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Fu Shou Yuan International Group Limited

福壽園國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1448)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE INTERIM RESULTS OF THE COMPANY FOR THE SIX MONTHS ENDED JUNE 30, 2016

Reference is made to the announcement of Fu Shou Yuan International Group Limited (the “**Company**”) dated August 12, 2016 for the interim results of the Company for the six months ended June 30, 2016 (the “**Interim Announcement**”). Unless otherwise defined, the capitalized terms used herein shall have the same meanings as those defined in the Interim Announcement.

The board of directors (the “**Board**”) of the Company would like to provide the following supplemental information with regard to the analysis of trade and other receivables for the six months ended June 30, 2016:

TRADE AND OTHER RECEIVABLES

| | June 30, 2016 | December 31, 2015 |
|---|---------------------------|----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(Unaudited)</i> | <i>(Audited)</i> |
| Trade receivable | <u>8,622</u> | <u>9,622</u> |
| Other receivables comprise: | | |
| Prepayments and rental deposits on properties | 4,969 | 1,853 |
| Staff advances | 3,823 | 1,420 |
| Performance bond for a new project | 8,261 | — |
| Entrusted loans (note) | 17,098 | 16,210 |
| Others | <u>12,366</u> | <u>5,741</u> |
| | <u>46,517</u> | <u>25,224</u> |
| | <u><u>55,139</u></u> | <u><u>34,846</u></u> |

Note: The Group has advanced loans amounting to RMB14,400,000 (December 31, 2015: RMB14,400,000) to a cemetery for which the Group is providing management service and advanced loans of RMB2,698,000 (December 31, 2015: RMB1,810,000) to Zaozhuang Shanting Xingtai Funeral Co., Ltd. (棗莊市山亭興泰殯儀服務有限公司), an entity in which the Group is going to acquire 100% equity interest, for its working capital purpose.

The aging analysis of trade receivable presented based on the invoice date at the end of reporting period is as follows:

| | June 30, 2016 | December 31, 2015 |
|----------------|--------------------------|----------------------|
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Audited) |
| 181 - 360 days | — | 9,622 |
| Over 360 days | <u>8,622</u> | <u>—</u> |
| | <u>8,622</u> | <u>9,622</u> |

The Group ordinarily demands its customers for full cash settlement prior to or upon the delivery of burial services, funeral services and auxiliary services and therefore the Group does not maintain any material trade receivable. The amount of the Group's trade receivable as at June 30, 2016 and December 31, 2015, derived from the transaction related to the tomb relocation funded by local government in Henan Province. In determining the recoverability of the trade receivable, the Group reassesses any change in the credit quality of the trade receivable since the credit was granted and up to the date of this announcement. After reassessment, the Directors of the Company are of the view that no allowance is required.

The Board confirms that the above supplemental information does not affect other information contained in the Interim Announcement and, save as disclosed in this announcement, the remaining contents of the Interim Announcement remain unchanged.

By order of the Board
Fu Shou Yuan International Group Limited
BAI Xiaojiang
Chairman and Executive Director

Hong Kong, August 25, 2016

As at the date of this announcement, the executive Directors are Mr. Bai Xiaojiang, Mr. Tan Leon Li-an and Mr. Wang Jisheng; the non-executive Directors are Mr. Ma Xiang, Mr. Lu Hesheng and Mr. Huang James Chih-Cheng; and the independent non-executive Directors are Mr. Chen Qunlin, Mr. Luo Zhuping, Mr. Ho Man and Ms. Wu Jianwei.