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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF 70% INTEREST IN ZHAOLONG BVI

THE DISPOSAL

On 22 May 2017 (after trading hours), Gold Stable (as seller), Billion High (as buyer) and Zhaolong BVI (as target company) entered into the Agreement, pursuant to which Gold Stable conditionally agreed to dispose of and Billion High conditionally agreed to acquire the Sale Shares at the Consideration of HK\$68 million.

After Completion, Gold Stable will cease to hold interest in Zhaolong BVI, and accordingly Zhaolong BVI will cease to be a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios for the Disposal are more than 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

As at the date of the Agreement, Billion High owns 30% interest in Zhaolong BVI, a non-wholly owned subsidiary of the Company. Accordingly, Billion High is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction for the Company. Given that (i) the Disposal is on normal commercial terms; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is on normal commercial terms and in the interest of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Disposal is exempt from the circular, independent financial advice and independent Shareholders' approval requirements. The Disposal is accordingly subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company should be aware that Completion is subject to the satisfaction of the condition precedent, if applicable, and therefore Completion may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

The Board announces that after trading hours on 22 May 2017, Gold Stable (as seller), Billion High (as buyer) and Zhaolong BVI (as target company) entered into the Agreement, pursuant to which Gold Stable conditionally agreed to dispose of and Billion High conditionally agreed to acquire the Sale Shares at the Consideration of HK\$68 million.

THE AGREEMENT

The principal terms of the Agreement are set out as follows:

- Date:** 22 May 2017 (after trading hours)
- Parties:**
- (i) Gold Stable (as seller)
 - (ii) Billion High (as buyer)
 - (iii) Zhaolong BVI (as target company)
- (the “**Parties**”)

As at the date of the Agreement, Zhaolong BVI is an indirect non-wholly owned subsidiary of the Company. Zhaolong BVI is held as to 70% by Gold Stable (a direct wholly-owned subsidiary of the Company) and 30% by Billion High. Accordingly, Billion High is a substantial shareholder of the Company’s subsidiary and a connected person of the Company at the subsidiary level.

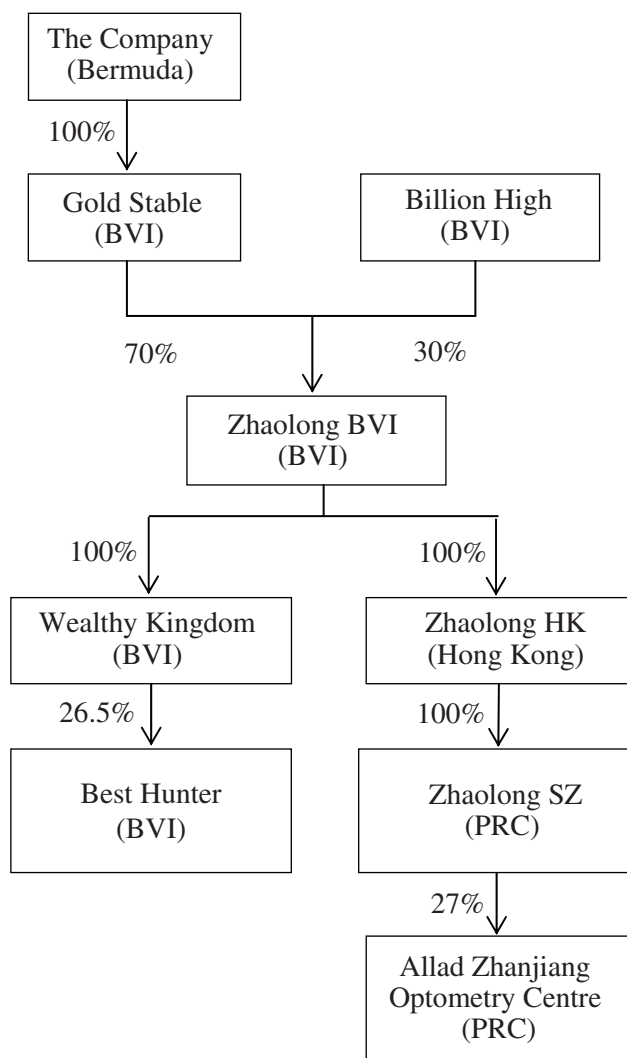
Subject Matter of the Disposal

As at the date of the Agreement, 30% of the entire issued share capital of Zhaolong BVI is held by Billion High. The asset being disposed of is the Sale Shares, representing the remaining 70% of the entire issued share capital of Zhaolong BVI. The net assets value and goodwill of Zhaolong Group (exclusive of the JP Associate Interest and after minority interest in Zhaolong HK Group attributable to Billion High) as at 31 December 2016 amounts to approximately HK\$61 million, in aggregate.

