THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Common Splendor International Health Industry Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

MAJOR TRANSACTIONS

IN RELATION TO
THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL IN ZHAO LONG INTERNATIONAL MEDICAL INVESTMENT MANAGEMENT GROUP LIMITED
AND
DISPOSAL OF PROPERTY

A letter from the Board is set out on pages 9 to 54 or this circular. A notice convening the Special General Meeting to be held at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 17 December 2014 at 3:00 p.m. is set out on pages 291 to 293 of this circular. A form of proxy for use by the Shareholders at the Special General Meeting is enclosed. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time for holding the Special General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting should you so wish and in such event, the relevant form of proxy shall be deemed to be revoked.

2 December 2014

CONTENTS

DEFINITIONS

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

"Acquisition"	the sale and purchase of the Sale Shares contemplated under the Acquisition Agreement
"Acquisition Agreement"	the share purchase agreement dated 28 June 2014 entered into among Gold Stable, Billion High, Mr. Huang, Allad Guangdong and the Target Company for the Acquisition as supplemented by the Supplemental Agreement
"Acquisition Completion"	completion of the Acquisition in accordance with the Acquisition Agreement
"Acquisition Consideration"	a sum of HK$40,000,000 (subject to adjustment, if any, in cash and/or new Shares pursuant to the terms of the Acquisition Agreement)
"Agent"	Midland Realty (Comm.) Ltd., a company incorporated in Hong Kong with limited liability
"Allad Group"	Allad Zhanjiang Ophthalmology Hospital, Allad Zhanjinag Optomery Centre, Allad Zhongshan Ophthalmology Company and Allad Zhongshan Ophthalmology Hospital collectively
"Allad Guangdong"	means Guangdong Allad Commercial Development Company Limited*（廣東奧理德商業發展有限公司）(formerly known as Guangdong Allad Yiliao Touzi Company Limited*（廣東奧理德醫療投資有限公司））, a company incorporated in the PRC with limited liability
"Allad Zhanjiang Acquisition"	the acquisition of 27% of the registered capital in Allad Zhanjiang Optometry Centre by the Target Company pursuant to the Allad Zhanjiang Agreement
"Allad Zhanjiang Agreement"	the Medical and Commercial Development Cooperation Agreement entered into between Billion High and Allad Guangdong dated 27 June 2014 (as amended and supplemented from time to time)

* *For identification purpose only*

"Allad Zhanjiang Ophthalmology Hospital"	Zhanjiang Allad Ophthalmology Hospital Company Limited*（湛江奧理德眼科醫院有限公司）, a company incorporated in the PRC with limited liability
"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 company incorporated in the PRC with limited liability
"Allad Zhongshan Ophthalmology Company"	Zhongshan Allad Ophthalmology Hospital Company Limited*（中山奧理德眼科醫院有限公司）(formerly known as Zhongshan Shi Wan Jia Property Development Company Limited*（中山市萬佳置業發展有限公司）, a company incorporated in the PRC with limited liability
"Allad Zhongshan Ophthalmology Hospital"	Zhongshan Allad Ophthalmology Hospital*（中山奧理德眼科醫院）, a medical institution registered with the Zhongshan Public Health Bureau in the PRC
"associate(s)"	has the meaning as ascribed to it under the Listing Rules
"Billion High"	Billion High Worldwide Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business
"Bye-laws"	the bye-laws of the Company
"Champion Dynasty"	Champion Dynasty Limited, a company incorporated in the British Virgin Islands with limited liability and a company wholly owned by Mr. Cheung
"Company"	Common Splendor International Health Industry Group Limited (Stock Code: 00286), an exempted company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange

* *For identification purpose only*

"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration Shares"	the Shares that may be issued by the Company to Billion High (or its nominee) under the Acquisition Agreement
"Deposit"	a refundable deposit in the sum of HK$40,000,000 payable by or on behalf of Gold Stable pursuant to the terms of the Acquisition Agreement
"Director(s)"	the directors(s) of the Company
"Disposal"	the sale and purchase of the Property under the Provisional Sale and Purchase Agreement and Formal SPA
"Disposal Completion"	completion of the Disposal in accordance with the terms and conditions of the Provisional Sale and Purchase Agreement and Formal SPA
"Disposal Consideration"	a sum of HK$48,000,000 in cash to be settled by Regal Fortune to Give Strong at Disposal Completion pursuant to the terms of the Provisional Sale and Purchase Agreement and Formal SPA
"Dongguan Ao Kai"	Dongguan Ao Kai Industry Investment Limited*（東莞市奧凱實業投資有限公司）, a company incorporated in the PRC with limited liability and, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, an independent third party as of the Latest Practicable Date
"Dongguan Wan Jia"	Dongguan Shi Wan Jia Property Development Company Limited*（東莞市萬佳置業發展有限公司）, a company incorporated in the PRC with limited liability and was previously owned as to 90% by Guangdong Wan Jia and 10% by Ms. Cheung, in which both of whom ceased to hold any interest since 4 July 2011
"Enlarged Group"	the Group as enlarged by the Acquisition

* *For identification purpose only*

"Formal SPA"	the formal agreement for sale and purchase of the Property dated 30 September 2014 and entered into between Give Strong and Regal Fortune
"General Mandate"	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company dated 30 May 2014 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the said meeting
"Give Strong"	Give Strong Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and the beneficial owner of the Property
"Gold Stable"	Gold Stable Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Grow Wealth"	Grow Wealth Company Ltd, a company incorporated in the Republic of Liberia with limited liability and an indirect wholly-owned subsidiary of the Company
"Guangdong Wan Jia"	Guangdong Wan Jia Investment Development Company Limited*（廣東萬佳投資發展有限公司）, a company incorporated in the PRC and owned as to 50% by Mr. Cheung and 50% Ms. Cheung as of the Latest Practicable Date
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

* *For identification purpose only*

"independent third party"	a third party independent of the Company and connected persons of the Company
"Jumbo Glory"	Jumbo Glory Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a direct non-wholly-owned subsidiary of the Company
"Last Trading Day"	27 June 2014, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of the announcement of the Company in relation to, among other things, the Acquisition
"Latest Practicable Date"	27 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan Agreement"	a facility agreement dated 27 September 2012 between Champion Dynasty as borrower, Allad Guangdong as corporate guarantor, Mr. Cheung as individual guarantor and the Company as lender, pursuant to which the Company agreed to make available to Mr. Cheung a revolving loan facility of up to HK$220,000,000, as more particularly disclosed in the announcements of the Company dated 28 September 2012, 8 October 2012 and 1 November 2012, and the circular of the Company dated 5 November 2012
"Mr. Cheung"	Mr. Cheung Wai Kuen, the chairman of the Board, an executive Director and a controlling Shareholder
"Mr. Fok"	Mr. Fok Siu Ai*（翟少艾）, who is, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, an independent third party as of the Latest Practicable Date
"Mr. Huang"	Mr. Huang Zhu Liang, the sole shareholder of Billion High as at the date of the Acquisition Agreement

* *For identification purpose only*

"Ms. Cheung"	Ms. Cheung Shi Yue, the sister of Mr. Cheung
"Multi Talent"	Multi Talent Limited, a company incorporated in the Cayman Islands with limited liability and a direct non-wholly-owned subsidiary of the Company until the disposal of its interest by the Company on 31 October 2014
"PRC"	the People's Republic of China and, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Property"	25 car parking spaces on various floors at ground floor to fourth floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
"Provisional Sale and Purchase Agreement"	the agreement for sale and purchase of the Property dated 17 September 2014 and entered into between Regal Fortune, Give Strong and the Agent
"Regal Fortune"	Regal Fortune Limited, an independent third party, a company incorporated in Hong Kong with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	35,000 Target Shares, representing 70% of the issued share capital of the Target Company as at the date of the Acquisition Agreement
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shenzhen Ju Feng"	Shenzhen Je Feng Guarantee Investment Limited* (深圳市巨豐擔保投資有限公司), a company incorporated in the PRC with limited liability and the ultimate beneficial owner of which was the Cheung's Family until its de-registration

* *For identification purpose only*

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Shareholder(s)"	holder(s) of the Share(s)
"Special General Meeting"	the special general meeting to be held by the Company on Wednesday, 17 December 2014 at 3:00 p.m. to consider and, if thought fit, approve (among other things) the Acquisition Agreement, the Provisional Sale and Purchase Agreement and the Formal SPA and the respective transactions contemplated thereunder and the Specific Mandate
"Specific Mandate"	a specific mandate for the Directors to issue the Consideration Shares
"Supplemental Agreement"	the supplemental agreement dated 27 November 2014 entered into among Gold Stable, Billion High, Mr. Huang, Allad Guangdong and the Target Company for the Acquisition
"Target Company"	Zhao Long International Medical Investment Management Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a company wholly-owned by Billion High as of the Latest Practicable Date
"Target Group"	the Zhao Long Group and the Allad Group
"Target Shares"	ordinary shares of US$1 each in the share capital of the Target Company
"Zhanjiang Optometry Group"	Allad Zhanjiang Optometry Centre and its subsidiaries from time to time
"Zhanjiang Wing Lun"	Zhanjiang Wing Lun Properties Company Limited*（湛江永聯房地產有限公司）, a company incorporated in the PRC with limited liability and the ultimate beneficial owner of which is Mr. Fok at the Latest Practicable Date

* *For identification purpose only*

"Zhao Long Group"	the Target Company and its subsidiary which, for the avoidance of doubt, does not include any members of the Allad Group
"Zhao Long HK"	Zhao Long International Medical Investment Management Group Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
"Zhongshan Ophthalmology Group"	Zhongshan Allad Ophthalmology Company and Allad Zhongshan Ophthalmology Hospital
"2014 Net Profit"	the aggregate of 100% of the audited consolidated net profits after tax and after extraordinary items of the Zhao Long Group and 27% of the audited consolidated net profits after tax and after extraordinary items of the Allad Group for the financial year ending 31 December 2014, calculated in accordance with and on the basis of HKFRS, expressed in Hong Kong dollars and agreed or determined as such pursuant to the Acquisition Agreement
"2014 Payment"	the amount, if any, to be paid by Gold Stable to Billion High (or its nominee) as a result of the 2014 Net Profit exceeding HK$3,780,000 or, as the case may be, the value of the Shares issued to Billion High in lieu of cash payment as determined in accordance with the terms of the Acquisition Agreement
"2015 Net Profit"	100% of the audited consolidated net profits after tax and after extraordinary items of the Target Company for the financial year ending 31 December 2015, calculated in accordance with and on the basis of HKFRS expressed in Hong Kong dollars and agreed or determined as such pursuant to the Acquisition Agreement
"%"	per cent.

COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Executive Directors
Mr. Cheung Wai Kuen *(Chairman)*
Mr. Cheng Hau Yan
(Deputy Chairman & Chief Executive Officer)

Non-executive Director
Mr. Lin Jiang

Independent Non-executive Directors
Mr. Mai Yang Guang
Mr. Yau Chi Ming
Mr. Huang Liang

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office in Hong Kong:
Room 2709-10, 27th Floor
North Tower, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

2 December 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS

IN RELATION TO THE ACQUISITION OF 70% OF THE ISSUED SHARE CAPITAL IN ZHAO LONG INTERNATIONAL MEDICAL INVESTMENT MANAGEMENT GROUP LIMITED AND DISPOSAL OF PROPERTY

INTRODUCTION

Reference is made to the announcements of the Company dated 29 June 2014 and 17 September 2014, whereby the Company announced, respectively, that (i) on 28 June 2014, the Company entered into the Acquisition Agreement pursuant to which Gold Stable conditionally agreed to acquire and Billion High conditionally agreed to sell the Sale Shares; and (ii) on 17 September 2014, Give Strong entered into the Provisional Sale and Purchase Agreement pursuant to which Give Strong conditionally agreed to dispose of and Regal Fortune conditionally agreed to acquire the Property.

The purpose of this circular is, among other things, to provide you with further information in relation to the Acquisition, the Disposal and the notice of the Special General Meeting.

THE ACQUISITION

The Acquisition Agreement

Date

28 June 2014 (as supplemented and amended by the parties thereto by way of the Supplemental Agreement)

Parties

The Purchaser	:	Gold Stable Limited (being a direct wholly-owned subsidiary of the Company)
The Seller	:	Billion High Worldwide Investments Limited
The Seller's Guarantor	:	Mr. Huang Zhu Liang (being the sole shareholder of the Target Company)
The Target Company	:	Zhao Long International Medical Investment Management Group Limited

In addition to the above parties, Allad Guangdong is a party to the Acquisition Agreement for the purposes of giving certain representations, warranties, undertakings and indemnities in favour of Gold Stable.

Subject matter

The Sale Shares, representing 70% of the issued share capital of the Target Company as of the Latest Practicable Date. The information regarding the Target Group is set out in the paragraph headed "Information on the Parties and the Target Group" below.

The Allad Zhanjiang Agreement

The Allad Zhanjiang Agreement was entered into between Billion High and Allad Guangdong dated 27 June 2014, pursuant to which, among other things:

(i) Billion High conditionally agreed to acquire by itself (or one or more of its nominee) and Allad Guangdong conditionally agreed to sell the entire registered capital in Allad Zhanjiang Optometry Centre at the consideration of RMB50,000,000; and

(ii) Billion High conditionally agreed to procure the Target Company to acquire and Allad Guangdong conditionally agreed to sell 27% of the registered capital in Allad Zhanjiang Optometry Centre to the Target Company at the consideration of RMB13,500,000.

Pursuant to the Acquisition Agreement, Billion High shall, as directed by Gold Stable after the Acquisition Completion, pay a sum of RMB13,500,000 to the Target Company or its wholly-owned subsidiary for the payment of the Acquisition Consideration for the 27% registered capital in Allad Zhanjiang Optometry Centre pursuant to the Allad Zhanjiang Agreement, or use or procure the use or retention of such sum for such other purposes for any members of the Allad Group, in each case as Gold Stable may in its sole and absolute discretion determine.

Neither Gold Stable nor the Target Company has any obligation or rights to acquire the remaining 73% registered capital in Allad Zhanjiang Optometry Centre, which will be held by Billion High or its wholly-owned subsidiary immediately after completion of the Allad Zhanjiang Acquisition, under the Acquisition Agreement or the Allad Zhanjiang Agreement. As of the Latest Practicable Date, the Company had no intention to increase its stake in the Allad Group to the extent that such action would constitute a reserve takeover of the Company under Chapter 14 of the Listing Rules.

Pursuant to the Allad Zhanjing Agreement, upon completion of the Acquisition, the board of Allad Zhanjiang Optometry Centre will comprise three members, one of which will be Mr. Fok, the existing director of Allad Zhanjiang Optometry Centre, one will be appointed from existing management of the Allad Group and one will be appointed by the Target Company. It is expected that the director to be appointed by the Target Company to Allad Zhanjiang Optometry Centre will initially be appointed by Billion High. The board of directors of the Target Company will comprise two directors nominated by Gold Stable and one director nominated by Billion High. Gold Stable will therefore have a majority of directors at the board of the Target Company. Although the initial director to be appointed by the Target Company to Allad Zhanjiang Optometry Centre will be appointed by Billion High, by controlling the board of the Target Company, the Company, through Gold Stable, will have the power to remove such director appointed by Billion High and nominate a replacement director at the Company's discretion in case the Company's interest in the Allad Group is infringed. The Directors therefore consider that the Group's interest in the Allad Group is safeguarded by having the right to appoint a director to Allad Zhanjiang Optometry Centre through the Target Company.

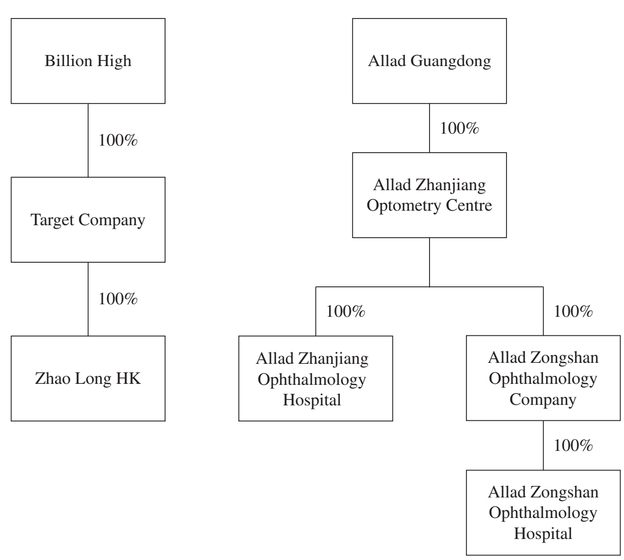
Mr. Cheung, being the chairman of the Board, was the founder of the Allad Group and has had the experience in operating hospital in the PRC since Allad Zhanjiang Ophthalmology Hospital was registered as a medical institution on 31 March 2004. The current effective delegation of the power to different departments in the Allad Group by its board has created a clear division of power and duties among the departments and its current operational system enables an effective supervisory system substantially adopted from the period during which Mr. Cheung was a director of the Allad Group. Although Mr. Cheung completely disposed of his interests in the Allad Group in January 2011, the Directors are of the view that his experience in managing the Allad Group for at least seven years for two hospitals will help safeguarding the Company's interest in the Allad Group. The Directors believe that Mr. Cheung is familiar with the business and operation of the Allad Group and that the Group can monitor and protect its investment as well as to measure and evaluate the performance of the Allad Group after the Acquisition Completion.

Other than the proposed transactions disclosed above, as at the Latest Practicable Date, there are no joint venture agreement or other arrangement between the Group, Billion High (or its subsidiary) and the Allad Group.

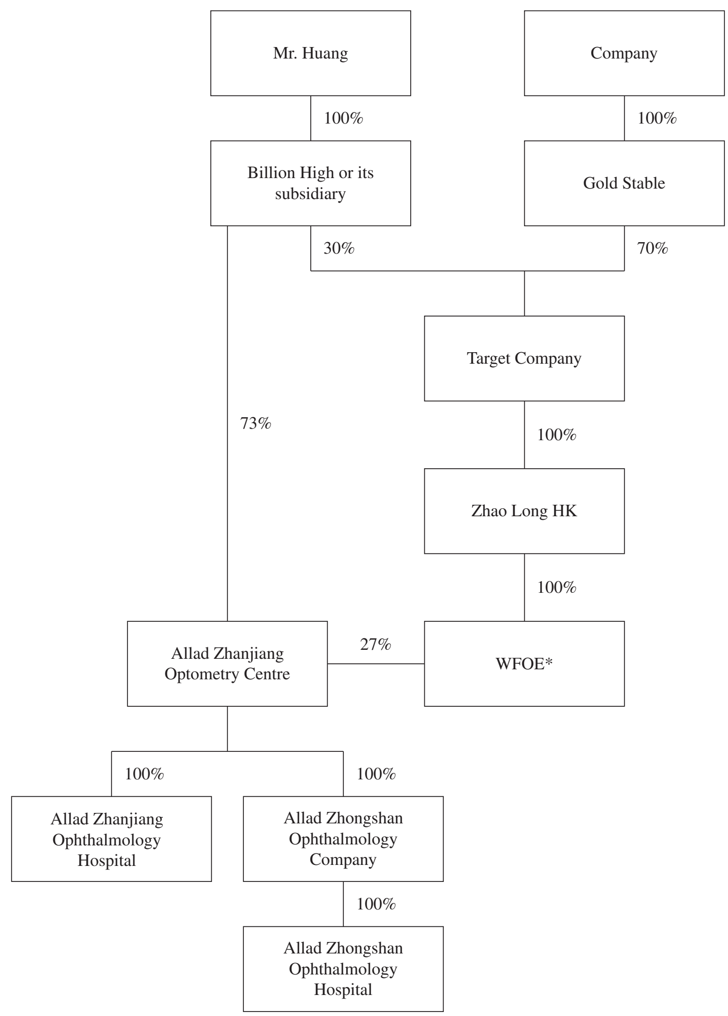
Acquisition Completion

Shareholding of the Target Group before and immediately upon the Acquisition Completion

Before the Acquisition Completion

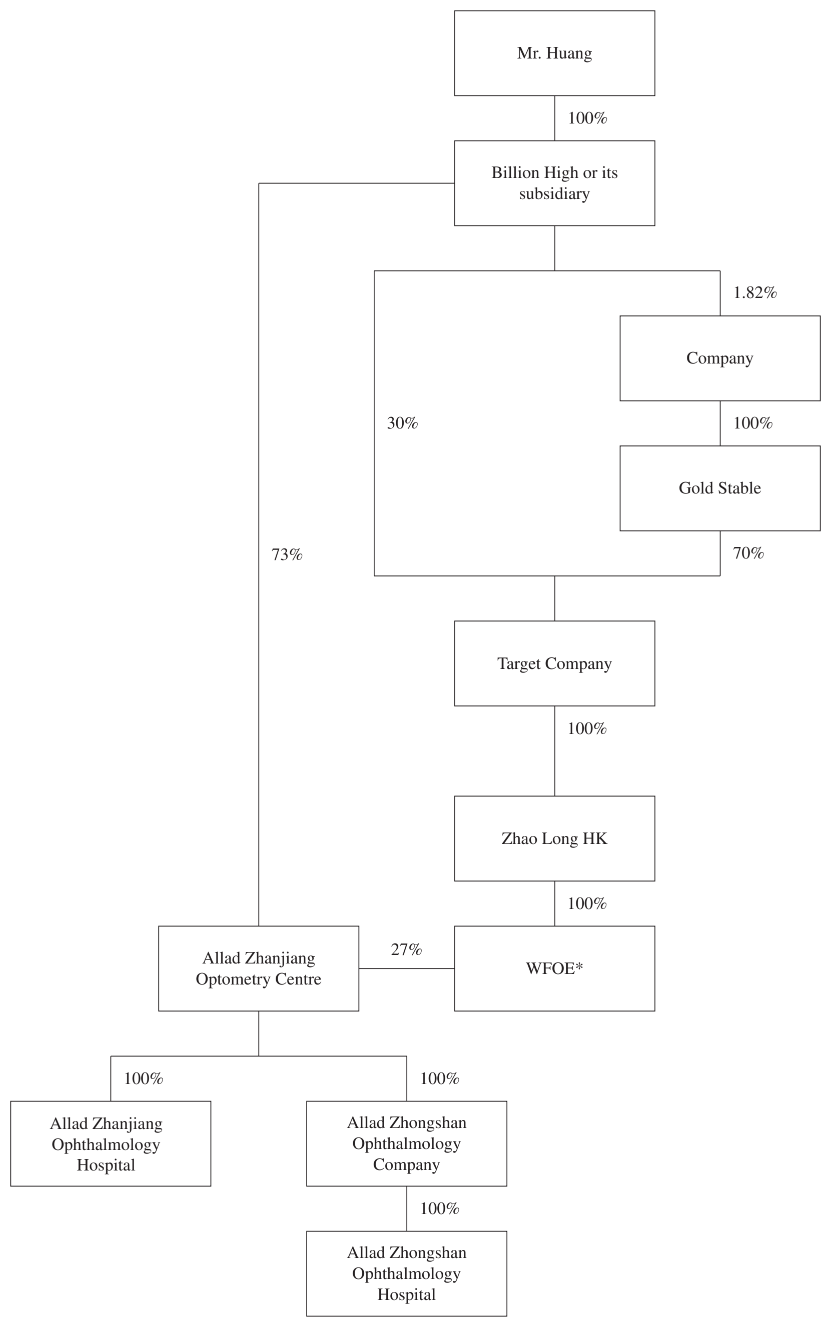


Immediately upon Acquisition Completion but before issue of the Consideration Shares



* *a wholly foreign-owned enterprise to be established by Zhao Long HK in the PRC*

Immediately upon Acquisition Completion and issue of the Consideration Shares



* *a wholly foreign-owned enterprise to be established by Zhao Long HK in the PRC*

Consideration

The consideration for the Acquisition is HK$40,000,000 in cash (subject to adjustment, if any, in cash and/or new Shares pursuant to the terms of the Acquisition Agreement). A sum of HK$40,000,000 had been paid by the Company on behalf of Gold Stable to the nominee of Billion High as a refundable deposit for the consideration for the Sale Shares in accordance with the terms of the Acquisition Agreement. Such consideration was settled using the Company's internal working capital. During the negotiation of the Acquisition Agreement, the Company was aware that there were other potential purchasers who were also interested in acquiring the Allad Group. As such, the Company proposed to enter into the Acquisition Agreement earlier than scheduled. The refundable deposit arrangement was a term proposed by Billion High as a condition to secure the deal. The Directors are of the view that such payment schedule is fair and reasonable, since the deposit is refundable upon the conditions precedent under the Acquisition Agreement not being fulfilled.

Pursuant to the Allad Zhangjiang Agreement, other than the consideration of RMB50,000,000 payable from Billion High (or its wholly-owned subsidiary) to acquire the entire interests of the Allad Group, Billion High will provide an interest-free loan in the amount of HK$50,000,000 to Allad Guangdong and will provide consultancy services to assist Allad Guangdong in the development its business. The Company understands that Mr. Huang, the sole shareholder of Billion High, has maintained a close relationship with Mr. Fok, the ultimate beneficial owner of Allad Guangdong. As such, the Company believes that it would be difficult to convince Allad Guangdong to sell its interests in the Allad Group to an entity that it is not familiar with. The only way for the Company to acquire the interests in the Allad Group is to establish an entity which is jointly owned by Billion High and the Company (or its subsidiary).

Pursuant to the Acquisition Agreement, Gold Stable and Billion High agreed that additional payment may become payable by Gold Stable to Billion High (or its nominee) as follows, depending on the amount of the 2014 Net Profit and the 2015 Net Profit:

If the 2014 Net Profit shall exceed HK$3,780,000, Gold Stable shall procure the payment to Billion High (or its nominee) a sum of cash calculated as follows (if such number is positive):

the lesser of HK$6,750,000 and the 2014 Net Profit x 15 x 70% – the Acquisition Consideration

If the 2015 Net Profit shall exceed HK$4,860,000, Gold Stable shall procure the payment to Billion High (or its nominee) a sum of cash calculated as follows (if such number is positive):

the lesser of HK$6,750,000 and the 2015 Net Profit x 15 x 70% – the Acquisition Consideration – the 2014 Payment (if any)

Gold Stable's obligation to pay any sums to Billion High (or its nominee) is conditional upon Billion High remaining as a shareholder of the Target Company at the time such payment obligation (if any) shall arise.

Billion High may, in lieu of receiving payment in cash, request Gold Stable to procure the Company to issue such number of Shares to Billion High at HK$0.686 per Share, being a price equivalent to the average closing price of the Shares quoted on the Stock Exchange during a period of 30 days prior to the date of the Acquisition Agreement (subject to any adjustment as Gold Stable may in its sole and absolute discretion determine taking into account any relevant corporate actions taken by the Company subsequent to the date of the Acquisition Agreement including but not limited to any share consolidation, sub-division, bonus issue and other issues). Gold Stable shall have no obligation to procure the Company to issue any Shares to the extent:

(a) such issue would give rise to any general offer implications under The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong;

(b) such issue would result in the Shares being unable to fulfil the minimum public float requirements under the Listing Rules; or

(c) the Shares to be issued would represent more than 10% of the then total issued share capital of the Company prior to such issue.

The aforesaid Share price represents:

(a) a premium of approximately 7.19% to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of approximately 7.19% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK$0.64 per Share;

(c) a premium of approximately 7.52% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK$0.638 per Share;

(d) a premium of approximately 34.5% to the closing price of the Shares as quoted on the Stock Exchange on the Lastest Practicable Day;

(e) a premium of approximately 28.5% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Lastest Practicable Day of approximately HK$0.534 per Share; and

(f) a premium of approximately 29.7% to the average of the closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Lastest Practicable Day of approximately HK$0.529 per Share.

Assuming that the 2014 Net Profit and the 2015 Net Profit would be HK$6,750,000, being the maximum amount that the Acquisition Consideration may be adjusted with reference to the 2014 Net Profit and the 2015 Net Profit pursuant to the Acquisition Agreement, the additional payment that Gold Stable would become liable to pay Billion High (or its nominee) would be HK$30,875,000. Together with the initial consideration in the amount of HK$40,000,000, the maximum aggregate consideration payable under the Acquisition Agreement is HK$70,875,000. Should Billion High request that Consideration Shares be issued in lieu of receiving payment for the adjustment of the Acquisition Consideration in cash, the number of Consideration Shares that would be issued as a result of which would be 45,007,288 Shares, representing approximately 1.85% of the entire issued share capital of the Company or 1.82% of the enlarged share capital of the Company as at the Latest Practicable Date. The Directors consider such profit guarantee arrangement to be an incentive for the Target Group to drive better performance after the Acquisition Completion which is fair and reasonable and in the interest of the Company and the Shareholders as whole. The Consideration Shares will be issued under the Specific Mandate. The Company will seek the Specific Mandate from the Shareholders at the Special General Meeting for the issue of the Consideration Shares. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such Consideration Shares. Such Consideration shares, when allotted and issued, would rank pari passu in all respects with all the Shares then in issue. It is not expected there will be any change of control of the Company after issuance of such maximum number of Consideration Shares.

Basis of determining the Acquisition Consideration

The Acquisition Consideration was arrived at after arm's length negotiations among the parties to the Acquisition Agreement and was determined with reference to the financial performance, business development and prospects of the Allad Group. The Directors also took into account various factors, among others, the total acquisition cost of Billion High in the Allad Group pursuant to the Allad Zhangjiang Agreement, including (i) the consideration payable from Billion High (or its wholly-owned subsidiary); (ii) the amount of the interest-free loan granted; and (iii) the consultancy services to be provided by Billion High to Allad Guangdong, the costs of providing which by Billion High is factored into the Acquisition Consideration, and are of the view that the Acquisition Consideration is fair and reasonable.

In considering the financial performance of the Allad Group, the Company considered in particular the price-to-earnings ratios of companies which conduct similar business operations as the Allad Group namely, Aier Eye Hospital Group Co. Ltd., a company listed on the Shenzhen Stock Exchange, and Phoenix Healthcare Group Co. Ltd., a company listed on the main board of the Stock Exchange, with a price-earning ratio of 46.65 times and 60.75 times, respectively, as of the Last Trading Day. These comparables were considered by the Company based on the nature of their business, size and geographical locations of their operations.

Based on the information available on its website as of the Latest Practicable Date, Aier Eye Hospital Group is the largest Ophthalmology chain institution in the PRC. As of the Latest Practicable Date, it operated 60 Ophthalmology hospitals covering 24 provinces in the PRC. It services cover surgery for myopia, treatment for cataract, glaucoma, amblyopia for children, fundus, lacrimal disorders, cosmetic surgery for eyes and cornea and ocular specialist, treating more than 2,500,000 patients per annum. The range of services provided by the Aier Eye Hospital Group it is similar to that of the Allad Group. Its net profit to revenue ratio and return rate of capital employed were 15.4% and 13.8% for the year ended 31 December 2013. The net profit to revenue ratio and return rate of capital employed of the Allad Group was 49.5% and 57.7%, respectively for the six months ended 30 June 2014.

