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## **Xiezhong International Holdings Limited**

**協眾國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3663)**

### **FURTHER SUPPLEMENTAL ANNOUNCEMENT HISTORICAL CONNECTED TRANSACTIONS OF SALES, PURCHASES AND FEE ARRANGEMENTS**

Reference is made to the announcement of the Company dated 29 August 2019 (the “**Announcement**”) and the supplemental announcement dated 10 September 2019 (the “**Supplemental Announcement**”) together with the Announcement, the “**Announcements**”) in relation to, amongst others, the historical connected transactions of the Company under the Sale Agreements, the Purchase Agreements and the Fee Arrangement Agreements. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements. This announcement is supplemental to and should be read in conjunction with the Announcements.

Further to the information as disclosed in the Announcements, the Board would like to provide further information on the transactions under the Sale Agreements and the Purchase Agreements.

## THE SALE AGREEMENTS

Further particulars of the Sale Agreements in relation to the sale of automobile parts are set out below:

Description of the products involved	Counterparties	Period in which the transaction(s) took place	Type(s) of the products involved	Number of transactions involved (Note 1)	Quantity of automobiles parts involved	Approximate consideration (Note 2) (RMB'000)
Sale of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as seller); and Xiezhong Ruidong (as purchaser)	From February 2019 to July 2019	Consumption parts (including spark plugs, air conditioning filters, oil cleaners, antifreezes)	956	1,895	921.4
			Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	7	87	15.0
			Repairment parts (including generators, windshield wipers, tyres, spoilers)	211	449	112.8
				1,174	2,431	1,049.2
Sale of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as seller); and Xiezhong Dongqi (as purchaser)	From January 2019 to July 2019	Consumption parts (including spark plugs, air conditioning filters, oil cleaners, antifreezes)	241	1,048	143.2
			Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	31	824	70.5
			Repairment parts (including generators, windshield wipers, tyres, spoilers)	122	304	85.4
				394	2,176	299.1

### Notes:

- (1) The calculation of the number of transactions involved in this announcement is different from that in the Supplemental Announcement. The calculation of the number of transactions involved in this announcement is based on the type of automobile parts. For instance, if an order comprises of two types of automobile parts, the number of transactions will be two. In the Supplemental Announcement, the calculation is based on the number of days on which transactions happened. For instance, if an order, on a particular date, comprises two types of automobile parts, the number of transactions will be treated as one only.
- (2) Figures may not add up due to rounding of the figures to one decimal place.

As it usually takes a long time from placing orders for certain automobile parts from the original manufacturers till the delivery, the sale and purchase of the automobile parts by the 4S Dealership Group was part of the arrangements between the 4S Dealership Group and certain other Chen's Trading Companies for supply of automobile parts amongst each other in case of shortage to satisfy their customers' requirements from time to time. Accordingly, the sale price of the automobile parts was in general the lowest possible price to cover the cost and was determined according to the market conditions of the automobile market, having considered the procurement price and the price recommended by the original manufacturers.

The particulars of the Sale Agreements in relation to the sale of automobiles are set out below:

Description of the products involved	Counterparties	Date(s) on which the transaction(s) took place	Type of the automobiles	Number of transactions involved	Number of automobiles involved	Approximate consideration (RMB'000)
Sale of automobile by the 4S Dealership Group	Xiezhong Chenyou (as seller); and  Xiezhong Ruidong (as purchaser)	3 January 2019	Sedan	1	1	136.7
Sale of automobile by the 4S Dealership Group	Maanshan Xiezhong (as seller); and  Wuhu Xiezhong (as purchaser)	27 May 2019	Sedan	1	1	275.2
Sale of automobiles by the 4S Dealership Group	Xiezhong Lexus (as seller); and  Tangshan Xiezhong (as purchaser)	19 June 2019	Sedan, SUV	1	5	2,163.9
		3 July 2019	Coupé	1	1	315.7
		5 July 2019	Sedan, SUV	1	2	604.6
		10 July 2019	SUV	1	1	340.3

As certain types of automobiles has been ceased from production by the original manufacturers, the sale and purchase of the automobiles by the 4S Dealership Group was part of the arrangements between the 4S Dealership Group and certain other Chen's Trading Companies for supply of automobiles amongst each other in case their supplies are unable to meet their customers' demand. The sale price of the automobiles was in general the lowest possible price to cover the cost and was determined according to the market conditions of the automobile market, having considered the procurement price, the price recommended by the original manufacturers and the rebate offered by the original manufacturers.

