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**COMMON SPLENDOR INTERNATIONAL
HEALTH INDUSTRY GROUP LIMITED**

(Incorporated in Bermuda with limited liability)
(Stock Code: 286)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Common Splendor International Health Industry Group Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2014 (the “Year”) pursuant to paragraph 45 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”). The Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position had been reviewed by the audit committee of the Company (the “Audit Committee”), together with the comparative figures of the corresponding year ended 31 December 2013 are set out as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Continuing operations			
Revenue	3	359,818	8,526
Costs of sales		<u>(302,370)</u>	<u>–</u>
Gross profit		57,448	8,526
Gain on disposal of subsidiaries		10,799	–
Other income	5	410	54
Administrative expenses		(28,548)	(12,320)
Selling and distribution expenses		(6,444)	–
Finance cost		(3)	(2)
Share of results of associates		121	–
Share-based payment expenses		(826)	–
Cumulative gain reclassified from equity to profit or loss upon disposal of available-for-sale financial assets		<u>–</u>	<u>408</u>
Profit/ (loss) before tax	6	32,957	(3,334)
Income tax (expense)/ credit	7	<u>(7,627)</u>	<u>21</u>
Profit/ (loss) for the year from continuing operations		<u>25,330</u>	<u>(3,313)</u>
Discontinued operation			
Profit for the year from discontinued operation	8	<u>7,063</u>	<u>12,365</u>
Profit for the year		<u>32,393</u>	<u>9,052</u>
Profit for the year attributable to			
Owners of the Company		27,505	9,052
Non-controlling interests		<u>4,888</u>	<u>–</u>
		<u>32,393</u>	<u>9,052</u>
Profit/ (loss) attributable to owners of the Company arises from			
Continuing operations		20,442	(3,313)
Discontinued operation		<u>7,063</u>	<u>12,365</u>
		<u>27,505</u>	<u>9,052</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<i>Notes</i>	2014 HKS'000	2013 HK\$'000
Profit for the year		<u>32,393</u>	<u>9,052</u>
Other comprehensive income/ (expense), net of income tax			
<i>Items that may be reclassified subsequent to profit or loss</i>			
Exchange differences on translating foreign operations arising during the year		183	–
Reclassification adjustments relating to foreign operations disposed of during the year		(2)	–
Net gain on arising on revaluation of available-for-sale financial assets during the year		–	369
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year		–	(408)
Other comprehensive income/ (expense) for the year, net of income tax		<u>181</u>	<u>(39)</u>
Total comprehensive income for the year		<u>32,574</u>	<u>9,013</u>
Total comprehensive income for the year attributable to			
Owners of the Company		27,624	9,013
Non-controlling interests		<u>4,950</u>	<u>–</u>
		<u>32,574</u>	<u>9,013</u>
Earnings per share (HK cents)	10		
From continuing and discontinued operations			
Basic		1.13	0.37
Diluted		<u>1.06</u>	<u>0.36</u>
From continuing operations			
Basic		0.84	(0.14)
Diluted		<u>0.79</u>	<u>(0.14)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		2014	2013
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		13,026	436
Investment properties		–	61,000
Goodwill	11	53,382	2,939
Interests in associates	12	13,131	–
Interests in joint ventures		–	–
Available-for-sale financial assets		2,042	–
		81,581	64,375
Current assets			
Deposits, prepayments and other receivables	13	131,269	1,770
Trade receivables	14	46,749	142
Inventories		141	–
Amount due from a shareholder	15	115	110
Amount due from associates		4,107	–
Loan to a shareholder	16	220,000	220,000
Short-term loans receivables		68,500	70,500
Bank and cash balances		6,795	52,336
Tax recoverable		–	10
		477,676	344,868
Current liabilities			
Trade payables	17	29,373	–
Accruals, deposit received and other payables	18	34,595	1,708
Obligation under a finance lease		20	6
Other financial liability		30,875	–
Tax payable		6,573	–
		101,436	1,714
Net current assets		376,240	343,154
Total assets less current liabilities		457,821	407,529

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	2014	2013
	HK\$'000	HK\$'000
Capital and reserves		
Share capital	24,282	24,282
Share premium	351,638	351,638
Statutory reserve	2,705	–
Translation reserve	353	234
Other reserve	734	–
Share options reserve	32,074	31,248
Retained profit	24,857	57
	<hr/>	<hr/>
Equity attributable to owners of the Company	436,643	407,459
	<hr/>	<hr/>
Non-controlling interests	21,146	–
	<hr/>	<hr/>
Total equity	457,789	407,459
	<hr/>	<hr/>
Non-current liabilities		
Obligation under a finance lease	–	20
Deferred tax liabilities	32	50
	<hr/>	<hr/>
	32	70
	<hr/>	<hr/>
	457,821	407,529
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 December 2014

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the requirement disclosure requirement of the Hong Kong Companies Ordinance (“Companies Ordinance”).

