COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Interim Report For The Six Months Ended 30 June 2018

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors
Cheung Wai Kuen *(Chairman)*
Cheng Hau Yan *(Deputy Chairman)*
Ye Jiong Xian *(Chief Executive Officer)*

Non-executive Directors
Hou Kai Wen
Lin Jiang

Independent Non-executive Directors
Lam Chi Wing
Mai Yang Guang
Wong Yiu Kit, Ernest

Audit Committee

Wong Yiu Kit, Ernest *(Chairman)*
Lam Chi Wing
Mai Yang Guang

Remuneration Committee

Mai Yang Guang *(Chairman)*
Lam Chi Wing
Wong Yiu Kit, Ernest

Nomination Committee

Mai Yang Guang *(Chairman)*
Lam Chi Wing
Wong Yiu Kit, Ernest

Company Secretary

Wong Wing Cheung

Auditor

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

Principal Bankers

Chong Hing Bank Limited
The Bank of East Asia Limited
Wing Lung Bank Limited

Place of Incorporation

Bermuda

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office

Rooms 2709–10, 27th Floor, North Tower
Concordia Plaza, 1 Science Museum Road
Tsim Sha Tsui, Kowloon, Hong Kong

Principal Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Registrar and Transfer Office

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Website

www.cs-ih.com

Stock Code

286

Board Lot

2,000 shares

Investor Relations
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UNAUDITED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Common Splendor International Health Industry Group Limited (the "Company") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2018 (the "Period") together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**233,584**	180,899
Cost of sales		**(169,720)**	(148,198)
Gross profit		**63,864**	32,701
Other income	*5*	**13**	7,301
Administrative expenses		**(37,480)**	(18,364)
Selling and distribution expenses		**(23)**	(101)
Share of results of associates		**4,569**	5,336
Profit from operations		**30,943**	26,873
Fair value change on derivative financial liabilities		**7,316**	—
Finance cost		**(20,620)**	(13,611)
Profit before income tax		**17,639**	13,262
Income tax expense	*6*	**(4,905)**	(7,806)
Profit for the period	*7*	**12,734**	5,456
Other comprehensive income, net of income tax			
Item that may be reclassified subsequent to profit or loss			
Exchange differences on translating foreign operations arising during the period		**(5,710)**	15,521
Total comprehensive income for the period		**7,024**	20,977

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

For the six months ended 30 June 2018

		For six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Profit for the period attributable to:			
Owners of the Company		**7,327**	6,107
Non-controlling interests		**5,407**	(651)
		12,734	5,456
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,241**	18,044
Non-controlling interests		**5,783**	2,933
		7,024	20,977
Earnings per share for the period attributable to owners of the Company	*9*		
Basic (HK cents per share)		**0.24**	0.24
Diluted (HK cents per share)		**0.24**	0.24

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**244,808**	240,148
Intangible asset	*10*	**219,398**	221,095
Goodwill		**229,010**	229,010
Interests in associates		**217,453**	211,272
Equity investments at fair value through other comprehensive income		**74,668**	76,395
Deposits, prepayments and other receivables	*11*	**70,389**	70,247
		1,055,726	1,048,167
Current assets			
Deposits, prepayment and other receivables	*11*	**172,823**	149,826
Trade receivables	*12*	**14,667**	12,771
Inventories		**12,791**	5,092
Loan to a shareholder	*13*	**67,848**	49,143
Short-term loans receivable	*14*	**40,200**	40,200
Bank and cash balances		**9,361**	67,038
		317,690	324,070
Current liabilities			
Trade payables	*15*	**1,557**	824
Accruals, deposits received and other payables	*16*	**56,794**	68,812
Obligation under a finance lease		**6**	6
Bank and other borrowings		**12,111**	12,204
Convertible notes		**76,918**	75,480
Derivative financial liabilities		**—**	7,316
Guaranteed notes and bonds payable	*17*	**147,178**	120,893
Tax payable		**3,626**	820
		298,190	286,355
Net current assets		**19,500**	37,715
Total assets less current liabilities		**1,075,226**	1,085,882
Capital and reserves			
Share capital		**29,962**	29,962
Reserves		**736,612**	735,371
Equity attributable to owners of the Company		**766,574**	765,333
Non-controlling interests		**218,661**	212,878
Total equity		**985,235**	978,211
Non-current liabilities			
Deferred tax liabilities		**14,949**	14,949
Obligation under a finance lease		**22**	25
Bonds payable	*17*	**75,020**	92,697
		89,991	107,671
		1,075,226	1,085,882

