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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the “Board”) of directors (the “Directors”) of Common Splendor International Health Industry Group Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2017 (the “Period”) together with the comparative figures for the corresponding period in 2016 as follows:

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

For the six months ended 30 June 2017

		For six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	180,899	218,453
Cost of sales		(148,198)	(184,046)
Gross profit		32,701	34,407
Other income	5	7,301	1
Gain on disposal of an associate		–	28,577
Administrative expenses		(18,364)	(20,725)
Selling and distribution expenses		(101)	(1,316)
Share of results of associates		5,336	5,135
Share-based payment expenses		–	(3,800)
Profit from operations		26,873	42,279
Finance cost		(13,611)	(765)
Profit before income tax		13,262	41,514
Income tax expense	6	(7,806)	(3,361)
Profit for the period	7	5,456	38,153
Other comprehensive income, net of income tax			
<i>Item that may be reclassified subsequent to profit or loss</i>			
Exchange differences on translating foreign operations arising during the period		15,521	1,700
Total comprehensive income for the period		20,977	39,853

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

For the six months ended 30 June 2017

	For six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:		
Owners of the Company	6,107	33,873
Non-controlling interests	(651)	4,280
	<u>5,456</u>	<u>38,153</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	18,044	36,930
Non-controlling interests	2,933	2,923
	<u>20,977</u>	<u>39,853</u>
Earnings per share for the period attributable to owners of the Company		
Basic (HK cents per share)	0.24	1.30
	<u>0.24</u>	<u>1.30</u>
Diluted (HK cents per share)	0.24	1.30
	<u>0.24</u>	<u>1.30</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		208,984	206,538
Intangible asset	10	106,922	122,150
Goodwill		–	53,382
Interests in associates		124,496	127,128
Available-for-sale financial assets		72,979	71,217
		513,381	580,415
Current assets			
Deposits, prepayment and other receivables	11	211,730	120,025
Trade receivables	12	27,492	8,695
Inventories		12,984	18,046
Amount due from a shareholder	13	–	256
Loan to a shareholder	14	160,291	77,291
Short-term loans receivable	15	58,200	58,200
Bank and cash balances		20,175	109,721
		490,872	392,234
Current liabilities			
Trade payables	16	7,447	1,395
Accruals, deposits received and other payables	17	29,369	29,217
Obligation under a finance lease		2	6
Loan from associates		5,000	12,300
Convertible notes		15,039	15,039
Derivative financial liabilities		7,006	7,006
Bonds payable		5,680	5,680
Tax payable		1,616	2,950
		71,159	73,593
Net current assets		419,713	318,641
Total assets less current liabilities		933,094	899,056
Capital and reserves			
Share capital		25,962	25,962
Reserves		455,998	437,954
Equity attributable to owners of the Company		481,960	463,916
Non-controlling interests		178,455	203,634
Total equity		660,415	667,550
Non-current liabilities			
Convertible notes		70,496	70,496
Deferred tax liabilities		32	32
Guaranteed notes and bonds payable	18	202,151	160,978
		272,679	231,506
		933,094	899,056