The consolidated financial statements have been prepared under the historical cost basis, except for certain investment properties and financial instruments, which are measured at their fair values.

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The accounting policies adopted in the consolidated financial statements for the year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2013 except as described below.

For the Year, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year began on 1 January 2014. The new HKFRSs adopted by the Group in the consolidated financial statement for the year are set out below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 “*Financial Instruments*” rather than consolidate them. Consequential amendments were made to HKFRS 12 “*Disclosure of Interests in Other Entities*” and HKAS 27 (Revised in 2011) “*Separate Financial Statements*”.

The amendments to HKAS 32 clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

The amendments to HKAS 36 remove the unintended disclosure requirements made by HKFRS 13 “*Fair Value Measurement*” on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal.

Save as described above, the application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

New and revised HKFRS in issue but not yet effective

The Group has not early adopted the following new and revised HKFRSs that have been issued up to the end of the reporting year but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
HKAS 1 (Amendments)	Disclosure Initiative ⁵
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ⁴
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ⁵
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ⁵
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle ⁶
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ⁴
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ⁵

¹ *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

² *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

³ *Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

⁴ *Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

⁵ *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

⁶ *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*

HKFRS 9 *Financial Instruments*

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 "*Financial Instruments: Recognition and Measurement*" that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

The directors of the Company ("Directors") are in the process of assessing the potential impact of the new and revised HKFRSs but are not yet in a position to determine whether the new and revised HKFRSs will have a significant impact on how the Group's results of operations and financial position are prepared and presented. The new and revised HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Revenue

	2014	2013
	HK\$'000	HK\$'000

Revenue represents the aggregate amounts received and receivable analysed as follows:

Continuing operations

Interest income from investment and finance	10,734	8,526
Health industry	349,084	–
	359,818	8,526

4. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has engaged two reportable segments (i) health industry; and (ii) investment and finance. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

Principal activities are as follows:

- Health Industry – Included health management business, natural health food business, advantage growth for children and teenagers business and healthcare investment management business (including investment/ merger and acquisition/trust/provision of consultancy services in relation to healthcare business)
- Investment and finance – Investing and financing activities

An operating segment regarding property management was discontinued in the current year. The segment information reported below does not include any amounts from this discontinued operation.

The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2013.

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.

Information about major customers

Revenue from customers contributing over 10 % of the total revenue of the Group during the year was as follows:

	2014	2013
	HK\$'000	HK\$'000
Customer A ¹	NA ³	5,978
Customer B ¹	NA ³	1,200
Customer C ²	40,343	–
Customer D ²	50,117	–

¹ Revenue from investment and finance

² Revenue from natural health food business

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Operating segment information is presented below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Health Industry													
	Natural Health Food		Health Management		Advantage Growth for Children and Teenagers		Healthcare Investment Management		Sub-total		Investment and Finance		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue														
Revenue from external customer	199,569	-	144,983	-	2,032	-	2,500	-	349,084	-	10,734	8,526	359,818	8,526
Results														
Segment results for reportable segment	11,060	-	18,198	(840)	1,292	-	2,099	-	32,649	(840)	6,130	1,225	38,779	385
Bank interest income	1	-	8	-	-	-	-	-	9	-	9	54	18	54
Unallocated corporate expense, net													(5,840)	(3,773)
Income tax (expense)/credit	(2,516)	-	(4,785)	-	(326)	-	-	-	(7,627)	-	-	21	(7,627)	21
Profit/ (loss) for the year from continuing operations													25,330	(3,313)

Consolidated Statement of Financial Position

	Health Industry													
	Natural Health Food		Health Management		Advantage Growth for Children Teenagers		Healthcare Investment Management		Sub-total		Investment and Finance		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Assets														
Segment assets for reportable segments	64,539	-	54,820	17,493	3,813	-	90,195	-	213,367	17,493	300,264	321,546	513,631	339,039
Unallocated corporate assets												45,626	70,204	
Total assets												559,257	409,243	
Liabilities														
Segment liabilities for reportable segments	33,257	-	14,891	594	1,555	-	17,363	-	67,066	594	2,513	568	69,579	1,162
Unallocated corporate liabilities												31,889	622	
Total liabilities												101,468	1,784	

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2013: Nil).