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Equity attributable to the owners of the Company									
	Share capital	**Share premium**	**Translation reserve**	**Statutory reserve**	**Other reserve**	**Share option reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2017	25,962	425,198	(45,472)	8,436	(59,029)	3,836	104,985	463,916	203,634	667,550
Profit for the period	–	–	–	–	–	–	6,107	6,107	(651)	5,456
Exchange differences on translating foreign operations arising during the period	–	–	11,937	–	–	–	–	11,937	3,584	15,521
Total comprehensive income	–	–	11,937	–	–	–	6,107	18,044	2,933	20,977
Lapse of share options	–	–	–	–	–	(3,836)	3,836	–	–	–
Disposal of subsidiaries	–	–	(129)	(349)	–	–	478	–	(28,112)	(28,112)
As 30 June 2017	25,962	425,198	(33,664)	8,087	(59,029)	–	115,406	481,960	178,455	660,415
At 1 January 2018	**29,962**	**681,198**	**(15,246)**	**11,130**	**(49,260)**	**–**	**107,549**	**765,333**	**212,878**	**978,211**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**7,327**	**7,327**	**5,407**	**12,734**
Exchange differences on translating foreign operations arising during the period	**–**	**–**	**(6,086)**	**–**	**–**	**–**	**–**	**(6,086)**	**376**	**(5,710)**
Total comprehensive income	**–**	**–**	**(6,086)**	**–**	**–**	**–**	**7,327**	**1,241**	**5,783**	**7,024**
As 30 June 2018	**29,962**	**681,198**	**(21,332)**	**11,130**	**(49,260)**	**–**	**114,876**	**766,574**	**218,661**	**985,235**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	**(20,306)**	5,178
Net cash used in investing activities	**(6,982)**	(125,842)
Net cash (used in)/generated from financing activities	**(26,398)**	20,258
Net change in cash and cash equivalents	**(53,686)**	(100,406)
Effect of foreign exchange rate changes, net	**(3,991)**	10,860
Cash and cash equivalents at beginning of period	**67,038**	109,721
Cash and cash equivalents at end of period	**9,361**	20,175
Represented by:		
Bank and cash balances	**9,361**	20,175

1. Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

2. Application of new and revised Hong Kong Financial Reporting Standards (the "HKFRSs")

The accounting policies adopted in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the new and amended Hong Kong Financial Reporting Standards issued by the HKICPA which have become effective in the period as detailed below:

2.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards are disclosed in note 2.2 below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the Group's accounting policies. Accordingly, no prior adjustment has been required.

2.2 Impact on the financial statements — HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs")

The adoption of the New HKFRSs from 1 January 2018 resulted in changes in the Group's accounting policies.

(i) HKFRS 9 Financial Instruments

(a) Classification and measurement

On 1 January 2018 (the date of initial adoption of the New HKFRSs), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate categories of the New HKFRSs.

Reclassification from available-for-sale investment ("AFS") to fair value through other comprehensive income.

The Group elected to present in other comprehensive income changes in the fair value of its equity investments previously classified as AFS because the investments are not held for trading. No retrospective adjustments were required and no impact on retained earnings at 1 January 2018 in respect of this change in accounting policy.

2. Application of new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") (cont'd)

2.2 Impact on the financial statements — HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (cont'd)

(i) HKFRS 9 Financial Instruments (cont'd)

(b) Impairment of financial assets

The Group has two types of financial assets that are subject to the new expected credit loss model of the New HKFRSs:

(i) trade receivables

(ii) other financial assets at amortised costs

The Group was required to revise its impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses model". The impact of the change in impairment methodology on the Group's retained earnings and equity is insignificant.

While cash and cash equivalents are also subject to the impairment requirements of the New HKFRSs, the identified impairment loss was immaterial.

Trade receivables

The Group applies the New HKFRSs simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics and the days past due. No additional loss allowance is recognised as at 1 January 2018 as the amount is immaterial.

Other receivables and loan receivables

The Group other financial assets at amortised costs mainly includes other receivables, loan to a shareholder and short-term loans receivable. The Group has assessed the expected credit loss model apply to other receivables, loan to a shareholder and short-term loans receivable as at 1 January 2018 and the change in impairment methodologies has no impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(ii) HKFRS 15 Revenue from contracts with customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption and it elected to apply that method to only those contracts that were not completed at the date of initial application. The comparative information for each of the primary financial statements would be presented based on the requirements of HKAS 18 and related interpretations, thus the comparative figures have not been restated.

2. Application of new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") (cont'd)

2.2 Impact on the financial statements — HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (cont'd)

(ii) HKFRS 15 Revenue from contracts with customers (cont'd)

Revenue from the sales of natural health food

Under HKFRS 15, revenue is recognised when control of the goods is transferred to the customers. Adoption of the new revenue standard does not have significant impact on the timing of revenue recognition.

Anti-aging and healthcare revenue

The Group has assessed whether and how the new requirements would impact its accounting in different areas, including identification of the number and the nature of performance obligations for bundled sales transactions and sales incentive offers, determination of standalone price, price allocation method, contract modifications and cost capitalisation. Based on the assessment completed, the Group has concluded that the new requirements did not result in material adjustments on the opening balances at 1 January 2018 as the Group's previous accounting policy was generally consistent with the new requirements in material respects.

Interest income from investment and finance

Loan interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. When a loan has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash receipts for the purpose of measuring the impairment loss.

