Position of Wuxi Zhouyue and Target Companies

Immediately before Acquisition

Given that Wuxi Zhouyue was established under the laws of the PRC with limited liability on 19 January 2017 for the purpose of entering into the Acquisition Agreement in respect of the acquisition of the Target Companies, no assets and liabilities were recognized by Wuxi Zhouyue immediately before the Acquisition.

After the Acquisition

The Consideration was settled by way of assumption by Wuxi Zhouyue of the Vendors’ liability towards Wufeng Zhiye, one of the Target Companies, for the Net Debt Receivable in the amount of RMB484,839,000. The Net Debt Receivable was eliminated upon consolidation of the accounts of the Target Companies and Wuxi Zhouyue. The Group did not make any actual investment into Wuxi Zhouyue nor the Target Companies since the Acquisition and up to the Disposal.

As the Acquisition is classified as purchase of assets and liabilities, the initially recognized net assets value attributable to Wuxi Zhouyue and the Target Companies included in the consolidated financial statement of the Group upon the Acquisition should be nil after the purchase price allocation.

At Disposal

During the period from the Acquisition and up to the Disposal, the losses incurred by Wuxi Zhouyue and the Target Companies amounted to approximately RMB38 million, which was included in the consolidated financial statements of the Group as the negative net assets value attributable to Wuxi Zhouyue and the Target Companies as at the date of the Disposal. Taking into account of the Group's 40% non-controlling interests in Wuxi Zhouyue and the Target Companies and the consideration of the Disposal (i.e. RMB3), the Group recognized a gain on the Disposal of approximately RMB23,000,000.

The reconciliation of amounts shown on the Announcement and Supplemental Announcement

The negative net assets value of Wuxi Zhouyue and Target Companies as at 30 November 2017 as shown on the Announcement was RMB338,403,955.23 ("Figure 1") which excluded the respective aggregate registered capitals of the Target Companies. The consolidated negative net assets value of Wuxi Zhouyue and the Target Companies immediately before the date of the Disposal was approximately RMB23,000,000 ("Figure 2") as shown on the Supplemental Announcement. The reconciliation of Figure 1 and Figure 2 is presented as follows:–

	<i>(approximately)</i> <i>RMB'million</i>
Aggregate negative net assets value of Wuxi Zhouyue and Target Companies (excluding the respective aggregate registered capitals) as at 30 November 2017	(338)
Aggregate registered capital of the Target Companies	388
Elimination of aggregate registered capitals and pre-acquisition reserves of the Target Companies	<u>(88)</u>
Consolidated negative net assets value of Wuxi Zhouyue and Target Companies upon the Disposal before net of 40% non-controlling interest in Wuxi Zhouyue	<u><u>(38)</u></u>
Consolidated negative net assets value of Wuxi Zhouyue and Target Companies upon the Disposal after net of 40% non-controlling interest in Wuxi Zhouyue	<u><u>(23)</u></u>

Operating expenses of Wuxi Zhouyue and Target Companies and the financial impact to the Group

The breakdown of operating expenses of Wuxi Zhouyue and Target Companies and the financial impact to the Group are as follows:–

	For the 11 months ended 30 November 2017 <i>(approximately)</i> RMB'000
Gain on the Disposal	22,828
Selling and distribution expenses	(28,416)
Financing and other miscellaneous income	647
Administrative expenses	(10,185)
Other expenses	(92)
Loss attributable to the non-controlling interests in Wuxi Zhouyue	15,218

The above items should be recognized in consolidated statement of profit or loss of the Group. However, the expenses were netted off against the gain on the Disposal as the Group considered that the classification had no material impact on the consolidated financial statements of the Group for the relevant period.

By order of the Board
WUZHOU INTERNATIONAL HOLDINGS LIMITED
Shu Cecheng
Chairman

Hong Kong, 22 August 2018

As at the date of this announcement, the Board comprises six executive Directors, being Mr. Shu Cecheng (Chairman), Mr. Shu Cewan (Chief Executive Officer), Mr. Zhu Yongqiu, Mr. Shen Xiaowei, Ms. Cai Qiaoling and Mr. Zhou Chen, and three independent non-executive Directors, being Dr. Song Ming, Prof. Shu Guoying and Mr. Liu Chaodong.