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## **COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF A MEDICAL BEAUTY ANTI-AGING GROUP AND ISSUE OF SHARES UNDER GENERAL MANDATE**

#### **THE AGREEMENT**

The Company announces that, on 12 August 2017, Double Ally Limited (a direct wholly-owned subsidiary of the Company) as Purchaser, and the Vendors entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the entire issued share capital of GTV, at the consideration of 400,000,000 Shares and HK\$50 million in cash. The Consideration Shares will be issued and allotted under the General Mandate.

Accordingly, subject to the Completion, the Target Group will become indirect subsidiaries of the Company and their results will be consolidated into the Company's consolidated financial statements.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company. Accordingly, the Acquisition will be subject to the announcement and reporting requirements pursuant to Chapter 14 of the Listing Rules.

**As the Acquisition is subject to fulfilment of conditions precedent as set out in the Agreement and therefore it may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.**

## **THE AGREEMENT**

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the entire issued share capital of GTV as at the date of the Agreement.

The principal terms of the Agreement are summarised as follows:

### **Date**

12 August 2017

### **Parties**

- (i) Double Ally Limited as Purchaser; and
- (ii) Fortune Sky Developments Limited, Ever Edge International Limited, Wealth Choice Global Limited, Ultimate Winner Ventures Limited, Outstanding Global Investments Limited, Red Summit Limited and One Heart Global Limited as Vendors (together with the Purchaser as the “**Parties**”, and each a “**Party**”).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of the Agreement, each of the Vendors and their respective ultimate beneficial owners are Independent Third Parties.

### **Conditions Precedent and Completion**

The Purchaser’s obligation to acquire GTV is conditional upon the following:

1. the representations and warranties given by the Vendors under the Agreement remaining true, complete and accurate in all material respects and being not misleading;
2. there having been no breach by the Vendors of any covenants made by and obligations of the Vendors under the Agreement;
3. the Purchaser not having discovered or known from the date of signing of the Agreement, there being any abnormal operations or any material adverse change in the business circumstances (including assets, financial and legal status), operations, performance or assets, or any undisclosed potential risks in respect of the Target Group;
4. the Target Group and other professional personnel employed to operate the Target Group having obtained all licenses, permits, consents, approvals, authorizations, orders and waivers from the relevant governmental or regulatory authorities in Hong Kong, the BVI or other regions which are necessary or required for the entering into and the execution of the Agreement and the transactions contemplated thereunder;

5. the Stock Exchange having granted or agreed to grant the listing of, and permission to deal in, the Consideration Shares;
6. the Purchaser being reasonably satisfied with the termination or amendment of any agreements between the Target Group and the third parties, including but not limited to any tenancy agreements, employment contracts and service agreements;
7. the Purchaser being reasonably satisfied with the results of the restructuring of the Target Group;
8. the Purchaser having completed and being reasonably satisfied with the results of the due diligence review (whether legal, accounting, financial, operations or other material aspect) of the Target Group; and
9. the Purchaser being reasonably satisfied with any other requests or matters material to the Purchaser.

Within 10 business days after the date of fulfilment of such conditions precedent, the Vendors shall transfer the entire issued share capital of GTV from the Vendors to the Purchaser.

Upon Completion, the Target Group will become indirect subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

If any conditions precedent to the Completion has not been fulfilled by the Long Stop Date, the Purchaser shall not be bound to proceed with the Acquisition, all rights and liabilities of the Vendors and the Purchaser shall cease and neither the Vendors and the Purchaser shall have any claim against the other save in respect of any antecedent breach by any Party under the Agreement.

### **Consideration**

The Consideration for the Acquisition shall be satisfied by the issue and allotment of the 400,000,000 shares of the Company in proportion to the Vendors' respective shareholding in GTV as at the date of the Agreement and HK\$50 million in cash by the Purchaser to the Vendor A. The issue and allotment of Consideration Shares to the Vendors and the payment of HK\$50 million to Vendor A are subject to:

1. transfer of the entire issued share capital of GTV from the Vendors to the Purchaser as stated above;
2. satisfactory completion of the Purchaser's due diligence; and
3. satisfactory completion of the Target Group's restructuring.

The Consideration Shares shall be issued and allotted to the Vendors and the HK\$50 million shall be paid to the Vendor A by the Purchaser within 30 calendar days after the Completion.

Based on the price of the Consideration Shares of HK\$0.63 per share, total consideration is approximately HK\$302 million, which represents approximately 12.1 times of the Target Net Profit of the Target Group by the Vendors for the first twelve months immediately after the Completion.