According to the information available on its website as of the Latest Practicable Date, Phoenix Healthcare Group Co. Ltd. is the largest hospital group in the PRC. All of their in-network healthcare institutions are located in Beijing. It owns the majority equity interest in a hospital in Beijing and manage four hospitals under their invest-operate-transfer (the "IOT") model as well as seven grade-one hospitals and 28 community clinics. Under the IOT model, Phoenix Healthcare Group operates and provides management services to IOT hospitals and derive management fee on pre-set formula set out in the related management agreements. According to its 2014 interim report, Phoenix Healthcare Group managed and operated a total of 10 general hospitals, one traditional Chinese medicine hospital and 28 community clinics under the IOT model and it was entitled to receive management fee from each hospital or the hospital owner. The segmental profit to revenue ratio in respect of profit derived from management fee from the IOT model for six months ended 30 June 2014 was approximately 57.1%. Although the IOT model adopted by the Phoenix Healthcare Group is not entirely the same as the proposed management trust model of the Target Group, the Directors consider that such model serves as a valuable reference to Company in relation to the manner in which the management trust model is to be operated by the Target Group.

The Aier Eye Hospital Group and Phoenix Healthcare Group are used by the Company as comparables in assessing the financial performance of the Allad Group as these are listed companies whose financial data is publicly available. There may be companies conducting similar business as the Allad Group in the PRC whose financial information was not considered by the Company as such information is not publicly available to the Company.

Conditions precedent

Acquisition Completion is subject to, among other things, satisfaction or, as the case may be, waiver of the following conditions precedent:

(a) the conduct of a due diligence investigation covering, among other things, the business, affairs, operations, assets, liabilities, financial condition, prospects and records of the Target Group having been completed and the results of such due diligence investigation being satisfactory to Gold Stable at its sole and absolute discretion;

(b) completion of the Allad Zhanjiang Acquisition to the satisfaction of Gold Stable at its sole and absolute discretion;

(c) Billion High providing a legal opinion issued by the PRC legal counsel of Billion High to Gold Stable to the sole and absolute satisfaction of Gold Stable confirming the due completion of the Allad Zhanjiang Acquisition, and the Target Company (or its wholly-owned subsidiary) having become the legal and beneficial owner of 27% of the registered capital in Allad Zhanjiang Optometry Centre;

(d) the warranties given by Billion High, Mr. Huang, Allad Guangdong and the Target Company under the Acquisition Agreement remaining true and accurate in all respects and not misleading in any respect as at the Acquisition Completion;

(e) Allad Guangdong showing to the sole and absolute satisfaction of Gold Stable that the consolidated tangible net worth of Allad Guangdong (excluding the net worth of the Allad Group), as shown in its then audited consolidated balance sheet prepared in accordance with generally accepted accounting principles and practices in the PRC as at a date not more than 30 days before the date of the Acquisition Completion, not being less than HK$440,000,000;

(f) there having been no material breach of the obligations of Billion High and Mr. Huang under the Acquisition Agreement from the date of the Acquisition Agreement up to the Acquisition Completion which remains unremedied;

(g) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Company and Gold Stable consider necessary or desirable pursuant to the applicable laws, regulations or rules (including but not limited to the approval from the Shareholders as required under the Listing Rules and the Stock Exchange's clearance for the transactions contemplated under the Acquisition Agreement) for the execution, implementation and completion of the Acquisition Agreement having been obtained; and

(h) all such consents, approvals, permits, authorisations and clearances as referred to in (g) above not having been revoked or withdrawn at any time up to the Acquisition Completion.

Conditions (g) and (h) cannot be waived by any party to the Acquisition Agreement unilaterally. At any time on or before 30 June 2015, Gold Stable may waive any of the conditions (a) to (f) (in whole or in part) by notice to Billion High on any terms it decides. As at the Latest Practicable Date, the above conditions precedent had not yet been fulfilled. On 27 November 2014, Gold Stable, Billion High, Mr. Huang, the Target Company and Allad Guangdong entered into the Supplemental Agreement, pursuant to which Gold Stable agreed to waive conditions (b) and (c) and it was agreed that such conditions shall be satisfied by Billion High within four months of the Acquisition Completion. In the event that Billion High shall fail to satisfy such conditions within four months of the Acquisition Completion then Billion High shall forthwith (and in any event on or before the second Business Day from the end of such four-month period) refund or cause the refund of the consideration for the Acquisition to Gold Stable (or its nominee).

Prior to the execution of the Supplemental Agreement, the 2014 Net Profit included only 70% of the audited consolidated net profits of the Target Company for the financial year ending 31 December 2014. Based on the information available as of the Latest Practicable Date, the parties to the Acquisition Agreement expected that completion of the Allad Zhanjiang Acquisition may not be able to take place on or before 31 December 2014 due to the prolonged procedures for share transfer in the PRC. In the event that the Allad Zhanjiang Acquisition took place after 31 December 2014 it would render the profit guarantee with respect to the 2014 Net Profit (as defined in the Acquisition Agreement prior to the execution of the Supplemental Agreement) worthless as the Target Company would not have any consolidated net profit without the net profit contributed from its shareholding in the Allad Group after the Allad Zhanjiang Acquisition.

The parties therefore agreed, by way of the Supplemental Agreement, to, among other things: (i) amend the definition for 2014 Net Profit to include 100% of the audited consolidated net profit of the Zhao Long Group and 27% of the audited consolidated net profit of the Allad Group for the financial year ending 31 December 2014; and (ii) waive conditions (b) and (c), so that the Acquisition Completion can take place without first completing the Allad Zhanjiang Acquisition in order to enable Gold Stable to obtain the benefit of the profit guarantee. If conditions (b) and (c) are not waived then it is highly likely that the Acquisition Completion would not be able to take place until after 31 December 2014, which would render the profit guarantee with respect to the 2014 Net Profit worthless.

Having considered Mr. Huang, being the ultimate beneficial owner of Billion High, as a trustworthy businessman and the beneficial owner of 38% of the issued share capital of Jumbo Glory, a non-wholly-owned subsidiary of the Company carrying out the health management business of the Company, the Directors are of the view that the risk that the consideration for the Acquisition cannot be repaid by Billion High after the expiry of the four-month period should conditions (b) and (c) cannot be fulfilled within such period is low.

Acquisition Completion

Acquisition Completion shall take place on the date which is two Business Days after the date (not being later than 30 June 2015) on which the last of the conditions precedent of the Acquisition Agreement is satisfied or waived. The long stop date for the Acquisition Agreement will be on 30 June 2015.

If the conditions precedent have not been satisfied (or waived, where applicable) by 5:00 p.m. on 30 June 2015, the Acquisition Agreement shall automatically terminate with immediate effect, in which case Billion High and Mr. Huang shall forthwith (and in any event on or before the second Business Day from the date of such termination) refund or cause the refund of the Deposit without interest to Gold Stable (or its nominee).

Subject to the due fulfilment of Billion High's and Mr. Huang's obligations to refund the Deposit without interest, each party's further rights and obligations under the Acquisition Agreement shall cease immediately on termination, but termination does not affect a party's accrued rights and obligations at the date of termination.

Upon the Acquisition Completion, Gold Stable and Billion High will hold 70% and 30% of the issued share capital of the Target Company, respectively. Accordingly, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and members of the Allad Group will become associate companies of the Target Company as well as indirect associate companies of the Company over which the Company has a significant influence through controlling the board of directors of the Target Company.

Profit guarantee

Pursuant to the Acquisition Agreement, Billion High and Mr. Huang irrevocably and unconditionally guarantee to Gold Stable that each of the 2014 Net Profit and the 2015 Net Profit shall not be less than HK$3,780,000.

In the event that the 2014 Net Profit shall be less than HK$3,780,000, Billion High shall, at the determination of Gold Stable at its sole and absolute discretion:

(a) purchase the Target Shares held by Gold Stable representing 70% of the then issued share capital of the Target Company at the consideration of HK$40,000,000.

or

(b) transfer the Target Shares representing 30% of the then issued share capital of the Target Company to Gold Stable (or its nominee) at the aggregate consideration of HK$1 and pay Gold Stable (or its nominee) a sum of cash calculated as follows (if such number is positive):

the Acquisition Consideration – the 2014 Net Profit x 15

In the event that the 2014 Net Profit shall exceed HK$3,780,000 but the 2015 Net Profit is less than HK$3,780,000, Billion High shall, at the determination of Gold Stable at its sole and absolute discretion:

(a) purchase the Target Shares held by Gold Stable representing 70% of the then issued share capital of the Target Company at the aggregate consideration of HK$40,000,000 plus the 2014 Payment (if any).

or

(b) transfer the Target Shares representing 30% of the then issued share capital of the Target Company to Gold Stable (or its nominee) at the aggregate consideration of HK$1 and pay Gold Stable (or its nominee) a sum of cash calculated as follows (if such number is positive):

the Acquisition Consideration + the 2014 Payment (if any) – the 2015 Net Profit x 15

The profit guarantee was determined with reference to, among other things, the financial performance, business development and prospects of the Allad Group. Please refer to the section headed "Basis of determining the Acquisition Consideration" on page 18 of this circular for details.

The Company will publish further announcement(s) in a timely manner to inform the Shareholders of the fulfillment of the profit guarantee or the Company's decision upon failure to meet the profit guarantee as mentioned above. The Company will also comply with all the applicable requirements relating to notifiable transactions and/or connected transactions under Chapter 14 and 14A of the Listing Rules as and when required in connection with any transactions arising from the fulfilment or failure to meet the profit guarantee.

Non-compete undertakings by Billion High and Mr. Huang

Billion High and Mr. Huang have undertaken to Gold Stable that, during a period of two years from the date of the Acquisition Agreement, it/he will not, without written consent from Gold Stable, engage in activities in competition with the business or having an adverse effect on the goodwill of the Allad Group pursuant to the terms of the Acquisition Agreement. Such restrictions include, without limitation, being interested in or assist a business which competes directly or indirectly with a business of the Allad Group, seeking to obtain orders from or do business with a person who has been a customer of the Allad Group during a period of 12 months prior to the date of the Acquisition Agreement, and soliciting or contacting with a view to engagement or employment by another person a director, officer, employee or manager of a member of the Allad Group.

Pursuant to the Acquisition Agreement, Mr. Huang has undertaken, for a period of two years commencing from the date of the Acquisition Agreement, to make his service exclusively available to the Allad Group as a senior management and/or officer of the Allad Group (or any member thereof) whenever the relevant Group Company(ies) offer such role(s) to him on terms comparable to prevailing market terms.

The Shareholding structure of the Company immediately before/after the issue of the Consideration Shares (if any)

	Immediately before the issue of the Consideration Shares		Immediately after the issue of the Consideration Shares	
	Number of Shares Held	*% of issued Shares*	*Number of Shares Held*	*% of issued Shares*
Billion High (or its nominee)	–	–	45,007,288#	1.82
Champion Dynasty	903,949,671	37.23	903,949,671	36.55
Public	1,524,305,337	62.77	1,524,305,337	61.63
	2,428,255,008	100.00	2,473,262,296	100.00

 # Note

Assuming that the 2014 Net Profit and the 2015 Net Profit would be HK$6,750,000, being the maximum in lieu of receiving payment for the adjustment of the Acquisition Consideration in cash and the number of Shares that would be issued as a result of which would be approximately 45,007,288 Shares, representing approximately 1.85% of the entire issued share capital of the Company or 1.82% of the enlarged share capital of the Company as at the Latest Practicable Date.

The issued share capital of the Company immediately before/after the issue of the Consideration Shares (if any)

	Immediately before issue of Consideration Shares		Immediately after issue of Consideration Shares	
	Authorised share capital	*Issued capital (fully paid up)*	*Authorised share capital*	*Issued capital (fully paid up)*
Number of ordinary Shares of HK$0.01 each	80,000,000,000	2,428,255,008	80,000,000,000	2,473,262,296
Share capital HK$	800,000,000	24,282,550	800,000,000	24,732,623

Information on the Parties and the Target Group

Gold Stable

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

Billion High and Mr. Huang

Billion High is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Huang, Billion High's guarantor under the Acquisition Agreement. 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.

Allad Guangdong

Allad Guangdong, the sole shareholder of Allad Zhanjiang Optometry Centre as of the Latest Practicable Date, is a company incorporated in the PRC on 29 September 2003. Allad Guangdong is principally engaged in the investment and management of hospitals, and the sales agent business for health food, health care equipment and rehabilitation equipment in the PRC. At the time of its incorporation, Allad Guangdong was owned as to 35% by Mr. Cheung, 35% by Ms. Cheung and 30% by Dongguan Wan Jia. Allad Guangdong became wholly-owned by Mr. Cheung on 6 March 2009, who subsequently ceased to hold any interest in Allad Guangdong since 21 July 2009. Mr. Cheung had been a legal representative of Allad Guangdong since its incorporation and was replaced by Mr. Fok on 21 July 2009, who retained such position as of the Latest Practicable Date. As of the Latest Practicable Date, Allad Guangdong was owned as to 50% by each of Mr. Fok and by Mr. Huang Zong Xu*（黄宗旭）, respectively, who are both independent third parties. As advised by Mr. Huang Zong Xu*（黄宗旭）and Mr. Fok, Mr. Huang Zong Xu*（黄宗旭）is the person nominated by Mr. Fok to hold 50% equity interest in Allad Guangdong, whereas Mr. Fok is the sole beneficial owner of the entire registered capital in Allad Guangdong. The sole director of Allad Guangdong is Mr. Fok, whereas Ms. Cheung is the supervisor.

* *For identification purpose only*

In addition, Allad Guangdong is a corporate guarantor to the revolving loan advanced by the Company to Champion Dynasty under the Loan Agreement as disclosed in an announcement of the Company on 28 September 2012. During the period between 8 October 2012 and 4 April 2014, Allad Guangdong, through its subsidiary Decheng Trading Group Co., Limited (a company incorporated in Hong Kong with limited liability), was interested in 1% of the total issued share capital of Champion Dynasty. As at the Latest Practicable Date, Mr. Cheung was the sole director and shareholder of Champion Dynasty.

The Target Group

The Target Company, a company wholly-owned by Billion High, is a company incorporated in the British Virgin Islands with limited liability on 25 March 2014 and is an investment holding company incorporated for the purpose of acting as the holding company of interests in Allad Zhanjiang Optometry Centre pursuant to the Allad Zhanjiang Agreement.

Zhao Long HK, a direct wholly-owned subsidiary of the Target Company, is a company incorporated in Hong Kong with limited liability on 15 April 2014. Zhao Long HK is an investment holding company and had no operation as at the Latest Practicable Date. It is the intention of the Company to establish a wholly foreign-owned enterprise (WFOE) in the PRC which will be wholly-owned by Zhao Long HK for the purpose of holding the 27% registered capital in Allad Zhanjiang Optometry Centre and operating the hospital management trust business. Please refer to the section headed "The business strategy of the Target Group" on page 49 of this circular for details of the hospital management trust business.

As at the Latest Practicable Date, Allad Zhanjiang Optometry Centre was a direct wholly-owned subsidiary of Allad Guangdong. Upon completion of the Allad Zhanjiang Acquisition, the Target Company (or through its wholly-owned subsidiary) will become the legal and beneficial owner of 27% of the registered capital in Allad Zhanjiang Optometry Centre. Upon the Acquisition Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements, while the members of the Allad Group will not become subsidiaries of the Company but become indirect associate companies of the Company.

The Allad Group operates two hospitals in Zhanjiang and Zhongshan in the PRC in central part of Zhanjiang City and Zhongshan City of the PRC which are conveniently accessible by residents through public transport. Zhanjaing City is situated at the southern part of China and south-west of the Guangdong Province of the PRC. Its population is approximately 7,920,000 and covers 13,260 square kilometers area[i]. Zhongshan City is located at the southern part of the PRC and mid-south of the Pearl River Delta. Its population is approximately 3,142,300 and covers 1,783.67 square kilometers area[ii]. The aggregate floor area of these hospitals is approximately 12,359 square metres. Zhangjiang Optometry Group leases two buildings with 5,000 square meter and 300 square meter for its hospital and office in Zhanjiang of the PRC for a term of 35 years from 2004 to 2039. As of the Latest Practicable Date, no rental expenses were charged against the Zhanjiang Optometry Group as the buildings leased by it in 2004 were not completed at that time and were in bad condition. As such the lessor, Zhanjiang Wing Lun, agreed to grant a 30-year rent free period to the Zhanjiang Optometry Group commencing from 2004 and ending in 2034. After such rent free period rent will be charged at the then market rate to be agreed between the Zhanjiang Optometry Group and the lessor. On the other hand, Zhongshan Ophthalmology Group leases a building with 6,739 square meter in Zhongshan of the PRC for its hospital and office with leases until 30 June 2016 and 320 square meter land for car parking space until 31 October 2014. The Zhongshan Ophthalmology Group shall pay an average monthly rental of RMB53,916 and RMB800 over their lease terms for such building and car parking space. The Allad Group does not own any property in the PRC. The Allad Group employ over 190 employees, of which over 120 are medical professionals. These employees are led by the director of Allad Zhanjiang Optometry Centre, Mr. Fok, who has over 10 years of experience in the healthcare industry. The senior management of the Allad Group comprise seven professors and four supervisors, who are mainly responsible for operation of Allad Group. To the best knowledge, information and belief of the Directors, the senior management of the Allad Group, including Mr. Fok will remain subsequent to the Acquisition Completion. The hospitals operated by the Allad Group provide full ophthalmology related services including ophthalmic surgery for cataract, ocular disease, glaucoma, laser refractive surgery and optometry services.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, at the Latest Practicable Date, the Allad Group had obtained and maintained all required licenses, permits and approvals from the government, bureau and agencies in the PRC for the operation of its business including a renewal medical institution practice permit which is valid until 31 December 2016 issued by the Municipal Health Bureau of Chi Kan District of Zhanjiang City to the Allad Zhanjiang Ophthalmology Hospital on 10 December 2012. Allad Zhongshan Ophthalmology Hospital was granted a renewal medical institution practice permit which is valid until 21 August 2019 by the Health and Family planning Bureau of Zhongshan City on 20 August 2014.

i The gateway website of Government of Zhanjiang: Summary of Zhangjiang published on 10 March 2014

ii The window website of Government of Zhongshan: Introduction of Zhongzhan Economics and Social Development Situation published in 2014

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as of the Latest Practicable Date, the lessors who lease the properties to the Zhongshan Ophthalmology Group and any material suppliers of the Allad Group and their respective ultimate beneficial owners were third parties independent from the Company and its connected persons as well as Mr. Huang and Mr. Fok and their respective associates.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as of the Latest Practicable Date, Zhanjiang Wing Lun, the lessor who leased the properties to the Zhanjiang Optometry Group, and its ultimate beneficial owners were third parties independent from the Company and its connected persons as well as Mr. Huang, but Mr. Fok is not a third party independent from Zhanjiang Wing Lun as he is the ultimate beneficial owner of Allad Guangdong, which owns the entire registered capital in Zhanjiang Wing Lun. The lease will not constitute a connected transaction for the Company after the Acquisition Completion as Mr. Fok is not a connected person of the Company.

Allad Zhanjiang Optometry Centre is a company incorporated in the PRC on 15 December 2004. Allad Zhanjiang Optometry Centre is principally engaged in the sale of glasses and accessories and optometry related products. At the time of its incorporation, Allad Zhanjiang Optometry Centre was owned as to 90% by Allad Guangdong and 10% by Guangdong Wan Jia. Mr. Cheung and Ms. Cheung became shareholders of Allad Zhanjiang Optometry Centre between 20 August 2009 and 13 January 2011, each holding 50% of its then registered capital. Such registered capital was transferred to Allad Guangdong on 13 January 2011, pursuant to which Allad Guangdong has become the sole shareholder since then. Mr. Cheung had been a legal representative of Allad Zhanjiang Optometry Centre since its incorporation and was replaced by Mr. Fok on 13 January 2011, who retained such position as of the Latest Practicable Date. Mr. Fok was also the sole director of Allad Zhanjiang Optometry Centre as of the Latest Practicable Date.

Allad Zhanjiang Ophthalmology Hospital is a medical institution registered with the Zhanjiang Public Health Bureau in the PRC on 31 March 2004. On 27 November 2013, Allad Zhanjiang Ophthalmology Hospital was registered as a limited company in the PRC. Allad Zhanjiang Ophthalmology Hospital is principally engaged in medicine, ophthalmology (cataract, glaucoma, corneal disease, ocular disease, trauma of eye, refractive eye muscle and tumor plastic, prevention and health care of eye disease), anesthesiology, medical laboratory, pathology, medical imaging, sale of glasses and accessories, optical instruments and optometry related products. It mainly serves the Western part of the Guangdong province, receiving approximately 45,000 patients per annum. At the time of its first registration, Allad Zhanjiang Ophthalmology Hospital was wholly-owned by Dongguan Wan Jia. The entire registered capital in Allad Zhanjiang Ophthalmology Hospital was transferred to Allad Zhanjiang Optometry Centre on 25 March 2010, pursuant to which Allad Zhanjiang Optometry Centre has become the sole shareholder since then. Mr. Cheung had been a legal representative of Allad Zhanjiang Ophthalmology Hospital since its first registration and was replaced by Mr. Fok on 10 December 2012, who retained such position as of the Latest Practicable Date. Mr. Fok was also the sole director of Allad Zhanjiang Ophthalmology Hospital as of the Latest Practicable Date.

Allad Zhongshan Ophthalmology Company is a company incorporated in the PRC on 19 April 2004. Allad Zhongshan Ophthalmology Company is an investment holding company holding the entire registered capital in Allad Zhongshan Ophthalmology Hospital. At the time of its incorporation, Allad Zhongshan Ophthalmology Company was owned as to 70% by Dongguang Wan Jia and 30% by Shenzhen Ju Feng. On 9 April 2008, Dongguang Wan Jia and Shenzhen Ju Feng transferred 10% and 30% of the registered capital in Allad Zhongshan Ophthalmology Company, respectively, to Dongguan Ao Kai. On 30 October 2008, Dongguang Wan Jia transferred its remaining 60% registered capital in Allad Zhongshan Ophthalmology Company to Allad Guangdong. Allad Guangdong and Dongguan Ao Kai held 60% and 40% of the registered capital in Allad Zhongshan Ophthalmology Company, respectively, until the same were transferred to Allad Zhanjiang Optometry Centre on 11 April 2014, pursuant to which Allad Zhanjiang Optometry Centre has become the sole shareholder since then. Mr. Cheung had been a legal representative of Allad Zhongshan Ophthalmology Company since its incorporation and was replaced by Mr. Fok on 28 September 2012, who retained such position as of the Latest Practicable Date. Mr. Fok was also the sole director of Allad Zhongshan Ophthalmology Company as of the Latest Practicable Date.

Allad Zhongshan Ophthalmology Hospital is a medical institution registered with the Zhongshan Public Health Bureau in the PRC on 8 March 2007. Allad Zhongshan Ophthalmology Hospital is principally engaged in ophthalmology, anesthesiology, medical laboratory, pathology, x-ray diagnosis, ultrasound diagnosis, ECG diagnosis, optometry, sale of optical instruments and glasses. It mainly serves the Zhongshan City, receiving approximately 18,000 patients per annum. Allad Zhongshan Ophthalmology Hospital has been wholly-owned by Allad Zhongshan Ophthalmology Company since its first registration. Mr. Cheung had been a legal representative of Allad Zhongshan Ophthalmology Hospital since its first registration and was replaced by Mr. Fok on 20 October 2012, who retained such position as of the Latest Practicable Date. Mr. Fok was also the sole director of Allad Zhongshan Ophthalmology Hospital as of the Latest Practicable Date.

The Allad Group derives its revenue mainly from the provision of medical services, including but not limited to, outpatient, inpatient and examination fees. The cost of revenue consists primarily of medicine costs, staff costs, depreciation and amortization on fixed assets and intangible assets and other costs. The major customers of the Allad Group are individuals who reside in areas where the two hospitals the Allad Group operate. The major suppliers of the Allad Group are medicine and medical equipment distributors in China. As advised by the Allad Group, the Allad Group has not maintained any insurance policy other than the respective staff of the Zhanjiang Optometry Group and the Zhongshan Ophthalomology Group are covered by the national social insurance and the staff of the Zhongshan Ophthalomology Group are additionally protected by group accident insurance taken out by the Allad Group. As advised by a legal counsel of the Company in the PRC, other than the social insurance policy referred to above, there is no statutory requirement to take out any other specific insurance by the Allad Group.

Having made all reasonable enquiries from Billion High and the Allad Group, other than the general laws and regulations which are applicable to a PRC company (for example the Companies Law of the People's Republic of China (中華人民共和國公司法)), the two hospitals operated by the Allad Group, namely Allad Zhanjiang Ophthalmology Hospital and Allad Zhongshan Ophthalmology Hospital, are subject to the Medical Institution Management Regulation (1994)* (醫療機構管理條例(1994版)) and the Practice Notes for the Medical Institution Management Regulation* (醫療機構管理條例實施細則(1994版)). These two regulations govern medical institutions in the PRC, which includes but not limited to, the application process for establishment and daily operations (including supervision and management) of a medical institution. As advised by Billion High and the Allad Group, the Allad Group has been in full compliance with the applicable laws and regulations and has not been involved in any litigation since its incorporation.

Having made all reasonable enquiries from Billion High and Allad Group, other than the general licenses, permits and approvals applicable to a PRC company, the two hospitals operated by the Allad Group, namely Allad Zhanjiang Ophthalmology Hospital and Allad Zhongshan Ophthalmology Hospital, are required to obtain a medical institution practice permit (醫療機構執業許可證) issued by the Health Bureau in China and to undergo an periodical inspection conducted by the Health Bureau.

* *For identification purpose only*

As advised by Billion High and the Allad Group, the board of directors of the Allad Group has the highest decision making power and is responsible for supervising the business operations of the Allad Group as well as implementing its business strategies. The effective delegation of power to different departments in the Allad Group by its board has created a clear division of power and duties among the departments. The Allad Group believes that its operational system enables an effective supervisory system and reduce the risk of employee negligence and misconduct. In addition, the Health Bureau has implemented specific regulations to govern the accidents caused by professional negligence of medical staff and the quality of medical services provided by medical institutions in the PRC. In order to maintain the high quality of medical services, all medical staff of the Allad Group are licenced by competent authorities in the PRC and are required to strictly follow the internal policies implemented by the Allad Group when performing their daily duties. The Allad Group confirms that no major accident caused by professional negligence and/or employee misconduct has occurred within the past three years. Although there is no specific written internal control policies to eliminate the risk of professional negligence and employee misconduct, Billion High and the Company undertake to implement appropriate internal control policies and to maintain relevant insurance policies to reduce the risk in this aspect upon the Acquisition Completion.

Allad Zhanjiang Ophthalmology Hospital is the most technologically advanced Ophthalmology Hospital in the western Guangdong province in the PRC. It was recognised as the "Top 30 private hospitals in Guangdong province*（廣東省民營醫院三十強）and "Top 10 private (specialist) hospitals with potential development in the Guangdong province*（廣東省民營醫院（專科醫院）可持續發展力10強）in 2011 and 2012, respectively. Allad Zongshan Ophthalmology Hospital was awarded the "Advanced Private Hospital in Zongshan" ("中山市民營醫療機構先進單位") in 2008, 2010, 2011 and 2012. The business operation of the Allad Group does not involve any research and development activities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Allad Guangdong, the Target Group and the Allad Group and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Company confirms that there is no agreement or arrangement, which is still valid and subsisting, between Mr. Cheung and his associates on the one hand and Mr. Huang, Mr. Fok, and/or Mr. Huang Zong Xu*（黃宗旭）and their respective associates on the other in respect of equity and other interest in Allad Guangdong, the Target Group and/or the Allad Group and any of their business undertakings.

* *For identification purpose only*

Financial Information of the Target Group

Zhao Long Group

The Target Company has had no operation since its incorporation in 25 March 2014. Based on the audited consolidated accounts of the Zhao Long Group, which have been prepared in accordance with accounting principles generally accepted in the Hong Kong Financial Reporting Standards and extracted as Appendix II to this circular, the audited consolidated financial information of the Zhao Long Group is summarised as follows:

	For the month ended 30 June 2014
	HK$
Turnover	–
Net loss before/after taxation	34,000
Total assets	8
Total liabilities	34,000
Shareholders' deficit	33,992

The Zhanjiang Optometry Group

Based on the audited consolidated accounts of the Zhanjiang Optometry Group, which have been prepared in accordance with accounting principles generally accepted in the Hong Kong Financial Reporting Standards and extracted as Appendix II to this circular, the audited consolidated financial information of the Zhanjiang Optometry Group is summarised as follows:

	For the year ended 31 December			**For the six months ended 30 June**	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	14,145	17,618	20,926	8,738	16,366
Net profit before taxation	1,909	4,644	8,615	2,720	8,420
Net profit after taxation	1,897	4,636	8,097	2,504	8,096

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	7,902	7,003	15,763	35,207
Total liabilities	17,172	11,637	12,300	3,858
Shareholders' (deficit)/equity	(9,270)	(4,634)	3,463	31,349

Zhanjiang Optometry Group engaged in two reportable segments – (i) general hospital services and (ii) retail services. The general hospital services are mainly medicine, ophthalmology cataract, glaucoma, corneal disease, ocular disease, trauma of eye, refractive eye muscle and tumover plastic, prevention and health care of eye disease, anesthesiology, medical laboratory, pathology and medical imaging. It has seven surgery rooms and approximately 90 patient beds to accommodate the inpatients as well as an ophthalomology clinic and optometry testing room for serving the outpatients. For the retails business, it has a retails shop on the ground floor of the hospital which sells glasses and accessories and optometry related products. The audited consolidated segment information of the Zhanjiang Optometry Group is summarised as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision of					
Inpatient services	9,372	11,793	14,191	5,770	10,421
Outpatient services	4,173	5,151	5,981	2,599	4,667
General hospital services	13,545	16,944	20,172	8,369	15,088
Retails business	600	674	754	369	1,278
Total Revenue	14,145	17,618	20,926	8,738	16,366

The Zhongshan Ophthalmology Group

Based on the audited consolidated accounts of the Zhongshan Ophthalmology Group, which have been prepared in accordance with accounting principles generally accepted in the Hong Kong Financial Reporting Standards and extracted as Appendix II to this circular, the audited consolidated financial information of the Zhongshan Ophthalmology Group is summarised as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	7,595	6,711	8,765	3,266	4,744
Net (loss) profit before/after taxation	(703)	(1,610)	(196)	(949)	610

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	17,638	13,816	11,110	12,067
Total liabilities	24,815	22,603	20,093	1,440
Shareholders' (deficit)/equity	(7,177)	(8,787)	(8,983)	10,627

Zhongshan Ophthalomology Group engaged in two reportable segments – (i) general hospital services and (ii) retail services. The general hospital services are mainly ophthalmology, anesthesiology, medical laboratory, pathology, x-ray diagnosis, ultrasound diagnosis, ECG diagnosis, optometry. It has four surgery rooms and approximately 90 patient beds to accommodate the inpatients as well as an ophthalomology clinic for serving the outpatients. The retails services are the sale of optical instruments and glasses. The audited consolidated segment information of the Zhongshan Ophthalomology Group is summarised as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provision of					
Inpatient services	5,788	4,585	3,928	2,080	1,949
Outpatient services	1,442	1,588	3,555	697	2,065
General hospital services	7,230	6,173	7,483	2,777	4,014
Retails business	365	538	1,282	489	730
Total Revenue	7,595	6,711	8,765	3,266	4,744

Reasons for and Benefit of the Acquisition

The Group is mainly engaged in the businesses of investment and finance, properties investment and health industry business. In the long run, the Group intends to focus more on the development in the health industry. The Company has also invested in the projects of health management and healthy fast food electronic business. The healthcare trust management business of the Target Group is in line with the strategies of the Group.