3. Revenue

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue represents the aggregate amounts received and receivable from third parties and analysed as follows:		
Interest income from investment and finance	**6,082**	11,757
Revenue from health industry	**227,502**	169,142
	233,584	180,899

4. Operating segments

The Group manages its businesses by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments:

Health industry	–	included medical anti-aging and health preservation base, medical and healthcare industry investment management and natural health food business
Investment and finance	–	investing and financing activities

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2017.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

4. Operating segments (cont'd)

Operating segment information is presented below:

For the six months ended 30 June 2018

	Health Industry					
	Natural Health Food *HK$'000*	**Medical Anti-aging and Health Preservation Base** *HK$'000*	**Medical and Healthcare Industry Investment Management** *HK$'000*	**Sub-total** *HK$'000*	**Investment and Finance** *HK$'000*	**Total** *HK$'000*
Revenue						
Revenue from external customers	**158,231**	**56,155**	**13,116**	**227,502**	**6,082**	**233,584**
Results						
Segment results for reportable segments	**(17)**	**28,866**	**7,116**	**35,965**	**(13,716)**	**22,249**
Unallocated corporate expenses						**(4,610)**
Income tax expenses						**(4,905)**
Profit for the period						**12,734**

As at 30 June 2018

	Health Industry					
	Natural Health Food *HK$'000*	**Medical Anti-aging and Health Preservation Base** *HK$'000*	**Medical and Healthcare Industry Investment Management** *HK$'000*	**Sub-total** *HK$'000*	**Investment and Finance** *HK$'000*	**Total** *HK$'000*
Assets						
Segment assets for reportable segments	**58,316**	**843,598**	**251,023**	**1,152,937**	**111,453**	**1,264,390**
Unallocated corporate assets						**109,026**
Total assets						**1,373,416**
Liabilities						
Segment liabilities for reportable segments	**13,072**	**34,677**	**8,523**	**56,272**	**300,709**	**356,981**
Unallocated corporate liabilities						**31,200**
Total liabilities						**388,181**

4. Operating segments (cont'd)

For the six months ended 30 June 2017

	Health Industry					
	Natural Health Food	Medical Anti-aging and Health Preservation Base	Medical and Healthcare Industry Investment Management	Sub-total	Investment and Finance	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Revenue from external customers	90,943	18,751	59,448	169,142	11,757	180,899
Results						
Segment results for reportable segments	956	6,236	13,377	20,569	(3,346)	17,223
Unallocated corporate expenses						(3,961)
Income tax expenses						(7,806)
Profit for the period						5,456

As at 31 December 2017

	Health Industry					
	Natural Health Food	Medical Anti-aging and Health Preservation Base	Medical and Healthcare Industry Investment Management	Sub-total	Investment and Finance	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Segment assets for reportable segments	78,737	1,080,982	25,520	1,185,239	136,489	1,321,728
Unallocated corporate assets						50,509
Total assets						1,372,237
Liabilities						
Segment liabilities for reportable segments	31,364	43,689	5,829	80,882	301,386	382,268
Unallocated corporate liabilities						11,758
Total liabilities						394,026

4. Operating segments (cont'd)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (2017: Nil).

Segment results represent the profit earned or loss incurred by each segment without allocation of corporate expenses, bank interest income, income tax expense.

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than unallocated corporate assets which mainly include property, plant and equipment, prepayment and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include accruals, deposits received and other payables and obligation under finance lease.

Geographical information

In determining the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
PRC	**180,382**	169,142
Hong Kong	**53,202**	11,757
	233,584	180,899

	30 June	31 December
	2018	2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Non-current assets*		
PRC	**422,721**	441,560
Hong Kong	**340,884**	318,940

* *Non-current assets excluded those relating to interests in associates and equity investments at fair value through other comprehensive income.*

5. Other income

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**13**	5
Gain on disposal of subsidiaries	**–**	7,296
	13	7,301

6. Income tax expense

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Income tax expense comprises		
Current tax:		
Hong Kong Profits Tax	**4,623**	–
PRC Enterprise Income Tax	**282**	7,806
	4,905	7,806

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the Period. No Hong Kong Profits Tax is payable on the profits for the six months ended 30 June 2017 arising in Hong Kong as they have been set off with tax losses brought forward.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% from 1 January 2008 onwards.

7. Profit for the Period

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging:		
Total staff costs, including Directors' emoluments:		
Salaries and other benefits	**8,346**	8,903
Retirement benefit scheme contributions	**411**	541
	8,757	9,444
Auditors' remuneration	**750**	790
Cost of inventories recognised as expenses	**167,808**	141,446
Depreciation of property, plant and equipment	**2,322**	1,701
Operating lease rentals in respect of rented premises	**5,489**	2,718

8. Dividend

The Directors do not recommend any payment of interim dividend for the Period (2017: Nil).

9. Earnings per share

The calculation of the basic and diluted earnings attributable to owners of the Company is based on the following data:

	For six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	**7,327**	6,107
Add: Interest expense on convertible notes *(note)*	**8,546**	—
Earnings for the purpose of diluted earnings per share (profit for the period attributable to owners of the Company)	**15,873**	6,107
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,996,255**	2,596,255
Effect of dilutive potential ordinary share:		
Convertible notes *(note)*	**5,924**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,002,179**	2,596,255

Note: Diluted earnings per share assume the outstanding convertible notes to have been fully converted into ordinary shares and the profit for the period attributable to owners of the Company is adjusted to exclude the interest expense relating to the convertible notes. However, since their assumed conversion had an anti-dilutive effect on earnings per share for the Period, the diluted earnings per share are the same as basic earnings per share.