As at the date of the Agreement, Zhaolong BVI, through its wholly-owned subsidiaries, holds (a) 27% equity interest in Allad Zhanjiang Optometry Centre; and (b) the entire issued share capital of Wealthy Kingdom, which does not form part of the Disposal and 70% of which, i.e. the existing indirect beneficial interest currently owned by Gold Stable, will be transferred to Gold Stable prior to the Completion. Pursuant to the Agreement, the inter-company balances between members of Zhaolong Group and Zhaolong BVI’s associated companies (including Zhaolong HK, Zhaolong SZ and members of the Allad Ophthalmology Group) on one part, and members of the Group on the other part will be settled within three months after Completion.

Pursuant to the Agreement, after the date of the Agreement and prior to the Completion, the rights and liabilities of Zhaolong HK and Zhaolong SZ will be assumed by Billion High, and after the date of the Agreement, Billion High has right to further dispose its interests in Zhaolong SZ at a price not lower than the net assets value of Allad Zhanjiang Optometry Centre, and such disposal by Billion High has no effect on the Consideration.

The following diagram depicts the simplified corporate structure of the Group as at the date of the Agreement:



Consideration

Pursuant to the Agreement, the Consideration for the Disposal is HK\$68 million payable by Billion High in cash in the following manner:

- (a) HK\$10 million to be paid within 30 days of the signing of the Agreement; and
- (b) HK\$58 million to be paid within three months after Completion, being the balance of the Consideration.

Basis of Determination of Consideration

The Consideration was agreed between Gold Stable and Billion High after arm's length negotiations on normal commercial terms after taking into consideration (i) the reasons for the Disposal as disclosed in the paragraph headed "Reasons for and Benefits of the Disposal" below; and (ii) the net assets value and the goodwill of the Zhaolong Group as at 31 December 2016, but excluding the JP Associate Interest and after minority interest in Zhaolong HK Group attributable to Billion High.

Conditions precedent

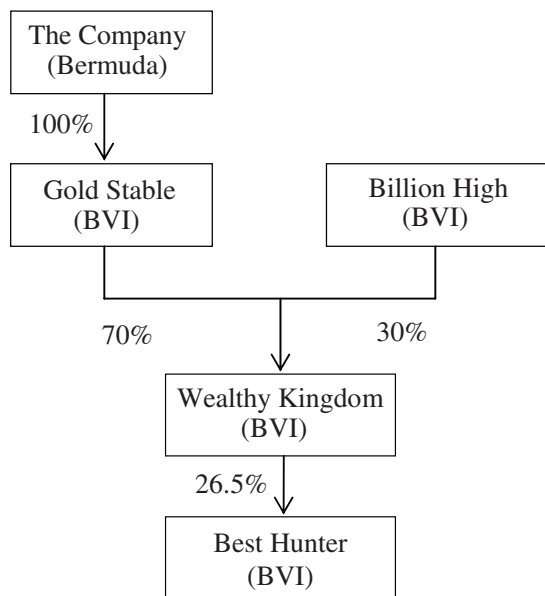
Completion is subject to the Company and Gold Stable having complied with the requirements under the Listing Rules in respect of the transactions contemplated under the Agreement, including but not limited to the approval from the independent Shareholders for the transactions contemplated under the Agreement being obtained (if required).

Pursuant to Rule 14A.101 of the Listing Rules, the Disposal does not require approval from the independent Shareholders. Please refer to the section headed “Listing Rules Implications” below for information.