Apart from the partial acquisition of the Allad Group, the Company intends to develop through the Target Company the healthcare trust management business in the PRC by way of mergers and acquisitions, restructuring and trust management of clinics and medical institutions in the PRC as and when appropriate. The Company is optimistic about the development of the health industry in the PRC, and considers the health business as the core business within the health industry chain. As part of the Acquisition, Mr. Huang has agreed to help developing the healthcare trust management business by acting as a senior management and/or officer of any member of the Allad Group. As advised by Mr. Huang, the Target Company is in the process of negotiating with a number of domestic medical institutions in the PRC with a view to exploring possible restructuring and/or cooperation opportunities.

The Company's focus is not only on the current profit level of the Target Group but also its potential growth in the future, particularly taking into account the profit guarantee given by Billion High and Mr. Huang in favour of Gold Stable in relation to the net profit of the Target Company in 2014 and 2015.

The Board is of the view that the Acquisition represents a valuable business opportunity for the Group to develop in the health industry in the PRC and will, in the long run, broaden the Group's revenue base by expanding and diversifying the existing principal business activities of the Group into the healthcare business. The Company has no intention to further invest or participate in the Allad Group's business.

In light of the above, the Directors consider that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As one or more of the relevant percentage ratios in respect of the Acquisition exceeds 25% but all the relevant percentage ratios are less than 100%, the Acquisition constitutes a major transaction for the Company, and will be subject to the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the Acquisition Agreement, Billion High was interested in 18% and 38% of the issued share capital of Multi Talent and Jumbo Glory, respectively. Multi Talent and Jumbo Glory were both direct non-wholly-owned subsidiaries of the Company. Mr. Huang is also a director of Multi Talent and Jumbo Glory. Accordingly, Billion High and Mr. Huang were connected persons of the Company and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. However, as Multi Talent and Jumbo Glory are qualified as insignificant subsidiaries under Rule 14A.09 of the Listing Rules, the Acquisition is exempt from all reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, save for Billion High and Mr. Huang's relationship with the Group as disclosed in this circular, each of the counter-parties to the Acquisition Agreement and their respective ultimate beneficial owner(s) (where applicable) was a third party independent of the Company and connected persons of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, as at the Latest Practicable Date, no Shareholder had an interest in the Acquisition which is different from the other Shareholders and on this basis, no Shareholder is required to abstain from voting for the resolutions to be proposed at the Special General Meeting.

THE DISPOSAL

The Provisional Sale and Purchase Agreement

Date: 17 September 2014

Parties:

Vendor: Give Strong Investments Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability

Purchaser: Regal Fortune Limited, a company incorporated in Hong Kong with limited liability

Agent: Midland Realty (Comm.) Ltd., a company incorporated in Hong Kong with limited liability

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Regal Fortune is an investment holding company and each of Regal Fortune and the Agent and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Asset to be disposed of:

The Property, namely 25 car parking spaces on various floors at ground floor, first floor, second floor, third floor and fourth floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The Property was acquired by Give Strong on 31 May 2014 at a cost of HK$42,600,000 from Grow Wealth which is an indirect wholly-owned subsidiary of the Company in order to avoid the political risk exposure since Grow Wealth is a company incorporated in the Republic of Liberia. The Property was acquired together with a number of shops, office units and other car parking spaces in the same building by Grow Wealth on 28 June 1991. The net book value of the Property was HK$44,460,000 as at 30 June 2014. Since the acquisition of the Property in 1991 by Grow

Wealth, the Property has been used by Grow Wealth and Give Strong as investment properties for generation of rental income. For the two financial years and for six months ended 30 June 2014, the revenue and net profits attributable to the Property are as follows:

	For six months ended 30 June	**For year ended 31 December**	
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	537	1,045	978
Net profit before/after tax	2,356	4,531	7,293

Pursuant to the Provisional Sale and Purchase Agreement, Give Strong is required to deliver the Property with the licenses subsisting thereto, and to transfer the rental deposit paid by the tenants to Regal Fortune upon the Disposal Completion.

Consideration:

The consideration for the Property is HK$48,000,000 which will be settled by Regal Fortune in cash in the following manner:

(a) a sum of HK$2,400,000, being the initial deposit and partial payment of the Disposal Consideration, which has been paid in cash by Regal Fortune to Give Strong upon the signing of the Provisional Sale and Purchase Agreement;

(b) a sum of HK$2,400,000, being the further deposit and partial payment of the Disposal Consideration, which has been paid in cash by Regal Fortune to Give Strong upon the signing of the Formal SPA; and

(c) the balance of the Disposal Consideration in the sum of HK$43,200,000 shall be paid in cash by Regal Fortune to Give Strong on or before 31 December 2014.

The Disposal Consideration was arrived at after arm's length negotiations between Give Strong and Regal Fortune on normal commercial terms after having taken into account the market prices of comparable properties of similar size, character and location.

Conditions precedent

Disposal Completion is subject to, among other things, satisfaction or, as the case may be, waiver of the following conditions precedent:

(a) Give Strong having proven good title to the Property to Regal Fortune; and

(b) all approvals which are required under the Listing Rules for the Disposal having been obtained.

Pursuant to the Provisional Sale and Purchase Agreement, Give Strong has agreed and undertaken to procure the majority Shareholder (namely, Champion Dynasty, which held 37.23% of the issued share capital of the Company as of the Latest Practicable Date) to provide an undertaking to Regal Fortune to secure that it shall, to the extent permitted to do so under the Listing Rules, vote for approving the Provisional Sale and Purchase Agreement at the Special General Meeting.

Pursuant to the Provisional Sale and Purchase Agreement, if the approvals mentioned in (b) above cannot be obtained 7 working days prior the Disposal Completion, Give Strong shall refund to Regal Fortune all deposit (without deduction) within 3 days from the date of Regal Fortune's demand, failing which Give Strong is obliged to pay interest on the said deposits at the rate of 5% per annum over prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited calculated from the date of Regal Fortune's demand for the return of the said deposits up to and inclusive of the actual date of refund.

Completion:

The Disposal Completion shall take place on or before 31 December 2014, upon which Give Strong shall deliver the Property with the licenses subsisting thereto, and to transfer the rental deposit paid by the tenants to Regal Fortune.

Reasons for and Benefit of the Disposal

In view of the recent appreciation of the property market in Hong Kong, the Board considers that it is good opportunity to dispose of the Property.

Meanwhile, the Group has started investing in the health industrial field in the PRC since 16 October 2013 when the Group formally rented approximately 2,975 square meters of two floors of a commercial building in Guangzhou Biological Island as a health management business headquarters and the first operational centre. As of the Latest Practicable Date, the Group had developed several projects on hand including health management, medical investment management, physical fitness services for the growth of children and teenagers and natural health food projects. The Directors decided to concentrate on the development of the business in relation to the health industry in the long run.

The Directors consider that the Provisional Sale and Purchase Agreement is entered into under normal commercial terms following arm's length negotiations between Give Strong and Regal Fortune and that the terms of the Provisional Sale and Purchase Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

Intended use of Proceeds

The Board intends to use the net proceeds arising from the Disposal as working capital and additional fund for the development of the current health industry projects of the Group.

Listing Rules Implications

As one applicable percentage ratio in respect of the Disposal under the Listing Rules exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules.

FINANCIAL EFFECTS OF THE ACQUISITION AND THE DISPOSAL

Upon the Acquisition Completion, the Target Company will become an indirect non-wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group's financial statements, while the members of the Allad Group will not become subsidiaries of the Company but become indirect associate companies of the Company.

Upon the Disposal Completion, it is estimated that the Group will record a gain on disposal of approximately HK$3,030,000. Such gain is estimated based on the consideration receivable from the Disposal, i.e. HK$48,000,000, less the net book value of the Property of approximately HK$44,460,000 as at 30 June 2014 and other related costs and expenses.

The unaudited pro forma consolidation statement of the Enlarged Group after the Acquisition Completion illustrating the possible financial effects of the Acquisition on the assets and liabilities of the Group assuming the Acquisition Completion had taken place on 30 June 2014 is set out in Appendix IV to this circular headed "Unaudited Pro Forma Financial Information of the Enlarged Group" and as follows:

(a) Earnings

As stated in the unaudited pro forma consolidated statement of financial position of the Enlarged Group, the retained profit attributable to owners of the Company for the six months ended 30 June 2014 would have been decreased from approximately HK$2,288,000 to accumulated loss of approximately HK$188,000 as if the Acquisition had taken place on 30 June 2014. However, as stated at note 5 in Appendix IV to this circular headed "Unaudited Pro Forma Financial Information of the Enlarged Group", if the disposals of 31 car parking spaces would take place on 28 November and 31 December 2014 in accordance with their agreements, the Group will recognise a gain of approximately HK$6,214,000. Then, the retained profit will be resumed to approximately HK$6,026,000.

(b) Assets

As stated in the unaudited pro forma consolidated statement of financial position of the Enlarged Group, assuming that the Acquisition had taken place on 30 June 2014, the total assets of the Enlarged Group as at 30 June 2014 would have been increased from approximately HK$424,156,000 to approximately HK$421,704,000, and the net assets of the Enlarged Group as at 30 June 2014 would have been increased from approximately HK$411,708,000 to approximately HK$409,222,000.

(c) Liabilities

The total liabilities of the Enlarged Group as at 30 June 2014 would have been increased from approximately HK$12,448,000 to approximately HK$12,482,000.

(d) Liquidity

As at the Latest Practical Date, the Company had paid a refundable deposit in the sum of HK$40,000,000 to the nominee of Billion High pursuant to the Acquisition Agreement. Had the Acquisition been completed on 30 June 2014, the net cash position (representing time deposit and bank balances) of the Group of approximately HK$28,599,000 as at 30 June 2014 would have been changed to a net debt position of approximately HK$13,877,000 of the Enlarged Group. However, as stated at note 5 in Appendix IV to this circular headed "Unaudited Pro Forma Financial Information of the Enlarged Group", the Group will receive an aggregate cash consideration amounting to approximately HK$71,600,000 in relation to the disposal of 31 car parking spaces if those disposals will take place on 28 November and 31 December 2014 under their agreements. The net debt position will be changed to net cash position.

RECENT DEVELOPMENT AND FINANCIAL AND TRADING PROSPECT

As of the Latest Practical Date, the Group is mainly engaged in the businesses of (i) investment and finance, (ii) properties investment; and (iii) health industry business.

Investment and Finance

As of the Latest Practical Date, the Group had a revolving loan facility in favour of Champion Dynasty, the controlling shareholder of the Company of up to HK$220,000,000 at HIBOR plus 2.5% per annum with a mature date of 26 September 2015 or repayable upon request by no less than one month written notice by either party to the loan agreement. In addition, an indirect wholly-owned subsidiary of the Company had been granted a money lender license until 15 January 2015 under the Money Lenders Ordinance. The subsidiary is expected to apply for the renewal of the money lender license before the expiration of the license. As at the Latest Practical Date, the Group had lent approximately HK$68,500,000 at interest rates ranging from 5% to 8% per annum to certain third-party borrowers with the maturity day between March 2015 and May 2015 or repayable upon request by notice by either party to the loan agreement. The interest income arising from the loan to Champion Dynasty and certain third-party borrowers under the Money Lenders Ordinance is expected to be a major component of the revenue of the Group for the year ended 31 December 2014.

Properties Investment

As at the Latest Practical Date, the Group held 31 car parking spaces with 5 adjoining spaces and a carport basement situated in Wanchai and Central. On 1 September 2014 and 6 October 2014, the Group entered into a provisional sale and purchase agreement and a formal sale and purchase agreement, respectively, with a third-party purchaser in relation to the disposal of six car parking spaces located in Central at the consideration of HK$23,600,000. As at the Latest Practical Date, a sum of HK$2,360,000, representing 10% of the consideration, had been received in cash by the Group as a deposit. The balance of the consideration in the sum of HK$21,240,000 is expected to be received by the Group at completion which is expected to take place on or before 28 November 2014. Details of such disposal are set out in the announcement of the Company dated 1 September 2014.

On 17 September 2014 and 30 September 2014, the Group entered into the Provisional Sale and Purchase Agreement and the Formal SPA, respectively, in relation to the disposal of the Property at consideration of HK$48,000,000. As at the Latest Practical Date, a sum of HK$4,800,000, representing 10% of the consideration, had been received in cash by the Group as a deposit. Subject to the approval of the Disposal by the Shareholders at the Special General Meeting, the balance of the consideration in the sum of HK$43,200,000 is expected to be received by the Group at the Disposal Completion which is expected to take place on or before 31 December 2014. Assuming that such disposals can take place in accordance with the relevant agreements, the remaining investment properties of the Group will be reduced to 5 adjoining spaces situated in Wanchai. Accordingly, the property investment business would no longer be a significant business for the Group.

Health Industry

Health Management Business

On 16 October 2013, the Group formally rented approximately 2,975 square meters of two floors commercial buildings in Guangzhou Biological Island as a health management business headquarters and the first operational centre – Guangzhou Centre. The form of services provided by Guangzhou Centre is operated as membership. Customers are required to pay a non-refundable but transferable membership fee to purchase a membership in order to enjoy the chargeable health management services including functional medicine, sleep medicine, genetics, stress medicine, fitness and the latest medical treatment. The Group commenced the pre-sale of the membership in November 2013 and the Guangzhou Center has stated its business since September 2014. After the formal opening of the Guangzhou Centre, the Group is expected to commence the preparatory work for the health management centres in Shenzhen and Dongguan. The Directors anticipate that after the formal launch of international health management business, the Group's revenue will grow steadily.

Health Fast Food

In January 2014, the Company, through acquisition of 52% issued share capital of Multi Talent, began the development of health fast food electronic business in the PRC – Happy Fun Health Fast Food. Happy Fun Health Fast Food was a test operation in February 2014 and launched its comprehensive online ordering and meal delivery service in June 2014. The preliminary meal delivery areas cover four districts in Futian, Luohu, Nanshan and Bao'an and a total of 120 high class commercial buildings.

On 27 October 2014, the Company, as the seller, Billion High as the purchaser and Multi Talent as the target company entered into a sale and purchase agreement, pursuant to which, among other things, the Company conditionally agreed to sell and Billion High conditionally agreed to acquire 20,800 shares of US$1 each in the share capital of Multi Talent, representing 52% of the issued share capital of the Multi Talent at a consideration of HK$11,280,000. Details of such disposal are set out at the announcement of the Company dated 27 October 2014. The completion has taken place on 31 October 2014, pursuant to which Multi Talent ceased to be a subsidiary of the Company and the Group ceased to operate health fast food business at the same time.

Other projects under development

Advantages of the Growth for the Children and Teenagers Business

On 7 July 2014, the Company entered into a strategic co-operation agreement which is non-legally binding in nature with a third party, and the Group also entered into two legally-binding agreements which were the joint venture agreement and the framework for technical co-operation, pursuant to which a joint venture company will be set up and the Group will hold 80% issued capital of this joint venture company. The former agreement sets out the framework of proposed strategic co-operation between the Company and this third party in the healthcare space. The entering into of latter two agreements is the first step to implement the co-operation framework in accordance with the former agreement. This joint venture company will provide services focus on the health management for the children and teenagers and provide professional guidance and management in respect of the sports and nutrition at the growth period of the children and teenagers. The project is currently at the stage of incorporation of the joint venture company, which has been granted the name approval by the Beijing Industrial and Commercial Bureau. A subsidiary of the Company will rent a 600 square metres operational place as the Advantages of the Growth for the Children and Teenagers Centre at Dongguan. The centre is at the design stage and is expected to be opened by the end of 2014.

Natural Health Food Business

On 21 July 2014, the Group entered into a joint venture agreement which is legally binding in nature with a third party, pursuant to which the Group agreed to set up a joint venture company which will be owned as to 51% of its registered capital by the Group and its business will focus on the manufacture and sale of natural health food in the PRC. The project has been granted the joint venture operational license and commences its business in September 2014.

Healthcare Industry Market in the PRC

The business of healthcare services is a business that provides diagnosis, treatment and prevention of human disease, illness, injury or dysfunction through medical consultation and procedures performed by professional practitioners in medicine, optometry, dentistry, nursing, pharmacy, and other related fields. The PRC is one of the largest healthcare services markets in the world with high growth rate and optimistic prospect.

In the PRC as a whole

Inclined governmental policies toward the healthcare industry

According to the Opinions of the CPC Central Committee and State Council on Deepening the Healthcare System Reform issued by the CPC Central Committee and State Council in April 2009, the Healthcare Reform launched in 2009 by the PRC Government aims at improving the overall affordability and accessibility of healthcare services in the PRC.

According to the Opinions on Promoting the Development of Healthcare Services Business issued by the CPC Central Committee and State Council in September 2013, hospital reform was promoted as part of overall healthcare reform, which include the acceleration of improving a healthcare system, the solidification and improvement of basic medicine system and carrying public hospital reform. It encourages enterprises, charitable organizations, investment fund and commercial insurance institutions invest in the healthcare industry by implementation of a series of policies, among other things, lenient requirements and procedures for private entrepreneurs, enhancement of land supply for facilities building, supporting healthcare providers to obtain funding on the finance market, tax concession on capital expenditure for building facilities and purchase of equipment and tax subsidy to eligible non-public healthcare providers and high-tech medicine enterprises etc.

In 2013, total healthcare spending in the PRC was RMB3,166.15 billion which comprised of healthcare spending by the government of RMB952.14 billion or 30.1% total health spending and 5.57% of the GDP of the PRC. The number of healthcare institutions had substantially increased from approximately 85,000 to 96,000 units from 2009 to 2013, representing a growth rate of 12.9% during the period. Amongst the healthcare institutions, the number of private hospitals in 2013 reached 11,313 or 45.8% as a percentage of total number of hospitals with an increase of 15.6% from 2012 when the number of public hospitals was 13,396 or 54.2% as a percentage of total number of hospitals in 2013 with a mild growth of 0.09% from 2012[1]. The number of patients' beds had also surged from approximately 4,417,000 to 6,182,000 from 2009 to 2013[1] with a 40% growth during the period. The number of private hospital beds in 2013 reached approximately 713,216 or 15.6% as a percentage of the total number of hospital beds in 2013 with an increase of 22.5% from 2012 when the number of public hospital beds was 3,865,385 or 84.4% as percentage of total number of hospital beds in 2013 with an slight growth of 8% from 2012[1].

Healthcare providers in the PRC receive payment for their services from patients themselves and from various medical insurance programs. There are three main basic medical insurance in the public medical insurance system in the PRC: (i) Urban Employee Basic Medical Insurance Program ("UEBMIP")（城鎮職工基本醫療保險）, a mandatory program covering urban workers and retirees; (ii) Urban Resident Basic Medical Insurance Program ("URBMIP")（城鎮居民基本醫療保險）, a voluntary program for urban residents; (iii) New Rural Cooperative Medical Program ("NRCMP")（新型農村合作醫療保險）, a voluntary program for rural population. In 2013, the number of insured person covered by UEBMIP and URBMIP were approximately 274,160,000, and 299,060,000, respectively, representing an increase of 9,300,000 and 27,500,000, respectively from 2012. For the first nine months of 2013, NRCMP cover rate was 99% and its aggregate expenditure reached RMB206.7 billion[2]. In 2013, the expenditures of UEBMIP and URBMIP amounted to RMB566.70 billion and RMB368.80 billion, representing an increment of 20% or 23% from 2012[3]. The high participation rate in medical insurance programs means that people are willing to receive good quality with higher fee medical treatments.

[1] Health and Family Planning Development Statistics Bulletin of 2013 dated 30 May 2014 issued by National Health and Family Planning Commission of People's Republic of China

[2] National Economic and Social Development Statistics Bulletin of 2012 and 2013 dated 23 February 2013 and 24 February 2014 respectively issued by National Bureau of Statistics of the People's Republic of China

[3] Description of National Social Insurance Fund Accounts dated 9 October 2014 issued by Ministry of Finance of the People's Republic of China

Favourable social and economic factors to healthcare industry

According to the national population census conducted by the National Bureau of Statistic of China in 2010, the average life expectancy in the PRC at the end of 2010 was 74.83, which was higher than the average age of 69.6 in the world and the number of people in the PRC at the age of 60 or above was 13.32% of the total national population in 2010. The number of people at the age of 60 or above reached 14.9% and 14.3% of the total national population in the PRC at the end of 2013 and 2012, respectively[2]. The growth of the population of people at the age 60 or above increased by approximately 24,840,000 or 14% from 2010 to 2013. Accordingly, the demand for healthcare services is expected to increase as an aging population is expected to require more frequent hospital visits, higher number for diagnosis and treatment and longer time for treatment which can push up the demand of healthcare services.

The average disposable income per person in urban and rural area in the PRC increased from RMB17,175 and RMB5,153, respectively in 2009 to RMB26,955 to RMB8,896, respectively in 2013[2], representing a significant increase by 56.9% and 72.6% from 2009 to 2013. The sharp increase in average disposal income is expected to cause an increase in demand for high quality healthcare and stimulating healthcare spending in the PRC.

In 2013, the average chargeable fee per outpatient visit in the PRC amounted to RMB206.40, representing an increase of 7.2% from 2012, taking into account an overall inflation of 2.6% in 2013. The average chargeable fee per inpatient amounted to RMB7,442.30, representing an increase of 6.6% from 2012 with a daily chargeable fee per inpatient of RMB756.2. The average chargeable fee per outpatient visit and inpatient of the public hospitals were RMB207.90 and RMB7,858.90, respectively[1]. The average chargeable fee per outpatient visit in public hospital in the PRC was RMB138.8 and RMB193.4 in 2008 and 2012, representing an increase of 39.3%. The average chargeable fee per inpatient in public hospital was RMB5,363.30 and RMB7,325.10 in 2008 and 2012, representing an increase of 36.6%[4]. The individual spending on high-end treatments is on the rise in the public hospitals in the PRC, the same trend is expected to follow in the private hospitals.

1 Health and Family Planning Development Statistics Bulletin of 2013 dated 30 May 2014 issued by National Health and Family Planning Commission of People's Republic of China

2 National Economic and Social Development Statistics Bulletin of 2012 and 2013 dated 23 February 2013 and 24 February 2014 respectively issued by National Bureau of Statistics of the People's Republic of China

4 Summary of Statistics on China's National Health of 2013 dated 26 April 2014

In the Guangdong Province

In 2012, total healthcare spending in the Guangdong Province was RMB218.58 billion, of which 26.9% was government healthcare spending (i.e. RMB58.73 billion), while the total healthcare spending contributed 3.8% to the provincial GDP in the same year[9]. In 2013, the GDP of Guangdong was RMB6,216.397 billion with a growth of 8.5% compared to 2013[10]. In addition to healthcare spending, healthcare institutions are increasing their presence, the number of which grew from 44,286 to 46,508 units from 2009 to 2013, representing a 5% increase over the four years. Private hospitals are also undergoing rapid development in Guangdong, as it has grown 65.1% over the past four years while the number of public hospitals has decreased by 2.4%. The number of private hospitals reached 449 in 2013, as the proportion to the total number of hospitals of which increased from 25.6% to 36.7% for last four years[5]. Meanwhile, the number of patients' beds had surged from approximately 272,000 to 378,000 from 2009 to 2013 with 39% growth over the four years[6].

In terms of the coverage of medical insurance programs in Guangdong, 34,729,600 and 57,094,600 people were covered by UEBMIP and URBMIP, respectively in 2013, representing an increase of 3.0% and 13.3%, respective from 2012[10]. On the other hand, 2,000,000 people were enrolled in NRCMP in 2012, with fund raising per capita at RMB271.70 which is 108.7% more than that in 2009, but still below the national fund raising per capita of RMB308.50[11].

Favourable Social and Economic Factors to Healthcare Industry in Guangdong

According to the Health Department of Guangdong Province, the average life expectancy in Guangdong was 76.1 in 2010, higher than the national average[7]. The ratio of people aged above 65 or above was 8.17% in 2013, representing an increase of 16.26% or 1,216,300 people from 2012, which was 15.79% higher than the provincial residential population growth[8].

5. The number of various types medical institution in Guangdong Province from 2009 to 2013 issued by Health Department of Guangdong Province on 18 April 2014.

6 The number of patient bed of healthcare institutions in Guangdong Province issued by Health Department of Guangdong Province on 18 April 2014.

7 Circular about the issuance of 12th Five-Year Plan Health Science and Technology Development Plan issued by Health and Family Planning Commission of Guangdong Province on 15 March 2012

8 Brief Analysis of Guangdong Population Development in 2013 issued by Statistical Information Network of Guangdong Province on 20 March 2014

9 Health developments of Guangdong Province in 2013 issued by Health and Family Planning Commission of Guangdong Province on 17 April 2014

10 Economic and Social Development Statistics Bulletin of Guangdong in 2013 issued by Statistics Bureau of Guangdong Province on 26 February 2014

11 China Public Health Statistical Yearbook 2009 to 2013 issued by Health Department of Guangdong Province

The average disposable income per person in urban and rural area in Guangdong in 2013 were RMB33,090.05 and RMB11,669.31, increased by 53.4% and 68.9%, respectively (inflation adjusted) compared to 2009[10]. Both urban and rural disposal income per capita are higher than the national average of RMB26,955 and RMB8,896[2].

In 2013, the average chargeable fee per outpatient visit in Guangdong was RMB188.70 which was below the national average (i.e. RMB206.40), increased by 8.4% from 2012. The average chargeable fee per inpatient was RMB8,769.60, which was the national average (i.e. RMB7,442.30), increased by 8.7% from 2012. Both chargeable fee has been increasing over the past four years from RMB138.10 and RMB7,029.10 in 2009 for outpatient and inpatient respectively. The average chargeable fee per outpatient visit in public hospital was RMB186.30, below the national average (i.e. RMB207.90), while the average chargeable fee per inpatient in public hospital was RMB9,034.60 in 2013[9], higher than that of the national average (i.e.RMB7,858.90).

The business strategy of the Target Group

Considering the potential growth of the healthcare market based on the above statistics in the PRC, the objective of the Target Group is to establish an intensive healthcare network, including not only hospitals but also clinics, rehabilitation centres and other possible healthcare related businesses in order to offer a full spectrum of healthcare services from primary preventive care to acute care and post-operative rehabilitation.

The Target Group may operate its own business or in the form of management trust. The Target Company has entered into a hospital management trust agreement dated 3 April 2014 with Tai Kang Medical Clinic* 泰康醫療門診部 (the "Clinic"), pursuant to which the management of the Clinic is outsourced to the Target Company in order to enable the Clinic to concentrate its resources in medical expert area and maximize the mutual benefits between the Target Company and the Clinic. The Clinic is located in Guangzhou City of the Guangdong Province and approved by the National Health Bureau to set up a comprehensive clinic. The Clinic has various departments including the emergency, medicine, surgery, orthopedics, gynecology, dentistry etc, and a fully equipped medical testing, treatment, radiology and imaging equipments. The scope of the management trust model is extensive and comprehensive. It covers the design and implementation of the healthcare business and marketing strategy, general operation and administration services, operation enhancement, cost control and information system and establishment and maintain government bureau and banker relationship etc. The Target Group preliminarily decided the management fee will be charged based on the revenue of the Clinic but the rate is still under negotiation. Therefore, as of the Latest Practicable Date, the Target Group had not commenced its operation and not recorded any revenue since its incorporation. Detailed financial information

[2] National Economic and Social Development Statistics Bulletin of 2012 and 2013 dated 23 February 2013 and 24 February 2014 respectively issued by National Bureau of Statistics of the People's Republic of China

[9] Health developments of Guangdong Province in 2013 issued by Health and Family Planning Commission of Guangdong Province on 17 April 2014

[10] Economic and Social Development Statistics Bulletin of Guangdong in 2013 issued by Statistics Bureau of Guangdong Province on 26 February 2014

* *For identification purpose only*

of the Target Group is set out in Appendix II to this circular. The Target Group is expected to set up a management trust model with the Clinic for the healthcare industry in the PRC and will actively explore opportunities to expand this operation model in healthcare related business in the Guangdong Province or outside. The management trust model will be tailor made to each healthcare institution. The Target Group will provide services from strategy level to operation level such as design and implementation of marketing and investors strategies to maintaining accounting records and application license and permits from the government bureau and agencies. Under the management trust model, the Target Group will be entitled to a management fee, which is either based on a fix amount or the revenue of the relevant medical institutions, according to the scope of services which the Target Group will be engaged to provide. The term for the provision of the services under the management trust model varies depending on the negotiations between the parties but may cover up to the expiry of the medical practice permit of the healthcare institutions. The PRC legal counsel of the Company advises that the management trust model is permitted under the applicable laws and regulations in the PRC, and given that the Target Company intends to set up a wholly-owned subsidiary in the PRC to operate the healthcare management trust business, it shall not require any specific license, permits and approvals other than those applicable to a PRC company carrying out general business.

Except the Clinic, the Target Company had not identified any healthcare institutions suitable for the management trust model as of the Latest Practical Date. It is therefore difficult to estimate how much resources (including human resources and expertise) are required to carry the management trust business. Nevertheless, after the Acquisition Completion, the Target Group intends to recruit a project planning manager in the PRC who will report to the board of the Target Company for the management trust business who will be in charge of conducting feasibility study for each potential healthcare institution before entering into any management trust agreement. The feasibility study will include the type and scope of services required to be provided by the Target Company, the historical financial performance, operation environment of the target healthcare institution and break-even analysis to determine, among other things, whether or not the project would be profitable to the Target Group and the management fee that may be charged by the Target Company compared to the client's revenue. The feasibility study will also include an analysis on the resources required by the Target Company, including the human resources and equipment requirement, cash budget for the whole term of each engagement and the method of financing (if appropriate), in order to execute the engagement. An engagement will only be accepted by the Target Group if the feasibility study is considered valid by the board of the Target Company. After acceptance of the engagement, the Target Group will perform an annual review on each engagement from a financial and operational perspective in order to monitor whether or not the target set out in the feasibility study (especially the financial budget) is met. If an adverse situation is discovered during an engagement or in the annual review, the Target Group shall promptly take remedial action including without limitation a review of the services to be provided, the adjustment of management fee rate or terminate the services prior to the expiration of its term pursuant to the term of the engagement in order to minimise the adverse effect on the Target Group's performance.