The Consideration was determined after arm's length negotiation between the respective Parties to the Agreement with reference to, among others, the reasons and benefits as set out in the section headed "Reasons and Benefits for the Acquisition".

The Consideration Shares represent (i) approximately 15.4% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.3% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement to the date of issue of the Consideration Shares).

Based on the price of HK\$0.63 per Share, it represents:

- (a) the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 11 August 2017, being the last trading day prior to the date of the Agreement;
- (b) a discount of approximately 0.9% to the average closing price of HK\$0.636 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Agreement; and
- (c) a premium of approximately 1.3% to the average closing price of HK\$0.622 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Agreement.

### **General Mandate**

The Consideration Shares will be issued by the Company under the General Mandate. Under the General Mandate, the Directors are allowed to approve the issuance and allotment of up to 519,251,001 Shares as at the date of this announcement. After the issue of the Consideration Shares, 119,251,001 new Shares may be further issued and allotted by the Company under the General Mandate.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued, will rank *pari passu* in all respects with the existing Shares in issue.

### **Other major terms of the Agreement**

#### ***Lock-up undertaking***

Pursuant to the Agreement, Vendor F and Vendor G can freely transfer the 20,000,000 shares out of the Consideration Shares held by them subject to compliance with all applicable laws upon Completion. Unless otherwise agreed by the Purchaser, the remaining Consideration Shares are subject to lock-up undertaking from the Vendors that they shall not dispose of the remaining Consideration Shares up to

the date of final determination of the Target Net Profit as described below for the relevant periods, and prior to which, the remaining Consideration Shares will be held on escrow by the Vendors pursuant to the instructions of the Purchaser.

***Profit target***

The Vendors guarantee to the Purchaser that the net profit of the Target Group for the relevant periods shall not be less than the following amounts:

<b>Relevant periods</b>	<b>Target Net Profit</b>
First twelve months immediately after the Completion	HK\$25 million
Thirteenth to twenty fourth months immediately after the Completion	HK\$30 million

In the event that the above Target Net Profit is met, each of the Vendors shall freely transfer the Consideration Shares pursuant to the Agreement.

In the event that the Actual Net Profit for each of the relevant periods falls below the corresponding Target Net Profit stated above, each of the Vendors shall (proportional to their respective shareholding in GTV as at the date of the Agreement) freely transfer the Consideration Shares in accordance with the formula below and the Purchaser shall pay HK\$1 to repurchase the remaining non freely-transferable Consideration Shares from each of the Vendors:

*For the first twelve months immediately after the Completion*

290,000,000 Shares in proportion to the shortfall of the Target Net Profit

i.e.  $290,000,000 \text{ Shares} \times [(\text{Actual Net Profit} - \text{HK\$}5,000,000)/\text{HK\$}20,000,000]$

*For the thirteenth to twenty fourth months immediately after the Completion*

90,000,000 Shares in proportion to the shortfall of the Target Net Profit

i.e.  $90,000,000 \text{ Shares} \times [(\text{Actual Net Profit} - \text{HK\$}5,000,000)/\text{HK\$}25,000,000]$

**INFORMATION OF THE PARTIES**

The Group is principally engaged in the life anti-aging services, healthcare preservation base, management of healthcare investments, investments in healthcare industry, natural health food and finance businesses. The Group has implemented “Focus on Life and Health” development strategy and has commenced its global chain implementation strategy, including establishing anti-aging centres in Guangzhou, Shenzhen and Huizhou. The Group has also initiated the global chain healthcare preservation base plan, with the first healthcare preservation base situated at a PRC Grade 5A scenic area in Luofu Shan.

So far as the Directors are aware, the Target Group have 3 beauty centres in Hong Kong located at Causeway Bay and Tsim Sha Tsui and 2 medical centres in Tsim Sha Tsui and Sau Kei Wan providing clinical services.

So far as the Company is aware: (a) each of the Vendors is a company incorporated in the BVI with limited liability and principally engaged in investment holding; and (b) each of the Vendors' beneficial owners is an individual merchant independent from each other. Each of the Vendors and the beneficial owners is an Independent Third Party.

So far as the Directors are aware, GTV is a limited liability company incorporated in the BVI and is principally engaged in investment holding. As at the date of the Agreement, the entire issued share capital of GTV is wholly-owned by the Vendors.

### **FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below is a summary of the net profit before and after tax of GTV and its three major subsidiaries for the two financial years immediately preceding the Acquisition.

