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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

PROPOSED ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 23 November 2015 (after trading hours), the Company (as issuer) and the Subscriber entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds of an aggregate principal amount of HK\$16,000,000.

Completion is subject to the fulfillment of all conditions set out in the paragraph headed “Conditions precedent” below. Detailed terms of the Convertible Bond are set out in the paragraph headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” below.

As at the date of this announcement, the Company has a total of 2,596,255,008 Shares in issue. Assuming there is no further issue or repurchase of the Shares, based on the initial Conversion Price of HK\$0.858 per Conversion Share and assuming full conversion of the Convertible Bond at the initial Conversion Price, the Convertible Bond will be convertible into 18,648,018 Conversion Shares, representing approximately 0.72% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.71% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 22 May 2015.

The net proceeds from the issue of the Convertible Bond, after deducting legal fees and other expenses payable by the Company, are estimated to be approximately HK\$15.5 million. The net proceeds from the Subscription will be mainly used for general working capital of the Group and for the development of existing healthcare business of the Group.

No listing of the Convertible Bond will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares that may be issued in the event that the Subscriber elects to receive the Interest in Shares on the Stock Exchange.

Completion of the Subscription Agreement is subject to fulfillment of certain conditions. In addition, the Subscription Agreement may be terminated upon the occurrence of certain events. Please refer to the section headed “The Subscription Agreement” below for further information. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

23 November 2015 (after trading hours)

Parties

- (1) Issuer: The Company; and
- (2) Subscriber: Changjiang Asset Management (HK) Limited

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

Subscription

Subject to the fulfilment of the conditions precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Bond in the aggregate principal amount of HK\$16,000,000 and the said amount shall be satisfied in cash.

Conditions precedent

The completion of the Subscription is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee having granted the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;
- (ii) the warranties as set out in the Subscription Agreement remaining true and accurate and not misleading in any respect, as given on the date of the Subscription Agreement and at the completion;
- (iii) if required, the Bermuda Monetary Authority granting its permission for the issue of the Convertible Bond(s) and the issue and allotment of the Conversion Shares;
- (iv) all necessary consents and approvals to be obtained on the part of each of the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated hereunder having been obtained.

If the conditions precedent above are not fulfilled (or waived if applicable) on or before 15 December 2015 (the “**Long Stop Date**”), the Subscription Agreement will cease and terminate and neither the Company nor the Subscriber shall have any claim against each other, save for any antecedent breach.

The completion of the Subscription

The completion of the Subscription shall be the fifth Business Day from the date on which all conditions precedent are fulfilled or waived in writing (or such other date as agreed between the Company the Subscriber in writing, which shall not be later than the Long Stop Date unless agreed by both parties).

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer : The Company

Total principal amount : HK\$16,000,000

- Interest : An interest rate of 9% per annum from the date of issue payable annually in arrears.
- Maturity Date : The date falling on the second anniversary of the date of issue of the Convertible Bonds.
- Conversion Price : The initial conversion price of the Convertible Bonds under the Subscription Agreement, subject to the adjustment, is HK\$0.858 per Conversion Share. The adjusted conversion price of the Convertible Bonds is 10% premium to the average closing price as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to date of issue of the Convertible Bonds.
- Conversion rights : The conversion rights shall be exercisable during the conversion period commencing on the date falling on the 1st anniversary of the date of issue of the Convertible Bonds and ending on the Maturity Date. There is a 60-day notification period commencing on the date falling on the 1st anniversary of the date of issue of the Convertible Bonds for the bondholders to notify the Company whether they would like to exercise the conversion rights. If the Company does not receive any notice from the bondholders, the Convertible Bonds will be convertible into Conversion Shares automatically on the Maturity Date. The Company will allot and issue such number of Conversion Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise, (i) a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than the percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer (the “**Maximum Limit**”), or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

Redemption : The Convertible Bonds are redeemable (in whole or in part) by the Company at the option of the Company commencing from the date of issue of the Convertible Bonds up to and including the first anniversary of the date of issue of the Convertible Bonds.

If the Company exercises its early redemption option to redeem the Convertible Bonds within the first year from the date of issue, the Company shall provide a return of 25% per annum (including interest) on the subscribed principle amount to the bondholders.

Ranking : Conversion Shares issued upon exercise of conversion rights attaching to the Convertible Bonds shall rank *pari passu* in all respects with all other existing Shares outstanding at the date of the conversion notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the conversion notice.

Voting : The holders of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of being the holders of the Convertible Bonds.

Transferability : The Convertible Bonds are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules provided that no assignment or transfer shall be made to a connected person of the Company without the prior approval of the Company and that the principal amount to be assigned or transferred is at least HK\$1,000,000 and in integral multiples of HK\$1,000,000 unless the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

- Lock up period : 12 months from the date of issue of Convertible Bonds.
- Application for listing : No application will be made by the Company to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in the Conversion Shares.

CONVERSION PRICE

The initial Conversion Price of HK\$0.858 per Conversion Share represents:

- (i) a premium of approximately 20.8% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a premium of approximately 18.8% to the average closing price of approximately HK\$0.722 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and current market conditions.

Pursuant to the terms of the Convertible Bonds, the initial Conversion Price is subject to adjustment on the date of issue of the Convertible Bonds in accordance to the formula as shown below:

*Adjusted conversion price of Convertible Bonds (the “**Adjusted Conversion Price**”) = (the average closing price as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to date of issue of the Convertible Bonds) * 1.1*

In the event that the Adjusted Conversion Price is lower than the initial Conversion Price, no adjustment will be made and the conversion shares of the Convertible Bonds will be issued at the initial Conversion Price.