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

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, partial prepayment and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include partial 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:

	Revenue from external customers		Non-current assets*	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
The People's Republic of China ("PRC")	298,966	–	64,292	–
Hong Kong	60,852	8,526	2,116	64,375
	359,818	8,526	66,408	64,375

* Non-current assets excluded those relating to interests in joint ventures, interests in associates, and available-for-sale financial assets.

Other segment information

	Health Industry		Investment and Finance		Unallocated		Consolidated	
	2014 HK'000	2013 HK'000	2014 HK'000	2013 HK'000	2014 HK'000	2013 HK'000	2014 HK'000	2013 HK'000
Addition to property, plant and equipment	11,133	-	-	-	2,038	10	13,171	10
Depreciation	224	-	-	-	374	152	598	152
Share of results of associates	(121)	-	-	-	-	-	(121)	-
Interests in associates	13,131	-	-	-	-	-	13,131	-
Fair value change on contingent consideration	145	-	-	-	-	-	145	-
Other financial liability	(30,875)	-	-	-	-	-	(30,875)	-

5. Other Income

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Bank interest income	19	54
Others	391	–
	410	54

6. Profit/ (loss) before tax

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Profit for the year has been arrived at after charging/ (crediting):		
Total staff costs including Directors' remuneration:		
Salaries and other benefits	15,092	6,845
Retirement benefit scheme contributions	552	116
Share-based payment expenses	307	–
	15,951	6,961
Auditors' remuneration	1,000	350
Fair value change on contingent consideration	145	–
Cost of inventories recognised as expenses*	299,893	–
Exchange (gain)/ loss, net	(67)	19
Depreciation of property, plant and equipment	598	152
Share-based payment expenses in respect of consultancy services	519	–
Operating lease rentals in respect of rented premises (excluding rented premise for Director)	2,897	1,106

* Included in "Cost of sales" of the consolidated statement of profit or loss

7. Income tax (expense)/ credit

	2014 HK\$'000	2013 HK\$'000
Continuing operations		
Income tax (expense)/ credit comprises:		
Current tax:		
Hong Kong Tax	–	1
PRC Enterprise Income Tax	(7,627)	–
Deferred tax:		
Credit for the year	–	20
	(7,627)	21

8. Discontinued Operation

On 28 November 2014 and 31 December 2014, the Group disposed properties from its wholly owned subsidiary. Upon completion of the properties disposal, property investment business has become a discontinued operation of the Group.

The comparative consolidated statement of profit or loss and other comprehensive income and related notes have been re-presented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

The profit for the year from the discontinued operation is analysed as follows:

	2014 HK\$'000	2013 HK\$'000
(Loss)/ profit of property investment operation for the year	(2,831)	1,765
Fair value changes on investment properties	<u>9,894</u>	<u>10,600</u>
Total profit for the year from discontinued operation	<u><u>7,063</u></u>	<u><u>12,365</u></u>

The result of the property investment operations for the period from 1 January 2014 to 31 December 2014, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2014 HK\$'000	2013 HK\$'000
Turnover	1,824	1,881
Cost of sale	<u>(105)</u>	<u>(81)</u>
Gross profit	1,719	1,800
Other revenue and other income	19	19
Administrative expenses	<u>(4,587)</u>	<u>(60)</u>
(Loss)/ profit before tax	(2,849)	1,759
Income tax credit	<u>18</u>	<u>6</u>
(Loss)/ profit for the year	<u><u>(2,831)</u></u>	<u><u>1,765</u></u>

Profit for the year from discontinued operation has been arrived after charging/ (crediting):

	2014 HK\$'000	2013 HK\$'000
Auditors' remuneration	216	49
Impairment loss recognised in respect of goodwill	2,939	–
Gross rental income from investment properties	(1,824)	(1,881)
Less: Direct operation expenses from investment		
properties that generated rental income during the year	97	73
Direct operation expenses from investment		
properties that did not generated rental income during the year	8	8
	<u>(1,719)</u>	<u>(1,800)</u>

Cash flows from discontinued operation were as follows:

	2014	2013
	HK\$'000	HK\$'000
Net cash flows from discontinued operation activities	<u>(304)</u>	<u>244</u>
Net cash (outflows)/ inflows	<u><u>(304)</u></u>	<u><u>244</u></u>

9. Dividends

The Directors do not recommend any payments of interim and final dividend for the year (2013: Nil).

