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**COMMON SPLENDOR INTERNATIONAL
HEALTH INDUSTRY GROUP LIMITED**

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

INSIDE INFORMATION

**FRAMEWORK STRATEGIC CO-OPERATION AGREEMENT
AND
FORMATION OF JOINT VENTURE
IN RELATION TO PROMOTION AND DEVELOPMENT OF GROWTH
ADVANTAGE SERVICES FOR CHILDREN AND TEENAGERS IN THE PRC**

This announcement is made by Common Splendor International Health Industry Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

THE STRATEGIC CO-OPERATION AGREEMENT

The board of the directors of the Company (the “**Board**”) is pleased to announce that the Company and ACMEWAY (Beijing) Technique and Consultant Company Limited* (奧美之路(北京)技術顧問有限公司) (“**ACMEWAY**”) entered into a framework strategic co-operation agreement which is non-legally binding in nature after trading hours on 7 July 2014 (the “**Strategic Co-operation Agreement**”), pursuant to which, the Company and ACMEWAY will use the advanced and effective methods with concentrated combination of exercise and nutrition to provide physical fitness services for the growth of the children and the teenagers between 0 to 18 year-old (the “**Children and Teenagers**”).

In accordance with the Strategic Co-operation Agreement, the proposed development of physical fitness services for the growth of the Children and Teenagers in the PRC sets out the following three phases:

- (i) Developing stage: will rename current information industry base called “Protection of Advantage for Children Growth Centre” owned by ACMEWAY in Haidian District, Zhongguancun Shangdi, Beijing to “Common Splendor Growth Advantage (Beijing) Centre for the Children and Teenagers” and the establishment of research centres for performance of professional research for the growth advantages of the Children and Teenagers. Its main markets will be Beijing, Shanghai, Guangzhou and Shenzhen, covering the Bohai Sea, Yangtze River Delta, Pearl River Delta markets; and
- (ii) Developed stage: its services will expand to technical, services, management and standard products system for the growth of the Children and Teenagers and its market will expand to middle and western areas in the PRC such as Zhengzhou, Wuhan, Changsha, Xi'an, Chengdu and Kunming ; and
- (iii) Mature stage: explore chain of stores in the county-level of the PRC.

FORMATION OF JOINT VENTURE

The Board further announces that Great King Limited ("**Great King**"), a wholly-owned subsidiary of the Company, and ACMEWAY, entered into two legally-binding agreements which are the joint venture agreement and the framework for technical co-operation after trading hours on 7 July 2014 (collectively "**Joint Venture Agreement**"), pursuant to which, Great King and ACMEWAY agreed to set up a joint venture company (the "**Joint Venture Company**", together with its subsidiaries, the "**Joint Venture Group**") which will be owned by Great King (or its subsidiary) and ACMEWAY as to 80% and 20%, respectively.

A summary of the major terms and conditions of the Joint Venture Agreement is set out below:

Board representation : The board of directors of the Joint Venture Company will comprise three directors of which two will be appointed by Great King and one by ACMEWAY. The chairman and the general manager of the Joint Venture Company will be appointed by Great King and the board of directors of the Joint Venture Company, respectively.

Principal business : The Joint Venture Group will provide services focus on the health management for the Children and Teenagers, to help the Children and Teenagers grow up healthy, to provide professional guidance and management in respect of the sports and nutrition at the growth period of the Children and Teenagers .

Operation target : The Joint Venture Company will rename current information industry base called “Protection of Advantage for Children Growth Centre” owned by ACMEWAY in Haidian District, Zhongguancun Shangdi, Beijing to “Common Splendor Growth Advantage (Beijing) Centre for the Children and Teenagers” to responsible for development of Beijing market; to establish two flag offices, one will be situated at Dongguan to responsible for marketing planning in the PRC and another will be situated in Beijing to responsible for standardisation of the management system and staff for the Joint Venture Group.

Moreover, the Joint Venture Group is planning to run the chain management centres for the Children and Teenagers gradually covering main provincial cities in the PRC and then gradually covering the Bohai Sea, Yangtze River Delta, Pearl River Delta in major developed cities, and striving to become the domestic first-class group to operate the chain stores for growth advantages of the Children and Teenagers.

Funding : The Company will provide a set up capital of RMB 5 million to the Joint Venture Company and guarantee(s) for any future financing of the Joint Venture Company of an amount up to RMB 5 million (if the annual net profit of the Joint Venture Company reaches RMB 1 million or more) or RMB 10 million (if the annual net profit of the Joint Venture Company reaches RMB 3 million or more).

Technical input : ACMEWAY will input its existing intellectual properties, technology and management systems, self-development or in co-development with the third-parties (if the third-party consent) research database and the technical reports to the Joint Venture Company without consideration. ACMEWAY must also provide free training on technical and management to the staff of the Joint Venture Company.