As of the Latest Practicable Date, as the management trust model was still at a preliminary stage which is under development by the Target Company, it is difficult to estimate the impact that the management trust model may have on the Company's business development, financial and trading prospect. Nevertheless, the Company will keep the Shareholders and potential investors informed by way of further announcement(s) and/or disclosure in interim or annual report(s) as and when appropriate should the management trust model have a significant impact on the Company's business development, financial and trading prospect.

To conclude, the Group is inclined to invest towards the great health industrial field in the long run and will actively seek and negotiate related projects when the appropriate opportunity arises. Further announcement(s) will be made by the Company in due course to inform the Shareholders and potential investors should there be further development in above new projects or new investment opportunities.

Risks Associated with the Acquisition

The Acquisition Completion is subject to the fulfilment or wavier of certain conditions precedent set out in the Acquisition Agreement, among other things, the approval from the Shareholders as required under the Listing Rules and the Stock Exchange's clearance for the transactions contemplated under the Acquisition Agreement cannot be waived. If the approval from the Shareholders and the Stock Exchange's clearance could not be obtained, Billion High shall return such sum of HK$40,000,000 as deposit to the Group pursuant to the Acquisition Agreement. Except the chance of expansion health industry is lost, it will be net cash inflow of HK$37,524,000 after deducting direct professional fee attributable to the Acquisition and then removing bank overdraft of HK$13,877,000 set out in the sub-headed "the Financial Information of the Enlarge Group" in Appendix IV to this circular.

The Target Company and Zhao Long HK are companies incorporated in British Virgins Island and Hong Kong, respectively. Regardless of whether the Target Company or Zhao Long HK will directly own 27% of registered capital of the Allad Zhanjiang, the PRC Government regards them as foreign investors. There is a risk that the PRC Government may take a stringent approach toward foreign investors' entrance into the PRC healthcare industry. However, the Directors after consulting with the directors of the Target Company and management team of the Allad Group, consider the policies toward the healthcare industry is becoming more lenient since the medical reform in 2009, and the chance of re-bound and political risk is low.

Although the Company will conduct due diligence in connection with the Acquisition before the Acquisition Completion, it may not be aware of all the risks associated with the acquired businesses at the time of purchase. Any discovery of adverse information concerning the acquired businesses after the Acquisition Completion could materially and adversely affect the Group's business, financial condition and results of operations. Furthermore, the Target Group may not perform to the Company's expectations for various reasons, including change of preference of the customers and the loss of key customers and personnel. If the Group is not able to realise the benefits envisioned for the Acquisition, the Group's overall profitability and growth plans may be adversely affected.

As of the Latest Practicable Date, the Company had no intention to participate in the Allad Group's business and therefore is intended to be a passive investor of the Allad Group. Although the Company will, after the Acquisition Completion, control the board of directors of the Target Company and have the power to nominate a director to the board of Allad Zhanjiang Optometry Centre, as the board of Allad Zhanjiang Optometry Centre will not be controlled by the Company, the Company may not have any control over the general direction, management and operation of the Allad Group. The interest of the Company in the Allad Group could be materially and adversely affected if any decision made by the board of directors of Allad Zhanjiang Optometry Centre is not in the interest of the Company as a whole.

The successful trust management model of the Target Group may not be reached and will require, among other things, co-operation between the management of the Group and the Target Group, economic growth of and healthcare market in the PRC. If the benefits of the Acquisition cannot be realised or if the Enlarged Group cannot address the risks relating to the integration, the financial position and operating results of the Enlarged Group may be adversely affected.

Risks Associated with the Disposal

The Disposal Completion is subject to the fulfilment or wavier of certain conditions precedent set out in the Formal SPA, among other things, the approval from the Shareholders as required under the Listing Rules and the Stock Exchange's clearance for the transactions contemplated under the Formal SPA cannot be waived. If the approval from the Shareholders and the Stock Exchange's clearance could not be obtained, the Group shall return such sum of HK$4,800,000 as deposit to Regal Fortune pursuant to the Formal SPA.

The Disposal Completion may not proceed if Regal Fortune withdraws to purchase but it shall be regarded as a breach by Regal Fortune of the Formal SPA, Regal Fortune shall be obliged to compensate the Group for all losses arising from the default of Regal Fortune, including the price difference between the Disposal Consideration under Formal SPA and subsequent sale price which the Group sells the Property lower than the Disposal Consideration subsequently.

The main benefits of the Disposal was net cash receipt of approximately HK$47,209,000 as proceed of the Disposal by the Group and use such proceed in the working capital and additional fund for financing the further development of health industry of the Group. The Group can demand earlier repayment of the loans to Champion Dynasty and certain third parties borrowers by short written notice to get the fund to fulfil the capital needs in development of current and future health industry of the Group.

THE SPECIAL GENERAL MEETING

The Special General Meeting will be held at Room 2709-10, 27th Floor North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 17 December 2014 at 3:00 p.m. to consider and if thought fit approve the Acquisition, the Disposal and the Specific Mandate together with the transactions contemplated thereunder. The notice of the Special General Meeting is set out on pages 291 to 293 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at Special General Meeting will be taken by way of poll.

On 19 September 2014, the Champion Dynasty executed a deed of undertaking in favour of Regal Fortune pursuant to which, among other things, Champion Dynasty undertook to Regal Fortune that it will vote in favour of the resolution for the approval of the Disposal at the Special General Meeting.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no Shareholder has any material interest in the Acquisition Agreement, the Provisional Sale and Purchase Agreement and the Formal SPA and the Acquisition and the Disposal contemplated thereunder. Therefore, no Shareholder is required to abstain from voting on the resolutions to be proposed at the Special General Meeting.

A form of proxy for the Special General Meeting is enclosed together with this circular. Whether or not you intend to attend and vote at the Special General Meeting in person, you are requested to complete the form of proxy and return it to the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in accordance with the instructions printed thereon as soon as practicable but in any event not later than 48 hours before the time for holding the Special General Meeting. Completion and return of a form of proxy will not preclude you from attending and voting at the Special General Meeting in person should you so wish and in such event, the relevant form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that proposals regarding the Acquisition and the Disposal together with the transactions contemplated thereunder, including the issue and allotment of new Shares under the Specific Mandate for any adjustment to the Acquisition Consideration (if required) are on normal commercial terms and ordinary and usual course of business of the Company, and the terms and conditions of the Acquisition Agreement, the Provisional Sale and Purchase Agreement and the Formal SPA and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and recommend you to vote in favour of the relevant resolutions to be proposed at the Special General Meeting.

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

A. SUMMARY OF FINANCIAL INFORMATION

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2013 are set out from page 56 to page 145 in the annual report of the Company for the year ended 31 December 2013 (the "**Annual Report 2013**") published on 29 April 2014. The Annual Report 2013 is also posted on the Company's website http://www.cs-ih.com. Please also see below hyperlink to the Annual Report 2013:

http://www.cs-ih.com/UpFile/images/en/Annual/2013_1.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2012 are set out from page 51 to page 129 in the annual report of the Company for the year ended 31 December 2012 (the "**Annual Report 2012**") published on 30 April 2013. The Annual Report 2012 is also posted on the Company's website http://www.cs-ih.com.hk. Please also see below hyperlink to the Annual Report 2012:

http://www.cs-ih.com/UpFile/images/en/Annual/2012_1.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2011 are set out from page 39 to page 90 in the annual report of the Company for the year ended 31 December 2011 (the "**Annual Report 2011**"), which was published on 23 April 2012. The Annual Report 2009 is also posted on the Company's website http://www.cs-ih.com.hk. Please also see below hyperlink to the Annual Report 2011:

http://www.cs-ih.com/UpFile/images/en/Annual/2011_1.pdf

B. STATEMENT OF INDEBTEDNESS

At the close of business on 31 October 2014, being latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this statement of indebtedness, the outstanding short-term loan from a third party and obligations under finance lease of the Enlarged Group were RMB9,580,000 (equivalent to approximately HK$12,127,000) and approximately HK$21,000, respectively.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Enlarged Group did not have outstanding at the close of business on 31 October 2014 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

C. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after due and careful enquiry and taking into account the Group's cashflow generated from operation activities, including internally generated funds and cash flows for the Acquisition, in the absence of unforeseeable circumstances, the Enlarged Group will have sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

D. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, except the payments of (i) the first instalment in the sum of approximately RMB4,933,000 (equivalent to HK$6,356,000) as the consideration for the subscription of approximately 52% of the issued share capital of Multi Talent pursuant to the agreements set out in sub-paragraphs (a) and (b) at the paragraph headed "Material Contracts" in Appendix VI to this circular; and (ii) the deposit in the sum of HK$40,000,000 under the Acquisition Agreement, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up.

E. MATERIAL ACQUISITION

From the last published audited accounts for the year ended 31 December 2013 to the Latest Practical Date, the material acquisition of the Group was as follows:

On 6 January 2014, the Company, Billion High, Ms. Liu Cui Hua, Bonus Income Limited, Jun Fu Holdings Limited and the other contracting parties entered into a subscription agreement, pursuant to which, among other things, the Company conditionally agreed to subscribe for 20,800 new shares or 52% of the issued share capital of Multi Talent at a consideration of approximately HK$54,215,649, which will be satisfied partly by cash and partly by the allotment and issue of the new Shares under the General Mandate in accordance with the terms of the subscription agreement. Details of the subscription are set out in the announcement of the Company dated 7 January 2014.

The cash consideration for the subscription of 20,800 shares of the Multi Talent was US$5,015,916 (equivalent to approximately HK$38,892,249) by instalments in accordance with the terms of the subscription agreement.

As of the Latest Practical Date, the Company had made a payment of approximately RMB4,933,000 as first instalment of the cash consideration and had not allotted and issued any new Shares to Bonus Income Limited as certain conditions for the allotment of Shares as consideration had not been fulfilled as of the Latest Practical Date.

Multi Talent and its subsidiaries engage in fast food business in the Shenzhen city of the PRC, in the name of Happy Fun Health Fast Food and was in test operation in February 2014 and launched its comprehensive online ordering and meal delivery service in June 2014. The preliminary meal delivery areas cover four districts in Futian, Luohu, Nanshan and Bao'an and a total of 120 high class commercial buildings. As of 30 June 2014, the revenue arising from and segment loss attributable to it were HK$369,000 and HK$5,845,000 respectively.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司 Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

2 December 2014

The Directors
Common Splendor International Health Industry Group Limited
Room 2709-10, 27th Floor, North Tower
Concordia Plaza, 1 Science Museum Road
Tsim Sha Tsui, Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Zhao Long International Medical Investment Management Group Limited (the "Target Company") and its subsidiary (collectively referred to as the "Target Group") which comprises the consolidated statements of financial position of the Target Group and the statement of financial position of Target Company as at 30 June 2014, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group from 25 March 2014 (date of incorporation) to 30 June 2014 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Common Splendor International Health Industry Group Limited (the "Company") and is set out in Sections A, B and C below for inclusion in Appendix II to the circular of the Company dated 2 December 2014 (the "Circular") in connection with the proposed acquisition of the entire equity interests in Zhao Long International Medical Investment Management Group Limited by the Company.

Target Company was incorporated in the British Virgin Islands (the "BVI") on 25 March 2014. The principal activity of Target Company was investment holding.

As at the date of this report, Target Company has direct interests in its subsidiary as follow:

Name of subsidiary	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by Target Company 2014 %	Principal activity
Zhaolong International Medical Investment Management Group Limited	Hong Kong 15 April 2014	HK$10,000	100	Dormant

All companies now comprising the Target Group have adopted 31 December as their financial year end date. No audited financial statements of Target Company have been prepared for the period ended 30 June 2014 as the company was not involved in any significant business transactions since its date of incorporation.

The director of Target Company have prepared the consolidated financial statements of the Target Group (the "Underlying Financial Statements") for the Relevant Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for the period ended 30 June 2014 were audited by us in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

For the purpose of the preparation of this report, the director of Target Company are responsible for the preparation and the true and fair presentation of the Financial Information for the Relevant Period in accordance with accounting policies set out in Note 3 of Section B which conform with the HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the director of Target Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The director of Target Company are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in Note 1 of Section B below, a true and fair view of the state of affairs of the Target Group and Target Company as at 30 June 2014 and of the Target Group's results and cash flows for the Relevant Period then ended.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 3(a) of Section B to the Financial Information which indicates that the Target Group's total liability exceeded its total asset by HK$33,992 as at 30 June 2014. These conditions, along with other matters as set out in Note 3(a) of Section B to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about the Target Group's ability to continue as a going concern.

A. FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**From 25 March 2014 (date of incorporation) to 30 June 2014** *HK$*
Revenue	*7*	–
Administrative expenses		(34,000)
Loss before taxation		(34,000)
Taxation	*11*	–
Loss for the period	*9*	(34,000)
Other comprehensive loss for the period, net of tax		(34,000)
Loss for the period attributable to owners of Target Company	*12*	(34,000)
Total comprehensive loss for the period attributable to owners of Target Company		(34,000)

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2014
	Notes	*HK$*
ASSET		
Current asset		
Cash and bank balances	*16*	8
LIABILITY		
Current liability		
Accruals and other payables	*17*	34,000
Net current liability		(33,992)
Total asset less current liability		(33,992)
EQUITY		
Capital and reserves attributable to owners of Target Company		
Share capital	*19*	8
Reserves		(34,000)
Total equity		(33,992)

The accompanying notes form an integral part of the Financial Information.

STATEMENTS OF FINANCIAL POSITION

	Notes	At 30 June 2014 HK$
ASSET		
Non-current asset		
Investment in subsidiary	15	10,000
Current asset		
Cash and bank balances	16	8
LIABILITIES		
Current liabilities		
Accruals and other payables	17	12,000
Amount due to a subsidiary	18	10,000
		22,000
Net current liabilities		(21,992)
Total asset less current liabilities		(11,992)
EQUITY		
Capital and reserves attributable to owners of Target Company		
Share capital	19	8
Reserves		(12,000)
Total equity		(11,992)

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	Accumulated losses *HK$*	Total *HK$*
At 25 March 2014 (date of incorporation)	–	–	–
Issue of shares	8	–	8
Total comprehensive loss for the period	–	(34,000)	(34,000)
At 30 June 2014	8	(34,000)	(33,992)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	Accumulated losses *HK$*	Total *HK$*
At 25 March 2014 (date of incorporation)	–	–	–
Issue of shares	8	–	8
Total comprehensive loss for the period	–	(12,000)	(12,000)
At 30 June 2014	8	(12,000)	(11,992)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	At 30 June 2014
	HK$
Cash flows from operating activity	
Loss before taxation	(34,000)
Operation cash flows before movements in working capital	(34,000)
Increase in accruals and other payables	34,000
Net cash generated from operating activity	–
Cash flows from financing activity	
Proceeds from issue of shares	8
Net cash generated from financing activity	8
Net increase in cash and cash equivalents	8
Cash and cash equivalents at the beginning of the period	–
Cash and cash equivalents at the end of the period	8
Analysis of the balances of cash and cash equivalents	
Cash and bank balances	8

B. NOTES TO FINANCIAL INFORMATION

1. General information

Target Company was incorporated in the BVI on 25 March 2014 with limited liability. The address of the registered office and principal place of business of the Target Company is CCS Trustees Limited, 263 Main Street, Road Town, Tortola, British Virgin Islands. The principal activity of Target Company is investment holding.

The Financial Information for the period ended 30 June 2014 are presented in units of HK$, which is the same as the functional currency of Target Company.

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKAS"), HKFRSs amendments and related interpretations (herein collectively referred to as the "new and revised HKFRSs") which are effective for the Target Group's financial year beginning on 25 March 2014. For the purpose of preparing and presenting the Financial Information of the Relevant Period, the Target Group was consistently adopted all these new and revised HKFRSs through the Relevant Period.

2.2 New and revised HKFRSs in Issue but not yet effective

As at the date of this report, the Target Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle[7]
Amendments to HKFRSs 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosure[3]
Amendments to HKFRSs 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs 11	Accounting for acquisitions of interest in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[7]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1 January 2014.*
2 *Effective for annual periods beginning on or after 1 July 2014.*
3 *Effective for annual periods beginning on or after 1 January 2018.*
4 *Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.*
5 *Effective for annual periods beginning on or after 1 January 2016.*
6 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.*
7 *Effective for annual periods beginning on or after 1 January 2017.*

The director of Target Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of preparation

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at 30 June 2014, the Target Group's total liability exceeded its total asset by approximately HK$33,992. The Financial Information has been prepared on a going concern basis because the shareholder of Target Company has confirmed to provide continuing financial support to the Target Group to enable it continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The Financial Information incorporates the financial statements of Target Company and entities (including structured entities) controlled by the Target Group. Control is achieved when Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Target Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Target Group considers all relevant facts and circumstances in assessing whether or not the Target Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Target Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Target Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Target Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous meetings of the shareholders of Target Company.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

(c) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Target Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Target Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Target Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Target Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of such category of financial assets are set out below:

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Loans and receivables

Loans and receivables (including cash and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Target Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of Target Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Target Company's own equity instruments.

Other financial liabilities

Other financial liabilities (including accruals and other payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(f) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(g) Related parties

A related party is a person or entity that is related to the Target Group that is preparing its financial statements as follows:

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or a parent of the Target Group.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Target Group's accounting policies, which are described in Note 3, management of Target Company (the "Management") required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. Financial instruments

(a) Categories of financial instruments

The Target Group

	At 30 June 2014 *HK$*
Financial assets	
Loan and receivables (including cash and bank balances)	8
Financial liability	
Amortised cost	34,000

Target Company

	At 30 June 2014 *HK$*
Financial asset	
Loan and receivables (including cash and bank balances)	8
Financial liabilities	
Amortised cost	22,000

(b) Financial risk management objectives and polices

The Target Group's major financial instruments include cash and bank balances and accruals and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Target Group's risk exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Credit risk

The Target Group has no significant concentration of credit risk.

Liquidity risk

As at 30 June 2014, the Target Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Target Group's liquidity requirements in the short and long term. The liquidity risk is under continuous monitoring by the management of Target Company. The management of Target Company will raise or refinance bank borrowings whenever necessary.

At the end of the reporting period, the Target Group did not have significant exposure to liquidity risk.

The following tables detail the remaining contractual maturity at the end of the reporting period of the Target Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates) and the earliest date the Target Group can be required to pay:

	Weighted average effective interest rate	On demand less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 30 June 2014						
Non-derivative instrument						
Accruals and other payables	–	34,000	–	–	34,000	34,000

(c) Fair value estimation

The Target Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The Director consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values and no analysis is disclosed as the Target Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

6. Capital management policies and procedures

The primary objective of the Target Group's capital management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Target Group manages the capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Target Group monitors its capital structure on the basis of the gearing ratio. As at 30 June 2014, the Target Group's gearing ratio was undefined because the Target Group did not have any borrowings at the end of the reporting period.

7. Revenue

The Target Group did not generate any revenue during the period.

8. Segment information

The Target Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Target Group has adopted HKFRS 8 Operating Segments. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Target Group that are regularly reviewed by the chief operating decision makers for the purposes of allocating resources to segments and assessing their performance. A single management team reports to the chief operating decision makers who comprehensively manages the entire business.

The Target Group does not have any operations during the period. Accordingly, the Target Group does not have separately reportable segments.

9. Loss for the period

	From 25 March 2014 (date of incorporation) to 30 June 2014 *HK$*
Loss for the period has been arrived at after charging:	
Total staff costs including director's remuneration	
– Salaries and other benefits	–
– Retirement and benefits scheme contributions	–
Auditors' remuneration	–

10. Director's, senior management's and employees' emoluments

(a) Director's emoluments

During the Relevant Period, the remuneration paid or payable to the director of Target Company was as follows:

For the period ended 30 June 2014:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Mr. Huang Zhuliang *(Note i)*	–	–	–	–	–
Total	–	–	–	–	–

During the Relevant Period, no emoluments were paid by the Target Group to the director or chief executive officer as an inducement to join or upon joining the Target Group or as compensation for loss of office. None of the director or chief executive officer has waived or has agreed to waive any emoluments for the Relevant Period.

Note:

i) Mr. Huang Zhuliang was appointed as Director with effect from 25 March 2014 (date of incorporation).

(b) Senior management's emoluments and five highest paid employees

During the Relevant Period, none of the five highest paid individuals is director of the Target Group. The aggregate amounts of emoluments of the five highest paid individuals for the Relevant Period are as follows:

	From 25 March 2014 (date of incorporation) to 30 June 2014
	HK$
Salaries and other allowances	–
Retirement benefits scheme contributions	–
	–

Their emoluments were within the following bands:

	From 25 March 2014 (date of incorporation) to 30 June 2014
HK$ Nil to HK$1,000,000	–

None of the senior management or the five highest paid individuals has waived or has agreed to waive any emoluments for the Relevant Period.

11. Taxation

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Relevant Period.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Target Group had no assessable profit for the Relevant Period.

The income tax expense for the period can be reconciled to the loss before tax per the statement of profit or loss and other comprehensive income as follows:

	From 25 March 2014 (date of incorporation) to 30 June 2014 *HK$*
Loss before taxation	(34,000)
Tax at Hong Kong Profits Tax rate of 16.5%	(5,610)
Tax effect of expense not deductible for tax purpose	5,610
Tax charge for the period	–

At 30 June 2014, the Target Group has no unused tax losses available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams.

12. Loss for the period attributable to owners of Target Company

The Target Group's consolidated loss for the period ended 30 June 2014 of HK$34,000 were attributable to owners of Target Company.

13. Dividend

The board of director of the Target Group does not recommend the payment of any dividend for the Relevant Period.

14. Loss per share

No earnings per share information is presented as it is not considered as meaningful for the purpose of this report.

15. Investments in subsidiary

The Target Group

General information of subsidiary

Details of the Target Group's subsidiary at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by the Target Group 2014 %	Principal activity
Zhaolong International Medical Investment Management Group Limited	Hong Kong 15 April 2014	HK$10,000	100	Dormant

The above table lists the subsidiary of the Target Group which, in the opinion of the director, principally affected the results or assets of the Target Group.

Target Company

	At 30 June 2014 HK$
Unlisted shares, at cost	10,000
Amount due to a subsidiary	(10,000)

The amount due to a subsidiary is unsecured, interest-free and no fixed repayment terms.

16. Cash and bank balances

The Target Group

	At 30 June 2014 HK$
Cash and bank balances	8

17. Accruals and other payables

The Target Group

	At 30 June 2014 HK$
Accruals and other payables	34,000

Target Company

	At 30 June 2014
	HK$
Accruals and other payables	12,000

18. Amount due to a subsidiary

The amount due to a subsidiary was unsecured, interest free and repayable on demand.

19. Share capital

	Number of shares	Share capital
		HK$
Authorised:		
Ordinary shares at US$1 each		
At 25 March 2014 (date of incorporation) and 30 June 2014	50,000	388,000
Issued and fully paid:		
At 25 March 2014 (date of incorporation)	–	–
Issue of ordinary shares	1	8
At 30 June 2014	1	8

Target Company was incorporated with an initial share capital of HK$8 divided into 1 ordinary shares of HK$8 each. On incorporation, Target Company issued 1 ordinary share of HK$8 each at par for cash. All the shares rank pari passu in all respects with the existing shares of Target Company. The proceeds were used to provide general working capital for the company.

20. Material related parties transactions

(a) Save as disclosed elsewhere in the Financial Information, the Target Group did not have any significant material related party transactions during the Relevant Period.

(b) Balance with related parties:

Details of balance with related parties at the end of reporting period is set out in Note 18.

(c) Key management personnel

Remuneration for key personnel management, including amounts paid to the director of Target Company and certain of the highest paid employees were disclosed in Note 10 to the Financial Information.

21. Events after the reporting period

No significant events took place subsequent to the end of the reporting period.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Target Company in respect of any period subsequent to 30 June 2014 and no dividends or other distributions have been declared by Target Company in respect of any period subsequent to 30 June 2014.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

2 December 2014

The Directors
Common Splendor International Health Industry Group Limited
Room 2709-10, 27th Floor, North Tower
Concordia Plaza, 1 Science Museum Road
Tsim Sha Tsui, Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Allad Zhanjiang Optometry Centre (the "Zhanjiang Optometry") and its subsidiaries (collectively referred to as the "Zhanjiang Optometry Group") which comprises the consolidated statements of financial position of the Zhanjiang Optometry Group and the statement of financial position of Zhanjiang Optometry as at 31 December 2011, 2012 and 2013 and 30 June 2014, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Zhanjiang Optometry Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 (the "Relevant Periods") and the comparable financial information for the six months ended 30 June 2013 (the "Comparable Financial Information") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Common Splendor International Health Industry Group Limited (the "Company") and is set out in Sections A, B and C below for inclusion in Appendix II to the circular of the Company dated 2 December 2014 (the "Circular") in connection with the proposed acquisition of the entire equity interests in Zhao Long International Medical Investment Management Group Limited by the Company.

Zhanjiang Optometry was incorporated in the People's Republic of China (the "PRC") on 15 December 2004. The principal activity of Zhanjiang Optometry were investment holding and trading of optical products in the PRC.

As at the date of this report, Zhanjiang Optometry has direct and indirect interests in its subsidiaries as follows:

Name of subsidiaries	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by Zhanjiang Optometry				Principal activities
			2011	2012	2013	2014	
			%	%	%	%	
Allad Zhanjiang Ophthalmology Hospital	The PRC 31 March 2004	RMB6,350,000	100	100	100	100	General hospital services
Allad Zhongshan Ophthalmology Company ("Zhongshan Ophthalmology")	The PRC 19 April 2004	RMB20,000,000	–	–	–	100	Investment holding
Allad Zhongshan Ophthalmology Hospital	The PRC 8 March 2007	RMB1,000,000	–	–	–	100	General hospital services

All companies now comprising the Zhanjiang Optometry Group have adopted 31 December as their financial year end date. For the years ended 31 December 2011 and 2012, the statutory audited financial statements of Zhanjiang Optometry were prepared in accordance with the relevant accounting principles generally accepted in its place of incorporation and audited by Xinda Certified Public Accountants Co., Ltd. Zhanjiang City（湛江市信達會計師事務所有限公司）, certified public accountants registered in the PRC. No audited financial statements have been prepared by Zhanjiang Optometry for the year ended 31 December 2013 as there are no statutory requirements for Zhanjiang Optometry to prepare audited financial statements.

No audited financial statements of Allad Zhanjiang Ophthalmology Hospital have been prepared for the years ended 31 December 2011, 2012 and 2013 as there are no statutory requirements for Allad Zhanjiang Ophthalmology Hospital to prepare audited financial statements.

For the years ended 31 December 2011 and 2012, the statutory audited financial statements of Allad Zhongshan Ophthalmology Company were prepared in accordance with the relevant accounting principles generally accepted in its place of incorporation and audited by Weide Certified Public Accountants Zhongshan (中山市維德會計師事務所), certified public accountants registered in the PRC. No audited financial statements have been prepared by Allad Zhongshan Ophthalmology Company for the year ended 31 December 2013 as there are no statutory requirements for Allad Zhongshan Ophthalmology Company to prepare audited financial statements.

No audited financial statements of Allad Zhongshan Ophthalmology Hospital have been prepared for the years ended 31 December 2011, 2012 and 2013 as there are no statutory requirements for Allad Zhongshan Ophthalmology Hospital to prepare audited financial statements.

The directors of Zhanjiang Optometry have prepared the consolidated financial statements of the Zhanjiang Optometry Group (the "Underlying Financial Statements") for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012, 2013 and for the six months ended 30 June 2014 were audited by us in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

For the purpose of the preparation of this report, the directors of Zhanjiang Optometry are responsible for the preparation and the true and fair presentation of the Financial Information for the Relevant Periods in accordance with accounting policies set out in Note 3 of Section B which conform with the HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the directors of Zhanjiang Optometry determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of Zhanjiang Optometry are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in Note 1 of Section B below, a true and fair view of the state of affairs of the Zhanjiang Optometry Group and Zhanjiang Optometry as at 31 December 2011, 2012 and 2013 and 30 June 2014 and of the Zhanjiang Optometry Group's results and cash flows for the Relevant Periods then ended.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 3(a) of Section B to the Financial Information which indicates that the Zhanjiang Optometry Group's total liabilities exceeded its total assets by approximately RMB9,270,000 and RMB4,634,000 respectively as at 31 December 2011 and 2012. These conditions, along with other matters as set out in Note 3(a) of Section B to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about the Zhanjiang Optometry Group's ability to continue as a going concern.

REVIEW OF COMPARABLE FINANCIAL INFORMATION

We have reviewed the Comparable Financial Information set out in Sections A, B and C below included in Appendix II to the Circular which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Zhanjiang Optometry Group for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information.

The directors of Zhanjiang Optometry are responsible for the preparation and the true and fair presentation of the Comparable Financial Information in accordance with accounting policies set out in Note 3 of Section B below which confirm with the HKFRSs issued by the HKICPA.

The directors of Company are responsible for the contents of the Circular in which this report is included.

Our responsibility is to express a conclusion on the Comparable Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity" issued by the HKICPA. A review of Comparable Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Comparable Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section B below.

A. FINANCIAL INFORMATION OF THE ZHANJIANG OPTOMETRY GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2011	2012	2013	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	14,145	17,618	20,926	8,738	16,366
Costs of sales		(6,251)	(7,745)	(8,351)	(4,218)	(4,864)
Gross profit		7,894	9,873	12,575	4,520	11,502
Other income	*9*	456	99	346	2	109
Operating expenses		–	–	(5)	(5)	(9)
Selling and distribution expenses		(1,635)	(1,694)	(1,070)	(721)	(289)
Administrative expenses		(4,806)	(3,634)	(3,231)	(1,076)	(2,893)
Profit before taxation		1,909	4,644	8,615	2,720	8,420
Taxation	*12*	(12)	(8)	(518)	(216)	(324)
Profit for the year/period	*10*	1,897	4,636	8,097	2,504	8,096
Other comprehensive income for the year/period, net of tax		1,897	4,636	8,097	2,504	8,096
Income for the year/period attributable to owners of Zhanjiang Optometry	*13*	1,897	4,636	8,097	2,504	8,096
Total comprehensive income for the year/period attributable to owners of Zhanjiang Optometry		1,897	4,636	8,097	2,504	8,096

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

			At 31 December		At 30 June
		2011	2012	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Goodwill	*16*	–	–	–	10,228
Intangible asset	*17*	–	–	–	1,375
Property, plant and equipment	*18*	3,161	1,735	1,354	7,869
		3,161	1,735	1,354	19,472
Current assets					
Inventories	*20*	1,540	2,502	3,021	1,961
Trade receivables	*21*	424	443	2,180	4,622
Other receivables, prepayments and deposits	*22*	1,679	526	615	380
Amount due from a director	*23*	–	120	260	–
Amounts due from related companies	*23*	–	–	–	6,234
Tax recoverable		–	2	–	–
Cash and bank balances	*24*	1,098	1,675	8,333	2,538
		4,741	5,268	14,409	15,735
LIABILITIES					
Current liabilities					
Trade payables	*25*	1,766	2,951	3,526	2,395
Accruals, receipts in advance and other payables	*26*	5,346	584	886	1,287
Amount due to a director	*23*	90	–	–	–
Amounts due to related companies	*23*	9,970	8,102	7,739	–
Tax payable		–	–	149	176
		17,172	11,637	12,300	3,858
Net current (liabilities) assets		(12,431)	(6,369)	2,109	11,877
Total assets less current liabilities		(9,270)	(4,634)	3,463	31,349
EQUITY					
Capital and reserves attributable to owners of Zhanjiang Optometry					
Share capital	*27*	1,000	1,000	1,000	25,000
Reserves		(10,270)	(5,634)	2,463	6,349
Total equity		(9,270)	(4,634)	3,463	31,349

The accompanying notes form an integral part of the Financial Information.