Diluted earnings per share did not assume the conversion of convertible notes since their assumed conversion had an anti-dilutive effect on earnings per share for the six months ended 30 June 2017, the diluted earnings per share are the same as basic earnings per share.

10. Intangible asset

Intangible asset represented an exclusive development right on a parcel of land situated at Luofu Mountain in Guangdong Province, the PRC and the trademark of medical beauty group.

The land development right was acquired by the Company through the acquisition of 100% equity interests of Harvest Luck Investment Limited ("Harvest Luck") during the year ended 31 December 2016.

The trademark was acquired by the Company through the acquisition of 100% equity interests of Golden Time Ventures Limited ("Golden Time Ventures") during the year ended 31 December 2017.

11. Deposits, prepayment and other receivables

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Deposits	**3,069**	3,443
Prepayment *(note 1)*	**211,732**	187,985
Other receivables *(note 2)*	**28,411**	28,645
	243,212	220,073
Analysed for reporting purposes as:		
Non-current	**70,389**	70,247
Current	**172,823**	149,826
	243,212	220,073

The directors of the Company consider that carrying amounts of deposits paid and other receivables approximate to their fair values.

Notes:

1. The prepayments mainly comprised of (i) prepaid land cost situated at Luofu Mountain in Guangdong Province of approximately HK$21,657,000 (31 December 2017: HK$21,613,000), (ii) prepaid construction and development costs for Luofu Mountain projects of approximately HK$87,249,000 (31 December 2017: HK$73,060,000) and (iii) prepaid cost for the procurement of raw materials and finished goods for health industry business of approximately HK$80,738,000 (31 December 2017: HK$75,435,000).

2. As at 30 June 2018, the other receivables mainly comprised of advance for cooperative medical research and development projects of approximately HK$14,505,000 (31 December 2017: HK$14,505,000).

12. Trade receivables

The following is an aged analysis of trade receivables, at the end of the reporting period:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
0–30 days	**4,165**	12,352
31–60 days	**10,190**	—
61–120 days	**5**	—
121–180 days	**108**	62
181–365 days	**—**	251
Over 365 days	**199**	106
	14,667	12,771

13. Loan to a shareholder

Name of shareholder	**Maximum amount outstanding during the period (Unaudited)** ***HK$'000***	**30 June 2018 (Unaudited)** ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Champion Dynasty Limited	**75,859**	**67,848**	49,143

The loan to a shareholder is guarantee by Mr. Cheung Wai Kuen, bears an interest of 11% per annum and is repayable on demand.

14. Short-term loans receivable

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Loans receivable		
With no guarantee *(note)*	**40,200**	40,200
Carrying amount within one year	**40,200**	40,200

Note: Loans receivable are denominated in Hong Kong dollars and carried at fixed effective interest of 12% (2017: 12%) per annum.

15. Trade payables

The following is aged analysis of the trade payables at the reporting period end:

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
0–30 days	**11**	732
61–120 days	**686**	–
121–180 days	**860**	–
181–365 days	**–**	58
Over 365 days	**–**	34
	1,557	824

16. Accruals, deposits received and other payables

The balance mainly comprised of (a) approximately HK$5,737,000 (31 December 2017: HK$5,737,000) temporary received from third parties for development of the Luofu Mountain project; (b) approximately HK$2,885,000 (31 December 2017: HK$9,355,000) interest payable for the convertible notes, guaranteed notes and bonds payable; (c) approximately HK$10,773,000 (31 December 2017: HK$28,742,000) of deposits received from customers on sales of raw materials and finished goods of natural health food under healthy industry business; and (d) approximately HK$14,438,000 (31 December 2017: HK$6,600,000) of deferred income for medical beauty business.

17. Guaranteed notes and bonds payable

Guaranteed notes of principal amount HK$100,000,000 (31 December 2017: HK$100,000,000) due 15 August 2018, bear interest at 11% per annum, are guaranteed by (i) the entire share capital of Sassoon Global Limited and Harvest Luck Investment Limited, wholly owned subsidiaries of the Company; and (ii) undertaking granted by Champion Dynasty and Mr. Cheung Wai Kuen. The carrying amount of the guaranteed notes as at 30 June 2018 was approximately HK$99,996,000 (31 December 2017: HK$99,710,000).

As at 30 June 2018, the Company has issued aggregate principal amount of HK$127,600,000 (31 December 2017: HK$121,600,000) unsecured bonds with coupon rate of 4% to 6% per annum due between July 2018 and June 2021. The carrying amount of the bonds as at 30 June 2018 was approximately HK$122,202,000 (31 December 2017: HK$113,880,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board has resolved not to declare payment of any interim dividend for the Period (2017: Nil).

Financial Review

Results

Revenue for the Period was approximately HK$233,584,000 (2017: HK$180,899,000), increased by approximately HK$52,685,000 or 29.1% as compared to the same period of last year. Gross profit for the Period was approximately HK$63,864,000 (2017: HK$32,701,000), increased by approximately HK$31,163,000 or 95.3% as compared to the same period of last year. The increase in revenue and gross profit for the Period was mainly attributable to the increase in revenue and gross profit of the medical anti-aging business.