Completion

Completion is scheduled to take place on the third business day following the date on which the conditions precedent referred to above have been satisfied, or such other date as Gold Stable and Billion High may otherwise agree.

The following diagram depicts the simplified corporate structure of the Group immediately after Completion:



FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, Zhaolong BVI will cease to be a subsidiary of the Company and the results, assets and liabilities of Zhaolong Group will no longer be consolidated in the books of the Company.

It is expected that the Group will recognise a gain in its consolidated income statement of approximately HK\$7 million arising from the Disposal, which is calculated as the difference between the Consideration and the aggregate amount of the net assets value and the goodwill of Zhaolong Group (exclusive of the JP Associate Interest and after minority interest in Zhaolong HK Group attributable to Billion High) as at 31 December 2016 of approximately HK\$61 million. The actual amount of gain or loss arising from the Disposal to be recognised by the Group will be determined based on those amounts as at the date of Completion and will be subject to audit by the Company's auditors. The Directors expect that the net proceeds from the Disposal after deducting the expenses directly attributable thereto can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for its principal activities or finance other potential investment opportunities should such arise in the future.

Following Completion, each of Zhaolong BVI, Zhaolong HK and Zhaolong SZ will cease to be a subsidiary of the Company and members of the Allad Ophthalmology Group will cease to be an associate of the Company. Accordingly, the financial information of each of Zhaolong BVI, Zhaolong HK and Zhaolong SZ will cease to be consolidated to the Group's financial statements and further share of profits or losses of Allad Ophthalmology Group will not be reflected in the Group's consolidated financial statements after Completion.

INFORMATION OF THE PARTIES AND ZHAOLONG GROUP

Gold Stable

Gold Stable is a direct wholly-owned subsidiary of the Company and is an investment holding company.

Billion High

Billion High is an investment holding company wholly-owned by Mr. Huang Zhuliang (黃柱良先生). As advised by Mr. Huang, Mr. Huang is a merchant who possesses wealth of experience in the health, medical and commerce industry in the PRC since 1990s and specialises in business integration and operation in the PRC.

Zhaolong BVI

Zhaolong BVI is principally engaged in merger and acquisition, restructuring and trust management of hospitals. It is an investment holding company indirectly holding 27% equity interest in Allad Zhanjiang Optometry Centre and 26.5% equity interest in JP Partners Medical Group:

- Allad Zhanjiang Optometry Centre is principally engaged in the sale of glasses and accessories and optometry related products, and the Allad Ophthalmology Group mainly comprises two ophthalmology hospitals in Zhongshan and Zhanjiang, the PRC.
- JP Partners Medical Group is principally engaged in provision of medical services through the operation of six private medical centres in Hong Kong.

Financial Information on Zhaolong BVI (exclusive of the JP Associate Interest)

Set out below is a summary of the net profit before and after tax and extraordinary items of Zhaolong BVI (exclusive of the JP Associate Interest) for the years ended 31 December 2015 and 2016:

	For the year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before taxation	7,422	7,533
Net profit after taxation	7,422	7,533

As at 31 December 2016, the net assets value of Zhaolong BVI (exclusive of JP Associate Interest) before and after non-controlling interests was approximately HK\$16.2 million, and HK\$11.9 million, respectively.

REASONS AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of healthcare industry which included life antiaging, health preservation base, management of healthcare investments, investment in healthcare industry, trading of natural health food and investment and finance activities.

In June 2014, Gold Stable acquired from Billion High 70% of the issued share capital of Zhaolong BVI for a consideration of HK\$40 million (subject to adjustment), which was subsequently adjusted to an aggregate of HK\$70.875 million in March 2015. The acquisition was completed in December 2014. Please refer to the Company's circular dated 2 December 2014 and announcement dated 10 March 2015 for information. For the two years ended 31 December 2015 and 2016, the Group's share of profits from Allad Ophthalmology Group amounted to approximately HK\$6.3 million and HK\$6.3 million, respectively. Given the Group only holds a non-controlling interest in Allad Ophthalmology Group and has no significant control over the management of the Allad Ophthalmology Group, there are inherit limitations for the Group to exert influence on Allad Ophthalmology Group's business direction in the long run. Furthermore, as members of the Allad Ophthalmology Group are associates of the Group, their revenue were not reflected in the Group's consolidated revenue.