10. Earnings per share

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

	2014	2013
	HK\$'000	HK\$'000
Continuing and discontinued operations		
<i>Earnings</i>		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u><u>27,505</u></u>	<u><u>9,052</u></u>
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,428,255</u>	2,428,255
Effect of dilutive potential ordinary share: Share options issued by the Company	<u>168,000</u>	<u>77,072</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u><u>2,596,255</u></u>	<u><u>2,505,327</u></u>

The calculation of the basic and diluted earnings/ (loss) per share from continuing operations attributable to owners of the Company is based on the following data:

	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
<i>Profit</i>		
Profit for the year attributable to owners of the Company	<u>27,505</u>	9,052
Less: Profit for the year from the discontinued operation	<u>(7,063)</u>	<u>(12,365)</u>
Profit /(loss) for the year from continuing operations	<u><u>20,442</u></u>	<u><u>(3,313)</u></u>

The denominators used are the same as those detailed above basic and diluted earnings per share.

Discontinued operation

For the year ended 31 December 2014, basic and diluted earnings per share for the discontinued operation were HK\$0.29 cents (2013: HK\$0.51 cents) and HK\$0.27 cents (2013: 0.5 cents) per shares respectively, based on the profit from the discontinued operation is approximately HK\$7,063,000 (2013: HK\$12,365,000), and the denominators are the same as those detailed above for both basic and diluted earnings per share.

11. Goodwill

	2014 HK\$'000	2013 HK\$'000
Cost		
At 1 January	2,939	2,939
Acquisition of subsidiaries	55,011	–
Disposal of subsidiaries	<u>(1,629)</u>	<u>–</u>
At 31 December	<u>56,321</u>	<u>2,939</u>
Accumulated impairment losses		
At 1 January	–	–
Impairment loss recognised	<u>2,939</u>	<u>–</u>
At 31 December	<u>2,939</u>	<u>–</u>
Carrying amounts		
At 31 December	<u><u>53,382</u></u>	<u><u>2,939</u></u>

12. Interests in associates

	2014 HK\$'000	2013 HK\$'000
Cost of investment in associates		
- Unlisted outside Hong Kong	17,113	–
Dividend receivable	(4,103)	–
Share of result of associates	<u>121</u>	<u>–</u>
	<u><u>13,131</u></u>	<u><u>–</u></u>
Amount due from associates	<u><u>4,107</u></u>	<u><u>–</u></u>

Amount due from associates are unsecured, interest- free and repayable on demand.

13. Deposits, prepayments and other receivables

	2014 HK\$'000	2013 HK\$'000
Deposits	1,280	791
Prepayments (note (a))	39,919	979
Other receivables (note (b))	62,195	–
Amounts due from non-controlling shareholders (note (c))	<u>27,875</u>	<u>–</u>
	<u>131,269</u>	<u>1,770</u>

Note:

- (a) Prepayments mainly represent procurement of raw material and finished goods for health industry, which are paid to the third parties of the Group.
- (b) The other receivables mainly comprised of the followings:
 - (i) HK\$42,959,000 of consideration receivables upon disposal of investment properties.
 - (ii) HK\$18,267,000 advance to an independent third party for business cooperation.
- (c) The amount(s) due from a non-controlling shareholder was unsecured, interest free and repayable on demand.

14. Trade receivables

The following is the aged analysis of trade receivables (net of allowance for doubtful debts), at the end of the reporting period:

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	<u>46,749</u>	<u>–</u>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables.

Despite the fact that no collateral is held, the Group has assessed the creditworthiness, past payment history and settlement after the end of the reporting period, and considered that the amounts are still recoverable and no allowance for doubtful debts is required.

There was no trade receivables that are past due or impaired for the two years ended 2014 and 2013.

15. Amount due from a shareholder

The amount due from a shareholder is unsecured, interest bearing and have no fixed terms of repayment. The Directors consider the carrying amount of the amount due from a shareholder of the Company (the “Shareholder(s)”) approximate to the fair value.