Gross margin of the Group for the Period is 27.3% (2017: 18.1%). The increase in the Group's gross margin was mainly due to the decrease in sales of low margin medical and healthcare related accessories and materials and increase in high margin income from medical anti-aging business.

Profit for the Period

Compared with profit before income tax of approximately HK$13,262,000 last year, profit before income tax of the Group for the Period was approximately HK$17,639,000, an increase of approximately HK$4,377,000. The increase in profit was mainly because the combined effect of (i) the increase in revenue and gross profit of the medical anti-aging business; (ii) the increase of bonds payable compared to the same period of last year, resulting an increase of finance costs of approximately HK$7,009,000 compared to same period of last year; (iii) a fair value gain on derivative financial liabilities arising from the redemption of a convertible bond; and (iv) a decrease in income tax expenses for the Period.

The decrease in income tax expenses of approximately HK$2,901,000 was a direct result of the decrease in taxable income of the subsidiaries of the Group in the PRC and increase in taxable income of the subsidiaries of the Group in Hong Kong with lower tax rate.

Basic and diluted earnings per share attributable to the owners of the Company for the Period were HK0.24 cents and HK0.24 cents respectively (2017: basic and diluted earnings per share: HK0.24 cents and HK0.24 cents).

Net assets value

As at 30 June 2018, the net assets of the Group was approximately HK$985,235,000 (31 December 2017: HK$978,211,000), an increase of approximately HK$7,024,000. The increase was mainly due to the increase of the comprehensive income for the Period which comprised profit for the Period of approximately HK$12,734,000 and the exchange loss on translating foreign operations during the Period of approximately HK$5,710,000.

Net assets value per issued ordinary share of the Company as at 30 June 2018 was approximately HK$0.33 (31 December 2017: HK$0.33).

Financial Review (cont'd)

Liquidity and financial resources

As at 30 June 2018, the Group has issued a principal amount of US$10,000,000 (equivalent to approximately HK$77,500,000) (31 December 2017: US$10,000,000 (equivalent to approximately HK$77,500,000)) secured convertible notes, HK$127,600,000 (31 December 2017: HK$121,600,000) unsecured bonds, HK$100,000,000 (31 December 2017: HK$100,000,000) secured guaranteed notes and approximately HK$12,111,000 (31 December 2017: HK$12,204,000) bank and other borrowings, to provide working capital to the Group and the development of the Group's healthcare business.

Save for disclosed above, the Group did not have any other borrowing as at 30 June 2018.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances as at 30 June 2018 amounted to approximately HK$9,361,000 (31 December 2017: HK$67,038,000).

During the Period, an unsecured convertible note bearing a principle amount of HK$1,000,000 was redeemed on the date of maturity.

The cash and bank balances were denominated in Renminbi, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi dollar and bore floating interest rates. The Group continued to have no structured investment products, foreign exchange contracts and investment in listed shares, bonds and debentures. The Group is not exposed to material fluctuations in exchange rates.

Debt to equity ratio

As at 30 June 2018, the debt to equity ratio (as measured by total liabilities to total equity) of the Group was 0.39 (31 December 2017: 0.40).

Remuneration policies and share option scheme

It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Period, total staff costs excluding Directors' emolument was approximately HK$7,337,000 (2017: HK$8,875,000).

At the annual general meeting of the Company held on 11 October 2012, the shareholders of the Company approved the adoption of a share option scheme ("2012 Share Option Scheme"). The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Eligible Participants (as defined in the 2012 Share Option Scheme) of the 2012 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Eligible Participants include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any customer, supplier, service provider, shareholder, adviser or consultant and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for ten years from the commencement date. As at 30 June 2018, no share option was outstanding (31 December 2017: Nil).

Financial Review (cont'd)

Remuneration policies and share option scheme (cont'd)

The Board has approved the adoption of a share award scheme (the "Scheme") on 5 July 2018 and it was approved by the shareholders of the Company at the special general meeting held on 30 August 2018. The purposes and objectives of the Scheme are to recognise the contributions by certain employee, director, officer, consultant or adviser of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Pledge of assets

As at 30 June 2018, the entire issued share capital of a wholly owned subsidiary of the Company, Common Splendor Hong Kong Investment Fund Management Limited ("CSHK Investment Fund Management"), was charged to China Great Wall AMC (International) Holdings Company Limited as security for convertible notes issued by the Company in the principal amount of US$10,000,000 (equivalent to approximately HK$77,500,000). As at 30 June 2018, total assets of CSHK Investment Fund Management and its subsidiaries amounted to approximately HK$268,215,000 (31 December 2017: HK$312,037,000). As at 30 June 2018, the entire share capital of two wholly owned subsidiaries of the Company, namely Harvest Luck Investment Limited ("Harvest Luck") and Great King Limited ("Great King") were charged to Wan Tai Investments Limited, an indirect wholly owned company of CCB International (Holdings) Limited, as security for guaranteed notes issued by the Company in the principal amount of HK$100,000,000. As at 30 June 2018, total assets of Harvest Luck, Great King and their subsidiaries amounted to approximately HK$478,766,000 (31 December 2017: HK$460,488,000).

Save for disclosed above, no other assets were pledged by the Group as at 30 June 2018 and 31 December 2017.