## THE PURCHASE AGREEMENTS

The particulars of the Purchase Agreements in relation to the purchase of automobile accessories from Xiezhong Guanghua are set out below:

Description of the products involved	Counterparties	Period in which the transaction(s) took place	Type(s) of the products involved	Number of transactions involved (Note 1)	Quantity of automobile accessories involved	Approximate consideration (Note 2) (RMB'000)	Original acquisition cost (Note 2) (RMB'000)	Approximate
								Mark-up based on original acquisition cost
Purchase of automobile accessories by the 4S Dealership Group	Maanshan Xiezhong (as purchaser); and Xiezhong Guanghua (as seller)	From January 2019 to July 2019	Electronics (including navigation devices, car cameras, parking sensors)	63	423	366.3	242.0	51.4%
			Modification parts (including mudguards, electric tailgates, electric car seats)	35	71	111.7	92.5	20.8%
			Accessories (including car mats, steering wheel covers)	150	2,007	104.5	73.7	41.8%
			Solar films	21	45	36.8	24.0	53.3%
			Maintenance accessories (including car cleaning products, engine combustion chamber decarburisers)	20	972	55.3	24.1	129.5%
			Paints	147	6,344	54.3	48.9	11.0%
			Others	1	1	0.2	0.2	0%
			<u>437</u>	<u>9,863</u>	<u>729.0</u>	<u>505.4</u>	<u>44.2%</u>	
Purchase of automobile accessories by the 4S Dealership Group	Xiezhong Chenyou (as purchaser); and Xiezhong Guanghua (as seller)	From January 2019 to July 2019	Electronics (including navigation devices, car cameras, parking sensors)	73	812	388.5	300.8	29.2%
			Modification parts (including mudguards, electric tailgates, electric car seats)	13	39	17.7	14.7	20.4%
			Tool equipment (including polishing machines, angle grinders)	19	31	8.5	8.1	4.9%
			Accessories (including car mats, steering wheel covers)	39	4,506	149.3	120.2	24.2%
			Solar films	27	1,590	132.7	106.2	25.0%
			Maintenance accessories (including car cleaning products, engine combustion chamber decarburisers)	9	207	512.5	490.3	4.5%
			Paints and tools (including as goggles, gloves, water buckets)	292	16,689	220.8	185.1	19.3%
			Others (including rear mirrors, motor oil, tyre covers)	1,892	24,493	1,293.6	1,152.1	12.3%
			<u>2,364</u>	<u>48,367</u>	<u>2,723.7</u>	<u>2,377.5</u>	<u>14.6%</u>	

Description of the products involved	Counterparties	Period in which the transaction(s) took place	Type(s) of the products involved	Number of transactions involved (Note 1)	Quantity of automobile accessories involved	Approximate consideration (Note 2) (RMB'000)	Original acquisition cost (Note 2) (RMB'000)	Approximate
								Mark-up based on original acquisition cost
Purchase of automobile accessories by the 4S Dealership Group	Xiezhong Lexus (as purchaser); and Xiezhong Guanghua (as seller)	From January 2019 to July 2019	Electronics (including navigation devices, car cameras, parking sensors)	54	552	391.9	277.4	41.3%
			Modification parts (including mudguards, electric tailgates, electric car seats)	80	385	446.2	331.3	34.7%
			Accessories (including car mats, steering wheel covers)	31	279	44.0	36.6	20.2%
			Solar films	44	1,433	562.6	459.1	22.5%
			Maintenance accessories (including car cleaning products, engine combustion chamber decarburisers)	31	596	296.4	281.9	5.1%
			Paints and tools (including as goggles, gloves, water buckets)	848	33,590	652.4	583.0	11.9%
			Others (including rear mirrors, motor oil, tyre covers)	370	8,777	640.9	612.5	4.6%
						<u>1,458</u>	<u>45,612</u>	<u>3,034.5</u>

*Notes:*

- (1) The calculation of the number of transactions involved in this announcement is different from that in the Supplemental Announcement. The calculation of the number of transactions involved in this announcement is based on the type of automobile accessories. For instance, if an order comprises of two types of automobile accessories, the number of transactions will be two. In the Supplemental Announcement, the calculation is based on the number of days on which transactions happened. For instance, if an order, on a particular date, comprises two types of automobile accessories, the number of transactions will be treated as one only.
- (2) Figures may not add up due to rounding of the figures to one decimal place.

According to Xiezhong Guanghua, Xiezhong Guanghua was able to obtain discount through bulk procurement of the automobile accessories which then resells the automobile accessories to other retailers (such as 4S stores) including but not limited to the 4S Dealership Group. The purchase price offered by Xiezhong Guanghua to the 4S Dealership Group consists of a mark-up in the range of 5% to 25% from the original acquisition cost generally, which according to Xiezhong Guanghua, is in line with that offered to the other retailers to which it resells these automobile accessories. According to the 4S Dealership Group, based on the quotation it received from other suppliers, the terms offered by Xiezhong Guanghua are better than other third-party suppliers even in view of the aforementioned mark-ups in purchase price. The purchase price of the automobile accessories was determined according to the market conditions of the automobile market and the original acquisition cost of the automobile accessories.