Net Profit Target : The aggregate operation net profit for the three financial years ended from 2015 to 2017 of the Joint Venture Group not reaches to RMB800 million which have been prepared in accordance with accounting principles generally accepted in Hong Kong, any party of the Joint Venture Agreement can be independently develop and/or co-operate with other third parties to develop the physical fitness management business for the Children and Teenagers by written consent of another counter party.

The foresaid operation target and net profit target under the Joint Venture Agreement are subject to change depending on the progress of the project and the change of market and economics environment. Further announcement(s) will be made when it is appropriate and necessary.

REASONS FOR AND BENEFIT OF ENTERING INTO THE STRETEGIC CO-OOPERATION AGREEMENT AND THE JOINT VENTURE AGREEMENT

The Group is mainly engaged in the businesses of investment and finance, properties investment and health industry business. In the long run, the Group decide to focus more on the development in the health industry. The Company has also invested in the projects of health management and health fast food electronic commerce business. As disclosed in the Company's announcement dated 29 June 2014, the Group also proposes to tap into the medical investment management business.

ACMEWAY is a PRC company incorporated with limited liability in September 2002. It is a high-tech enterprise in the PRC, owned and passed the ISO9000 certification, and access to a number of product patents and dozens of product software copyrights. ACMEWAY comprises of experts in sports medicine, sports training, rehabilitation medicine, nutrition, clinical medicine, health management, computer applications and other aspects of economic management. The professional expert of ACMEWAY is over 65 per cents of its total staff number. It developed a variety of health management systems: exercise prescription expert systems, health fitness management system, health career management systems, sub-health management system, youth selection management system, growth and development of management systems for the teenagers, and health club function assessment management system. ACMEWAY is co-operation internship organisation to the universities such as Beijing Sports University, Shanghai University of Sport, Nanjing Sport Institute in relation to specialised sports and human sciences. Meanwhile, ACMEWAY has participated in a number of “eleventh-five” and “twelfth-five” state level fitness related scientific and technological researches organised by the General Administration of Sports of China, Ministry of Education of the Peoples’ Republic of China, Ministry of Civil Affairs of the Peoples’ Republic of China in recent years and its health fitness management system won "self-innovation product certification” by the High-Tech Innovation Fund in the PRC. The principal activities of ACMEWAY are to provide health fitness overall solutions, among other things, the overall program planning, technical feasibility studies, software and hardware

configuration and budget, establishment of online services platform, distribution process design and human resource planning, resource management platform architecture and training certification services to sports research institutes, universities, medical units, a health club, residential clubs and related organisations in the PRC and provide an innovative high-tech industry concepts and strong technical support to physical education, sports research, health management industry.

The directors of the Company (the “**Directors**”) consider that the single child gets as much cossetting from his/her parent since the implementation of strict family planning policy in the PRC. Coupled with advance in technology, the internet deeply penetrates into urban families, children are interested in a variety of virtual games, the children are lack of physical exercise, busy parents occupy their time in many matters other than paying attention to their children to do exercises, therefore, the physical health of the Children and Teenagers continuously decline over the years. The Directors believe that ACMEWAY having rich experience in relation to sports management, nutrition management, health fitness, youth growth development and management business with supported by its professional team, the development of growth advantage services for the Children and Teenagers particularly in big cities of the PRC with at high income per capita such as Beijing, Shanghai, Guangzhou and Shenzhen is a promising prospect business. In the long term, the Directors consider the development of physical fitness for the growth of the Children and Teenagers in line with the Group's management strategy, the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole.

The Strategic Co-operation Agreement sets out the framework of proposed strategic co-operation between the Company and ACMEWAY in the healthcare space. The entering into of the Joint Venture Agreement is the first step implemented by the Company and ACMEWAY pursuant to the Strategic Co-operation Agreement. The Company and ACMEWAY are in the course of exploring the other terms of co-operations further to the Strategic Co-operation Agreement. Further announcement(s) will be made as and when necessary.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, ACMEWAY and its respective ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons.

As none of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Joint Venture Agreement exceed 5%, the transactions contemplated thereunder do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, except the Joint Venture Agreement, none of the members of the Group has entered into any legally binding agreements with ACMEWAY (or its subsidiary) under the Strategic Co-operation Agreement. There is no assurance that a legally binding agreement will be entered into eventually as contemplated or at all, and the structure, amount of investment, scale of operation and other affairs related to the potential co-operation are subject to further discussion and negotiation and are subject to change. The foresaid operation targets and net profit targets under the Joint Venture Agreement are subject to change depending on the progress of the project and the market and economics environment. Shareholders and potential investors are advised to exercise cautions when dealing in the securities of the Company.

By order of the Board
**Common Splendor International
Health Industry Group Limited**
Wong Yuet Ying
Company Secretary

Hong Kong, 7 July 2014

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

The website of the Company is <http://www.cs-ih.com>

**For identification only*