Capital commitments and contingent liabilities

As at 30 June 2018, the capital commitments of the Group amounted to approximately RMB35,306,000 (equivalent to approximately HK$41,844,000) (31 December 2017: RMB20,500,000 (equivalent to approximately HK$24,615,000)) which is related to the construction of Luofu Mountain Project.

As at 30 June 2018, the Group did not have any material contingent liability (31 December 2017: Nil).

Business Review

During the Period, the Group was principally engaged in the business of healthcare industry which included medical anti-aging and health preservation base, medical and healthcare industry investment management, trading of natural health food and investment and finance activities.

Business Review (cont'd)

Health Industry

Medical Anti-aging and Health Preservation Base

Realyoung Life is dedicated to life anti-aging business for high-end people "Body Purification, Functions Modulation and Repair and Reborn" trilogy life anti-aging. The Group has set up three Life Anti-aging Centres, namely, (i) Life Anti-aging Centre located in Guangzhou International Biological Island; (ii) Life Anti-aging Centre situated in Qiaocheng East Road, Nanshan District, Shenzhen; and (iii) Life Anti-aging Centre situated in Luofu Mountain, Guangdong which is currently under construction.

With a view to expand the Group's business on life anti-aging, the Group had entered into a sale and purchase agreement to acquire a medical beauty anti-aging group in August 2017. As at the date of this report, the Group had three medical beauty anti-aging centers and two medical centers providing clinical services in Hong Kong. The Company believes that the acquisition is mutually beneficial to the existing Life Anti-aging business, resulting in more comprehensive and more competitive quality life health services provided to customers. During the Period, the market environment of the business improved which led to the revenue increased.

The Group has acquired a parcel of land with land development right in Luofu Mountain for the construction of a Health Preservation Base. The project is under progress. The Health Preservation Base is targeted at the high-end population. It will provide integrated health preservation services such as Chinese medical health preservation, sleeping health preservation, and diet health preservation. Relevant health preservation properties are expected to be available for lease or for sale.

During the Period, revenue from Medical Anti-aging and Healthcare Preservation Base amounted to approximately HK$56,155,000 (2017: HK$18,751,000), which represented an increase of approximately HK$37,404,000 compared to 2017. The increase in revenue was mainly contributed by the medical beauty anti-aging group acquired last year.

Medical and Healthcare Industry Investment Management

The Group focuses on the development of Life Healthcare Industry and adjusts for its composition of businesses from time to time in order to develop its core businesses. The Group would also divest certain investments to take profit and to enhance the Group's income at appropriate times. Investment projects currently held by the Group includes JP Partners Medical Group, Fengshuo Bio Medical Tech Group and Aidigong Maternity Health Group. JP Partners Medical Group comprises eighteen private medical centres in Hong Kong. Fengshuo Bio Medical Tech Group is principally engaged in the research of the dioscorea composita root extract technology's commercial applications and production. Aidigong Maternity Health Group is mainly engaged in the operation of maternity health centres and the provision of material health services. Aidigong Maternity Health Group has established maternity health centres in Shenzhen Xiangmihu Resort, Shenzhen Yinhu, Nanshan, and Beijing Shunyi District among others.

During the Period, revenue from medical and healthcare industry investment management amounted to approximately HK$13,116,000 (2017: HK$59,448,000), which represented a decrease of approximately HK$46,332,000 as compared to 2017.

The Group will gradually reduce the development on this business as the industry chain of such business requires the Group to operate a health-related and medical-related products trading business, which will develop in stages while such business volume was historically unstable with a lower gross profit margin.

Business Review (cont'd)

Health Industry (cont'd)

Natural Health Food Business

Trading of grain and oil is main business of the Group's natural health food segment. It has been shown a relatively noticeable growth in revenue as a result of sustainable relationship between the Group and its customers. The Group's increase in revenue which has generated approximately HK$90,943,000 in 2017 and further increased to approximately HK$158,231,000 in 2018. However, due to the fact that gross profit margin of grain and oil trading is low and sales are susceptible to market fluctuation, the Group will adjust the prospective business development of the respective segment in a timely manner according to market conditions.

Investment and Finance

During the Period, revenue from the Group's investment and finance segment amounted to approximately HK$6,082,000 (2017: HK$11,757,000), which represented a decrease of approximately HK$5,675,000 as compared to 2017. As a result of an increase in interest expenses incurred during the Period, the performance of this segment had deteriorated during the Period from segment loss of approximately HK$3,346,000 in 2017 to a segment loss of approximately HK$13,716,000 in 2018.

Among the revenue, interest income amounting to approximately HK$4,102,000 (2017: HK$8,189,000) was generated from the loan of Champion Dynasty Limited ("Champion Dynasty") and interest income from the money lending business amounted to approximately HK$1,980,000 (2017: HK$3,568,000). The revenue decrease of this segment was mainly due to the decrease of loan balance of Champion Dynasty compared with the six months ended 30 June 2017.

Material acquisition and disposal

The Group has no material acquisition and disposal of subsidiary during the Period.