The particulars of the Purchase Agreements in relation to the purchase of automobile parts from Jiangbei Xiezhong, Lishui Xiezhong, Xiezhong Dongqi and Xiezhong Ruidong are set out below:

Description of the products involved	Counterparties	Period in/Date(s) on which the transaction(s) took place	Type(s) of the products involved	Number of transactions involved (Note 1)	Quantity of automobile parts involved	Approximate consideration (Note 2) (RMB'000)	Original acquisition cost (Note 2) (RMB'000)
Purchase of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as purchaser); and Xiezhong Dongqi (as seller)	From January 2019 to July 2019	Consumption parts (including spark plugs, air conditioning filters, oil cleaners, antifreezes)	20	259	39.2	39.2
			Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	194	558	361.1	361.1
			Repairment parts (including generators, windshield wipers, tyres, spoilers)	102	167	144.5	144.5
				<u>316</u>	<u>984</u>	<u>544.9</u>	<u>544.9</u>
Purchase of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as purchaser); and Xiezhong Ruidong (as seller)	From February 2019 to July 2019	Consumption parts (including spark plugs, air conditioning filters, oil cleaners, antifreezes)	3	45	9.3	9.3
			Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	80	221	74.3	74.3
			Repairment parts (including generators, windshield wipers, tyres, spoilers)	25	74	19.1	19.1
				<u>108</u>	<u>340</u>	<u>102.7</u>	<u>102.7</u>
Purchase of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as purchaser); and Jiangbei Xiezhong (as seller)	1 June 2019	Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	2	2	0.6	0.6
Purchase of automobile parts by the 4S Dealership Group	Xiezhong Chenyou (as purchaser); and Lishui Xiezhong (as seller)	31 July 2019	Auto body parts (including shock absorbers, headlights, car doors, fenders and car bonnets)	8	10	7.3	7.3
			Repairment parts (including generators, windshield wipers, tyres, spoilers)	4	16	0.8	0.8
				<u>12</u>	<u>26</u>	<u>8.1</u>	<u>8.1</u>

*Notes:*

- (1) The calculation of the number of transactions involved in this announcement is different from that in the Supplemental Announcement. The calculation of the number of transactions involved in this announcement is based on the type of automobile parts. For instance, if an order comprises of two types of automobile parts, the number of transactions will be two. In the Supplemental Announcement, the calculation is based on the number of days on which transactions happened. For instance, if an order, on a particular date, comprises two types of automobile parts, the number of transactions will be treated as one only.
- (2) Figures may not add up due to rounding of the figures to one decimal place.

As it usually takes a long time from placing orders for certain automobile parts from the original manufacturers till the delivery, the sale and purchase of the automobile parts by the 4S Dealership Group was part of the arrangements between the 4S Dealership Group and certain other Chen's Trading Companies for supply of automobile parts amongst each other in case of shortage to satisfy their customers' requirements from time to time. The original acquisition cost of such automobile parts was determined by the price recommended by the original manufacturers. As the purchase price of such automobile parts was required by the original manufacturers to adhere to the price recommended by them, the purchase price was in line with the original acquisition cost.

The particulars of the Purchase Agreements in relation to the purchase of automobiles are set out below:

Description of the products involved	Counterparties	Date(s) on which the transaction(s) took place	Type of the automobiles	Number of transactions involved	Number of automobiles involved	Approximate consideration (RMB'000) (Note)	Original acquisition cost (RMB'000) (Note)
Purchase of automobiles by the 4S Dealership Group	Maanshan Xiezhong (as purchaser); and	2 April 2019	Sedan	1	1	288.9	301.0
	Wuhu Xiezhong (as seller)	6 May 2019	Sedan	1	1	247.8	254.4

*Note:* Both of the consideration and the original acquisition cost are tax inclusive. The smaller amount of consideration than the amount of original acquisition cost was due to the lower value-added tax payable in the People's Republic of China as at the time of the Purchase Agreements.

As certain types of automobiles has been ceased from production by the original manufacturers, the sale and purchase of the automobiles by the 4S Dealership Group was part of the arrangements between the 4S Dealership Group and certain other Chen's Trading Companies for supply of automobiles amongst each other in case their supplies are unable to meet their customers' demand. The original acquisition cost of such automobiles was determined by the price recommended by the original manufacturers. As the purchase price of such automobiles was required to adhere to the price recommended by the original manufacturers, the purchase price was in line with the original acquisition cost.

By order of the Board  
**Xiezhong International Holdings Limited**  
**Chen Cunyou**  
*Chairman*

Hong Kong, 25 September 2019

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chen Cunyou, Mr. Ge Hongbing, Ms. Chen Xiaoting and Mr. Shen Jun; one non-executive Director, namely Mr. Huang Yugang; and four independent non-executive Directors, namely Mr. Lau Ying Kit, Mr. Cheung Man Sang, Mr. Zhang Shulin and Mr. Lin Lei.*