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Equity attributable to the owners of the Company									
	Share capital	Share premium	Translation reserve	Statutory reserve	Other reserve	Share option reserve	Retained earnings	Sub-total	Non- controlling interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2016	25,962	425,198	(14,129)	6,405	734	–	64,920	509,090	37,265	546,355
Profit for the period	–	–	–	–	–	–	33,873	33,873	4,280	38,153
Exchange differences on translating foreign operations arising during the period	–	–	3,057	–	–	–	–	3,057	(1,357)	1,700
Total comprehensive income	–	–	3,057	–	–	–	33,873	36,930	2,923	39,853
Issue of share options	–	–	–	–	–	3,800	–	3,800	–	3,800
As 30 June 2016	<u>25,962</u>	<u>425,198</u>	<u>(11,072)</u>	<u>6,405</u>	<u>734</u>	<u>3,800</u>	<u>98,793</u>	<u>549,820</u>	<u>40,188</u>	<u>590,008</u>
At 1 January 2017	25,962	425,198	(45,472)	8,436	(59,029)	3,836	104,985	463,916	203,634	667,550
Profit for the period	–	–	–	–	–	–	6,107	6,107	(651)	5,456
Exchange differences on translating foreign operations arising during the period	–	–	11,937	–	–	–	–	11,937	3,584	15,521
Total comprehensive income	–	–	11,937	–	–	–	6,107	18,044	2,933	20,977
Lapse of share options	–	–	–	–	–	(3,836)	3,836	–	–	–
Disposal of subsidiaries	–	–	(129)	(349)	–	–	478	–	(28,112)	(28,112)
As 30 June 2017	<u>25,962</u>	<u>425,198</u>	<u>(33,664)</u>	<u>8,087</u>	<u>(59,029)</u>	<u>–</u>	<u>115,406</u>	<u>481,960</u>	<u>178,455</u>	<u>660,415</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	5,178	11,612
Net cash used in investing activities	(125,842)	(154,350)
Net cash generated from financing activities	20,258	126,867
	<hr/>	<hr/>
Net change in cash and cash equivalents	(100,406)	(15,871)
Effect of foreign exchange rate changes, net	10,860	3,057
Cash and cash equivalents at beginning of period	109,721	29,404
	<hr/>	<hr/>
Cash and cash equivalents at end of period	20,175	16,590
	<hr/>	<hr/>
Represented by:		
Bank and cash balances	20,175	16,590
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. Basis of preparation

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

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2016.

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

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

The accounting policies adopted in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

3. Revenue

	For six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Revenue represents the aggregate amounts received and receivable from third parties and analysed as follows:		
Interest income from investment and finance	11,757	11,795
Revenue from health industry	169,142	206,658
	<u>180,899</u>	<u>218,453</u>

4. Operating segments

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

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

The Group’s measurement methods used to determine reported segment profit or loss remain unchanged from 2016.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. Operating segments (cont'd)

Operating segment information is presented below:

For the six months ended 30 June 2017

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

Note: included sales of medical and healthcare related accessories and materials of HK\$53,713,000, and segment profit of HK\$1,035,000.

As at 30 June 2017

	Health Industry					Total
	Natural Health Food	Life Anti-aging and Health Preservation Base	Medical and Healthcare Industry Investment Management	Sub-total	Investment and Finance	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets						
Segment assets for reportable segments	<u>50,076</u>	<u>370,133</u>	<u>246,978</u>	<u>667,187</u>	<u>219,732</u>	886,919
Unallocated corporate assets						<u>117,334</u>
Total assets						<u>1,004,253</u>
Liabilities						
Segment liabilities for reportable segments	<u>4,753</u>	<u>8,659</u>	<u>20,280</u>	<u>33,692</u>	<u>300,732</u>	334,424
Unallocated corporate liabilities						<u>9,414</u>
Total liabilities						<u>343,838</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. Operating segments (cont'd)

For the six months ended 30 June 2016

	Health Industry			Sub-total	Investment and Finance	Total
	Natural Health Food	Life Anti-aging and Health Preservation Base (reclassified) (Note 1)	Medical and Healthcare Industry Investment Management (reclassified) (Note 1)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
Revenue from external customers	58,189	24,649	123,820	206,658	11,795	218,453
Results						
Segment results for reportable segments	1,510	7,923	4,000	13,433	8,259	21,692
Gain on disposal of an associate						28,577
Other income						1
Unallocated corporate expenses						(8,756)
Income tax expenses						(3,361)
Profit for the period						38,153

Note 1: for the six months ended 30 June 2016, Life Anti-aging and Health Preservation Base segment included sales of medical and healthcare related accessories and materials of HK\$123,006,000, segment loss of HK\$546,000, which have been reclassified under Medical and Healthcare Industry Investment Management segment.