An overview of the recent acquisition and disposal prior to the Period are as follows:

Disposal of subsidiaries

On 22 May 2017, the Group entered into a disposal agreement with Billion High Global Investment Limited, a non-controlling shareholder of a subsidiary of the Company, Zhao Long International Medical Investment Management Group Limited ("Zhao Long BVI"). Pursuant to the agreement, the Group agreed to dispose 70% equity interest of Zhao Long BVI (exclusive of the interests of Best Hunter Limited and its subsidiaries JP Partners Medical Group) at a consideration of HK$68 million in cash. Details of which have been disclosed in the Company's announcement on 22 May 2017.

Acquisition of subsidiaries

On 12 August 2017, the Group entered into a sale and purchase agreement with independent third parties. The Group agreed to acquire the entire issued capital of Golden Time Ventures Limited ("GTV") at a consideration of 400,000,000 shares of the Company at HK$0.65 per share (which is the share price as at the date of completion) and HK$50,000,000 in cash. The acquisition was completed on 9 September 2017. Please refer to the Company's announcements dated 12 August 2017, 24 August 2017, 9 September 2017 and 9 October 2017 for information.

Business Review (cont'd)

Health Industry (cont'd)

Termination of an acquisition

Reference is made to the announcements of the Company dated 2 December 2016, 12 August 2017, 31 August 2017 and 1 November 2017 relating to the management businesses in the PRC (collectively, "CMCM Announcements"). As at 31 October 2017, the business model of Cherish Maternity and Child Medical Group (International) Limited ("CMCM") had not been adjusted to the satisfaction of the Company for parties to proceed with the transactions contemplated under the relevant share purchase agreement. Accordingly, pursuant to the supplemental agreement in connection to the acquisition, the acquisition was terminated and the Company will not issue any consideration shares, and any shares in CMCM that has been transferred to the Company was returned to the Vendors or their designated individuals or entities. Please refer to the CMCM Announcements for information.

Other Information

Profit guarantee and technical guarantee of an associate

Reference is made to the announcements of the Company dated 23 November 2015, 28 March 2018 and 6 September 2018. Based on the management accounts of Guangdong Fengyuan Huake Bio Tech Company Limited ("Guangdong Fengyuan") for the year ended 31 December 2017, Guangdong Fengyuan was not able to meet the profit guarantee. On the other hand, the guarantee technical requirement has been achieved as the dioscorea composita root extract technology of Guangdong Fengyuan has achieved a melting point of over 193.5ºC after commercial production.

Due to the fluctuation of the market price for saponins, the average selling price of Guangdong Fengyuan for saponins decreased during the period between 2015 and 2017, and hence resulting in Guangdong Fengyuan not meeting the Guarantee Profit of RMB38,000,000. Under the original terms of the agreement, certain equity interest of Guangdong Fengyuan shall be transferred to the Group at no further consideration. That being said, given the on-going joint venture relationship and that Guangdong Fengyuan is generally on the right track for its development, the Company is in discussion with Mr. Zhao and the Vendor in good faith with a view to reaching an agreement on other compensation proposal in relation to such shortfall, without prejudging the Group's right in enforcing the original terms of the compensation arrangement if a new agreement is not reached. Further announcement will be made by the Company in such connection as and when appropriate.

Other Information (cont'd)

Events after the reporting period

The HK$100,000,000 secured guaranteed note (the "Note") and the convertible bonds (the "Convertible Bonds"), in the aggregate principal amount of US$10,000,000 matured on 15 August 2018. The Company is currently negotiating the terms of extension of the Note and the Convertible Bonds with the Note holder and the Convertible Bonds holder. In addition, confirmations were given to the Company that the Company is not required to redeem the Note and the Convertible Bonds on the existing maturity date and does not constitute for any breach of the terms committed by the Company in connection with the expiry of the existing maturity date. Please refer to the Company's announcement dated 15 August 2018.

The Board approved an adoption of a share award scheme on 5 July 2018, and the Company's shareholders approved the adoption of which at the Company's special general meeting on 30 August 2018. See "Financial Review — Remuneration policies and share option scheme" above.

The Company announced that the Company is in discussions with independent third parties on a confidential basis regarding a possible transaction involving (i) a possible formation of joint venture in Cuba; and (ii) the possible involvement in the construction and the operation of plasmapheresis centres. Please refer to the Company's announcement dated 16 July 2018 for details.

Prospect

The Group is committed to building itself into an international leading healthcare conglomerate. It is expected to focus on life healthcare and industrialization development in respect of human health solutions. By employing the development strategy of "global integration, global layout", the Group will continue to draw in top talent and technology, deploy services, products and various resources, and through acquisition and reorganization, in order to achieve rapid expansion in the life healthcare industry, as well as seeking various investment development opportunities from time to time in the healthcare field.

Following the Group's adjustments to its development strategy in the recent years, the Group has already formed a complete business structure in the medical anti-aging sector, including "Life Anti-aging" which mainly aims at inner and "Medical Beauty Anti-aging" which mainly aims at outer, and "Health Preservation Base", an inherited Chinese cultural legacy, "Health Preservation Anti-aging". As long as China continues its economic growth, the wealthy population and the number of elites will continue to expand and their spending power will be strengthened. In addition to the basic clinical services, demand for life healthcare services is ever increasing. Despite the fearful competition in the market, the Company believes that the Group has established an respectable position in this arena and will gradually expand its businesses on such basis.