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2011 RMB'000	2012 RMB'000	2013 RMB'000	At 30 June 2014 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	*18*	26	26	26	28
Investments in subsidiaries	*19*	6,350	6,350	6,350	26,350
		6,376	6,376	6,376	26,378
Current assets					
Inventories	*20*	708	915	1,272	671
Other receivables, prepayments and deposits	*22*	65	45	104	1
Amount due from a director	*23*	–	120	140	–
Amount due from a subsidiary	*23*	998	485	18	859
Amount due from a related company	*23*	–	–	–	220
Tax recoverable		–	2	–	–
Cash and bank balances	*24*	26	135	155	306
		1,797	1,702	1,689	2,057
LIABILITIES					
Current liabilities					
Trade payables	*25*	191	188	118	424
Accruals, receipts in advance and other payables	*26*	81	72	63	29
Amount due to a director	*23*	90	–	–	–
Amount due to a related company	*23*	7,053	7,053	7,053	–
Tax payable		–	–	–	10
		7,415	7,313	7,234	463
Net current (liabilities) assets		(5,618)	(5,611)	(5,545)	1,594
Total assets less current liabilities		758	765	831	27,972
EQUITY					
Capital and reserves attributable to owners of Zhanjiang Optometry					
Share capital	*27*	1,000	1,000	1,000	25,000
Reserves		(242)	(235)	(169)	2,972
Total equity		758	765	831	27,972

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	(Accumulated losses) retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	1,000	36	(12,203)	(11,167)
Total comprehensive income for the year	–	–	1,897	1,897
Appropriation to the PRC statutory reserve	–	193	(193)	–
At 31 December 2011 and 1 January 2012	1,000	229	(10,499)	(9,270)
Total comprehensive income for the year	–	–	4,636	4,636
Appropriation to the PRC statutory reserve	–	464	(464)	–
At 31 December 2012 and 1 January 2013	1,000	693	(6,327)	(4,634)
Total comprehensive income for the year	–	–	8,097	8,097
Appropriation to the PRC statutory reserve	–	810	(810)	–
At 31 December 2013 and 1 January 2014	1,000	1,503	960	3,463
Total comprehensive income for the period	–	–	8,096	8,096
Special dividend paid	–	–	(4,210)	(4,210)
Issue of new shares	24,000	–	–	24,000
Appropriation to the PRC statutory reserve	–	1,065	(1,065)	–
At 30 June 2014	25,000	2,568	3,781	31,349
At 1 January 2013	1,000	693	(6,327)	(4,634)
Total comprehensive income for the period	–	–	2,504	2,504
Appropriation to the PRC statutory reserve	–	250	(250)	–
At 30 June 2013 (Unaudited)	1,000	943	(4,073)	(2,130)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Statutory reserve *RMB'000*	(Accumulated losses) retained profits *RMB'000*	Total *RMB'000*
At 1 January 2011	1,000	–	(206)	794
Total comprehensive loss for the year	–	–	(36)	(36)
At 31 December 2011 and 1 January 2012	1,000	–	(242)	758
Total comprehensive income for the year	–	–	7	7
Appropriation to the PRC statutory reserve	–	1	(1)	–
At 31 December 2012 and 1 January 2013	1,000	1	(236)	765
Total comprehensive income for the year	–	–	66	66
Appropriation to the PRC statutory reserve	–	6	(6)	–
At 31 December 2013 and 1 January 2014	1,000	7	(176)	831
Total comprehensive income for the period	–	–	7,351	7,351
Special dividend paid	–	–	(4,210)	(4,210)
Issue of new shares	24,000	–	–	24,000
Appropriation to the PRC statutory reserve	–	314	(314)	–
At 30 June 2014	25,000	321	2,651	27,972
At 1 January 2013	1,000	1	(236)	765
Total comprehensive income for the period	–	–	12	12
Appropriation to the PRC statutory reserve	–	1	(1)	–
At 30 June 2013 (Unaudited)	1,000	2	(225)	777

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
Profit before taxation	1,909	4,644	8,615	2,720	8,420
Adjustments for:					
Amortisation of intangible asset	–	–	–	–	41
Bank interest income	(4)	(4)	(3)	(2)	(7)
Depreciation of property, plant and equipment	3,958	1,480	828	546	419
Impairment loss recognised in respect of trade receivables	274	547	327	123	397
Loss on disposal/written off of property, plant and equipment	–	–	2	–	82
Operating cash flows before movements in working capital	6,137	6,667	9,769	3,387	9,352
(Increase) decrease in inventories	(233)	(962)	(519)	(31)	1,620
Decrease (increase) in trade receivables	387	(566)	(2,064)	(1,082)	(2,114)
(Increase) decrease in other receivables, prepayments and deposits	(252)	1,153	(89)	(23)	506
(Increase) decrease in amount due from a director	–	(120)	(140)	(160)	260
Increase in amounts due from related companies	–	–	–	–	(5,535)
Decrease in amount due from a shareholder	450	–	–	–	–
Increase (decrease) in trade payables	404	1,185	575	174	(2,306)
(Decrease) increase in accruals, receipts in advance and other payables	(13,760)	(4,762)	302	318	(46)
Increase (decrease) in amount due to a director	90	(90)	–	–	–
Increase (decrease) in amounts due to related companies	7,021	(1,868)	(363)	(3,021)	(26,058)
Cash generated from (used in) operations	244	637	7,471	(438)	(24,321)
Tax paid	(12)	(10)	(367)	(104)	(297)
Net cash generated from (used in) operating activities	232	627	7,104	(542)	(24,618)

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from investing activities					
Bank interest received	4	4	3	2	7
Purchase of property, plant and equipment	(68)	(54)	(449)	(109)	(299)
Net cash outflow on acquisition of subsidiaries	–	–	–	–	(675)
Net cash used in investing activities	(64)	(50)	(446)	(107)	(967)
Cash flows from financing activities					
Proceeds from issue of shares	–	–	–	–	24,000
Dividends paid	–	–	–	–	(4,210)
Net cash generated from financing activities	–	–	–	–	19,790
Net increase (decrease) in cash and cash equivalents	168	577	6,658	(649)	(5,795)
Cash and cash equivalents at the beginning of the year/period	930	1,098	1,675	1,675	8,333
Cash and cash equivalents at the end of the year/period	1,098	1,675	8,333	1,026	2,538
Analysis of the balances of cash and cash equivalents					
Cash and bank balances	1,098	1,675	8,333	1,026	2,538

B. NOTES TO FINANCIAL INFORMATION

1. General information

Zhanjiang Optometry was incorporated in the PRC on 15 December 2004 with limited liability. The address of the registered office and principal place of business of Zhanjiang Optometry is 廣東省湛江市赤坎區軍民路1號. The principal activity of Zhanjiang Optometry is trading of optical products. As at the date of this report, in the opinion of the director of Zhanjiang Optometry, Guangdong Allad Commercial Development Company Limited is the related company of Zhanjiang Optometry.

The Financial Information for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 are presented in thousands of units of Renminbi ("RMB'000"), which is the same as the functional currency of Zhanjiang Optometry.

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKAS"), HKFRSs amendments and related interpretations (herein collectively referred to as the "new and revised HKFRSs") which are effective for the Zhanjiang Optometry Group's financial year beginning on 1 January 2014. For the purpose of preparing and presenting the Financial Information of the Relevant Periods, the Zhanjiang Optometry Group was consistently adopted all these new and revised HKFRSs through the Relevant Periods.

2.2 New and revised HKFRSs in Issue but not yet effective

As at the date of this report, the Zhanjiang Optometry Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle[7]
Amendments to HKFRSs 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosure[3]
Amendments to HKFRSs 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs 11	Accounting for acquisitions of interest in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[7]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1 January 2014.*

2 *Effective for annual periods beginning on or after 1 July 2014.*

3 *Effective for annual periods beginning on or after 1 January 2018.*

4 *Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.*

5 *Effective for annual periods beginning on or after 1 January 2016.*

6 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.*

7 *Effective for annual periods beginning on or after 1 January 2017.*

The directors of Zhanjiang Optometry anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of preparation

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at 31 December 2011 and 2012, the Zhanjiang Optometry Group's total liabilities exceeded its total assets by approximately RMB9,270,000 and RMB4,634,000 respectively. The Financial Information has been prepared on a going concern basis because the shareholder of Zhanjiang Optometry has confirmed to provide continuing financial support to the Zhanjiang Optometry Group to enable it continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The Financial Information incorporates the financial statements of Zhanjiang Optometry and entities (including structured entities) controlled by the Zhanjiang Optometry Group. Control is achieved when Zhanjiang Optometry:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Zhanjiang Optometry Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Zhanjiang Optometry Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Zhanjiang Optometry Group considers all relevant facts and circumstances in assessing whether or not the Zhanjiang Optometry Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Zhanjiang Optometry Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Zhanjiang Optometry Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Zhanjiang Optometry Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous meetings of the shareholders of Zhanjiang Optometry.

Consolidation of a subsidiary begins when the Zhanjiang Optometry Group obtains control over the subsidiary and ceases when the Zhanjiang Optometry Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Zhanjiang Optometry Group gains control until the date when the Zhanjiang Optometry Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of Zhanjiang Optometry and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of Zhanjiang Optometry and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Zhanjiang Optometry Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Zhanjiang Optometry Group are eliminated in full on consolidation.

(c) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Zhanjiang Optometry Group, liabilities incurred by the Zhanjiang Optometry Group to the former owners of the acquiree and the equity interests issued by the Zhanjiang Optometry Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Zhanjiang Optometry Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

- assets that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Zhanjiang Optometry Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Zhanjiang Optometry Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Zhanjiang Optometry Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Zhanjiang Optometry Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Zhanjiang Optometry Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amoritsation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Revenue recognition

Provided it is probable that the economic benefits will flow to the Zhanjiang Optometry Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

(i) Sales of goods

Revenue from sales of goods is recognised when the significant risk and rewards of ownership have been transferred to the buyers, provided that the Zhanjiang Optometry Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over goods sold.

(ii) Provision of services

Revenue from provision of hospital services is recognised when the services are provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using effective interest method. When a receivable is impaired, the Zhanjiang Optometry Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounts at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(g) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their useful lives, using the straight-line method at the following rates per annum:

Furniture and fixtures	15% – 20%
Leasehold improvements	10%
Machinery and equipment	10% – 15%
Motor Vehicles	10% – 15%
Office equipment	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Zhanjiang Optometry Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of such category of financial assets are set out below:

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Loans and receivables

Loans and receivables (including trade receivables, other receivables and deposits, amount due from a director, amounts due from related companies and cash and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Zhanjiang Optometry Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Zhanjiang Optometry Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of Zhanjiang Optometry's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Zhanjiang Optometry's own equity instruments.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, amount due to a director and amounts due to related companies) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

The Zhanjiang Optometry Group derecognises a financial asset only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Zhanjiang Optometry Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Zhanjiang Optometry Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Zhanjiang Optometry Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Zhanjiang Optometry Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Zhanjiang Optometry Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Zhanjiang Optometry Group derecognises financial liabilities when, and only when, the Zhanjiang Optometry Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale. Provision is made for inventories when they became obsolete.

(j) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Zhanjiang Optometry Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Zhanjiang Optometry Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Zhanjiang Optometry Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(k) Retirement benefits scheme

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Zhanjiang Optometry Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statements.

(m) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Zhanjiang Optometry Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Zhanjiang Optometry Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whatever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the tangible assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Zhanjiang Optometry Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(o) Provisions

Provisions are recognised when the Zhanjiang Optometry Group has a present obligation (legal or constitutive) as a result of a past event, and it is probable that the Zhanjiang Optometry Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Zhanjiang Optometry Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Zhanjiang Optometry Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(q) Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Zhanjiang Optometry Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses on a straight-line basis over the lease term.

The Zhanjiang Optometry Group as lessee

Assets held under finance leases are initially recognised as assets of the Zhanjiang Optometry Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Zhanjiang Optometry Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits form the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(r) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Zhanjiang Optometry Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Zhanjiang Optometry Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(s) Related parties

A related party is a person or entity that is related to the Zhanjiang Optometry Group that is preparing its financial statements as follows:

(a) A person, or a close member of that person's family, is related to the Zhanjiang Optometry Group if that person:

(i) has control or joint control over the Zhanjiang Optometry Group;

(ii) has significant influence over the Zhanjiang Optometry Group; or

(iii) is a member of the key management personnel of the Zhanjiang Optometry Group or a parent of the Zhanjiang Optometry Group.

(b) An entity is related to the Zhanjiang Optometry Group if any of the following conditions applies:

(i) the entity and the Zhanjiang Optometry Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Zhanjiang Optometry Group or an entity related to the Zhanjiang Optometry Group. If the Zhanjiang Optometry Group is itself such a plan, the sponsoring employers are also related to the Zhanjiang Optometry Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Zhanjiang Optometry Group's accounting policies, which are described in Note 3, management of Zhanjiang Optometry (the "Management") required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations, that the Management has made in the process of applying the Zhanjiang Optometry Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment of trade receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Zhanjiang Optometry Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the statement of profit or loss and other comprehensive income. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Zhanjiang Optometry Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Zhanjiang Optometry Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid.

Impairment of non-current assets

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgement from management with respect to whether such an event has occurred. Upon the occurrence of triggering events, the carrying amounts of non-current assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Zhanjiang Optometry Group expects to generate from the future use of the asset, plus the assets residual value on disposal. Where the recoverable amount of non-current assets is less than its carrying value, an impairment loss is recognised to write the assets down to its recoverable amount.

5. Financial instruments

(a) Categories of financial instruments

The Zhanjiang Optometry Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and bank balances)	2,612	2,541	11,087	13,604
Financial liabilities				
Amortised cost	17,120	11,621	12,055	3,560

Zhanjiang Optometry

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and bank balances)	1,025	740	313	1,385
Financial liabilities				
Amortised cost	7,415	7,313	7,234	453

(b) Financial risk management objectives and polices

The Zhanjiang Optometry Group's major financial instruments include trade receivables, other receivables and deposits, amount due from a director, amounts due from related companies, cash and bank balances, trade payables, accruals and other payables, amount due to a director and amounts due to related companies. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Zhanjiang Optometry Group's risk exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Credit risk

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhanjiang Optometry Group's maximum exposure to credit risk which will cause a financial loss to the Zhanjiang Optometry Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Zhanjiang Optometry Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The management considers the credit risk exposure of the Zhanjiang Optometry Group is low as the trade receivables are normally settled within credit period of 90 days. The management nonetheless reviews the recoverable amount of each individual debt regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of Zhanjiang Optometry consider that the Zhanjiang Optometry Group's credit risk is significantly reduced.

The Zhanjiang Optometry Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on trade receivables are limited because the counterparties are government related authorities and consist of a large number of customers, spread across diverse industries, respectively.

Collateral held as security and other credit enhancements

The Zhanjiang Optometry Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhanjiang Optometry Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Zhanjiang Optometry Group's liquidity requirements in the short and long term. The liquidity risk is under continuous monitoring by the management of Zhanjiang Optometry. The management of Zhanjiang Optometry will raise or refinance bank borrowings whenever necessary.

At the end of the reporting period, the Zhanjiang Optometry Group did not have significant exposure to liquidity risk.

The following tables detail the remaining contractual maturity at the end of the reporting period of the Zhanjiang Optometry Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates) and the earliest date the Zhanjiang Optometry Group can be required to pay:

	Weighted average effective interest rate	On demand less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011						
Non-derivative instruments						
Trade payables	–	1,766	–	–	1,766	1,766
Accruals and other payables	–	5,294	–	–	5,294	5,294
Amount due to a director	–	90	–	–	90	90
Amounts due to related companies	–	9,970	–	–	9,970	9,970
		17,120	–	–	17,120	17,120
At 31 December 2012						
Non-derivative instruments						
Trade payables	–	2,951	–	–	2,951	2,951
Accruals and other payables	–	568	–	–	568	568
Amounts due to related companies	–	8,102	–	–	8,102	8,102
		11,621	–	–	11,621	11,621

	Weighted average effective interest rate	On demand less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2013						
Non-derivative instruments						
Trade payables	–	3,526	–	–	3,526	3,526
Accruals and other payables	–	790	–	–	790	790
Amounts due to related companies	–	7,739	–	–	7,739	7,739
		12,055	–	–	12,055	12,055
At 30 June 2014						
Non-derivative instruments						
Trade payables	–	2,395	–	–	2,395	2,395
Accruals and other payables	–	1,165	–	–	1,165	1,165
		3,560	–	–	3,560	3,560

(c) Fair value estimation

The Zhanjiang Optometry Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values and no analysis is disclosed as the Zhanjiang Optometry Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

6. Capital management policies and procedures

The Zhanjiang Optometry Group's objectives when managing capital are to safeguard the Zhanjiang Optometry Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Directors actively and regularly review and manage the Zhanjiang Optometry Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. The Zhanjiang Optometry Group's overall strategy remains unchanged from 2011.

Consistent with others in the industry, the Zhanjiang Optometry Group monitors its capital structure on the basis of the gearing ratio. As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhanjiang Optometry Group's gearing ratio was undefined because the Zhanjiang Optometry Group did not have any borrowings at the end of each reporting period.

7. Revenue

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Provision of general hospital services	13,545	16,944	20,172	8,369	15,088
Trading of optical products	600	674	754	369	1,278
	14,145	17,618	20,926	8,738	16,366

8. Segment information

The Zhanjiang Optometry Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Zhanjiang Optometry Group engaged in two reportable segments – (i) general hospital services and (ii) retail services. The segmentations are based on the information about the operations of the Zhanjiang Optometry Group that management uses to make decisions.

Principal activities are as follows:

General hospital services	–	Provision of general hospital services
Retail services	–	Trading of optical products

The Zhanjiang Optometry Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2011.

The Zhanjiang Optometry 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.

Information about major customers

The Zhanjiang Optometry Group do not have single customer contributed 10% or more to the Zhanjiang Optometry Group's revenue for the Relevant Periods.

Operating segment information is presented below:

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2011

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Revenue			
Revenue from external customers	13,545	600	14,145
Results			
Segment results for reportable segments	7,763	131	7,894
Bank interest income	4	–	4
Unallocated items			
Unallocated corporate expenses, net			(5,989)
Income tax expense			(12)
Profit for the year attributable to owners of Zhanjiang Optometry			1,897

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2012

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	16,944	674	17,618
Results			
Segment results for reportable segments	9,663	210	9,873
Bank interest income	4	–	4
Unallocated items			
Unallocated corporate expenses, net			(5,233)
Income tax expense			(8)
Profit for the year attributable to owners of Zhanjiang Optometry			4,636

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	20,172	754	20,926
Results			
Segment results for reportable segments	12,251	324	12,575
Bank interest income	3	–	3
Unallocated items			
Unallocated corporate expenses, net			(3,963)
Income tax expense			(518)
Profit for the year attributable to owners of Zhanjiang Optometry			8,097

Consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2013 (Unaudited)

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	8,369	369	8,738
Results			
Segment results for reportable segments	4,389	131	4,520
Bank interest income	2	–	2
Unallocated items			
Unallocated corporate expenses, net			(1,802)
Income tax expense			(216)
Profit for the period attributable to owners of Zhanjiang Optometry			2,504

Consolidated statement of profit or loss and other comprehensive income
For the six months ended 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	15,088	1,278	16,366
Results			
Segment results for reportable segments	10,804	698	11,502
Bank interest income	7	–	7
Unallocated items			
Unallocated corporate expenses, net			(3,089)
Income tax expense			(324)
Profit for the period attributable to owners of Zhanjiang Optometry			8,096

Consolidated statement of financial position

As at 31 December 2011

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	7,077	825	7,902
Unallocated corporate assets			–
Consolidated total assets			7,902
Liabilities			
Segment liabilities attributable to reportable segments	6,840	272	7,112
Unallocated corporate liabilities			10,060
Consolidated total liabilities			17,172

Consolidated statement of financial position

As at 31 December 2012

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	5,760	1,121	6,881
Unallocated corporate assets			122
Consolidated total assets			7,003
Liabilities			
Segment liabilities attributable to reportable segments	3,276	260	3,536
Unallocated corporate liabilities			8,101
Consolidated total liabilities			11,637

Consolidated statement of financial position
As at 31 December 2013

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	13,946	1,557	15,503
Unallocated corporate assets			260
Consolidated total assets			15,763
Liabilities			
Segment liabilities attributable to reportable segments	4,231	181	4,412
Unallocated corporate liabilities			7,888
Consolidated total liabilities			12,300

Consolidated statement of financial position

As at 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	17,530	1,280	18,810
Unallocated corporate assets			16,397
Consolidated total assets			35,207
Liabilities			
Segment liabilities attributable to reportable segments	2,895	606	3,501
Unallocated corporate liabilities			357
Consolidated total liabilities			3,858

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the Relevant Periods.

Segment results represent the profit earned (the loss incurred) by each segment without allocation of corporate expenses and income tax expense.

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

All assets related to general hospital services and retail services are allocated to reportable segments other than unallocated corporate assets which mainly include inventories, trade receivables, prepayments and deposits, amount due from a director, amounts due from related companies, tax recoverable and cash and bank balances.

All liabilities related to general hospital services and retail services are allocated to reportable segments other than unallocated corporate liabilities which mainly include trade payables, accruals and other payables, amount due to a director, amounts due to related companies and tax payable.

Geographical information

For the Relevant Periods, all the Zhanjiang Optometry Group's operations are located in the PRC. The Zhanjiang Optometry Group's revenue is all derived from the PRC for the Relevant Periods.

Other segment information

For the year ended 31 December 2011

	General hospital services	**Retail services**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure*	68	–	68
Depreciation of property, plant and equipment	3,958	–	3,958
Impairment loss recognised in respect of trade receivables	274	–	274

For the year ended 31 December 2012

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Capital expenditure*	54	–	54
Depreciation of property, plant and equipment	1,480	–	1,480
Impairment loss recognised in respect of trade receivables	547	–	547

For the year ended 31 December 2013

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Capital expenditure*	449	–	449
Depreciation of property, plant and equipment	828	–	828
Impairment loss recognised in respect of trade receivables	327	–	327

For the six months ended 30 June 2013 (Unaudited)

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Capital expenditure*	109	–	109
Depreciation of property, plant and equipment	546	–	546
Impairment loss recognised in respect of trade receivables	123	–	123

For the six months ended 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	41	–	41
Capital expenditure*	297	2	299
Depreciation of property, plant and equipment	414	5	419
Impairment loss recognised in respect of trade receivables	397	–	397

* *Capital expenditure consists of additions to property, plant and equipment.*

9. Other income

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bad debt recovered	–	–	–	–	93
Bank interest income	4	4	3	2	7
Medical allowance	438	11	280	–	–
Sundry income	14	84	63	–	9
	456	99	346	2	109

10. Profit for the year/period

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit for the year/period has been arrived at after charging:					
Total staff costs including directors' remuneration					
– Salaries and other benefits	2,376	3,065	3,729	1,689	2,804
– Retirement benefits scheme contributions	307	385	510	239	317
Total staff costs	2,683	3,450	4,239	1,928	3,121
Auditors' remuneration	–	10	8	3	–
Cost of inventories recognised as expenses	6,251	7,745	8,351	4,218	4,864
Depreciation of property, plant and equipment	3,958	1,480	828	546	419
Operating lease rentals in respect of rented premises	274	274	274	137	303

11. Directors', senior management's and employees' emoluments

(a) Directors' emoluments

During the Relevant Periods, the remuneration paid or payable to the directors of Zhanjiang Optometry was as follows:

For the year ended 31 December 2011:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Cheung Wai Kuen *(Note i)*	–	–	–	–	–
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the year ended 31 December 2012:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the year ended 31 December 2013:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the six months ended 30 June 2013: (Unaudited)

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the six months ended 30 June 2014:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

During the Relevant Periods, no emoluments were paid by the Zhanjiang Optometry Group to the directors or chief executive officer as an inducement to join or upon joining the Zhanjiang Optometry Group or as compensation for loss of office. None of the directors or chief executive officer has waived or has agreed to waive any emoluments for the Relevant Periods.

Notes:

i) Mr. Cheung Wai Kuen resigned as Director with effect from 12 January 2011.

ii) Mr. Fok Siu Ai was appointed as Director with effect from 13 January 2011.

(b) Senior management's emoluments and five highest paid employees

During the Relevant Periods, none of the five highest paid individuals is director of the Zhanjiang Optometry Group. The aggregate amounts of emoluments of the five highest paid individuals for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other allowances	212	240	243	127	202
Retirement benefits scheme contributions	6	7	11	5	5
	218	247	254	132	207

Their emoluments were within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
RMB Nil to RMB1,000,000	5	5	5	5	5

None of the senior management or the five highest paid individuals has waived or has agreed to waive any emoluments for the Relevant Periods.

12. Taxation

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
The charge comprises:					
Current tax					
The PRC Enterprise Income Tax	12	8	518	216	324

The PRC Enterprise Income Tax

All entities with the Zhanjiang Optometry Group were established in the PRC and are subject to the PRC Enterprise Income Tax, which has been provided based on either the statutory enterprise income tax rate, or preferential enterprise income tax rate of the assessable income of each company for the Relevant Periods, as determined in accordance with the relevant PRC income tax rules and regulations.

Reconciliation between tax expenses and accounting profit at applicable tax rates

A reconciliation of the tax expenses applicable to profit before tax at the statutory rates for the countries in which the Zhanjiang Optometry Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit before taxation	1,909	4,644	8,615	2,720	8,420
Tax at the statutory tax rate of 25%	477	1,161	2,154	680	2,105
Tax effect of income not taxable for tax purpose	(3,569)	(4,353)	(4,729)	(1,935)	(4,810)
Tax effect of expense not deductible for tax purpose	3,104	3,200	3,093	1,471	3,029
Tax charge for the year/period	12	8	518	216	324

As at 31 December 2011, the Zhanjiang Optometry Group has unutilised tax losses of approximately RMB54,330 available for offset against future profits. The tax losses in the PRC may be expired between one to five years.

13. Income for the year/period attributable to owners of Zhanjiang Optometry

The Zhanjiang Optometry Group's consolidated profit for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014 of approximately RMB1,897,000, RMB4,636,000, RMB8,097,000, RMB2,504,000 and RMB8,096,000 respectively were attributable to owners of Zhanjiang Optometry.

14. Dividend

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Special dividend for 2014 paid on 21 April 2014 of RMB17 cents per share	–	–	–	–	4,210

The board of directors of Zhanjiang Optometry do not recommend any payment of dividend for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013.

15. Earnings per share

No earnings per share information is presented as it is not considered as meaningful for the purpose of this report.

16. Goodwill

The Zhanjiang Optometry Group

	Goodwill
	RMB'000
Cost:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013	–
Additional amounts recognised from business combination occurring during the period	10,228
At 30 June 2014	10,228
Accumulated depreciation:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	–
Carrying amounts:	
At 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	10,228

Impairment test of goodwill

General hospital services and retail services

There is a cash-generating unit (the "CGU"), namely Allad Zhongshan Ophthalmology Company and its subsidiary (the "Zhongshan Ophthalmology Group") which was acquired through acquisition of subsidiary during the current period, and the main operating entity with the segments "general hospital services" and "retail services" identified by the Group.

The recoverable amount of goodwill allocated to general hospital services and retail services is determined based on the value-in-use using the present value of cash flows taking into account the excepted operating synergy and profitability and growth of business arising from the Zhongshan Ophthalmology Group.

The cash flow projections are based on financial budgets approved by management covering a 5 year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 5 year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flow are discounted at discount rates of 15% and 17% under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% per annum beyond the 5 year period taking into account long term gross domestic product growth and other relevant economic factors. The discount rates used are based on the rates which reflect specific risks relating to the CGU.

No impairment loss has been recognised in respect of goodwill related to CGU of general hospital service and retail services for the period ended 30 June 2014 as its recoverable amount exceeds the carrying amount.

The directors of the Company believe that any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

17. Intangible asset

The Zhanjiang Optometry Group

	Trademarks
	RMB'000
Cost:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013	–
Acquisitions through business combination *(Note 30)*	1,416
At 30 June 2014	1,416
Accumulated amortisation:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	–
Amortisation for the period	41
Carrying amounts:	
At 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	1,375

18. Property, plant and equipment

The Zhanjiang Optometry Group

	Leasehold improvements *RMB'000*	Furniture and fixtures *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
Costs:						
At 1 January 2011	4,809	869	13,841	107	573	20,199
Additions	–	3	20	–	45	68
At 31 December 2011 and 1 January 2012	4,809	872	13,861	107	618	20,267
Additions	–	6	19	–	29	54
At 31 December 2012 and 1 January 2013	4,809	878	13,880	107	647	20,321
Additions	–	12	380	–	57	449
Disposal/written off	–	(32)	(1)	–	(18)	(51)
At 31 December 2013 and 1 January 2014	4,809	858	14,259	107	686	20,719
Additions	–	16	211	–	72	299
Acquisitions through business combinations *(Note 30)*	2,916	120	3,414	21	246	6,717
Disposal/written off	–	(61)	(1,896)	–	(39)	(1,996)
At 30 June 2014	7,725	933	15,988	128	965	25,739
Accumulated Depreciation:						
At 1 January 2011	2,423	627	9,495	71	532	13,148
Charge for the year	2,386	72	1,467	20	13	3,958
At 31 December 2011 and 1 January 2012	4,809	699	10,962	91	545	17,106
Charge for the year	–	73	1,383	10	14	1,480
At 31 December 2012 and 1 January 2013	4,809	772	12,345	101	559	18,586
Charge for the year	–	68	739	–	21	828
Elimination upon disposal/written off	–	(31)	(1)	–	(17)	(49)
At 31 December 2013 and 1 January 2014	4,809	809	13,083	101	563	19,365
Charge for the period	120	12	249	–	38	419
Elimination upon disposal/written off	–	(59)	(1,817)	–	(38)	(1,914)
At 30 June 2014	4,929	762	11,515	101	563	17,870
Carrying amounts:						
At 31 December 2011	–	173	2,899	16	73	3,161
At 31 December 2012	–	106	1,535	6	88	1,735
At 31 December 2013	–	49	1,176	6	123	1,354
At 30 June 2014	2,796	171	4,473	27	402	7,869

Zhanjiang Optometry

	Machinery and equipment	Office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2011, 31 December 2011, 31 December 2012 and 31 December 2013	500	75	575
Additions	–	2	2
Disposal/written off	(13)	–	(13)
At 30 June 2014	487	77	564
Accumulated depreciation:			
At 1 January 2011, 31 December 2011, 31 December 2012 and 31 December 2013	477	72	549
Elimination upon disposal/written off	(13)	–	(13)
At 30 June 2014	464	72	536
Carrying amounts:			
At 31 December 2011, 31 December 2012, 31 December 2013	23	3	26
At 30 June 2014	23	5	28

19. Investments in subsidiaries

The Zhanjiang Optometry Group

General information of subsidiaries

Details of the Zhanjiang Optometry Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by Zhanjiang Optometry				Principal activities
			2011	2012	2013	2014	
			%	%	%	%	
Allad Zhanjiang Ophthalmology Hospital	The PRC 31 March 2004	RMB6,350,000	100	100	100	100	General hospital services
Zhongshan Ophthalmology	The PRC 19 April 2004	RMB19,000,000	–	–	–	100	Investment holding
Allad Zhongshan Ophthalmology Hospital	The PRC 8 March 2007	RMB1,000,000	–	–	–	100	General hospital services

The above table lists the subsidiaries of the Zhanjiang Optometry Group which, in the opinion of the directors, principally affected the results or assets of the Zhanjiang Optometry Group.