As at 31 December 2016

	Health Industry			Sub-total	Investment and Finance	Total
	Natural Health Food	Life Anti-aging and Health Preservation Base (reclassified) (Note 2)	Medical and Healthcare Industry Investment Management (reclassified) (Note 3)			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Segment assets for reportable segments	31,704	401,332	366,569	799,605	140,965	940,570
Unallocated corporate assets						32,079
Total assets						972,649
Liabilities						
Segment liabilities for reportable segments	9,112	16,423	2,050	27,585	273,425	301,010
Unallocated corporate liabilities						4,089
Total liabilities						305,099

Note 2: as at 31 December 2016, Life Anti-aging and Health Preservation Base segment assets included intangible assets of HK\$122,150,000, construction in progress of HK\$188,852,000, prepayment for potential land acquisition of HK\$21,066,000, prepaid potential development projects of HK\$35,726,000 and deposit for construction works of HK\$33,538,000.

Note 3: as at 31 December 2016, convertible notes, guaranteed notes and bonds payable, derivative financial liabilities and loans from associates with aggregated balance of approximately HK\$271,499,000 have been reclassified and grouped under Investment and Finance segment liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. Operating segments (cont'd)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (2016: Nil).

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

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

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

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

Geographical information

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

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

	For six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue		
PRC	169,142	206,658
Hong Kong	11,757	11,795
	<u>180,899</u>	<u>218,453</u>
	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current assets*		
PRC	511,678	379,869
Hong Kong	1,703	2,201
	<u>513,381</u>	<u>382,070</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

5. Other income

	For six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Gain on disposal of subsidiaries	7,296	–
Other income	5	1
	<u>7,301</u>	<u>1</u>

6. Income tax expense

	For six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	7,806	3,361
	<u>7,806</u>	<u>3,361</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period. No Hong Kong Profits Tax is payable on the profits for the period arising in Hong Kong as they have been set off with tax losses brought forward.

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

7. Profit for the period

	For six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging/(crediting):		
Total staff costs, including Directors' emoluments:		
Salaries and other benefits	8,903	6,452
Retirement benefit scheme contributions	541	406
	<u>9,444</u>	<u>6,858</u>
Auditors' remuneration	790	640
Cost of inventories recognised as expenses	141,446	174,987
Depreciation of property, plant and equipment	1,701	1,078
Operating lease rentals in respect of rented premises	2,718	2,105
	<u>2,718</u>	<u>2,105</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

8. Dividend

The Directors do not recommend any payments of interim dividend for the period (2016: HK\$Nil).

9. Earnings per share

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

	For six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<i>Earnings</i>		
Earnings for the purpose of basic/diluted earnings per share (profit for the period attributable to owners of the Company)	<u>6,107</u>	<u>33,873</u>
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,596,255</u>	2,596,255
Effect of dilutive potential ordinary share:		
Convertible notes (<i>note</i>)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,596,255</u>	<u>2,596,255</u>

Note: Diluted earnings per share did not assume the conversion of convertible notes since their assumed conversion had an anti-dilutive effect on earnings per share for the six months ended 30 June 2017.

10. Intangible asset

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

11. Deposits, prepayment and other receivables

	30 June	31 December
	2017 (Unaudited) HK\$'000	2016 (Audited) HK\$'000
Deposits	1,804	1,220
Prepayment (<i>note (i)</i>)	93,025	37,424
Other receivables (<i>note (ii)</i>)	<u>116,901</u>	<u>81,381</u>
	<u>211,730</u>	<u>120,025</u>

Note:

- (i) Prepayment mainly represented payments for land development costs of HK\$56,202,000 (31 December 2016: HK\$21,066,000) and the procurement of raw materials and finished goods of HK\$33,462,000 (31 December 2016: HK\$9,097,000).
- (ii) Other receivables comprised advances for construction works of HK\$38,892,000 (31 December 2016: HK\$33,538,000) and the remaining balance represented consideration receivable for the disposal of subsidiaries of HK\$58,000,000 (31 December 2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12. Trade receivables

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

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
0–30 days	25,222	8,317
31–60 days	1,078	167
61–120 days	35	–
121–180 days	31	–
181–365 days	1,093	12
Over 365 days	33	139
	<u>27,492</u>	<u>8,695</u>

13. Amount due from a shareholder

Details of the amount due from a shareholder are as follows:

Name of shareholder	Maximum amount outstanding during the period HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Champion Dynasty Limited ("Champion Dynasty")	256	<u>–</u>	<u>256</u>

The amount due from a shareholder is unsecured, interest-free and repayable on demand.