16. Loan to a shareholder

On 27 September 2012, the Company, as lender, entered into a loan agreement with Champion Dynasty Limited (“Champion Dynasty”), as borrower, and Mr. Cheung Wai Kuen, as an individual guarantor, and Guangdong Allad Commercial Development Company Limited * (廣東奧理德商業發展有限公司) (formerly known as Guangdong Allad Yiliao Touzi Company Limited* (廣東奧理德醫療投資有限公司)), as a corporate guarantor, to grant a three-year revolving loan facility of up to HK\$220,000,000 to Champion Dynasty at an interest rate of HIBOR plus 2.5% per annum. The loan was carried with the term of repayable on demand clause.

Details of the loan were set out in the Company’s announcements and circular dated 28 September 2012, 8 October 2012, 19 October 2012, 22 October 2012, 1 November 2012, 5 November 2012 and 20 November 2012 respectively.

17. Trade payables

The following is an aging analysis of trade payables, based on the invoice date:

	2014 HK\$’000	2013 HK\$’000
0 – 30 days	29,372	–
Over 90 days	<u>1</u>	<u>–</u>
	<u>29,373</u>	<u>–</u>

The average credit period granted by suppliers ranges from 0 to 30 days

18. Accruals, deposit received and other payables

	2014 HK\$’000	2013 HK\$’000
Accruals	4,666	672
Deposits received	–	581
Other payables	3,614	–
Receipt in advance	9,202	455
Amounts due to related party	<u>17,113</u>	<u>–</u>
	<u>34,595</u>	<u>1,708</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group was mainly engaged in the businesses of (i) health industry; (ii) investment and finance; and (iii) property investment.

Health Industry

Health Management Business

On 16 October 2013, the Group formally rented a two-floor commercial building with approximately 2,975 square meters in Guangzhou Biological Island as a health management business headquarter and the first operational centre — *Guangzhou Centre*. Guangzhou Centre provides services in the form of membership. Customers become a member by paying non-refundable but transferable membership fee to enjoy the chargeable health management services including functional medicine, sleep medicine, genetics, stress medicine, fitness and the latest medical treatment. The Guangzhou Centre started its business since September 2014. Besides the sale of membership and provision of health management services, the sales of medical equipment and material in Shenzhen and Hong Kong were classified under health management business. During the Year, the revenue arising from health management business was approximately HK\$144,983,000, represented 40.1% of the Group's revenue, in which revenue from the sale of membership, provision of health management services and the sale of medical equipment and material were approximately HK\$14,739,000, HK\$21,154,000 and HK\$109,090,000, respectively. The net profit attributable to health management business was approximately HK\$13,421,000, representing 41.4% of the Group's net profit for the Year.

Natural Health Food Business

During the Year, the revenue arising from, gross profit and net profit attributable to health food business (which comprised of provision of health fast food and trading of natural health food) were approximately HK\$199,569,000, HK\$11,017,000 and HK\$8,545,000, respectively.

On 20 January 2014, the Group acquired Multi Talent Limited whom had a subsidiary in Shenzhen that decided to provide health fast food in the region. However, the Group disposed its shares on 31 October 2014 due to its disappointed performance. For the period from January to October 2014, the revenue and net loss from health fast food Business were approximately HK\$1,868,000 and HK\$9,776,000, respectively. However, the disposal of fast food business during the Year, it recorded a gain of such disposal was approximately HK\$10,799,000.

On 21 July 2014, the Group entered into a cooperation agreement which is legally binding in nature with a third party, pursuant to which a subsidiary was incorporated on 25 August 2014 and the Group owns 51% of its registered capital. Having been granted the operational license, the subsidiary commenced its business in September 2014. It focuses on the sale of natural health food in the PRC. During the Year, the revenue, gross profit and net profit of the sale of natural health foods were approximately HK\$197,701,000, HK\$10,716,000 and HK\$7,548,000, respectively. The gross profit and net profit ratio of the sale of natural health foods were 5.4% and 3.8%, respectively. The revenue and net profit of natural health food represented approximately 54.7% and 23.3% of the Group's revenue and net profit.