Zhanjiang Optometry

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost	6,350	6,350	6,350	26,350
Amount due from a subsidiary	998	485	18	859

The amount due from a subsidiary are unsecured, interest-free and no fixed repayment terms.

20. Inventories

The Zhanjiang Optometry Group

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	1,540	2,502	3,021	1,961

The cost of inventories recognised as expense and included in "cost of sales" for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 amounted to approximately RMB6,251,000, RMB7,745,000, RMB8,351,000 and RMB4,864,000 respectively.

21. Trade receivables

The Zhanjiang Optometry Group

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	698	990	2,507	5,019
Less: Impairment loss recognised in respect of trade receivable	(274)	(547)	(327)	(397)
	424	443	2,180	4,622

The Zhanjiang Optometry Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables.

The Zhanjiang Optometry Group generally allows an average credit period ranging from 30 to 60 days for the Relevant Periods to its trade customers which major customers with whom specific terms have agreed.

Movement in the allowance for impairment losses

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at beginning of the year/period	–	274	547	327
Impairment loss recognised in respect of trade receivables	274	547	327	397
Amounts written off during the year/period	–	(274)	(547)	(327)
Balance at end of year/period	274	547	327	397

The following is the aged analysis of trade receivables, presented based on the respective revenue recognition dates. The analysis below includes those classified as net of allowance for doubtful debts, at the end of the reporting period:

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 60 days	424	443	2,180	4,622

All trade receivables were denominated in RMB.

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of RMB274,000, RMB547,000, RMB327,000 and RMB397,000 as at 31 December 2011, 2012, 2013 and 30 June 2014 of which the carrying amount exceeds the recoverable amount.

22. Other receivables, prepayments and deposits

The Zhanjiang Optometry Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	1,035	249	260	165
Prepayments	589	223	301	170
Deposits	55	54	54	45
	1,679	526	615	380

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

Zhanjiang Optometry

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	1	–	–	–
Prepayments	64	45	104	1
	65	45	104	1

None of the above assets is either past due or impaired. The Financial assets included in the above balances related to receivables for which there was no recent history of default.

23. Amount(s) due from (to) a director/related companies

The amount(s) due from (to) a director/related companies were unsecured, interest free and repayable on demand.

24. Cash and bank balances

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the cash and bank balances of the Zhanjiang Optometry Group denominated in RMB amounted to approximately RMB1,098,000, RMB1,675,000, RMB8,333,000 and RMB2,538,000 respectively. The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Zhanjiang Optometry Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Bank balances are deposits with creditworthy banks with no recent history of default.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. Trade payables

The Zhanjiang Optometry Group

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the trade payables of the Zhanjiang Optometry Group denominated in RMB amounted to approximately RMB1,766,000, RMB2,951,000, RMB3,526,000 and RMB2,395,000 respectively.

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

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	1,401	1,901	2,530	1,118
91 to 180 days	53	45	66	193
181 to 365 days	17	18	99	992
Over 365 days	295	987	831	92
	1,766	2,951	3,526	2,395

Zhanjiang Optometry

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the trade payables of the Zhanjiang Optometry Group denominated in RMB amounted to approximately RMB191,000, RMB188,000, RMB118,000 and RMB424,000 respectively.

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

				At
		At 31 December		**30 June**
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	52	49	9	357
91 to 180 days	30	40	43	32
181 to 365 days	4	18	28	22
Over 365 days	105	81	38	13
	191	188	118	424

Trade payables are non-interest bearing and have an average credit term ranging from 25 to 90 days for the Relevant Periods.

26. Accruals, receipts in advance and other payables

The Zhanjiang Optometry Group

				At
		At 31 December		**30 June**
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	529	535	758	1,154
Receipts in advances	52	16	96	122
Other payables	4,765	33	32	11
	5,346	584	886	1,287

Zhanjiang Optometry

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	72	64	63	29
Other payables	9	8	–	–
	81	72	63	29

27. Share capital

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered, issued and fully paid:				
At beginning of the year	1,000	1,000	1,000	1,000
Issuance of shares	–	–	–	24,000
At end of the year/period	1,000	1,000	1,000	25,000

28. Operating lease commitments

The Zhanjiang Optometry Group as lessee

At the end of the reporting period, the Zhanjiang Optometry Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	–	–	809
In the second to fifth year inclusive	–	–	–	10,013
	–	–	–	10,822

Operating lease payments represent rentals payable by the Zhanjiang Optometry Group for its office properties and carpark with lease terms of between 3 to 30 years, with an option to extend.

29. Capital commitments and contingent liabilities

The Zhanjiang Optometry Group did not have any material capital commitment and contingent liabilities as at 31 December 2011, 2012 and 2013 and 30 June 2014.

30. Acquisition of subsidiaries

On 8 April 2014, the Zhanjiang Optometry Group entered into a sale and purchase agreement with Guangdong Allad Commercial Development Company Limited (廣東奧理德商業發展有限公司) (formerly known as Guangdong Allad Yiliao Touzi Company Limited* (廣東奧理德醫療投資有限公司)) and 東莞市奧凱實業投資有限公司, both of them are independent third parties, for acquiring the entire issued shares of Zhongshan Ophthalmology at a consideration of RMB1,000,000 (the "Consideration"). The acquisition of the Zhongshan Ophthalmology and its wholly-owned subsidiary (collectively referred to as the "Zhongshan Ophthalmology Group") (the "Acquisition") was completed on 11 April 2014.

	RMB'000
Fair value of the Consideration	1,000

Assets acquired and liabilities recognised at the date of Acquisition are as follows:

	RMB'000
Intangible asset *(Note 17)*	1,416
Property, plant and equipment *(Note 18)*	6,717
Inventories	560
Trade receivables	725
Other receivables, prepayments and deposits	271
Amount due from a fellow subsidiary	699
Cash and bank balances	325
Trade payables	(1,175)
Accruals, receipts in advance and other payables	(447)
Amounts due to related companies	(18,319)
	(9,228)

Goodwill arising on Acquisition of Zhongshan Ophthalmology Group

	RMB'000
Net liabilities acquired	(9,228)
Less: Consideration	(1,000)
Goodwill on Acquisition	(10,228)

Since the Acquisition, the Zhongshan Ophthalmology Group contributed approximately RMB856,000 of profit to the Zhanjiang Optometry Group's result for the six months ended 30 June 2014.

Had the Acquisition taken place at the beginning of the period (i.e. 1 January 2014), the revenue and the profit of the Zhanjiang Optometry Group for the six months ended 30 June 2014 would have been approximately RMB4,744,000 and RMB610,000 respectively.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Zhanjiang Optometry Group that actually would have been achieved had the Acquisition been completed on 30 June 2014, nor is it intended to be a projection of future results.

Net cash outflow on acquisition of subsidiaries

	RMB'000
Cash consideration paid	1,000
Less: cash and bank balances acquired	(325)
	675

31. Retirement Benefits Schemes

The employees of Zhanjiang Optometry's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by either the relevant authorities or the local municipal governments of the provinces in the PRC in which Zhanjiang Optometry's subsidiaries are located. The subsidiary is required to contribute to the central pension scheme in respect of its employees in the PRC and these costs are charged to the income statement as incurred.

32. Material related parties transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			**Six months ended 30 June**	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Rental expenses paid to a related company *(Note 1)*	274	274	274	137	137

Note:

(1) Rental expenses was based on the terms mutually agreed by both parties.

Balance with related parties

Details of balance with related parties at the end of reporting period is set out in Note 23.

Key management personnel

Remuneration for key personnel management, including amounts paid to the directors of Zhanjiang Optometry and certain of the highest paid employees were disclosed in Note 11 to the Financial Information.

33. Events after the reporting period

No significant events took place subsequent to the end of the reporting period.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Zhanjiang Optometry in respect of any period subsequent to 30 June 2014 and no dividends or other distributions have been declared by Zhanjiang Optometry in respect of any period subsequent to 30 June 2014.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

2 December 2014

The Directors
Common Splendor International Health Industry Group Limited
Room 2709-10, 27th Floor, North Tower
Concordia Plaza, 1 Science Museum Road
Tsim Sha Tsui, Kowloon, Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Allad Zhongshan Ophthalmology Company (the "Zhongshan Ophthalmology") and its subsidiary (collectively referred to as the "Zhongshan Ophthalmology Group") which comprises the consolidated statements of financial position of the Zhongshan Ophthalmology Group and the statement of financial position of Zhongshan Ophthalmology as at 31 December 2011, 2012 and 2013 and 30 June 2014, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Zhongshan Ophthalmology Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 (the "Relevant Periods") and the comparable financial information for the six months ended 30 June 2013 (the "Comparable Financial Information") and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of Common Splendor International Health Industry Group Limited (the "Company") and is set out in Sections A, B and C below for inclusion in Appendix II to the circular of the Company dated 2 December 2014 (the "Circular") in connection with the proposed acquisition of the entire equity interests in Zhao Long International Medical Investment Management Group Limited by the Company.

Zhongshan Ophthalmology was incorporated in the People's Republic of China (the "PRC") on 19 April 2004. The principal activity of Zhongshan Ophthalmology was investment holding in the PRC.

As at the date of this report, Zhongshan Ophthalmology has direct interests in its subsidiary as follow:

Name of subsidiary	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by Zhongshan Ophthalmology				Principal activity
			2011	2012	2013	2014	
			%	%	%	%	
Allad Zhongshan Ophthalmology Hospital	The PRC 8 March 2007	RMB1,000,000	100	100	100	100	General hospital services

All companies now comprising the Zhongshan Ophthalmology Group have adopted 31 December as their financial year end date. For the years ended 31 December 2011 and 2012, the statutory audited financial statements of Zhongshan Ophthalmology were prepared in accordance with the relevant accounting principles generally accepted in its place of incorporation and audited by Weide Certified Public Accountants Zhongshan（中山市維德會計師事務所）, certified public accountants registered in the PRC. No audited financial statements have been prepared by Zhongshan Ophthalmology for the year ended 31 December 2013 as there are no statutory requirements for Zhongshan Ophthalmology to prepare audited financial statements.

No audited financial statements of Allad Zhongshan Ophthalmology Hospital have been prepared for the years ended 31 December 2011, 2012 and 2013 as there are no statutory requirements for Allad Zhongshan Ophthalmology Hospital to prepare audited financial statements.

The directors of Zhongshan Ophthalmology have prepared the consolidated financial statements of the Zhongshan Ophthalmology Group (the "Underlying Financial Statements") for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012, 2013 and for the six months ended 30 June 2014 were audited by us in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

For the purpose of the preparation of this report, the directors of Zhongshan Ophthalmology are responsible for the preparation and the true and fair presentation of the Financial Information for the Relevant Periods in accordance with accounting policies set out in Note 3 of Section B which conform with the HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Listing Rules, and for such internal control as the directors of the Zhongshan Ophthalmology determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of Zhongshan Ophthalmology are responsible for the contents of the Circular in which this report is included.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and presented on the basis set out in Note 1 of Section B below, a true and fair view of the state of affairs of the Zhongshan Ophthalmology Group and Zhongshan Ophthalmology as at 31 December 2011, 2012 and 2013 and 30 June 2014 and of the Zhongshan Ophthalmology Group's results and cash flows for the Relevant Periods then ended.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to Note 3(a) of Section B to the Financial Information which indicates that the Zhongshan Ophthalmology Group's total liabilities exceeded its total assets by approximately RMB7,177,000, RMB8,787,000 and RMB8,983,000 respectively as at 31 December 2011, 2012 and 2013. These conditions, along with other matters as set out in Note 3(a) of Section B to the Financial Information, indicate the existence of a material uncertainty which may cast significant doubt about the Zhongshan Ophthalmology Group's ability to continue as a going concern.

REVIEW OF COMPARABLE FINANCIAL INFORMATION

We have reviewed the Comparable Financial Information set out in Sections A, B and C below included in Appendix II to the Circular which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Zhongshan Ophthalmology Group for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information.

The directors of Zhongshan Ophthalmology are responsible for the preparation and the true and fair presentation of the Comparable Financial Information in accordance with accounting policies set out in Note 3 of Section B below which confirm with the HKFRSs issued by the HKICPA.

The directors of Company are responsible for the contents of the Circular in which this report is included.

Our responsibility is to express a conclusion on the Comparable Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity" issued by the HKICPA. A review of Comparable Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Comparable Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section B below.

A. FINANCIAL INFORMATION OF THE ZHONGSHAN OPHTHALMOLOGY GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2011	2012	2013	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	7,595	6,711	8,765	3,266	4,744
Costs of sales		(3,552)	(3,534)	(4,063)	(1,763)	(1,749)
Gross profit		4,043	3,177	4,702	1,503	2,995
Other income	*9*	29	19	5	2	1
Operating expenses		(6)	(2)	(10)	(5)	(9)
Selling and distribution expenses		(81)	(15)	(9)	(13)	–
Administrative expenses		(4,688)	(4,789)	(4,884)	(2,436)	(2,377)
(Loss) profit before taxation		(703)	(1,610)	(196)	(949)	610
Taxation	*12*	–	–	–	–	–
(Loss) profit for the year/period	*10*	(703)	(1,610)	(196)	(949)	610
Other comprehensive (loss) income for the year/period, net of tax		(703)	(1,610)	(196)	(949)	610
(Loss) income for the year/ period attributable to owners of Zhongshan Ophthalmology	*13*	(703)	(1,610)	(196)	(949)	610
Total comprehensive (loss) income for the year/period attributable to owners of Zhongshan Ophthalmology		(703)	(1,610)	(196)	(949)	610

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At 30 June
		2011	2012	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Intangible asset	*16*	2,125	1,825	1,525	1,375
Property, plant and equipment	*17*	9,904	8,400	7,069	6,385
		12,029	10,225	8,594	7,760
Current assets					
Inventories	*19*	768	668	591	525
Trade receivables	*20*	490	445	434	724
Other receivables, prepayments and deposits	*21*	1,640	52	40	32
Amount due from a fellow subsidiary	*22*	699	699	699	–
Amount due from a related company	*22*	–	–	–	2,179
Cash and bank balances	*23*	2,012	1,727	752	847
		5,609	3,591	2,516	4,307
LIABILITIES					
Current liabilities					
Trade payables	*24*	1,234	1,304	1,348	1,065
Accruals, receipts in advance and other payables	*25*	1,792	1,469	426	375
Amount due to a related company	*22*	13,614	11,655	10,144	–
Amount due to a shareholder	*22*	8,175	8,175	8,175	–
		24,815	22,603	20,093	1,440
Net current (liabilities) assets		(19,206)	(19,012)	(17,577)	2,867
Total assets less current liabilities		(7,177)	(8,787)	(8,983)	10,627
EQUITY					
Capital and reserves attributable to owners of Zhongshan Ophthalmology					
Share capital	*26*	1,000	1,000	1,000	20,000
Reserves		(8,177)	(9,787)	(9,983)	(9,373)
Total equity		(7,177)	(8,787)	(8,983)	10,627

The accompanying notes form an integral part of the Financial Information.

STATEMENTS OF FINANCIAL POSITION

	Notes	At 31 December 2011 RMB'000	At 31 December 2012 RMB'000	At 31 December 2013 RMB'000	At 30 June 2014 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	17	4	4	4	4
Investment in a subsidiary	18	21,475	21,475	21,475	19,700
		21,479	21,479	21,479	19,704
Current assets					
Other receivables, prepayments and deposits	21	990	–	–	–
Amount due from a subsidiary	22	1,090	704	702	–
Cash and bank balances	23	1	1	1	11
		2,081	705	703	11
LIABILITIES					
Current liabilities					
Accruals, receipts in advance and other payables	25	1,171	1,071	–	–
Amount due to a related company	22	13,702	12,430	13,501	1
Amount due to a shareholder	22	7,975	7,975	7,975	–
Amount due to a subsidiary	22	–	–	–	9
		22,848	21,476	21,476	10
Net current (liabilities) assets		(20,767)	(20,771)	(20,773)	1
Total assets less current liabilities		712	708	706	19,705
EQUITY					
Capital and reserves attributable to owners of Zhongshan Ophthalmology					
Share capital	26	1,000	1,000	1,000	20,000
Reserves		(288)	(292)	(294)	(295)
Total equity		712	708	706	19,705

The accompanying notes form an integral part of the Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	1,000	–	(7,474)	(6,474)
Total comprehensive loss for the year	–	–	(703)	(703)
At 31 December 2011 and 1 January 2012	1,000	–	(8,177)	(7,177)
Total comprehensive loss for the year	–	–	(1,610)	(1,610)
At 31 December 2012 and 1 January 2013	1,000	–	(9,787)	(8,787)
Total comprehensive loss for the year	–	–	(196)	(196)
At 31 December 2013 and 1 January 2014	1,000	–	(9,983)	(8,983)
Total comprehensive income for the period	–	–	610	610
Issue of new shares	19,000	–	–	19,000
Appropriation to the PRC statutory reserve	–	61	(61)	–
At 30 June 2014	20,000	61	(9,434)	10,627
At 1 January 2013	1,000	–	(9,787)	(8,787)
Total comprehensive loss for the period	–	–	(949)	(949)
At 30 June 2013 (Unaudited)	1,000	–	(10,736)	(9,736)

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	1,000	–	(275)	725
Total comprehensive loss for the year	–	–	(13)	(13)
At 31 December 2011 and 1 January 2012	1,000	–	(288)	712
Total comprehensive loss for the year	–	–	(4)	(4)
At 31 December 2012 and 1 January 2013	1,000	–	(292)	708
Total comprehensive loss for the year	–	–	(2)	(2)
At 31 December 2013 and 1 January 2014	1,000	–	(294)	706
Total comprehensive loss for the period	–	–	(1)	(1)
Issue of new shares	19,000	–	–	19,000
At 30 June 2014	20,000	–	(295)	19,705
At 1 January 2013	1,000	–	(292)	708
Total comprehensive loss for the period	–	–	(2)	(2)
At 30 June 2013 (Unaudited)	1,000	–	(294)	706

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from operating activities					
(Loss) profit before taxation	(703)	(1,610)	(196)	(949)	610
Adjustments for:					
Amortisation of intangible asset	300	300	300	150	150
Bank interest income	(2)	(3)	(3)	(2)	(1)
Depreciation of property, plant and equipment	1,603	1,512	1,472	739	684
Impairment loss recognised in respect of trade receivables	58	–	–	–	–
Operating cash flows before movements in working capital	1,256	199	1,573	(62)	1,443
(Increase) decrease in inventories	(108)	100	77	(74)	66
Decrease (increase) in trade receivables	228	45	11	(435)	(290)
Decrease (increase) in other receivables, prepayments and deposits	176	1,588	12	(2)	8
(Increase) decrease in amount due from a fellow subsidiary	(699)	–	–	–	699
Increase in amount due from a related company	–	–	–	(502)	(2,179)
Decrease in amount due from a shareholder	500	–	–	–	–
Increase (decrease) in trade payables	481	70	44	241	(283)
Increase (decrease) in accruals, receipts in advance and other payables	85	(323)	(1,043)	45	(51)
Decrease in amount due to a related company	–	(1,959)	(1,511)	–	(10,144)
Decrease in amount due to a shareholder	–	–	–	–	(8,175)
Cash generated from (used in) operations	1,919	(280)	(837)	(789)	(18,906)
Tax paid	–	–	–	–	–
Net cash generated from (used in) operating activities	1,919	(280)	(837)	(789)	(18,906)
Cash flows from investing activities					
Bank interest received	2	3	3	2	1
Purchase of property, plant and equipment	(130)	(8)	(141)	(136)	–
Net cash (used in) generated from investing activities	(128)	(5)	(138)	(134)	1

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cash flows from financing activities					
Proceeds from issue of shares	–	–	–	–	19,000
Net cash generated from financing activities	–	–	–	–	19,000
Net increase (decrease) in cash and cash equivalents	1,791	(285)	(975)	(923)	95
Cash and cash equivalents at the beginning of the year/period	221	2,012	1,727	1,727	752
Cash and cash equivalents at the end of the year/period	2,012	1,727	752	804	847
Analysis of the balances of cash and cash equivalents					
Cash and bank balances	2,012	1,727	752	804	847

B. NOTES TO FINANCIAL INFORMATION

1. General information

Zhongshan Ophthalmology was incorporated in the PRC on 19 April 2004 with limited liability. The address of the registered office and principal place of business of Zhongshan Ophthalmology is 中山市西區中山一路后山工業區1號. The principal activity of Zhongshan Ophthalmology is investment holding. As at the date of this report, in the opinion of the director of Zhongshan Ophthalmology, Zhanjiang Allad Optometry Centre Company Limited is the immediate holding company and the ultimate holding company of Zhongshan Ophthalmology.

The Financial Information for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 are presented in thousands of units of Renminbi ("RMB'000"), which is the same as the functional currency of Zhongshan Ophthalmology.

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

The HKICPA has issued a number of new and revised Hong Kong Accounting Standards ("HKAS"), HKFRSs amendments and related interpretations (herein collectively referred to as the "new and revised HKFRSs") which are effective for the Zhongshan Ophthalmology Group's financial year beginning on 1 January 2014. For the purpose of preparing and presenting the Financial Information of the Relevant Periods, the Zhongshan Ophthalmology Group was consistently adopted all these new and revised HKFRSs through the Relevant Periods.

2.2 New and revised HKFRSs in Issue but not yet effective

As at the date of this report, the Zhongshan Ophthalmology Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 Cycle[7]
Amendments to HKFRSs 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosure[3]
Amendments to HKFRSs 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs 11	Accounting for acquisitions of interest in joint operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[6]
HKFRS 15	Revenue from contracts with customers[7]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after 1 January 2014.*

2 *Effective for annual periods beginning on or after 1 July 2014.*

3 *Effective for annual periods beginning on or after 1 January 2018.*

4 *Effective for annual periods beginning on or after 1 July 2014 with limited exceptions.*

5 *Effective for annual periods beginning on or after 1 January 2016.*

6 *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.*

7 *Effective for annual periods beginning on or after 1 January 2017.*

The directors of Zhongshan Ophthalmology anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of preparation

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As at 31 December 2011, 2012 and 2013, the Zhongshan Ophthalmology Group's total liabilities exceeded its total assets by approximately RMB7,177,000, RMB8,787,000 and RMB8,983,000 respectively. The Financial Information has been prepared on a going concern basis because the shareholder of Zhongshan Ophthalmology has confirmed to provide continuing financial support to the Zhongshan Ophthalmology Group to enable it continue as a going concern and to settle its liabilities as and when they fall due for the foreseeable future.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The Financial Information incorporates the financial statements of Zhongshan Ophthalmology and entities (including structured entities) controlled by the Zhongshan Ophthalmology Group. Control is achieved when Zhongshan Ophthalmology:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Zhongshan Ophthalmology Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Zhongshan Ophthalmology Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Zhongshan Ophthalmology Group considers all relevant facts and circumstances in assessing whether or not the Zhongshan Ophthalmology Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Zhongshan Ophthalmology Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Zhongshan Ophthalmology Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Zhongshan Ophthalmology Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous meetings of the shareholders of Zhongshan Ophthalmology.

Consolidation of a subsidiary begins when the Zhongshan Ophthalmology Group obtains control over the subsidiary and ceases when the Zhongshan Ophthalmology Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Zhongshan Ophthalmology Group gains control until the date when the Zhongshan Ophthalmology Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of Zhongshan Ophthalmology and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of Zhongshan Ophthalmology and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Zhongshan Ophthalmology Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Zhongshan Ophthalmology Group are eliminated in full on consolidation.

(c) Revenue recognition

Provided it is probable that the economic benefits will flow to the Zhongshan Ophthalmology Group and revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

(i) Sales of goods

Revenue from sales of goods is recognised when the significant risk and rewards of ownership have been transferred to the buyers, provided that the Zhongshan Ophthalmology Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over goods sold.

(ii) Provision of services

Revenue from provision of hospital services is recognised when the services are provided.

(iii) Interest income

Interest income is recognised on a time proportion basis using effective interest method. When a receivable is impaired, the Zhongshan Ophthalmology Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounts at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their useful lives, using the straight-line method at the following rates per annum:

Furniture and fixtures	10% – 20%
Leasehold improvements	10%
Machinery and equipment	10% – 15%
Motor Vehicles	10% – 15%
Office equipment	10%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amoritsation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(f) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Zhongshan Ophthalmology Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of such category of financial assets are set out below:

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Loans and receivables

Loans and receivables (including trade receivables, other receivables and deposits, amount due from a fellow subsidiary, amount due from a related company and cash and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Zhongshan Ophthalmology Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued by the Zhongshan Ophthalmology Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of Zhongshan Ophthalmology's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of Zhongshan Ophthalmology's own equity instruments.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, amount due to a related company and amount due to a shareholder) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

The Zhongshan Ophthalmology Group derecognises a financial asset only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Zhongshan Ophthalmology Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Zhongshan Ophthalmology Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Zhongshan Ophthalmology Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Zhongshan Ophthalmology Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Zhongshan Ophthalmology Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Zhongshan Ophthalmology Group derecognises financial liabilities when, and only when, the Zhongshan Ophthalmology Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale. Provision is made for inventories when they became obsolete.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Zhongshan Ophthalmology Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Zhongshan Ophthalmology Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Zhongshan Ophthalmology Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(i) Retirement benefits scheme

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Zhongshan Ophthalmology Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statements.

(k) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Zhongshan Ophthalmology Group reviews the carrying amounts of its tangible assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Zhongshan Ophthalmology Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whatever there is an indication that the asset may be impaired.

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the tangible assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(l) Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Zhongshan Ophthalmology Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(m) Provisions

Provisions are recognised when the Zhongshan Ophthalmology Group has a present obligation (legal or constitutive) as a result of a past event, and it is probable that the Zhongshan Ophthalmology Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Zhongshan Ophthalmology Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Zhongshan Ophthalmology Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(o) Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Zhongshan Ophthalmology Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses on a straight-line basis over the lease term.

The Zhongshan Ophthalmology Group as lessee

Assets held under finance leases are initially recognised as assets of the Zhongshan Ophthalmology Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Zhongshan Ophthalmology Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits form the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(p) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Zhongshan Ophthalmology Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Zhongshan Ophthalmology Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(q) Related parties

A related party is a person or entity that is related to the Zhongshan Ophthalmology Group that is preparing its financial statements as follows:

(a) A person, or a close member of that person's family, is related to the Zhongshan Ophthalmology Group if that person:

(i) has control or joint control over the Zhongshan Ophthalmology Group;

(ii) has significant influence over the Zhongshan Ophthalmology Group; or

(iii) is a member of the key management personnel of the Zhongshan Ophthalmology Group or a parent of the Zhongshan Ophthalmology Group.

(b) An entity is related to the Zhongshan Ophthalmology Group if any of the following conditions applies:

(i) the entity and the Zhongshan Ophthalmology Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Zhongshan Ophthalmology Group or an entity related to the Zhongshan Ophthalmology Group. If the Zhongshan Ophthalmology Group is itself such a plan, the sponsoring employers are also related to the Zhongshan Ophthalmology Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Zhongshan Ophthalmology Group's accounting policies, which are described in Note 3, management of Zhongshan Ophthalmology (the "Management") required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations, that the Management has made in the process of applying the Zhongshan Ophthalmology Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Impairment of trade receivables

The aged debt profile of trade debtors is reviewed on a regular basis to ensure that the trade debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Zhongshan Ophthalmology Group may experience delays in collection. Where recoverability of trade debtor balances are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the customers, the aged analysis of the trade receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the statement of profit or loss and other comprehensive income. Changes in the collectability of trade receivables for which provisions are not made could affect our results of operations.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Zhongshan Ophthalmology Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Zhongshan Ophthalmology Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid.

Impairment of non-current assets

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgement from management with respect to whether such an event has occurred. Upon the occurrence of triggering events, the carrying amounts of non-current assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Zhongshan Ophthalmology Group expects to generate from the future use of the asset, plus the assets residual value on disposal. Where the recoverable amount of non-current assets is less than its carrying value, an impairment loss is recognised to write the assets down to its recoverable amount.

5. Financial instruments

(a) Categories of financial instruments

The Zhongshan Ophthalmology Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and bank balances)	4,808	2,889	1,902	3,766
Financial liabilities				
Amortised cost	24,808	22,599	20,082	1,431

Zhongshan Ophthalmology

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and bank balances)	2,081	705	703	11
Financial liabilities				
Amortised cost	22,848	21,476	21,476	10

(b) Financial risk management objectives and polices

The Zhongshan Ophthalmology Group's major financial instruments include trade receivables, other receivables and deposits, amount due from a fellow subsidiary, amount due from a related company, cash and bank balances, trade payables, accruals and other payables, amount due to a related company and amount due to a shareholder. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Zhongshan Ophthalmology Group's risk exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Credit risk

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhongshan Ophthalmology Group's maximum exposure to credit risk which will cause a financial loss to the Zhongshan Ophthalmology Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Zhongshan Ophthalmology Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The management considers the credit risk exposure of the Zhongshan Ophthalmology Group is low as the trade receivables are normally settled within credit period of 90 days. The management nonetheless reviews the recoverable amount of each individual debt regularly, if any, to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the directors of Zhongshan Ophthalmology consider that the Zhongshan Ophthalmology Group's credit risk is significantly reduced.

The Zhongshan Ophthalmology Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on trade receivables are limited because the counterparties are government related authorities and consist of a large number of customers, spread across diverse industries, respectively.

Collateral held as security and other credit enhancements

The Zhongshan Ophthalmology Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhongshan Ophthalmology Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Zhongshan Ophthalmology Group's liquidity requirements in the short and long term. The liquidity risk is under continuous monitoring by the management of Zhongshan Ophthalmology. The management of Zhongshan Ophthalmology will raise or refinance bank borrowings whenever necessary.

At the end of the reporting period, the Zhongshan Ophthalmology Group did not have significant exposure to liquidity risk.