Prospect (cont'd)

As disclosed in the Company's announcement dated 16 July 2018, the Company is in discussions with independent third parties on a confidential basis regarding a possible transaction involving (i) a possible formation of joint venture in Cuba, which is expected to be engaged in the construction and development of production plant and research facility of at least 144,000 square metres with maximum yearly production capacity of 2,000 tonnes of plasma for the manufacturing and marketing of human plasma derived products; and (ii) the possible involvement in the construction and the operation of plasmapheresis centres which are expected to exclusively supply human plasma to the joint venture. As at the date of this report, no legally binding agreement has been entered into for the consummation of the Possible Transaction.

The board of directors of the Company (the "Board") continues to be optimistic on the outlook of the healthcare industry and will, from time to time, adjust the Group's development strategy according to the industry changes as and when needed. The Group's overall strategy is to gradually optimise its main business, and develop its core businesses while holding the largest possible stake in such core businesses. Non-core businesses and segments of the Group is expected to be held by way of investments and be adjusted as and when appropriate based on the principle of profit maximisation, including disposals or held as investment funds.

Directors' and Chief Executive(s)' Interests in the Securities of the Company and Associated Corporations

	Number of Shares					
Name of Directors	**Ordinary Shares**	**Underlying Shares**	**Total**	**Capacity**	*Notes*	**Percentage of issued share capital**
Mr. Cheung Wai Kuen ("Mr. Cheung")	930,379,671	–	930,379,671(L)	Interest of controlled corporation	*1*	31.05%
Mr. Cheng Hau Yan ("Mr. Cheng")	4,300,000	–	4,300,000(L)	Beneficial owner/ Interest of spouse	*2*	0.14%

Remark:

The letter "L" denotes the long position in shares of the Company.

Notes:

1. Mr. Cheung, through his controlled corporation, Champion Dynasty is deemed to be interested in 930,379,671 shares of the Company held by Champion Dynasty.

2. Mr. Cheng owned 4,000,000 Shares and his spouse, being a staff of a subsidiary of the Company, owned 300,000 Shares. Pursuant to the Securities and Futures Ordinance (the "SFO"), Mr. Cheng was deemed to be interested in same parcel of Shares which his spouse was interested.

Save as disclosed above, as at 30 June 2018, none of the Directors, chief executive(s) nor their associates, had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under section 352 of the SFO or otherwise notified the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Substantial Shareholders' Interests in the Securities of the Company

As at 30 June 2018, so far as are known to any Director or chief executive of the Company, the following party (other than the Directors or chief executive of the Company) was recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares of the Company:

Name of substantial shareholders	Number of Shares	Capacity	*Notes*	Percentage of issued share capital
Champion Dynasty	930,379,671(L)	Beneficial owner	*1*	31.05%
Beauty Sunrise Investments Limited	300,000,000(L)	Beneficial owner	*2*	10.01%

Remark:

The letter "L" denotes the long position in shares of the Company.

Notes:

1. Mr. Cheung is the sole director of Champion Dynasty and owned its entire issued capital.

2. According to the relevant Disclosure of Interest Notice ("DI Notice") in connection with the Company available on www.hkex.com.hk filed on 26 October 2017, Beauty Sunrise Investments Limited is a company wholly owned by Ms. Zhang Wenli.

All the interests stated above represent long position which included interests in Shares and underlying Shares. As at 30 June 2018, no short position was recorded in the register kept by the Company under section 336 of the SFO.

Directors' Right to Acquire Shares

Save as disclosed in the section titled "Directors' and Chief Executive(s)' interests in the securities of the Company and associated corporations" above, at no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of Shares granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Continuing Connected Transaction

On 2 October 2015, the Company entered into a new facility agreement (the "New Facility Agreement") with Champion Dynasty. Pursuant to the New Facility Agreement, the Company provided a three-year revolving facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 10% per annum, with Mr. Cheung as the individual guarantor. Supplemental agreement was signed on 21 December 2016 to increase the interest rate from 10% per annum to 11% per annum. The Company is entitled by giving not less than one month's prior written notice to Champion Dynasty to demand full or partial repayment. The New Facility Agreement was approved by the independent shareholders of the Company at the special general meeting held on 19 November 2015.

As at 30 June 2018, the loan to Champion Dynasty amounted to approximately HK$67,848,000 (31 December 2017: HK$49,143,000).

Corporate Governance

The Company had fully applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the Period. None of the Directors was aware of any information that would reasonably indicate that the Company did not comply with code provisions of the CG Code during the Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

Review by Audit Committee

The interim results for the Period are unaudited and have not been reviewed by the auditor of the Company. The Audit Committee, comprised all the independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial statements for the Period.

Changes in Information of Directors

There were no change in information of Directors since the date of the 2017 annual report of the Company pursuant to Rule 13.51(B) of the Listing Rules.

Appreciation

I would like to take this opportunity to express our gratitude to the shareholders of the Company for their continued support, and to our fellow Directors and those who have worked for the Group for their valuable contribution.

By order of the Board
Common Splendor International
Health Industry Group Limited
Cheung Wai Kuen
Chairman

Hong Kong, 30 August 2018