The Board constantly reviews the Company's business strategy in maximising the value of the Company and continues to explore attractive business opportunities. As disclosed in the Company's 2016 annual report, it is the Group's strategy to optimise its business by further developing its core businesses, and adjust non-core businesses and non-strategic investments to maximise the Group's profit. Further, The Group places "Life Anti-aging" and "Health Preservation Base" as its core businesses to provide medical anti-aging and one-stop health preservation services to high-end population. These two businesses have both achieved favourable growth and are undergoing a gradual global development plan.

Based on the above, the Directors are of the view that the Disposal, the subject matter of which does not constitute a core business of the Group, will improve the Group's financial and liquidity position and its cashflow, and provide further resources to enable the Group to focus on its core business and seek other investment opportunities should it arise.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable, conducted on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Agreement, Billion High owns 30% interest in Zhaolong BVI, a non-wholly owned subsidiary of the Company. Accordingly, Billion High is a connected person of the Company at the subsidiary level and the Disposal constitutes a connected transaction for the Company subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

Given that (i) the Disposal is on normal commercial terms; (ii) the Board has approved the Disposal; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal is conducted on normal commercial terms and in the interest of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the Disposal is exempt from the circular, independent financial advice and independent Shareholders' approval requirements.

As one or more of the applicable percentage ratios for the Disposal are more than 5% but are all less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

Shareholders and potential investors of the Company should be aware that Completion is subject to the satisfaction of the condition precedent, if applicable, and therefore Completion may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agreement”	the reorganisation agreement dated 22 May 2017 entered into among Billion High, Gold Stable and Zhaolong BVI for the Disposal
“Allad Ophthalmology Group”	Allad Zhanjiang Optometry Centre and its subsidiaries
“Allad Zhanjiang Optometry Centre”	Zhanjiang Allad Optometry Centre Company Limited*(湛江奧理德視光學中心有限公司), a limited liability company incorporated in the PRC

“Best Hunter”	Best Hunter Limited, a limited liability company incorporated in the BVI
“Billion High”	Billion High Worldwide Investments Limited, a limited liability company incorporated in the BVI
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	Common Splendor International Health Industry Group Limited (Stock Code: 00286), an exempted limited liability company incorporated in Bermuda whose issued shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by Gold Stable to Billion High pursuant to the terms of the Agreement
“Gold Stable”	Gold Stable Limited, a limited liability company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JP Associate Interest”	the 26.5% of the entire issued share capital in Best Hunter held by Wealthy Kingdom as at the date of the Agreement
“JP Partners Medical Group”	Best Hunter and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on Stock Exchange
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Sale Shares”	35,000 ordinary shares in Zhaolong BVI held by Gold Stable as at the date of the Agreement, representing 70% of its issued share capital

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	holder(s) of the Share(s)
“Zhaolong BVI”	Zhao Long International Medical Investment Management Group Limited, a limited liability company incorporated in the BVI and a 70% non-wholly owned subsidiary of the Company as at the date of the Agreement
“Zhaolong Group”	Zhaolong BVI and its subsidiaries
“Zhaolong HK”	Zhaolong International Medical Investment Management Group Limited (兆龍國際醫療投資管理集團有限公司), a limited liability company incorporated in Hong Kong and wholly-owned by Zhaolong BVI
“Zhaolong HK Group”	Zhaolong HK and its subsidiaries
“Zhaolong SZ”	Shenzhen Jin Zhaolong Medical Investment Management Co., Ltd.* (深圳金兆龍醫療投資管理有限公司), a limited liability company incorporated in the PRC and wholly-owned by Zhaolong HK
“Wealthy Kingdom”	Wealthy Kingdom Group Limited, a limited liability company incorporated in the BVI
“%”	per cent

In this announcement, the terms “connected person”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 22 May 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 and Mr. Lin Jiang and Mr. Bai Yinghai as non-executive Directors and Mr. Mai Yang Guang, Mr. Yau Chi Ming and Mr. Lam Chi Wing as independent non-executive Directors.

* *For identification purposes only*