The following tables detail the remaining contractual maturity at the end of the reporting period of the Zhongshan Ophthalmology Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates) and the earliest date the Zhongshan Ophthalmology Group can be required to pay:

	Weighted average effective interest rate	On demand less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011						
Non-derivative instruments						
Trade payables	–	1,234	–	–	1,234	1,234
Accruals and other payables	–	1,785	–	–	1,785	1,785
Amount due to a related company	–	13,614	–	–	13,614	13,614
Amount due to a shareholder	–	8,175	–	–	8,175	8,175
		24,808	–	–	24,808	24,808
At 31 December 2012						
Non-derivative instruments						
Trade payables	–	1,304	–	–	1,304	1,304
Accruals and other payables	–	1,465	–	–	1,465	1,465
Amount due to a related company	–	11,655	–	–	11,655	11,655
Amount due to a shareholder	–	8,175	–	–	8,175	8,175
		22,599	–	–	22,599	22,599

	Weighted average effective interest rate	On demand less than 1 year	Between 1 and 5 years	Over 5 years	Total contractual undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2013						
Non-derivative instruments						
Trade payables	–	1,348	–	–	1,348	1,348
Accruals and other payables	–	415	–	–	415	415
Amount due to a related company	–	10,144	–	–	10,144	10,144
Amount due to a shareholder	–	8,175	–	–	8,175	8,175
		20,082	–	–	20,082	20,082
At 30 June 2014						
Non-derivative instruments						
Trade payables	–	1,065	–	–	1,065	1,065
Accruals and other payables	–	366	–	–	366	366
		1,431	–	–	1,431	1,431

(c) Fair value estimation

The Zhongshan Ophthalmology Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values and no analysis is disclosed as the Zhongshan Ophthalmology Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

6. Capital management policies and procedures

The Zhongshan Ophthalmology Group's objectives when managing capital are to safeguard the Zhongshan Ophthalmology Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Directors actively and regularly review and manage the Zhongshan Ophthalmology Group's capital structure to maximise the returns to shareholders through the optimisation of the debt afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions. The Zhongshan Ophthalmology Group's overall strategy remains unchanged from 2011.

Consistent with others in the industry, the Zhongshan Ophthalmology Group monitors its capital structure on the basis of the gearing ratio. As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Zhongshan Ophthalmology Group's gearing ratio was undefined because the Zhongshan Ophthalmology Group did not have any borrowings at the end of each reporting period.

7. Revenue

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Provision of general hospital services	7,230	6,173	7,483	2,777	4,014
Trading of optical products	365	538	1,282	489	730
	7,595	6,711	8,765	3,266	4,744

8. Segment information

The Zhongshan Ophthalmology Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Zhongshan Ophthalmology Group engaged in two reportable segments – (i) general hospital services and (ii) retail services. The segmentations are based on the information about the operations of the Zhongshan Ophthalmology Group that management uses to make decisions.

Principal activities are as follows:

General hospital services	–	Provision of general hospital services
Retail services	–	Trading of optical products

The Zhongshan Ophthalmology Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2011.

The Zhongshan Ophthalmology 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.

Information about major customers

The Zhongshan Ophthalmology Group do not have single customer contributed 10% or more to the Zhongshan Ophthalmology Group's revenue for the Relevant Periods.

Operating segment information is presented below:

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2011

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	7,230	365	7,595
Results			
Segment results for reportable segments	3,948	95	4,043
Bank interest income			2
Unallocated items			
Unallocated corporate expenses, net			(4,748)
Income tax expense			–
Loss for the year attributable to owners of Zhongshan Ophthalmology			(703)

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2012

	General hospital services	**Retail services**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	6,173	538	6,711
Results			
Segment results for reportable segments	2,909	268	3,177
Bank interest income			3
Unallocated items			
Unallocated corporate expenses, net			(4,790)
Income tax expense			–
Loss for the year attributable to owners of Zhongshan Ophthalmology			(1,610)

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Revenue			
Revenue from external customers	7,483	1,282	8,765
Results			
Segment results for reportable segments	3,854	848	4,702
Bank interest income			3
Unallocated items			
Unallocated corporate expenses, net			(4,901)
Income tax expense			–
Loss for the year attributable to owners of Zhongshan Ophthalmology			(196)

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2013 (Unaudited)

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	2,777	489	3,266
Results			
Segment results for reportable segments	1,160	343	1,503
Bank interest income			2
Unallocated items			
Unallocated corporate expenses, net			(2,454)
Income tax expense			–
Loss for the period attributable to owners of Zhongshan Ophthalmology			(949)

Consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Revenue from external customers	4,014	730	4,744
Results			
Segment results for reportable segments	2,526	469	2,995
Bank interest income			1
Unallocated items			
Unallocated corporate expenses, net			(2,386)
Income tax expense			–
Profit for the period attributable to owners of Zhongshan Ophthalmology			610

Consolidated statement of financial position

As at 31 December 2011

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	13,063	233	13,296
Unallocated corporate assets			4,342
Consolidated total assets			17,638
Liabilities			
Segment liabilities attributable to reportable segments	1,141	100	1,241
Unallocated corporate liabilities			23,574
Consolidated total liabilities			24,815

Consolidated statement of financial position

As at 31 December 2012

	General hospital services *RMB'000*	Retail services *RMB'000*	Consolidated *RMB'000*
Assets			
Segment assets attributable to reportable segments	11,082	259	11,341
Unallocated corporate assets			2,475
Consolidated total assets			13,816
Liabilities			
Segment liabilities attributable to reportable segments	1,087	222	1,309
Unallocated corporate liabilities			21,294
Consolidated total liabilities			22,603

Consolidated statement of financial position
As at 31 December 2013

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	9,356	267	9,623
Unallocated corporate assets			1,487
Consolidated total assets			11,110
Liabilities			
Segment liabilities attributable to reportable segments	969	390	1,359
Unallocated corporate liabilities			18,734
Consolidated total liabilities			20,093

Consolidated statement of financial position

As at 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Segment assets attributable to reportable segments	8,747	282	9,029
Unallocated corporate assets			3,038
Consolidated total assets			12,067
Liabilities			
Segment liabilities attributable to reportable segments	929	144	1,073
Unallocated corporate liabilities			367
Consolidated total liabilities			1,440

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the Relevant Periods.

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

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

All assets related to general hospital services and retail services are allocated to reportable segments other than unallocated corporate assets which mainly include inventories, trade receivables, other receivables, prepayments and deposits, amount due from a fellow subsidiary, amount due from a related company and cash and bank balances.

All liabilities related to general hospital services and retail services are allocated to reportable segments other than unallocated corporate liabilities which mainly include accruals, other payables, amount due to a related company and amount due to a shareholder.

Geographical information

For the Relevant Periods, all the Zhongshan Ophthalmology Group's operations are located in the PRC. The Zhongshan Ophthalmology Group's revenue is all derived from the PRC for the Relevant Periods.

Other segment information

For the year ended 31 December 2011

	General hospital services	**Retail services**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	300	–	300
Capital expenditure*	130	–	130
Depreciation of property, plant and equipment	1,573	30	1,603
Impairment loss recognised in respect of trade receivables	58	–	58

For the year ended 31 December 2012

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	300	–	300
Capital expenditure*	8	–	8
Depreciation of property, plant and equipment	1,491	21	1,512

For the year ended 31 December 2013

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	300	–	300
Capital expenditure*	130	11	141
Depreciation of property, plant and equipment	1,447	25	1,472

For the six months ended 30 June 2013 (Unaudited)

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	150	–	150
Capital expenditure*	125	11	136
Depreciation of property, plant and equipment	724	15	739

For the six months ended 30 June 2014

	General hospital services	Retail services	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible asset	150	–	150
Depreciation of property, plant and equipment	681	3	684

* *Capital expenditure consists of additions to property, plant and equipment.*

9. Other income

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank interest income	2	3	3	2	1
Medical allowance	25	10	–	–	–
Sundry income	2	6	2	–	–
	29	19	5	2	1

10. (Loss) profit for the year/period

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss) profit for the year/period has been arrived at after charging:					
Total staff costs including directors' remuneration					
– Salaries and other benefits	2,120	2,652	2,886	1,448	1,580
– Retirement benefits scheme contributions	184	212	260	120	135
Total staff costs	2,304	2,864	3,146	1,568	1,715
Auditors' remuneration	1	3	5	7	–
Cost of inventories recognised as expenses	3,552	3,534	4,063	1,763	1,749
Depreciation of property, plant and equipment	1,603	1,512	1,472	739	684
Operating lease rentals in respect of rented premises	673	706	762	373	377

11. Directors', senior management's and employees' emoluments

(a) Directors' emoluments

During the Relevant Periods, the remuneration paid or payable to the directors of Zhongshan Ophthalmology was as follows:

For the year ended 31 December 2011:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Cheung Wai Kuen *(Note i)*	–	–	–	–	–
Total	–	–	–	–	–

For the year ended 31 December 2012:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Cheung Wai Kuen *(Note i)*	–	–	–	–	–
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the year ended 31 December 2013:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the six months ended 30 June 2013: (Unaudited)

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

For the six months ended 30 June 2014:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Fok Siu Ai *(Note ii)*	–	–	–	–	–
Total	–	–	–	–	–

During the Relevant Periods, no emoluments were paid by the Zhongshan Ophthalmology Group to the directors or chief executive officer as an inducement to join or upon joining the Zhongshan Ophthalmology Group or as compensation for loss of office. None of the directors or chief executive officer has waived or has agreed to waive any emoluments for the Relevant Periods.

Notes:

i) Mr. Cheung Wai Kuen resigned as Director with effect from 28 September 2012.

ii) Mr. Fok Siu Ai was appointed as Director with effect from 29 September 2012.

(b) Senior management's emoluments and five highest paid employees

During the Relevant Periods, none of the five highest paid individuals is director of the Zhongshan Ophthalmology Group. The aggregate amounts of emoluments of the five highest paid individuals for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other allowances	218	366	333	194	215
Retirement benefits scheme contributions	4	5	9	5	5
	222	371	342	199	220

Their emoluments were within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
RMB Nil to RMB1,000,000	5	5	5	5	5

None of the senior management or the five highest paid individuals has waived or has agreed to waive any emoluments for the Relevant Periods.

12. Taxation

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
The charge comprises:					
Current tax					
The PRC Enterprise Income Tax	–	–	–	–	–

The PRC Enterprise Income Tax

All entities with the Zhongshan Ophthalmology Group were established in the PRC and are subject to the PRC Enterprise Income Tax, which has been provided based on either the statutory enterprise income tax rate, or preferential enterprise income tax rate of the assessable income of each company for the Relevant Periods, as determined in accordance with relevant PRC income tax rules and regulations.

Reconciliation between tax expenses and accounting profit at applicable tax rates

A reconciliation of the tax expenses applicable to (loss) profit before tax at the statutory rates for the countries in which the Zhongshan Ophthalmology Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss) profit before taxation	(703)	(1,610)	(196)	(949)	610
Tax at the statutory tax rate of 25%	(175)	(402)	(49)	(237)	153
Tax effect of income not taxable for tax purpose	(1,906)	(1,682)	(2,193)	(817)	(1,186)
Tax effect of expense not deductible for tax purpose	2,081	2,084	2,242	1,054	1,033
Tax charge for the year/period	–	–	–	–	–

As at 31 December 2011, 2012 and 2013, the Zhongshan Ophthalmology Group has unutilised tax losses of approximately RMB1,038,000, RMB956,000 and RMB467,000 respectively available for offset against future profits. The tax losses in PRC may be expired between one to five years.

13. (Loss) profit for the year/period attributable to owners of Zhongshan Ophthalmology

The Zhongshan Ophthalmology Group's consolidated loss for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 of approximately RMB703,000, RMB1,610,000, RMB196,000 and RMB949,000 respectively and consolidated income for the six months ended 30 June 2014 of approximately RMB610,000 were attributable to owners of Zhongshan Ophthalmology.

14. Dividend

The board of directors of Zhongshan Ophthalmology does not recommend the payment of any dividend for the Relevant Periods.

15. (Loss) earnings per share

No earnings per share information is presented as it is not considered as meaningful for the purpose of this report.

16. Intangible asset

The Zhongshan Ophthalmology Group

	Trademarks
	RMB'000
Cost:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	3,000
Accumulated depreciation:	
At 1 January 2011	575
Charge for the year	300
At 31 December 2011 and 1 January 2012	875
Charge for the year	300
At 31 December 2012 and 1 January 2013	1,175
Charge for the period	150
At 30 June 2014	1,325
Carrying amounts:	
At 31 December 2011	2,125
At 31 December 2012	1,825
At 31 December 2013	1,525
At 30 June 2014	1,375

17. Property, plant and equipment

The Zhongshan Ophthalmology Group

	Leasehold improvements *RMB'000*	Furniture and fixtures *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Total *RMB'000*
Costs:						
At 1 January 2011	4,965	930	9,450	428	358	16,131
Additions	–	20	104	–	6	130
At 31 December 2011 and 1 January 2012	4,965	950	9,554	428	364	16,261
Additions	–	–	–	–	8	8
At 31 December 2012 and 1 January 2013	4,965	950	9,554	428	372	16,269
Additions	–	2	2	–	137	141
At 31 December 2013, 1 January 2014 and 30 June 2014	4,965	952	9,556	428	509	16,410
Accumulated Depreciation:						
At 1 January 2011	492	555	3,390	189	128	4,754
Charge for the year	479	146	857	76	45	1,603
At 31 December 2011 and 1 January 2012	971	701	4,247	265	173	6,357
Charge for the year	479	75	848	76	34	1,512
At 31 December 2012 and 1 January 2013	1,450	776	5,095	341	207	7,869
Charge for the year	479	47	837	65	44	1,472
At 31 December 2013 and 1 January 2014	1,929	823	5,932	406	251	9,341
Charge for the period	240	21	402	–	21	684
At 30 June 2014	2,169	844	6,334	406	272	10,025
Carrying amounts:						
At 31 December 2011	3,994	249	5,307	163	191	9,904
At 31 December 2012	3,515	174	4,459	87	165	8,400
At 31 December 2013	3,036	129	3,624	22	258	7,069
At 30 June 2014	2,796	108	3,222	22	237	6,385

Zhongshan Ophthalmology

	Office equipment
	RMB'000
Cost:	
At 1 January 2011, 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	78
Accumulated depreciation:	
At 1 January 2011	62
Charge for the year	12
At 31 December 2011 and 1 January 2012	74
Charge for the year	–
At 31 December 2012 and 31 December 2013 and 30 June 2014	74
Carrying amounts:	
At 31 December 2011, 31 December 2012, 31 December 2013 and 30 June 2014	4

18. Investment in a subsidiary

The Zhongshan Ophthalmology Group

General information of subsidiary

Details of the Zhongshan Ophthalmology Group's subsidiary at the end of the reporting period is set out below.

Name of subsidiary	Place and date of incorporation/ registration and operation	Issued and fully paid share capital/ registered capital	Proportion of equity interest held by Zhongshan Ophthalmology				Principal activity
			2011	2012	2013	2014	
			%	%	%	%	
Allad Zhongshan Ophthalmology Hospital	The PRC 8 March 2007	RMB1,000,000	100	100	100	100	General hospital services

The above table lists the subsidiary of the Zhongshan Ophthalmology Group which, in the opinion of the directors, principally affected the results or assets of the Zhongshan Ophthalmology Group.

Zhongshan Ophthalmology

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost	21,475	21,475	21,475	19,700
Amount due from a subsidiary	1,090	704	702	–
Amount due to a subsidiary	–	–	–	9

The amount due from (to) subsidiary are unsecured, interest-free and no fixed repayment terms.

19. Inventories

The Zhongshan Ophthalmology Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	768	668	591	525

The cost of inventories recognised as expense and included in "cost of sales" for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2014 amounted to approximately RMB3,552,000, RMB3,534,000, RMB4,063,000 and RMB1,749,000 respectively.

20. Trade receivables

The Zhongshan Ophthalmology Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	548	445	434	724
Less: Impairment loss recognised in respect of trade receivables	(58)	–	–	–
	490	445	434	724

The Zhongshan Ophthalmology Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables.

The Zhongshan Ophthalmology Group generally allows an average credit period ranging from 30 to 60 days for the Relevant Periods to its trade customers which major customers with whom specific terms have agreed.

Movement in the allowance for impairment losses

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at beginning of the year/period	–	58	–	–
Impairment loss recognised in respect of trade receivables	58	–	–	–
Amounts written off during the year/period	–	(58)	–	–
Balance at end of year/period	58	–	–	–

The Zhongshan Ophthalmology Group

The following is the aged analysis of trade receivables, presented based on the respective revenue recognition dates. The analysis below includes those classified as net of allowance for doubtful debts, at the end of the reporting period:

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 60 days	490	445	434	724

All trade receivables were denominated in RMB.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. Other receivables, prepayments and deposits

The Zhongshan Ophthalmology Group

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	1,597	8	7	6
Prepayments	33	34	23	16
Deposits	10	10	10	10
	1,640	52	40	32

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Zhongshan Ophthalmology

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	990	–	–	–

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. Amount due from (to) a fellow subsidiary/related company/shareholder

The amount due from (to) a fellow subsidiary/related company/shareholder were unsecured, interest free and repayable on demand.

23. Cash and bank balances

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the cash and bank balances of the Zhongshan Ophthalmology Group denominated in RMB amounted to approximately RMB2,012,000, RMB1,727,000, RMB752,000 and RMB847,000 respectively. The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Zhongshan Ophthalmology Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Bank balances are deposits with creditworthy banks with no recent history of default.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. Trade payables

The Zhongshan Ophthalmology Group

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the trade payables of the Zhongshan Ophthalmology Group denominated in RMB amounted to approximately RMB1,234,000, RMB1,304,000, RMB1,348,000 and RMB1,065,000 respectively.

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

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	428	490	175	108
91 to 180 days	74	195	147	141
181 to 365 days	676	505	910	741
Over 365 days	56	114	116	75
	1,234	1,304	1,348	1,065

Trade payables are non-interest bearing and have an average credit term ranging from 60 to 120 days for the Relevant Periods.

25. Accruals, receipts in advance and other payables

The Zhongshan Ophthalmology Group

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	413	394	415	366
Receipts in advances	7	4	11	9
Other payables	1,372	1,071	–	–
	1,792	1,469	426	375

Zhongshan Ophthalmology

	At 31 December			At 30 June
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	1,171	1,071	–	–

26. Share capital

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered, issued and fully paid:				
At beginning of the year	1,000	1,000	1,000	1,000
Issuance of shares	–	–	–	19,000
At end of the year/period	1,000	1,000	1,000	20,000

27. Operating lease commitments

The Zhongshan Ophthalmology Group as lessee

At the end of the reporting period, the Zhongshan Ophthalmology Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	At 31 December			At 30 June
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	704	741	776	809
In the second to fifth year inclusive	2,718	1,995	1,219	413
	3,422	2,736	1,995	1,222

Operating lease payments represent rentals payable by the Zhongshan Ophthalmology Group for its office properties and carpark with lease terms of between 3 to 10 years, with an option to extend.

28. Capital commitments and contingent liabilities

The Zhongshan Ophthalmology Group did not have any material capital commitment and contingent liabilities as at 31 December 2011, 2012 and 2013 and 30 June 2014.

29. Retirement Benefits Schemes

The employees of Zhongshan Ophthalmology's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by either the relevant authorities or the local municipal governments of the provinces in the PRC in which Zhongshan Ophthalmology's subsidiaries are located. The subsidiary is required to contribute to the central pension scheme in respect of its employees in the PRC and these costs are charged to the income statement as incurred.

30. Material related parties transactions

(a) Save as disclosed elsewhere in the Financial Information, the Zhongshan Ophthalmology Group has entered into the following material transactions with related parties, which in the opinion of the directors of Zhongshan Ophthalmology, were conducted under commercial terms and in the normal course of the Zhongshan Ophthalmology Group's business.

(b) Balance with related parties:

Details of balance with related parties at the end of reporting period is set out in Note 22.

(c) Key management personnel

Remuneration for key personnel management, including amounts paid to the directors of Zhongshan Ophthalmology and certain of the highest paid employees were disclosed in Note 11 to the Financial Information.

31. Events after the reporting period

No significant events took place subsequent to the end of the reporting period.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for Zhongshan Ophthalmology in respect of any period subsequent to 30 June 2014 and no dividends or other distributions have been declared by Zhongshan Ophthalmology in respect of any period subsequent to 30 June 2014.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467
Hong Kong

THE TARGET GROUP

The following is the management discussion and analysis of the financial conditions and operating results of the Target Group for the six months ended 30 Jun 2014. The following discussions and analysis should be read in conjunction with the audited consolidated financial statements of the Target Group for the six months ended 30 June 2014 and the notes thereto as referred to in Appendix II to this circular.

Financial Review

Performance

The Target Group was incorporated on 25 March 2014 for investment holding purpose. The loss of the Target Group incurred in for the six months ended 30 June 2014 was attributable to the administrative expenses such as incorporation fee, license fee and company secretarial fee.

Business and Financial Review

The current liability and net current liability of Target Company as at 30 June 2014 were approximately HK$34,000 and HK$33,992, respectively. The current liability was due to the shareholder of the Target Group (i.e. Mr. Huang) who paid for the administrative expenses on behalf of the Target Group.

THE ZHANJIANG OPTOMETRY GROUP

The following is the management discussion and analysis of the financial conditions and operating results of the Zhanjiang Optometry Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 Jun 2014, respectively. As Allad Zhanjiang Optometry Company acquired 100% registered capital of Zhongshan Ophthalmology Company on 11 April 2014, the financial statement for six months ended 2014 of the Zhanjiang Optometry Group also comprises the financial statement for six months ended 2014 of the Allad Zhongshan Ophthalmology Group. The following discussions and analysis should be read in conjunction with the audited consolidated financial statements of the Zhanjiang Optometry Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for six months ended 30 June 2014 the notes thereto as referred to in Appendix II to this circular.

Key Indictors Summary

Financial indicators summary of the Zhanjiang Optometry Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for six months ended 30 Jun 2014, respectively are as follows:

	For the year ended 31 December			For Six months ended 30 June
	2011	**2012**	**2013**	**2014**
Key Indicators:				
Revenue increase	12.3%	24.6%	18.8%	87.3%
Gross profit (decrease) increase	(9.5%)	25.1%	27.4%	154.5%
Gross profit to revenue ratio	55.8%	56.0%	60.1%	70.3%
Net profit increase	511.9%	144.4%	74.7%	223.4%
Net profit to revenue ratio	13.4%	26.3%	38.7%	49.5%
Net current asset increase	N/A	N/A	133.1%	463.2%
Net current liability decrease	31.8%	48.8%	N/A	N/A
Inventories turnover ratio	83 days	95 days	121 days	187 days
Debtor turnover ratio	11 days	9 days	38 days	103 days
Creditor turnover ratio	103 days	139 days	154 days	180 days
Net assets increase	N/A	N/A	174.7%	805.3%
Net liability decrease	17.0%	50.0%	N/A	N/A

For six months ended 30 June 2014

Business Review

The Zhanjiang Optometry Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services are mainly medicine, ophthalmology (cataract, glaucoma, corneal disease, ocular disease, trauma of eye, refractive eye muscle and tumover plastic, prevention and health care of eye disease), anesthesiology, medical laboratory, pathology and medical imaging. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of glasses and accessories and optometry related products.

The revenue of the general hospital services and retail services for the six months ended 30 June 2014 were approximately RMB15,088,000 and RMB1,278,000, respectively, representing a surge of 80.3% and 246.3%, respectively, from the same period in 2013. Such increase was partially attributable to the revenues of approximately RMB2,616,000 and RMB251,000 arising from the general hospital services and retail services of the Zhongshan Ophthalmology Group, representing 17.3% and 19.6%, respectively, of the revenues arising from general hospital services and retail services of the Zhanjiang Optometry Group for the six months ended 30 June 2014. The surge in revenue of the general hospital services for the six months ended 30 June 2014 was also attributable to the increase in both outpatient and inpatient visits, of 17.5% and 11.8%, respectively. Average chargeable fee per outpatient and inpatient increased by 52.8% or RMB74 and 61.6% or RMB4,705, respectively compared to the same period in 2013. Number of customers from retail services increased by 142.4% from the same period in 2013, whereas average spending per customer increased by 42.8% or RMB146.

The segment profit attributable to the general hospital services and retail services of the Zhanjiang Optometry Group for the six months ended 30 June 2014 jumped to approximately RMB10,811,000 and RMB698,000, respectively, representing a surged by 146.2% and 432.8%, respectively, from the same period in 2013. Such increase was partially contributed by the segment profit from the general hospital services and retail services of the Zhongshan Ophthalmology Group, being approximately RMB1,809,000 and RMB167,000, respectively representing 16.7% and 23.9% of the segment profit attributable to the general hospital services and retail services of the Zhanjiang Optometry Group for the six months ended 30 June 2014. The increase in segment profit attributable to the general hospital services was also due to the increase of 17.3% in number of patients and 53.7% or RMB234 increase in average chargeable fee per patient from the same period in 2013. The increase in segment profit attributable to the retail services was also due to the increase of 142.4% in number of customers and 42.9% or RMB146 increase in average spending per customer, as well as a decrease of 7% in cost of sales, from the same period in 2013.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhanjiang Optometry Group for the six months ended 30 June 2014 jumped to approximately RMB16,366,000 and RMB11,502,000, respectively, representing a sharply increase of 87.3% and 154.5% respectively, from the same period in 2013. Such increase were partially comprised of the revenue arising from and profit attributable to the Zhongshan Ophthalmology Group for the six months ended 30 June 2014, being approximately RMB2,867,000 and RMB1,976,000, respectively, representing 17.5% and 17.2% of the revenue arising from and gross profit attributable to the Zhanjiang Optometry Group. The increase in revenue was also due to the increase in number of patients and customers by 24.0% and increase in average receivable per patient or customer by 51.1% or RMB220 compared to the same period in 2013. The increase in the gross profit was resulted from the increase in profit margin for the six months ended 30 June 2014 from 51.7% to 70.3% compared to the same period in 2013.

The net profit of the Zhanjiang Optometry Group for the six months ended 30 June 2014 amounted to approximately RMB8,096,000, representing an magnificent increase of 223.3% or RMB5,592,000 from the same period in 2013. Even if the net profit of approximately RMB610,000 attributable to the Zhongshan Ophthalmology Group for the six months ended 30 June 2014 was excluded, there was still an increase of 199.0% or RMB4,982,000 in net profit compared to the same period in 2013, primarily due to an increase of RMB6,982,000 in gross profit as well as a decrease of RMB432,000 in selling and distribution expense, even though the administrative expenses had increased by RMB1,817,000 in the same period.

Liquidity and Financial Resources

As at 30 June 2014, the Zhanjiang Optometry Group's cash on hand was approximately RMB2,538,000 (31 December 2013: RMB8,333,000). The Zhanjiang Optometry Group had no long-term and short-term debts both as at 30 June 2014 and 31 December 2013.

Bank and Other Borrowings

The Zhanjiang Optometry Group had no bank and other borrowing both as at 30 June 2014 and 31 December 2013.

Working Capital Analysis

The net current assets of the Zhanjiang Optometry Group as at 30 June 2014 was approximately RMB11,877,000, representing a significant increase of RMB9,768,000 compared to the net current assets as at 31 December 2013. Such increase was partially due to the net current assets contributed by the Zhongshan Ophthalmology Group, being approximately RMB2,867,000, or representing 24.1% of the net current assets of the Zhanjiang Optometry Group as at 30 June 2014. The increase in net current asset was also a result of the change in the position from an amounts due to related companies as at 31 December 2013 of approximately RMB7,739,000 to an amounts due from related companies of approximately RMB4,055,000 as at 30 June 2014 (exclusive of the net current assets of the Zhongshan Ophthalmology Group). Such change was mainly due to an increase of RMB24,000,000 in the registered capital of the Zhanjiang Optometry Group during the period for the six months ended 30 June 2014 were credited in the current account with Allad Guangdong. The current account between Zhanjiang Optometry Group and Allad Guangdong was recorded in amounts due to/from related companies.

The inventory of the Zhanjiang Optometry Group from 1 January 2014 to 30 June 2014 decreased from RMB3,021,000 to RMB1,961,000, of which approximately RMB525,000 was from the Zhongshan Ophthalmology Group, representing 26.8% of the total inventory of the Zhanjiang Optometry Group as at 30 June 2014. The turnover of inventory as at 30 June 2014 was 187 days (31 December 2013: 121 days).

The accounts receivable of the Zhanjiang Optometry Group as at 30 June 2014 and 31 December 2013 were approximately RMB4,622,000 and RMB2,180,000, respectively, or an increase by 112% or RMB2,442,000. The accounts receivable of the Zhanjiang Optometry Group as at 30 June 2014 was inclusive of the accounts receivable of approximately RMB724,000 from the Zhongshan Ophthalmology Group, representing 15.7% of the accounts receivable of the Zhanjiang Optometry Group as at 30 June 2014. Approximately 99.3% (31 December 2013: 99.4%) of the accounts receivable as at 30 June 2014 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. Such increase was mainly due to a significant increase of 54.5% in revenue for the six month ended 30 June 2014 compared to the revenue for the six months ended 30 June 2013 after disregarding the revenue arising from the Zhongshan Ophthalmology Group. The debtors’ turnover as at 30 June 2014 was 103 days (31 December 2013: 38 days).

Employees and Remuneration Policies

The number of employees of the Zhanjiang Optometry Group was 195 as at 30 June 2014 (31 December 2013:112). The total staff cost including the director's remuneration of the Zhanjiang Optometry Group was approximately RMB3,121,000 (2013: RMB1,928,000) which comprised of salaries and other benefits of approximately RMB2,804,000 (2013: RMB1,689,000) and contribution to central pension scheme of approximately RMB317,000 (2013:RMB239,000). After excluding the total staff cost of approximately RMB802,000 for 80 employees from the Zhongshan Ophthalmology Group, the total staff cost including the director's remuneration of the Zhanjiang Optometry Group was approximately RMB2,319,000 which comprised of salaries and other benefits of approximately RMB2,067,000 and contribution to central pension scheme of approximately RMB252,000. The reason for the increase in staff cost was due to the increase in the number of employees and that some of the employees' salaries were linked to the revenue under an incentive scheme for sale staff and medical staff. The total staff cost to revenue ratio for the six months ended 30 June 2014 was 19.1% (2013: 22.1%). Therefore, the significant increase in revenue by 87.3% had contributed to such increase in total staff cost. The employees of the Zhanjiang Optometry Group were required to participate in a central pension scheme operated by either the relevant authorities or the local municipal governments of the provinces in the PRC in which the Zhanjiang Optometry Group is located. The Zhanjiang Optometry Group is required to contribute to the central pension scheme in respect of its employees in the PRC and these costs are charged to the profit or loss statement.

Pledge of Assets and Contingent Liabilities

The Zhanjiang Optometry Group had no pledged assets and significant contingent liability as at 30 June 2014 (31 December 2013: Nil).