Champion Dynasty is directly owned by Mr. Cheung Wai Kuen ("Mr. Cheung"), the Chairman and an executive Director.

14. Loan to a shareholder

Name of shareholder	Maximum amount outstanding during the period (Unaudited) HK\$'000	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Champion Dynasty	160,291	<u>160,291</u>	<u>77,291</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

15. Short-term loans receivable

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Unsecured	<u>58,200</u>	<u>58,200</u>
Carrying amount within one year	<u>58,200</u>	<u>58,200</u>

Notes: Short-term loans receivable bear interest in the range of 10% to 12% per annum and are repayable in 180 days.

16. Trade payables

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

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
0–30 days	4,402	–
61–120 days	2,416	–
121–180 days	524	–
181–365 days	–	1,333
Over 365 days	<u>105</u>	<u>62</u>
	<u>7,447</u>	<u>1,395</u>

17. Accruals, deposits received and other payables

The balance mainly comprised of (i) HK\$10,182,000 received from third parties for a potential business co-operation (31 December 2016: HK\$10,182,000), (ii) amount payable to a former subsidiary of HK\$4,568,000 (31 December 2016: Nil), (iii) deposits received for the sales of property RMB2,500,000 (equivalent to approximately HKD2,880,000) (31 December 2016: Nil) and (iv) interest payable of HK\$617,000 (31 December 2016: HK\$4,036,000).

18. Guaranteed notes and bonds payable

Guaranteed notes of principal amount HK\$100,000,000 due 15 August 2018, bear interest at 11% per annum, are guaranteed by (i) the entire share capital of Sassoon Global Limited and Harvest Luck Limited, wholly owned subsidiaries of the Company; and (ii) undertaking granted by Champion Dynasty and Mr. Cheung Wai Kuen.

As at 30 June 2017, the Company has issued aggregate principal amount of HK\$109,700,000 long-term unsecured bonds with coupon rate of 6% per annum due between July 2018 and May 2020.

As at 30 June 2017, the Company has issued aggregate principal amount of HK\$7,000,000 short-term unsecured bonds with coupon rate of 4% per annum due in December 2017.

INTERIM DIVIDEND

The Board has resolved not to declare payment of any interim dividend for the period (2016: Nil).

FINANCIAL REVIEW

Results

Revenue for the Period was approximately HK\$180,899,000 (2016: HK\$218,453,000), decrease by HK\$37,554,000 or 17.2% as compared to the same period of last year. Gross profit for the Period was approximately HK\$32,701,000 (2016: HK\$34,407,000), decrease by HK\$1,706,000 or 5.0% as compared to the same period of last year. The decrease in revenue and gross profit for the Period was mainly attributable to the decrease in sales of medical and healthcare related accessories and materials as the gross margin of medical and healthcare related accessories and materials sales is relatively low and thus has no significant impact to the gross profit of the Group.

Gross margin of the Group for the Period is 18.1% (2016: 15.8%). The increase in the Group's gross margin was mainly due to the decrease in sales of low margin medical and healthcare related accessories and materials sales of approximately HK\$69,295,000.

Profit for the period

Compared with profit before income tax of approximately HK\$41,514,000 last year, profit before income tax of the Group for the Period was approximately HK\$13,262,000, a decrease of HK\$28,252,000. The decrease in profit was mainly because (i) the increase of convertible notes, guaranteed notes and bonds payable of HK\$276,000,000 compared to the same period of last year, resulting an increase of finance costs of approximately HK\$12,846,000 compared to same period of last year; and (ii) the absence of a one-off gain on disposal of an associate as compared to the corresponding period of last year, where the Group recorded a gain on disposal of an associate of HK\$28,577,000 and (iii) less the gain on disposal of subsidiaries for the Period of approximately HK\$7,296,000 and the decrease in share-based payment of approximately HK\$3,800,000.