#### **Medik Pro Aesthetics & Anti Aging Institution Limited**

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2016</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before taxation	1,619	5,049
Net profit after taxation	1,338	4,282

As at 31 March 2017, net assets value of Medik Pro Aesthetics & Anti Aging Institution Limited was approximately HK\$164,000.

## **eAesthetic Holdings Limited**

**For the period from  
26 August 2016  
(date of incorporation) to  
31 July 2017  
HK\$'000**

Net profit before taxation	78
Net profit after taxation	78

As at 31 July 2017, net assets value of eAesthetic Holdings Limited was approximately HK\$5,678,000.

## **eClinix Holdings Limited**

**For the period from  
26 August 2016  
(date of incorporation) to  
31 July 2017  
HK\$'000**

Net profit before taxation	96
Net profit after taxation	96

As at 31 July 2017, net assets value of eClinix Holdings Limited was approximately HK\$596,000.

As advised by the Vendors, since each of the companies in the Target Group other than those described above has short and insignificant operational history since its incorporation, their financial performance are insignificant to the above major subsidiaries of GTV.

## **REASONS AND BENEFITS FOR THE ACQUISITION**

The Group adopts a development strategy of “Focus on Life and Health” and has commenced its global chain implementation strategy. At the same time, it continues to seek various investment and development opportunities in the region of Comprehensive Health.

The Group believes that the medical anti-aging industry is a sunrise industry with a huge market demand. Medical anti-aging can be divided into two market segments, that is, life anti-aging (internal) and medical cosmetic anti-aging (external), depending on whether it focuses on the inside or the appearance of the body. Life anti-aging mainly intervenes the inside of the body to achieve anti-aging, so as to realize anti-aging, reduce diseases, and contribute to the health and longevity of people; while medical cosmetic anti-aging is mostly aesthetic intervention against the aging of the appearance of the body that makes people look young and pretty.

Realyoung Life Anti-aging, which is an existing principal business of the Group, is mainly engaged in the anti-aging business designed for the inside of the body and has commenced its operation in the medical institutions set up in Guangzhou and Shenzhen respectively (whereas the center on Luofu Shan is still at the planning stage). The medical cosmetic anti-aging business acquired this time is one designed for the appearance of the body. The combination of the above two businesses will complement the medical anti-aging business of the Group and enhance its existing business significantly. The integration of both the old and new businesses as well as anti-aging business for the inside and the appearance of the body will remarkably improve the Group's competitiveness and brand image in the medical anti-aging industry.

The Board considers that the Acquisition is in line with the Group's investment strategy and the Agreement is on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio calculated in accordance with Chapter 14 of the Listing Rules exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company. Accordingly, the Acquisition will be subject to the announcement and reporting requirements pursuant to Chapter 14 of the Listing Rules.

**As the Acquisition is subject to fulfilment of conditions precedent as set out in the Agreement and therefore it may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.**



## SHAREHOLDING STRUCTURE

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issuance of the Consideration Shares in full (assuming that there is no other change in the share capital of the Company) are as follows:

	As at the date of this announcement		Assuming all the Consideration Shares are issued	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
<b>Substantial Shareholders</b>				
Champion Dynasty Limited ( <i>Note 1</i> )	930,379,671	35.84%	930,379,671	31.05%
Beauty Sunrise Investments Limited ( <i>Note 2</i> )	235,000,000	9.05%	235,000,000	7.84%
TIGER CAPITAL FUND SPC — TIGER GLOBAL SP ( <i>Note 3</i> )	152,114,000	5.86%	152,114,000	5.08%
<b>Public Shareholders</b>				
Vendor A (wholly-owned by Mr. Li Xukun)	—	0.00%	70,000,000	2.33%
Vendor B (wholly-owned by Mr. Li Xukun)	—	0.00%	60,000,000	2.00%
Vendor C (wholly-owned by Mr. Li Xukun)	—	0.00%	60,000,000	2.00%
Vendor D (wholly-owned by Mr. Deng Guobiao)	—	0.00%	60,000,000	2.00%
Vendor E (wholly-owned by Mr. Deng Guobiao)	—	0.00%	60,000,000	2.00%
Vendor F (wholly-owned by Mr. Li Foan)	—	0.00%	45,000,000	1.50%
Vendor G (wholly-owned by Mr. Li Foan)	—	0.00%	45,000,000	1.50%
Other public Shareholders	<u>1,278,761,337</u>	<u>49.25%</u>	<u>1,278,761,337</u>	<u>42.68%</u>
<b>Total</b>	<b><u>2,596,255,008</u></b>	<b><u>100.00%</u></b>	<b><u>2,996,255,008</u></b>	<b><u>100.00%</u></b>

*Note 1:* Champion Dynasty Limited is a company wholly owned by Mr. Cheung Wai Kuen, an executive Director, chairman and a controlling shareholder of the Company.