Advantage Growth for Children and Teenagers Business

On 7 July 2014, the Company entered into a strategic co-operation agreement with a third party which is non-legally binding in nature, and the Group also reached two legally-binding agreements which were a joint venture agreement and a framework for technical co-operation, pursuant to which a joint venture company was incorporated while 80% of its issued capital was held by the Group. The strategic co-operation agreement sets out the framework of proposed strategic co-operation between the Company and the third party in the healthcare space, while the latter two agreements are the first step towards the strategic co-operation in accordance with former agreement. The joint venture company provides services focus on the health management for the children and teenagers, including provision of professional advice and management in respect of the necessary exercise and nutrition for children and teenagers in growth spurts. The Group started to provide consultancy and treatment services for children and teenagers in December 2014 and the income receipt and net profit were approximately HK\$2,032,000 and HK\$966,000, respectively. The profit attributable to advantage growth for children and teenagers business represented the Group's revenue and net profit 0.6% and 3.0% , respectively.

Healthcare Investment Management Business

On 28 June 2014, the Group entered into a sale and purchase agreement in relation to acquisition of 70% issued capital of Zhao Long International Medical Investment Management Group Limited ("Zhao Long" or with its subsidiaries collectively "Zhao Long Group") with cash consideration of HK\$40,000,000 and contingent consideration payable at fair value HK\$30,730,000 at the acquisition date. After the Shareholders' approval in a special general meeting, the acquisition took place on 17 December 2014. After the acquisition, Zhao Long owned 27% registered capital of a group who has operated ophthalmological hospitals in Zhanjiang and Zhongshan in the PRC for over 10 years. This group became associate companies of the Company on 24 December 2014. During the Year, income and profit of the consultancy services were HK\$2,500,000 and HK\$1,978,000, respectively. On the other hand, share of profit of the associate company for the Year was HK\$121,000 and loss on fair value change on contingent consideration was HK\$145,000. Therefore, profit attributable to health care investment management business was HK\$2,099,000 in aggregate.

Investment and Finance

With the approval of the independent Shareholders on 20 November 2012, a new three-year revolving facility with up to HK\$220,000,000 at HIBOR plus 2.5% per annum was lent to the Champion Dynasty. For the Year, the Company accrued an interest income in the sum of approximately HK\$5,973,000 (2013: HK\$5,978,000) from the revolving facility to Champion Dynasty.

Moreover, an indirectly wholly-owned subsidiary of the Company was granted for money lender license since January 2013. As at 31 December, the loan outstanding from third-party borrowers was HK\$68,500,000 (2013: HK\$70,500,000). During the Year, the interest income arisen from money lender business was approximately HK\$4,761,000 (2013: HK\$2,174,000).

Property Investment

During the Year, the Group had held 31 car parking spaces with 5 adjoining spaces and a carport basement situated in Wanchai and the Central with rental income amounted to about HK\$1,824,000 (2013: HK\$1,881,000). On 28 November and 31 December 2014, the Group disposed 6 car parking spaces with a carport in the Central and 25 car parking spaces in Wanchai, respectively. The fair value changes on investment properties was HK\$9,894,000 and recorded in profit of the Group for the Year. As at 31 December 2014, the Group reserved the right of use of 5 adjoining spaces situated in Wanchai for generation of rental income. Accordingly, the property investment business would no longer be significant business for the Group and the rental income of such adjoining spaces will be recorded in other income starting from the year of 2015.

FINANCIAL REVIEW

Results

Revenue for the Year was approximately HK\$361,642,000 (2013: HK\$10,407,000), a sharp increase of HK\$351,235,000 or 3375% when compared with last year. It included revenue from continuing operation and discontinued operation were HK\$359,818,000 and HK\$1,824,000 respectively. It was merely because the Group entered several new businesses, which were trading of natural health food, provision of services in relation to health management and growth advantage for child and teenagers, especially natural health food business whose revenue was approximately HK\$199,569,000 or 55.2% of the Group's revenue for the Year. Gross profit for the Year amounted to approximately HK\$57,448,000 (2013: HK\$10,326,000), a significant increase of HK\$47,122,000 as compared with last year mainly due to gross profit attributable to those new businesses of approximately HK\$49,127,000 or 85.5% of the Group's gross profit.

For the Year, net profit for the Group surged to approximately HK\$32,393,000 (2013: HK\$9,052,000), increased HK\$23,341,000 or 257.8% as compared with last year. It included net profit of HK\$25,330,000 and HK\$7,063,000 from continuing operation and discontinued operation respectively. Such surge was merely because the net profit attributable to these new businesses was approximately HK\$25,031,000, a gain from disposal of fast food business for approximately HK\$10,799,000.