The increase in income tax expenses of HK\$4,445,000 was a direct result of the increase in taxable income of the subsidiaries of the Group in the PRC.

Basic and diluted earnings per share attributable to the owners of the Company for the Period were HK0.24 cents and HK0.24 cents respectively (2016: basic and diluted earnings per share: HK1.30 cents and HK1.30 cents).

Net Assets Value

As at 30 June 2017, the net assets of the Group was HK\$660,415,000 (31 December 2016: HK\$667,550,000), a decrease of HK\$7,135,000. The decrease was mainly due to (i) disposal of subsidiaries' non-controlling interests of HK\$28,112,000 and (ii) less comprehensive income for the Period of HK\$20,977,000. Comprehensive income for the Period comprised profit for the Period of HK\$5,456,000 and the exchange difference on translating foreign operations during the Period of HK\$15,521,000.

Net assets value per issued ordinary share of the Company as at 30 June 2017 was approximately HK\$0.24 (31 December 2016: HK\$0.26).

FINANCIAL REVIEW (cont'd)

Liquidity and financial resources

As at 30 June 2017, the Group has issued an aggregate principal amount of HK\$17 million unsecured convertible notes, US\$10 million (equivalent to approximately HK\$77.5 million) secured convertible notes, HK\$116.7 million unsecured bonds, HK\$100 million secured guaranteed notes, HK\$7 million unsecured notes and HK\$5 million loans from associates, to provide working capital to the Group and the development of the Group's healthcare business.

Save for disclosed above, the Group did not have any other borrowings as at 30 June 2017 and 31 December 2016.

The Group continued to maintain a sound capital and cash position. Bank and cash balances as at 30 June 2017 amounted to HK\$20,175,000 (31 December 2016: HK\$109,721,000)

Debt to equity ratio

As at 30 June 2017, the debt to equity ratio (as measured by total liabilities to total equity) of the Group was 0.52 (31 December 2016: 0.46).

Remuneration Policies and Share Option Scheme

During the Period, total staff costs excluding Directors' emolument was approximately HK\$8,875,000 (2016: HK\$6,858,000). On 5 January 2016, an aggregate of 35,800,000 share options were granted to the Directors and eligible persons of the Company. During the Period, all the share options have been expired. As at 30 June 2017, no share options was outstanding (31 December 2016: 35,800,000).

Pledge of Assets

As at 30 June 2017, the entire issued share capital of a wholly owned subsidiary of the Company, Common Splendor Hong Kong Investment Fund Management Limited ("CSHK Investment Fund Management"), was charged to Great Wall Pan Asia International Investment Co., Limited as security for convertible notes issued by the Company in the principal amount of US\$10 million (equivalent to approximately HK\$77.5 million). As at 30 June 2017, total assets of CSHK Investment Fund Management and its subsidiaries amounted to approximately HK\$660 million. As at 30 June 2017, the entire share capital of two wholly owned subsidiaries of the Company, namely Harvest Luck Investment Limited ("Harvest Luck") and Great King Limited ("Great King") were charged to Wan Tai Investments Limited, an indirect wholly owned company of CCB International (Holdings) Limited, as security for guaranteed notes issued by the Company in the principal amount of HK\$100 million. As at 30 June 2017, total assets of Harvest Luck, Great King and their subsidiaries amounted to approximately HK\$400 million.

Save for disclosed above, no other assets were pledged by the Group as at 30 June 2017 and 31 December 2016.

Capital Commitments and Contingent Liabilities

As at 30 June 2017, the Group did not have any material capital commitments or contingent liabilities (31 December 2016: Nil).