CONVERSION SHARES

Based on the initial Conversion Price of HK\$0.858, a maximum number of 18,648,018 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 0.72% of the existing issued share capital of the Company of 2,596,255,008 Shares as at the date of the Subscription Agreement; and
- (ii) approximately 0.71% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the above and the reasons as set out in the section headed “REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS” below, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares. Holders of the Conversion Shares will be entitled to receive all future dividends and distributions on or after the date of allotment and issue of the Conversion Shares.

GENERAL MANDATE

Based on the initial Conversion Price of HK\$0.858, a maximum number of 18,648,018 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.

At the annual general meeting of the Company held on 22 May 2015, the General Mandate was granted by the Shareholders to the Directors to allot, issue and deal with new Shares up to an aggregate of 485,651,001 Shares.

Pursuant to the subscription agreement dated 16 September 2015 entered into amongst the Company, GEM Global Yield Fund LLC SCS (together with its permitted successors and assigns) and GEM Investments America, a maximum number of 190,476,190 Placement Shares will be allotted and issued. Accordingly, the Company may only issue up to 18,648,018 Shares as contemplated by the Subscription Agreement by using the General Mandate, unless the General Mandate is refreshed in accordance with Rule 13.36(4) of the Listing Rules.

The Conversion Shares will be allotted and issued under the General Mandate. The Company will ensure that not more than 295,174,811 Shares shall be allotted and issued pursuant to the Subscription Agreement, unless and until the General Mandate is refreshed in accordance with Rule 13.36(4) of the Listing Rules.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is mainly engaged in the development of health industry and investment and finance businesses. Recently, the Group has invested in the projects of health management, advantage growth for children and teenagers, maternal and child health management, healthcare investment and management, Hong Kong clinic chains, and natural healthy food. The Group has constantly come across and negotiated investment opportunities related to the healthcare industry with potential acquisitions and mergers, while proactively raising fund necessary for the negotiation and identification of new investment opportunities, including proceeds raised from the Convertible Bonds and the new Shares under the Subscription Agreement. Such proceeds may be applied to potential new investment opportunities.

The net proceeds from the issue of the Convertible Bond, after deducting legal fees and other expenses payable by the Company, are estimated to be approximately HK\$15.5 million. The net proceeds from the Subscription will be mainly used for general working capital of the Group and for the development of existing healthcare business of the Group.

The Directors believe that the Subscription could strengthen the Company's cash resources and working capital position for the development of existing healthcare business of the Group. The additional capital will also facilitate the efficient and timely execution of any potential investments as and when opportunities arise.

INFORMATION ON THE SUBSCRIBER

The Subscriber, namely Changjiang Asset Management (HK) Limited, is a limited liability company incorporated in Hong Kong whereas its wholly-owned subsidiaries are established as licensed corporations to carry out SFC regulated activities. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and are not connected persons (as defined under the Listing Rules) of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company as at the date of this announcement and upon exercise in full of the conversion rights attaching to the Convertible Bonds (assuming the Convertible Bonds were placed in full):

	As at the date of this announcement		Immediately Upon exercise in full of the conversion rights attaching to the Convertible Bonds	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Substantial Shareholders				
Champion Dynasty (<i>Note</i>)	903,949,671	34.82%	903,949,671	34.57%
國泰君安證券QDIIZH2015-002 資產管理計畫	229,480,000	8.84%	229,480,000	8.78%
Public Shareholders				
Subscriber	–	0.0%	18,648,018	0.71%
Other public Shareholders	1,462,825,337	56.34%	1,462,825,337	55.94%
Total	2,596,255,008	100.00%	2,614,903,026	100.00%

Note: Champion Dynasty Limited, a company wholly owned by Mr Cheung Wai Kuen, the chairman and executive director of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Fund raising activities by the Company during the 12 months immediately before the date of this announcement are as follows:

Date of announcement	Capital raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
16 September 2015	Subscription of Placement Shares under general mandate	Assuming a total of 190,476,190 Placement Shares are issued, the net proceeds to be raised by the Company will be approximately HK\$119.2 million.	General working capital of the Group and investments in the potential business opportunities.	The subscription of Placement Shares has not completed as at the date of this announcement.

PUBLIC FLOAT

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the Convertible Bond.

Completion of the Subscription Agreement is subject to fulfillment of certain conditions. In addition, the Subscription Agreement may be terminated upon the occurrence of certain events. Please refer to the section headed "The Subscription Agreement" below for further information. As the Subscription Agreement may or may not be completed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

"acting in concert"	has the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
"Company"	Common Splendor International Health Industry Group Limited (Stock Code: 00286), an exempted company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange
"connected person(s)"	has the same meaning ascribed to it in the Listing Rules
"Conversion Price"	the initial conversion price of HK\$0.858, (subject to adjustment) per Conversion Share upon conversion of the Convertible Bonds
"Conversion Share(s)"	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds

“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$16,000,000 to be issued by the Company pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting date 22 May 2015 to allot, issue or deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting, being 2,428,255,008 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parity(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the date of issue of the Convertible Bonds
“Subscriber”	Changjiang Asset Management (HK) Limited, a limited liability company incorporated in Hong Kong
“Subscription”	the proposed subscription by the Subscriber of the Convertible Bonds as contemplated under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber dated 20 November 2015 in relation to the Subscription

“Placement Shares”	Shares to be subscribed for by GEM Global Yield Fund LLC SCS (together with its permitted successors and assigns) pursuant to the agreement dated 16 September 2015 entered into amongst the Company, GEM Global Yield Fund LLC SCS (together with its permitted successors and assigns) and GEM Investments America in relation to the subscription
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board
**Common Splendor International
Health Industry Group Limited**
Lam King Ho
Company Secretary

Hong Kong, 23 November 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.