*Note 2:* Pursuant to the Disclosure of Interests published on the HKEXnews website, Beauty Sunrise Investments Limited is a company wholly owned by Zhang Wenli.

*Note 3:* Pursuant to the Disclosure of Interests published on the HKEXnews website, TIGER CAPITAL FUND SPC – TIGER GLOBAL SP is wholly owned by A PLUS CAPITAL MANAGEMENT LIMITED and both A PLUS CAPITAL MANAGEMENT LIMITED and FULL HOUSE ASSET MANAGEMENT COMPANY LIMITED are investment managers of the interested shares.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Actual Net Profit”	the actual audited consolidated net profit of the Target Group for the relevant target periods immediately after the Completion
“Acquisition”	the acquisition of the entire issued share capital of GTV by the Purchaser from the Vendors pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 12 August 2017 entered into between the Purchaser and the Vendors in relation of the Acquisition
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Common Splendor International Health Industry Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 286)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	consideration for the Acquisition
“Consideration Shares”	400,000,000 Shares to be issued as part of the consideration for the Acquisition pursuant to the Agreement
“Directors”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the Company’s annual general meeting date 2 June 2017 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 519,251,001 Shares

“Group”	the Company and its subsidiaries
“GTV”	Golden Time Ventures Limited (金泰創投有限公司), a company incorporated in the BVI with limited liability, being the subject of the Acquisition
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2017, or such later date as the Vendors and the Purchaser may agree in writing
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Double Ally Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	GTV and its subsidiaries, namely High Choice Developments Limited (高擇發展有限公司), eAesthetic Holdings Limited (醫美堂控股有限公司), Leader Idea Limited (領意有限公司), eClinix Holdings Limited (醫診所控股有限公司), Jumei Global Limited (洵美環球有限公司) and Medik Pro Aesthetics & Anti Aging Institution Limited (美得堡醫學美容抗衰老中心有限公司)
“Target Net Profit”	the target audited consolidated net profit of the Target Group for the relevant target periods immediately after the Completion
“Vendor A”	Fortune Sky Developments Limited (運天發展有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Li Xukun (李旭坤先生), which holds 17.5% of the entire issued share capital in GTV as at the date of the Agreement

“Vendor B”	Ever Edge International Limited (恆利國際有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Li Xukun (李旭坤先生), which holds 15% of the entire issued share capital in GTV as at the date of the Agreement
“Vendor C”	Wealth Choice Global Limited (裕選環球有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Li Xukun (李旭坤先生), which holds 15% of the entire issued share capital in GTV as at the date of the Agreement
“Vendor D”	Ultimate Winner Ventures Limited (至勝創投有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Deng Guobiao (鄧國標先生), which holds 15% of the entire issued share capital in GTV as at the date of the Agreement
“Vendor E”	Outstanding Global Investments Limited (出色環球投資有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Deng Guobiao (鄧國標先生), which holds 15% of the entire issued share capital in GTV as at the date of the Agreement
“Vendor F”	Red Summit Limited (紅峰有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Li Foan (李佛安先生), which holds 11.25% of the entire issued share capital in GTV as at the date of the Agreement
“Vendor G”	One Heart Global Limited (一心環球有限公司), a company incorporated in the BVI with limited liability and wholly-owned by Mr. Li Foan (李佛安先生), which holds 11.25% of the entire issued share capital in GTV as at the date of the Agreement
“Vendors”	collectively, Vendor A, Vendor B, Vendor C, Vendor D, Vendor E, Vendor F, and Vendor G, which together hold the entire issued share capital in GTV as at the date of the Agreement
“%”	per cent

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

Hong Kong, 12 August 2017

*As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen, Mr. Cheng Hau Yan and Mr. Ye Jiong Xian as executive Directors; Mr. Lin Jiang and Mr. Hou Kaiwen as non-executive Directors; and Mr. Mai Yang Guang and Mr. Lam Chi Wing as independent non-executive Directors.*

*\* denotes English translation of the name of a Chinese company or entity, and is provided for identification purposes only.*