BUSINESS REVIEW

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

Health Industry

Medical Life Anti-aging Business

“Realyoung Life” is a new brand of the Group which focuses on life anti-aging business and provides “Body Purification, Functions Modulation, Repair and Reborn” trilogy life anti-aging services to the high-end population. The performance of the Anti-aging Centre in Guangzhou International Biological Island remained strong. The second Life Anti-aging Centre situated in Qiaocheng East Road, Nanshan District, Shenzhen has begun operations and started generating income. The third Life Anti-aging Centre situated in Luofu Mountain, Guangdong is under construction. This business is growing steadily and is moving into a global chain development plan. This is a major income source and a core composition of the Group’s business.

On 12 August 2017, the Group has entered into acquisition agreement to acquire a medical beauty anti-aging group. The acquiring group has three beauty centres in Causeway Bay and Tsim Sha Tsui in Hong Kong and two medical centres providing clinical services in Tsim Sha Tsui and Shau Kei Wan. Acquisition of the medical beauty group will enhance the growth of the Group’s revenue and profit rapidly. This acquiring group’s medical beauty anti-aging represented external anti-aging business, which will have synergy effect on the existing internal anti-aging business of the Group with the shared resources of mainland China and Hong Kong. The combination will form a complete medical anti-aging system which will substantially improve the competitiveness and the brand image of Common Splendor in the area of medical anti-aging.

Health Preservation Base

The Group has acquired a parcel of land with land development right in Luofu Mountain for the construction of a Health Preservation Base with a planned total construction area of 1,200 mu. The project is under progress. The Health Preservation Base is targeted at the high-end population. It will provide integrated health preservation services such as Chinese medical health preservation, sleeping health preservation, and diet health preservation. Relevant health preservation properties will be available for lease or for sale. This project will become a major income source of the Group. The Group will gradually begin the global chain development of the health preservation base according to the progress of the operations.

Investment in Healthcare Industry and Management of Healthcare Investments

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

BUSINESS REVIEW (cont'd)

Natural Health Food Business

During the Period, revenue from the Natural Health Food Business amounted to approximately HK\$90,943,000 (2016: HK\$58,189,000), which represented an increase of HK\$32,754,000 or 56.3% compared to previous year. The increase was mainly due to the increase in bulk cooking oil sales from approximately RMB49.0 million (equivalent to approximately HK\$58.0 million) in the first half of 2016 to approximately RMB80.0 million (equivalent to approximately HK\$90.8 million) for the Period. Natural Health Food Business comprises bulk cooking oil sales which is a core component of its revenue. Gross profit margin and trading volume are sensitive to market fluctuation. Natural Health Food Business is one of the side businesses in the health industry chain of the Company which is not a core business of the Group.

Investment and Finance

During the Period, the Company received interest of approximately HK\$8,189,000 (2016: HK\$9,304,000) from the loan to Champion Dynasty.

As at 30 June 2017, a wholly owned subsidiary of the Company trading as money lender had loan receivables of HK\$58,200,000 (31 December 2016: HK\$58,200,000). Interest income arisen from the money lending business amounted to approximately HK\$3,568,000 during the Period (2016: HK\$2,490,000).

Major disposal

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

EVENTS AFTER THE REPORTING PERIOD

On 12 August 2017, the Group has entered into an acquisition agreement with independent third parties. The Group agreed to acquire the entire issued capital of Golden Time Ventures Limited (“GTV”) at a consideration of 400,000,000 shares of the Company and HK\$50 million in cash. GTV together with its subsidiaries has three beauty centres in Causeway Bay and Tsim Sha Tsui in Hong Kong and two medical centres providing clinical services in Tsim Sha Tsui and Shau Kei Wan. Details of which have been disclosed in the Company’s announcement on 12 August 2017 and 24 August 2017.

PROSPECT

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

The Group has already formed a complete business structure in the medical anti-aging sector, including “Life Anti-aging” which mainly aims at inner organism and “Medical Beauty Anti-aging” which mainly aims at outer organism, and “Health Preservation Base” which covers traditional medical anti-aging. As long as China continues its economic growth, the wealthy population will continue to expand and their spending power will be strengthened. In addition to the basic clinical services, demand for better healthcare services is ever increasing. The Group has a good position in this arena and will gradually expand its businesses.