For the Year, the profit attributable to owners of the Company surged to approximately HK\$20,442,000 (2013: HK\$9,052,000), of which net profit attributable to these new businesses after deducting the profit portion of non-controlling interest approximately was HK\$20,143,000 or 62.2% of net profit attributable to owners of the Company. As a result, basic and diluted earnings per share attributable to owners of the Company for the Year were HK\$1.13 and HK\$1.06 cents respectively (2013: basic and diluted loss per share of HK0.37 cents and HK0.36 cents respectively).

Net asset value

As at 31 December 2014, the Group's total net asset attributable to owners of the Company was approximately HK\$436,643,000 (2013: HK\$407,459,000), a jump of HK\$29,184,000 or 7.2% compared with last year. The increase comprised the profit for the Year of HK\$27,505,000.

Net asset value per Share attributable to owners of the Company as at 31 December 2014 was HK18.00 cents (2013: HK16.78 cents).

Equity

The number of issued ordinary Shares as at 31 December 2014 and 2013 were both 2,428,255,008.

Liquidity and financial resources

The Group did not have any borrowing as at 31 December 2014 and 2013.

The Group continued to maintain a sound capital and cash position. Bank and cash balances as at 31 December 2014 was approximately HK\$6,795,000 (2013: HK\$52,336,000). The majority of the Group's income for the Year was denominated in Hong Kong Dollars, Renminbi and United States Dollars. No hedging for non-Hong Kong Dollars assets or investments of the Group had been made during the Year.

Pledge of assets

As at 31 December 2014 and 2013, no assets were pledged by the Group to secure any banking facilities.

Remuneration policies and share option scheme

As at 31 December 2014, the Group employed 75 staff members (2013: 7), which the Directors were excluded. The total staff cost excluding Directors' emoluments for the Year was approximately HK\$12,491,000 (2013: HK\$3,567,000), of which 67 staff newly recruited during the Year for operation new businesses and their staff cost was approximately HK\$9,367,000 or 75.0% of total staff cost. The staff cost also included the share-based payment expenses of HK\$109,000 for the Year (2013: Nil). At the beginning of the Year, there was outstanding of share option were 168,000,000 which were granted under the share option scheme on 11 October 2012. There was 16,680,000 share option granted but no share option was exercised during the Year. Therefore, there was an aggregate of 184,680,000 share options which were not exercisable as at 31 December 2014.

Capital commitment

On 21 June 2013, an indirect wholly-owned subsidiary of the Company had entered a share investment and arrangement agreement (the "Shares Agreement") in relation to acquisition of 35% equity interest in Dongguan Southern Medical University Metabolic Medicines Research and Development Company Limited* (東莞南方醫大代謝醫學研發有限公司) ("Southern Metabolic") with the consideration of RMB820,000 and agreement to pay an amount of RMB800,000 as working capital of the Southern Metabolic in cash. Pursuant to the Shares Agreement, the Company should pay the consideration and this undertaking working capital within 3 months after the completion. The completion was taken place on 20 February 2014. Therefore, as at 31 December 2013, the total capital commitment of the Group in relation to acquire 35% equity interest in Southern Metabolic are RMB1,620,000 (equivalent to approximately HK\$2,060,000).

However, as at 31 December 2014, the Group did not have any material capital commitment.

Contingent liabilities

As at 31 December 2014, the Group did not have any material contingent liabilities (2013: Nil).

PROSPECTS

2014 was a fast-growing and applause year for the Group as various new businesses of the Company, including health management, natural health foods, advantage growth for children and teenagers and healthcare investment management businesses, were launched and commenced to operating. The aggregate revenue arising from these new businesses was approximately HK\$349,084,000, 96.5% of consolidated revenue of the Group and profit attributable to them were approximately HK\$25,031,000, 77.3% of consolidated profit of the Group for the Year. The Directors believe that such growth will be continuing or accelerating because most of them just started to recognise revenue at the final quarter of 2014.