The board of directors of the Company (the “Board”) continues their optimistic outlook of the healthcare industry and will adjust the Group’s development strategy according to the industry changes. In the future, the Group’s strategy is to optimise its main business, to further develop its essential core businesses and to hold the largest possible percentage of equity interests in its core businesses. Non-core businesses and non-strategic investments will be adjusted based on the principle of profit maximisation which includes possible disposals or holding under investment funds of the Group.

DIRECTORS’ AND CHIEF EXECUTIVE(S)’ INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

Name of Directors	Number of Shares			Total Capacity	Notes	Percentage of Issued Share Capital
	Ordinary Shares	Underlying Shares				
Mr. Cheung	930,379,671	–	930,379,671	Interest of controlled corporation	1	35.84%
Mr. Cheng Hau Yan (“Mr. Cheng”)	4,300,000	–	4,300,000	Beneficial owner/ Interest of spouse	2	0.17%

Notes:

- (1) Champion Dynasty is a company wholly owned by Mr. Cheung, an executive Director, chairman and a controlling shareholder of the Company.
- (2) Mr. Cheng owned 4,000,000 Shares and his spouse, being a staff of a subsidiary of the Company, owned 300,000 Shares. Pursuant to the Securities and Futures Ordinance (the “SFO”), Mr. Cheng was deemed to be interested in same parcel of Shares which his spouse was interested.

Save as disclosed above, as at 30 June 2017, none of the Directors, chief executive(s) nor their associates, had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations, as recorded in the register maintained by the Company under section 352 of the SFO or otherwise notified the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30 June 2017, so far as are known to any Director or chief executive of the Company, the following party (other than a Director or chief executive of the Company) was recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares:

Name of substantial shareholders	Number of Shares	Capacity	Percentage of Issued Share Capital
Champion Dynasty (<i>Note (i)</i>)	930,379,671	Beneficial owner	35.84%
Beauty Sunrise Investments Limited (<i>Note (ii)</i>)	135,000,000	Beneficial owner	5.19%

Notes:

- (i) Champion Dynasty is a company wholly owned by Mr. Cheung, an executive Director, chairman and a controlling shareholder of the Company.
- (ii) Pursuant to the Disclosure of Interests published on the HKEXnews website, Beauty Sunrise Investments Limited is a company wholly owned by Zhang Wenli.

All the interests stated above represent long position which included interests in Shares and underlying Shares. As at 30 June 2017, no short position was recorded in the register kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in the section titled "Directors' and Chief Executive(s)' interests in the securities of the Company and associated corporations" and in the section titled "Share option scheme" above, at no time during the six months ended 30 June 2017 were rights to acquire benefits by means of the acquisition of Shares granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

APPOINTMENT AND RESIGNATION OF DIRECTORS

On 5 June 2017, Mr. Bai Yinghai resigned as a non-executive Director and Mr. Hou Kaiwen was appointed as a non-executive Director. Details of which have been disclosed in the Company's announcement on 5 June 2017.

On 1 July 2017, Mr. Yau Chi Ming ("Mr. Yau") resigned as an independent non-executive Director, the Chairman of the audit committee of the Company (the "Audit Committee") and a member of each of the nomination committee and the remuneration committee of the Company. Details of which have been disclosed in the Company's announcement on 3 July 2017.

CONTINUING CONNECTED TRANSACTION

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

As at 30 June 2017, the loan to Champion Dynasty amounted to HK\$160,291,000 (31 December 2016: HK\$77,291,000).

CORPORATE GOVERNANCE

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

Pursuant to Rule 3.10(1) of the Listing Rules, the Board must include at least three independent non-executive Directors. Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members. Following the resignation of Mr. Yau as an independent non-executive Director on 1 July 2017, the number of independent non-executive Directors and the number of members of the Audit Committee fell below the minimum requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

REVIEW BY AUDIT COMMITTEE

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

APPRECIATION

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

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

Hong Kong, 30 August 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.