Indeed, the healthcare business is one of the rapid growing industries, which has huge market in the PRC with over 1.3 billion population. According to the national population census conducted by the National Bureau of Statistic of China in 2010, the average life expectancy of the population in the PRC at the end of 2010 was 74.83, which was higher than the average life expectancy of 69.6 in the world. The number of people aged 60 years and over reached 14.3% and 14.9% of the total population in the PRC at the end of 2012 and 2013, respectively. The growth of the population age 60 years and over increased by 14% from 2010 to 2013. Meanwhile, the average disposable income per person in urban and rural area in the PRC increased respectively from RMB17,175 and RMB5,153 in 2009, to RMB26,955 and RMB8,896 in 2013, representing a significant increase by 56.9% and 72.6%, respectively from 2009 to 2013. The total healthcare spending in the PRC was RMB3,166.15 billion in 2013, 5.57% of the GDP of the PRC. It is expected that the healthcare spending will be increasing robustly with aging population and rapid growth of disposal income. Moreover, according to the Opinions on Promoting the Development of Healthcare Services Business* (關於促進健康服務業發展的若干意見) issued by the CPC Central Committee and State Council in September 2013, clear development goal was proposed to build a healthcare service system that is well-diversified, reasonable constructed and covers full life cycle by 2020. This will be supported by developing reputable brands and healthcare service industrial cluster with virtuous cycle, promoting international competitiveness while fulfilling the basic needs from the general publics. The size of healthcare service is expected to exceed eight trillions, making it an important driving force for the sustained development of the economy and society.

Based on the above statistics, the Board believes the healthcare industry is experiencing rapid development, whose five core sectors include: hospital services, healthcare management and health preservation, medicines and healthcare products, medical devices and equipment and health foods. Therefore, the Group has expanded its presence in the healthcare industry. As the above report states, the Group has invested in a number of healthcare related projects and achieved encouraging results. In order to accelerate the Group's business development in these five core sectors, the Group pursues mergers and acquisition as its main strategy because it can provide faster and more straightforward return with lower risk, compared to establish business by itself. Several healthcare related projects are currently under negotiation by the Group and this will become an ongoing pattern for the Group. The Group will finalise investment projects when conditions are favorable. This kind of investment method will be conventional strategy for the Group in expanding its business. Disclosure on relevant information will be made timely regarding to any progress of the projects.

The mission of the Group is ***“To commit the development of human health industry with industrialised means to solve the issues in relation to human health”***. Therefore, the Group decides to invest and develop the health industry which covers all related human health projects such as healthcare, daily life, culture and human esprit areas in order us to achieve our goal —***become a leader in health industry***.

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 Year. None of the Directors was aware of any information that would reasonably indicate that the Company was, during the Year, non-compliant with the CG Code except for the deviations as follows:

Under code provision A.6.5 of the CG Code, directors should participate in continual professional development to develop or refresh their knowledge and skill. Apart from Mr. Mai Yang Guang and Mr. Huang Liang, being independent non-executive Directors, owing to their tight business schedules, cannot participate in appropriate continual professional development, all Directors had participated in continual professional development during the Year.

Pursuant to code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. During the Year, all Directors had attended all meetings of the Board, any committees and Shareholders, except Mr. Mai Yang Guang did not attend the meetings of the Board, Audit Committee and Remuneration Committee on 29 December 2014 and Mr. Yau Chi Ming as independent non-executive Directors did not attend the special general meeting of the Company on 17 December 2014 because they both were on way of their overseas business trip. Indeed, Mr. Mai Yang Guang had reviewed the information of the meetings and expressed his view in advance. Furthermore, the ratio of non-executive Directors in Board was 67%. The majority of non-executive Directors still attended this general meeting that would not affect to develop a balanced understanding of the views of the Shareholders this general meeting .

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. The Company has also adopted a code of conduct regarding securities transactions by the relevant employees on terms no less exacting than the required standard set out in the Model Code (the “Employees’ Code”). Having made specific enquiry of all the Directors and the relevant employees, all the Directors and the relevant employees confirmed that they have complied with the required standards set out in the Model Code and the Employees’ Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

REVIEW OF FINANCIAL RESULTS

The financial results for the Year have been reviewed by the Auditors and the Audit Committee.

APPRECIATION

I would like to take this opportunity to express our gratitude to the Shareholders for their continued support and our fellow Directors and those who have worked for the Group for their valuable contributions.

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

Hong Kong, 31 March 2015

As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen, and Mr. Cheng Hau Yan as executive Directors; Mr. Lin Jiang as non-executive Director; and Mr. Mai Yang Guang, Mr. Yau Chi Ming and Mr. Huang Liang as independent non-executive Directors.

The website of the Company is at www.cs-ih.com.

** For identification purpose only*