Capital Structure

The issued registered capital of the Zhanjiang Optometry Group as at 30 June 2014 and 31 December 2013 were RMB25,000,000 and RMB1,000,000 respectively due to injection capital in the sum of RMB24,000,000 during the period for the six month ended 30 June 2014.

Net Assets

As at 30 June 2014, the Zhanjiang Optometry Group's net assets was approximately RMB31,349,000 (31 December 2013: RMB3,463,000) with a sharply increase of RMB27,886,000 compared to the year ended 31 December 2013. Such increase was caused by the capital injection of RMB24,000,000 recorded in registered share capital of the Zhanjiang Optometry Group and the net profit of RMB8,096,000 for the six months ended 30 June 2014 and after deducting a dividend payment of RMB4,210,000 during the six months ended 30 June 2014.

For year ended 31 December 2013

Business Review

The Zhanjiang Optometry Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of glasses and accessories and optometry related products. The revenue of general hospital services and retail services for the year ended 31 December 2013 were approximately RMB20,172,000 and RMB754,000, respectively, representing an increase of 19.1% and 11.9%, respectively from the year of 2012. The increase in revenue of the general hospital services was mainly because of the increase in the number of inpatient visits by 8.1% and increase in average chargeable fee per inpatient and outpatient by 14.5% or RMB18 and 11.4% or RMB824, respectively compared to the year of 2012. The reason for the increase in revenue arising from the retail services was an increase in the number of customers by 4.3.% and increase in average spending per customer by 7.3% or RMB23, respectively, from the year of 2012.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2013 reached approximately RMB12,254,000 and RMB324,000, respectively, representing an increase of 26.8% and 54.3%, respectively from the year of 2012. The average chargeable fee per patient and average spending per customer increased by 17.1% or RMB68 and 7.3% or RMB23, respectively.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhanjiang Optometry Group for the year ended 31 December 2013 were approximately RMB20,926,000 and RMB12,575,000, respectively, representing an increase of 18.8% or RMB3,308,000 and 27.4% or RMB2,702,000 respectively, from the year of 2012. The increase in revenue was mainly due to an increase of 1.8% in number of patient visits and customers together with an increase of 16.7% or RMB66 in average receivable per patient or customer compared to the year of 2012. The increase in gross profit was attributable by the increase in profit margin for the year ended 31 December 2013, which was increased from approximately 56.0% to 60.1% compared to the year of 2012.

The net profit of the Zhanjiang Optometry Group for the year ended 31 December 2013 amounted to approximately RMB8,097,000, representing a significant increase by 74.7% or RMB3,461,000. The increase in net profit was partly attributable to the decreases in selling and distribution expenses and administrative expenses or RMB624,000 and RMB403,000, respectively compared to the year of 2012.

Liquidity and Financial Resources

As at 31 December 2013, the Zhanjiang Optometry Group's cash on hand was approximately RMB8,333,000 (2012: RMB1,675,000). The Zhanjiang Optometry Group had no long-term and short-term debts both as at 31 December 2013 and 2012.

Bank and Other Borrowings

The Zhanjiang Optometry Group had no bank and other borrowing both as at 31 December 2013 and 2012.

Working Capital Analysis

The net current assets of The Zhanjiang Optometry Group was approximately RMB2,109,000 as at 31 December 2013 but there was a net current liability of approximately RMB6,369,000 as at 31 December 2012 since there was an increase of RMB1,737,000 and RMB6,658,000 in the accounts receivable and in cash and bank balances respectively compared to the end of 2012.

The inventory of the Zhanjiang Optometry Group from 1 January 2013 to 30 December 2013 increased from RMB2,502,000 to RMB3,021,000. The turnover of the inventory as at 31 December 2013 was 121 days (2012: 95 days).

The accounts receivable of the Zhanjiang Optometry Group were approximately RMB2,180,000 and RMB443,000 as at 31 December 2013 and 2012, respectively, representing an increase of 392.1%. Approximately 99.4% of the accounts receivable as at 31 December 2013 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. Such increase was mainly due to an increase of RMB3,308,000 in revenue for the year ended 31 December 2013. The debtors' turnover as at 31 December 2013 was 38 days (2012: 9 days).

The increase of RMB6,658,000 in cash and bank balances as at 31 December 2013 compared to the year of 2012 was mainly due to the net cash receipt from its business of approximately RMB6,658,000 during the year of 2013.

Employees and Remuneration Policies

The number of employees of the Zhanjiang Optometry Group was 112 as at 31 December 2013 (2012: 117). The total staff cost including the director's remuneration of the Zhanjiang Optometry Group was approximately RMB4,239,000 (2012: RMB3,450,000) which comprised of salaries and other benefits of approximately RMB3,729,000 (2012: RMB3,065,000) and contribution to central pension scheme of approximately RMB510,000 (2012:RMB385,000). The total staff cost to revenue ratio for the year ended 31 December 2013 was 20.3% (2012: 19.6%). The reason for the increase in staff cost was due to the annual salaries increment in basic salaries and bonus under the incentive scheme of the Zhanjiang Optometry Group.

Pledge of Assets and Contingent Liabilities

The Group had no pledged assets and significant contingent liability as at 31 December 2013 (2012: Nil).

Capital Structure

The issued registered capital of the Zhanjiang Optometry Group as at 31 December 2013 and 2012 both was RMB1,000,000.

Net Assets

As at 31 December 2013, the Zhanjiang Optometry Group's net assets was approximately RMB3,463,000 (31 December 2012: net liabilities RMB4,634,000), representing a sharp increase of RMB8,097,000 as compared to the year ended 31 December 2012. Such increase was contributed by the net profit of RMB8,097,000 for the year ended 31 December 2013.

For year ended 31 December 2012

Business Review

The Zhanjiang Optometry Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of glasses and accessories and optometry related products. The revenue of general hospital services and retail services for the year ended 31 December 2012 were approximately RMB16,944,000 and RMB674,000, respectively, representing an increase of approximately 25.1% and 12.3%, respectively from the year of 2011. The increase in revenue of the general hospital services was mainly due to a rise of 21.1% or RMB1,264 in average chargeable fee per inpatient compared to the year of 2011. The reason for such increase in revenues arising from the retail services was the increase in number of customers by 7.9% and 4.1% or RMB12 in average spending per customer, respectively from the year of 2011.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2012 were approximately RMB9,667,000 and RMB210,000, respectively, representing an increase by 24.5% and 60.3%, respectively from the year of 2011. The increase in segment profit attributable to the general hospital services was mainly due to the increase by 12.4% and 11.3% or RMB40 in the number of patient visits and average chargeable fee per patient, respectively while the increase in segment profit attributable to the retail services was resulted from the increase in number of customers by 7.9% and 4.1% or RMB12 in average spending per customer, respectively, compared to the year of 2011.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhanjiang Optometry Group for the year ended 31 December 2012 reached approximately RMB17,618,000 and RMB9,873,000, respectively, representing an increase of 24.6% or RMB3,473,000 and 25.1% or RMB1,979,000 respectively from the year of 2011. Such significant increase in revenue was mainly because an increase in number of patient visits by 12.2% together with an increase of 11.1% or RMB39 in average receivable per patient or customer compared to the year of 2011. The increase in gross profit was attributable to the increase in profit margin from approximately 55.8% to 56.0% compared to the year of 2011.

The net profit of the Zhanjiang Optometry Group for the year ended 31 December 2012 amounted to approximately RMB4,636,000, representing a surge by 144.4% or RMB2,739,000 from the year of 2011 due to an increase of RMB1,979,000 in gross profit and a decrease of RMB1,172,000 in administrative expenses, despite a decrease of RMB357,000 in other income. The decrease in administrative expenses was mainly due to the write off of preliminary expenses in the sum of RMB2,386,000 in the year of 2011 whilst there was no such expenses in 2012, although bad debt expense, staff cost for administrative staff and other administrative expenses increased by RMB738,000, RMB189,000 and RMB287,000, respectively, compared to the year of 2011. The decrease in other income was partly due to the decrease in medical subsidy by the PRC government to the local patients by approximately RMB427,000.

Liquidity and Financial Resources

As at 31 December 2012, the Zhanjiang Optometry Group's cash on hand was approximately RMB1,675,000 (2011: RMB1,098,000). The Zhanjiang Optometry Group had no long-term and short-term debts both as at 31 December 2012 and 2011.

Bank and Other Borrowings

The Zhanjiang Optometry Group had no bank and other borrowing both as at 31 December 2012 and 2011.

Working Capital Analysis

The net current liabilities of the Zhanjiang Optometry Group as at 31 December 2012 was approximately RMB6,369,000, representing a significant decrease of RMB6,062,000 compared to the year of 2011 since there was an increase of RMB962,000 in inventory, decrease of RMB4,762,000 and RMB1,868,000 in accruals, receipts in advance and other payable and amounts due to related companies, respectively compared to the year of 2011.

The inventory of the Zhanjiang Optometry Group from 1 January 2012 to 31 December 2012 increased from RMB1,540,000 to RMB2,502,000. The turnover of the inventory as at 31 December 2012 was 95 days (2011: 83 days).

The accounts receivable of the Zhanjiang Optometry Group as at 31 December 2012 and 2011 were approximately RMB443,000 and RMB424,000, respectively, representing an increase of 4.5%. Approximately 98% of the accounts receivable as at 31 December 2012 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients.The debtors' turnover as at 31 December 2012 was 9 days (2011: 11 days).

The accruals, receipts in advance and other payable of the Zhanjiang Optometry Group as at 31 December 2012 and 2011 were approximately RMB584,000 and RMB5,346,000, representing an decrease of 89.1%. Such decrease was mainly due to the transfer of a short-term loan in the sum of RMB4,693,000 to amounts due to related companies during the year ended 31 December 2012.

The amounts due to related companies of the Zhanjiang Optometry Group as at 31 December 2012 and 2011 were approximately RMB9,970,000 and RMB8,102,000, respectively, representing a decrease of 23.1%. Such decrease was mainly due to the transfer of a sum of RMB4,693,000 short-term loan from accruals, receipts in advance and other payable to related companies during the year ended 31 December 2012.

Employees and Remuneration Policies

The number of employees of the Zhanjiang Optometry Group was 117 as at 31 December 2012 (2011: 100). The total staff cost including the director's remuneration of the Zhanjiang Optometry Group was approximately RMB3,450,000 (2011: RMB2,683,000) which comprised of salaries and other benefits of approximately RMB3,065,000 (2011: RMB2,376,000) and contribution to central pension scheme of approximately RMB385,000 (2011:RMB307,000). The total staff cost to revenue ratio for the year ended 31 December 2012 was 19.6% (2011: 19%). The major reason for the increase in staff cost was a rise in the number of employees and the staff bonus under the incentive scheme due to increase in revenue.

Pledge of Assets and Contingent Liabilities

The Zhanjiang Optometry Group had no pledged assets and significant contingent liability as at 31 December 2012 (2011: Nil).

Capital Structure

The issued registered capital of the Zhanjiang Optometry Group as at 31 December 2012 and 2011 both was RMB1,000,000.

Net Liabilities

As at 31 December 2012, the Zhanjiang Optometry Group's net liabilities was approximately RMB4,634,000 (31 December 2011: net liabilities RMB9,270,000), representing a substantial decrease of RMB4,636,000 as compared to the year ended 31 December 2011 due to the net profit of RMB4,636,000 for the year ended 31 December 2012.

For year ended 31 December 2011

Business Review

the Zhanjiang Optometry Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of glasses and accessories and optometry related products. The revenue of general hospital services and retail services for the year ended 31 December 2011 were approximately RMB13,545,000 and RMB600,000, respectively, representing a slight increase of 12.8% or approximately RMB1,532,000 and 3.3% or approximately RMB19,000, respectively from the year of 2010. The increase in revenue of the general hospital services was mainly due to a rise of 17.2% or RMB880 in average chargeable fee per inpatient compared to the year of 2010. The major reason for the increase in revenues arising from the retail services were increase of 7.7% in number of customers despite a drop of 4.1% or RMB13 in average spending per customer, respectively compared to the year of 2010.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2011 amounted to approximately RMB7,767,000 and RMB131,000, respectively, representing decreases by 8.4% and 48.0%, respectively compared to the year of 2010. The drop in segment profit of both segments was caused by an increase of 53% in cost of sales per each unit of revenue compared to the year of 2010.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhanjiang Optometry Group for the year ended 31 December 2011 were approximately RMB14,145,000 and RMB7,894,000, respectively, representing an increase of 12.3% or RMB1,551,000 but a decrease of 9.5% or RMB831,000, respectively from the year of 2010. The increase in revenue was mainly due to a 5.6% increase in number of patient visits and customers together with a 6.4% or RMB21 increase in average receivable per patient or customer. The decrease in gross profit was resulted by the decrease in the profit margin for the year ended 31 December 2011 from 69.3% to 55.8%.

The net profit of the Zhanjiang Optometry Group for the year ended 31 December 2011 amounted to approximately RMB1,897,000, representing a sharp surge of 511.9% or RMB1,586,000 form the year of 2010, which was mainly due to a decrease in selling and distribution expenses of approximately RMB1,704,000 or 51.0% for the year ended 31 December 2011 despite a decrease by RMB831,000 in gross profit compared to the year of 2010.

Liquidity and Financial Resources

As at 31 December 2011, the Zhanjiang Optometry Group's cash on hand was approximately RMB1,098,000 (2010: RMB930,000). The Zhanjiang Optometry Group had no long-term and short-term debts both as at 31 December 2011 and 2010.

Bank and Other Borrowings

The Zhanjiang Optometry Group had no bank and other borrowing both as at 31 December 2011 and 2010.

Working Capital Analysis

The net current liabilities of the Zhanjiang Optometry Group as at 31 December 2011 was approximately RMB12,431,000, representing a significant decrease of 5,787,000 compared to the year of 2010. The decrease was due to a cash repayment of the advance from pervious shareholders of RMB6,350,000 in accruals, receipts in advance and other payable.

The inventory of the Zhanjiang Optometry Group from 1 January 2011 to 31 December 2011 increased from RMB1,307,000 to RMB1,540,000. The turnover of the inventory as at 31 December 2011 was 83 days.

The accounts receivable of the Zhanjiang Optometry Group as at 31 December 2011 and 2010 were approximately RMB424,000 and RMB1,085,000, respectively, representing a decrease of 60.9% due to the change of the debtors' turnover from 31 days to 11 days from 1 January 2011 to 31 December 2011, respectively. Approximately 97.8% of the accounts receivable as at 31 December 2011 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients.

The accruals, receipts in advance and other payable of the Zhanjiang Optometry Group as at 31 December 2011 and 2010 were approximately RMB5,346,000 and RMB19,106,000, respectively, representing an decrease of 72.0%. Such decrease was mainly due to a cash repayments of the advance from pervious shareholders of RMB6,350,000 during the year ended 31 December 2011.

Employees and Remuneration Policies

The number of employees of the Zhanjiang Optometry Group was 100 as at 31 December 2011 (2010: 90). The total staff cost including the director's remuneration of the Zhanjiang Optometry Group was approximately RMB2,683,000 (2010: RMB2,304,000) which comprised of salaries and other benefits of approximately RMB2,376,000 (2010: RMB2,085,000) and contribution to central pension scheme of approximately RMB307,000 (2010:RMB219,000). The total staff cost to revenue ratio for the year ended 31 December 2011 was 19.0% (2010: 18.3%) The reason for the increase in staff cost was due to a rise in the number of employees.

Pledge of Assets and Contingent Liabilities

The Zhanjiang Optometry Group had no pledged assets and significant contingent liability as at 31 December 2011 (2010: Nil).

Capital Structure

The issued registered capital of the Zhanjiang Optometry Group as at 31 December 2011 and 2010 both was RMB1,000,000.

Net Liabilities

As at 31 December 2011, the Zhanjiang Optometry Group's net liabilities was approximately RMB9,270,000 (2010: net liabilities RMB11,167,000) with a decrease of RMB1,897,000 as compared to the year ended 31 December 2010. Such decrease was contributed by the net profit of RMB1,897,000 for the year ended 30 December 2011.

THE ZHONGSHAN OPHTHALMOLOGY GROUP

The following is the management discussion and analysis of the financial conditions and operating results of the Zhongshan Ophthalmology Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for six months ended 30 Jun 2014, respectively. The following discussions and analysis should be read in conjunction with the audited consolidated financial statements of the Zhongshan Ophthalmology Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for six months ended 30 June 2014 the notes thereto as referred to in Appendix II to this circular.

Key Indictors Summary

Financial indicators summary of the Zhongshan Ophthalmology Group for each of the financial years ended 31 December 2011, 2012 and 2013 and for six months ended 30 Jun 2014, respectively are as follows:

	For the year ended 31 December			For Six months ended 30 June
	2011	2012	2013	2014
Key Indicators:				
Revenue (decrease) increase	(12.3%)	(11.6%)	30.6%	45.3%
Gross profit (decrease) increase	(36.1%)	(21.4%)	48.0%	99.3%
Gross Profit Ratio	53.2%	47.3%	53.6%	63.1%
Net profit to revenue increase	N/A	N/A	N/A	164.3%
Net loss (increase) decrease	(69.4%)	(129.0%)	87.8%	N/A
Net (loss) profit to revenue ratio	(9.3%)	(24.0%)	(2.2%)	12.9%
Net current asset increase	N/A	N/A	N/A	116.3%
Net current liabilities decrease	5.3%	1%	7.5%	N/A
Inventories turnover ratio	73 days	74 days	57 days	116 days
Debtor turnover ratio	24 days	24 days	18 days	56 days
Creditor turnover ratio	127 days	135 days	121 days	222 days
Net Assets increase	N/A	N/A	N/A	218.3%
Net liabilities (increase)	(10.9%)	(22.4%)	(2.2%)	N/A

For six months ended 30 June 2014

Business Review

The Zhongshan Ophthalmology Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services are mainly ophthalmology, anaesthesiology, medical laboratory, pathology, x-ray diagnosis, ultrasound diagnosis, ECG diagnosis and optometry. The general hospital services included the provision of services to clinic and hospital patients. The retail services are the sale of optical instruments and glasses. The revenue of general hospital services and retail services for the six months ended 30 June 2014 were approximately RMB4,014,000 and RMB730,000, respectively, representing an increase of 44.5% or RMB1,237,000 and 49.3% or RMB241,000, respectively from the same period in 2013. Such increase was due to the increase in both the number of outpatients and inpatients by 4.6% and the increase in the average chargeable fee per outpatient by 183.2% or RMB171, despite average chargeable fee per inpatient decreased by 10.4% or RMB453 from the same period in 2013. The increase in revenue from retail services for the six months ended 30 June 2014 was due to the increase of 18.4% and 26.1% or RMB112 in the number of customers and average spending per customer, respectively, compared to same period in 2013.

The segment profit attributable to the general hospital services and retail services for the six months ended 30 June 2014 reached approximately RMB2,526,000 and RMB469,000, respectively, presenting a surge of 117.8% or RMB1,366,000 and 36.7% or RMB126,000, respectively from the same period in 2013. The surge in segment profit attributable to the general hospital services was resulted from an increase of 4.6% and 38.1% or RMB133 in number of patients and in average chargeable fee per patient, respectively, compared to the same period in 2013. The increase in segment profit attributable to the retail services was resulted from the increase of 18.4% and 26.1% or RMB112 in number of customers and average spending per customer, respectively compared to the same period in 2013.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhongshan Ophthalmology Group for the six months ended 30 June 2014 amounted to approximately RMB4,744,000 and RMB2,995,000, respectively, representing a surge of 45.3% or RMB1,478,000 and 99.3% or RMB1,492,000 from the same period in 2013. The surge in revenue was mainly due to the increase of 6.4% and 36.6% or RMB131 in number of patient visits and customers, and in average receivable fee per patient or customer from the same period in 2013. The increase in gross profit was due to the increase in profit margin for the six months ended 30 June 2014 from 53.6% to 63.1%.

The net profit of the Zhongshan Ophthalmology Group for the six months ended 30 June 2014 was approximately RMB610,000 (2013: loss RMB949,000), representing a sharp increase of 164.3% or RMB1,559,000 from the same period in 2013 due to an increase of RMB1,492,000 in gross profit as a result of higher revenue and profit margin for the six months ended 30 June 2014 compared to the same period in 2013.

Liquidity and Financial Resources

As at 30 June 2014, the Zhongshan Ophthalmology Group's cash on hand was approximately RMB847,000 (31 December 2013: RMB752,000). The Zhongshan Ophthalmology Group had no long-term and short-term debts both as at 30 June 2014 and 31 December 2013.

Bank and Other Borrowings

The Zhongshan Ophthalmology Group had no bank and other borrowing both as at 31 December 2014 and 2013.

Working Capital Analysis

The net current assets of the Zhongshan Ophthalmology Group as at 30 June 2014 was approximately RMB2,867,000 but there was net current liability of approximately RMB17,577,000 as at 31 December 2013. The substantial improvement in working capital of approximately RMB20,444,000 was mainly due to an increase of RMB19,000,000 in registered capital during the six months ended 30 June 2014 and such increase in registered capital was settled by advance from Allad Guangdong to the Zhongshan Ophthalmology Group which was recorded as an amount due to related company. Therefore, the amount due to related company was approximately RMB10,144,000 as at 31 December 2013 but it was changed to an amounts due from related companies of approximately RMB2,179,000 as at 30 June 2014 as well as amount due to a shareholder of approximately RMB8,175,000 as at 31 December 2013 but there was no such outstanding as at 30 June 2014.

The inventory of the Zhongshan Ophthalmology Group from 1 January 2014 to 30 June 2014 decreased from RMB591,000 to RMB525,000. The turnover of the inventory as at 30 June 2014 was 116 days (31 December 2013: 57 days).

The accounts receivable of the Zhongshan Ophthalmology Group as at 30 June 2014 and 31 December 2013 were approximately RMB724,000 and RMB434,000, representing an increase of 66.8%. Approximately 97.9% (31 December 2013: 98.6%) of the accounts receivable as at 30 June 2014 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. Such increase was mainly due to a 45.3% significant increase in revenue for the six months ended 30 June 2014 compared to the revenue for the six months ended 30 June 2013. The debtors' turnover as at 30 June 2014 was 56 days (31 December 2013: 18 days).

Employees and Remuneration Policies

The number of employees of the Zhongshan Ophthalmology Group was 80 as at 30 June 2014 (31 December 2013: 75). The total staff cost including the director's remuneration of the Zhongshan Ophthalmology Group was approximately RMB1,715,000 (2013: RMB1,568,000) which comprised of salaries and other benefits of approximately RMB1,580,000 (2013: RMB1,448,000) and contribution to central pension scheme of approximately RMB135,000 (2013:RMB120,000). The reason for such increase in staff cost was due to a rise in number and annual salaries of employees. The employees of the Zhongshan Ophthalmology Group were required to participate in a central pension scheme operated either by the relevant authorities or the local municipal governments of the provinces in the PRC in which the Zhongshan Ophthalmology Group is located. The Zhongshan Ophthalmology Group is required to contribute to the central pension scheme in respect of its employees in the PRC and these costs are charged to profit or loss statement as incurred.

Pledge of Assets and Contingent Liabilities

The Zhongshan Ophthalmology Group had no pledged assets and significant contingent liability as at 30 June 2014 (31 December 2013: Nil).

Capital Structure

The issued registered capital of the Zhongshan Ophthalmology Group as at 30 June 2014 and 31 December 2013 were RMB20,000,000 and RMB1,000,000 respectively due to injection of capital of RMB19,000,000 during the six months ended 30 June 2014.

Net assets

As at 30 June 2014 the Zhongshan Ophthalmology Group's net assets was approximately RMB10,627,000 (31 December 2013: net liabilities RMB8,983,000) with a surge of RMB19,610,000 as compared to the year ended 31 December 2013. Such increase was caused by an increase of RMB19,000,000 in registered capital and net profit of RMB610,000 for the six months ended 30 June 2014.

For year ended 31 December 2013

Business Review

The Zhongshan Ophthalmology Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of optical instruments and glasses. The revenue of general hospital services and retail services for the year ended 31 December 2013 were approximately RMB7,483,000 and RMB1,282,000, respectively, representing an increase of approximately 21.2% or RMB1,310,000 and 138.3% or RMB744,000, respectively, from the year of 2012. Such increase in revenue of the general hospital services was due to the increase in the number of outpatients by 2.5% as well as the increase in average chargeable fee per outpatient by 118.4% or RMB124, which offset the decrease of 9.5% in number of inpatients and decrease of 5.3% or RMB249 in average chargeable fee per inpatient compared to the year of 2012. The increase in retail services was due to the increase in the number of customers by 100% together with an increase in average spending per customer by 19% or RMB87 from the year of 2012.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2013 reached approximately RMB3,854,000 and RMB848,000, respectively, representing an increase of approximately 32.5% or RMB945,000 and 216.4%

or RMB580,000, respectively, from the year of 2012. The increase in segment profit attributable to the general hospital services was resulted from an increase by 19.1% or RMB73 in average chargeable fee per patient compared to the year of 2012. The increase in segment profit attributable to the retail services was resulted from the increase by 100% and 19.1% or RMB87 in the number of customers and average spending per customer compared to the year of 2012.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhongshan Ophthalmology Group for the year ended 31 December 2013 amounted to approximately RMB8,765,000 and RMB4,702,000, respectively, representing an increase of approximately 30.6% or RMB2,054,000 and 48% or RMB1,525,000 respectively, from the year of 2012. Such significant increase in the revenue was mainly due to an increase of 8.5% in number of patient visits and customers as well as an increase of 20.4% or RMB79 in average receivable fee per patient visit or customer compared to the year of 2012. The gross profit increased as the profit margin for the year ended 31 December 2013 increased from approximately 47.3% to 53.6% compared to the year of 2012.

The net loss for the year ended 31 December 2013 was narrowed to approximately RMB196,000, representing a decrease of 87.8% or RMB1,414,000 from the year of 2012 due to an increase of RMB1,525,000 in gross profit in spite of a mild increase in expenses by 2% or RMB97,000.

Liquidity and Financial Resources

As at 31 December 2013, the Zhongshan Ophthalmology Group's cash on hand was approximately RMB752,000 (2012: RMB1,727,000). The Zhongshan Ophthalmology Group had no long-term and short-term debts both as at 31 December 2013 and 2012.

Bank and Other Borrowings

The Zhongshan Ophthalmology Group had no bank and other borrowing both as at 31 December 2013 and 2012.

Working Capital Analysis

The net current liabilities of the Zhongshan Ophthalmology Group as at 31 December 2013 and 31 December 2012 were approximately RMB17,577,000 and RMB19,012,000, respectively. It was mainly due to a decrease of approximately RMB1,511,000 in the amount due to a related company as at 31 December 2013 compared to the year of 2012 as a result cash repayments of RMB2,582,000 to Allad Guangdong during the year ended 31 December 2013.

The inventory of the Zhongshan Ophthalmology Group from 1 January 2013 to 30 December 2013 decreased from RMB668,000 to RMB591,000 due to the decrease in the inventory turnover as at 31 December 2013 to 57 days (2012: 74 days).

The accounts receivable of the Zhongshan Ophthalmology Group were approximately RMB434,000 and RMB445,000 as at 31 December 2013 and 2012, respectively, representing a slight decrease of 2.5%. Approximately 98.6% (2012: 98.4%) of the accounts receivable as at 31 December 2013 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. Such slight increase was as a result of the decrease 18 days (2012: 24 days) in debtors' turnover as at 31 December 2013.

Employees and Remuneration Policies

The number of employees of the Zhongshan Ophthalmology Group was 75 as at 31 December 2013 (2012: 75). The total staff cost including the director's remuneration of the Zhongshan Ophthalmology Group was approximately RMB3,146,000 (2012: RMB2,864,000) which comprised of salaries and other benefits of approximately RMB2,886,000 (2012: RMB2,652,000) and contribution to central pension scheme of approximately RMB260,000 (2012:RMB212,000). The reason for the mild increase in staff cost was due to an increase in annual salaries of employees.

Pledge of Assets and Contingent Liabilities

The Zhongshan Ophthalmology Group had no pledged assets and significant contingent liability as at 31 December 2013 (2012: Nil).

Capital Structure

The issued registered capital of the Zhongshan Ophthalmology Group as at 31 December 2013 and 2012 both was RMB1,000,000.

Net Liabilities

As at 31 December 2013, the Zhongshan Ophthalmology Group's net liabilities was approximately RMB8,983,000 (2012: RMB8,787,000) with an increase of RMB196,000 as compared to the year ended 31 December 2012. Such increase was caused by same amount of net loss for the year ended 31 December 2013.

For year ended 31 December 2012

Business Review

The Zhongshan Ophthalmology Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of optical instruments and glasses. The revenue of general hospital services and retail services for the year ended 31 December 2012 were approximately RMB6,173,000 and RMB538,000, respectively, representing a decrease of approximately 14.6% or RMB1,057,000 and an increase of approximately 47.4% or RMB173,000, respectively, from the year of 2011. The decrease in revenue of the general hospital services was due to a decrease of 32.5% in number of inpatients despite the average chargeable fee per inpatient increased 17.3% or RMB692 and the number of outpatients rose 9.7% compared to the year of 2011. The increase in retail services was due to the increase in the number of customers by 20.9% together with the increase in average spending per customer by 21.9% or RMB82 compared to the year of 2011.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2012 amounted to approximately RMB2,909,000 and RMB268,000, respectively, representing a drop of 26.3% or RMB1,039,000 and a surge by 182.1% or RMB173,000, respectively, from the year of 2011. The drop in segment profit attributable to the general hospital services was resulted from a decrease by 19.2% or RMB91 in average chargeable fee per patient despite an increase of 5.7% in the number of patients compared to the year of 2011. The increase in segment profit attributable to the retail services was resulted from the increase by 20.9% and 21.9% or RMB82 in the number of customers and in average spending per customer, respectively, compared to the year of 2011.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhongshan Ophthalmology Group for the year ended 31 December 2012 amounted to approximately RMB6,711,000 and RMB3,177,000, respectively, representing a decrease of 11.6% or RMB884,000 and a decrease of 21.4% or RMB866,000, respectively, compared to the year of 2011. Such drop on revenue was mainly due to a decrease by 17.1% or RMB80 in average receivable fee per patient despite an increase of 6.6% in number of patient visits and customers compared to the year of 2011. The drop of gross profit was due to the decrease in profit margin for the year ended 31 December 2012 from approximately 53.2% to 47.3%.

The net loss of the Zhongshan Ophthalmology Group for the year ended 31 December 2012 was approximately RMB1,610,000 as the gross profit of approximately RMB3,177,000 could not cover the operation expenses especially administrative expenses of approximately RMB4,789,000.

Liquidity and Financial Resources

As at 31 December 2012, the Zhongshan Ophthalmology Group's cash on hand was approximately RMB1,727,000 (2011: RMB2,012,000). The Zhongshan Ophthalmology Group had no long-term and short-term debts both as at 31 December 2012 and 2011.

Bank and Other Borrowings

The Zhongshan Ophthalmology Group had no bank and other borrowing both as at 31 December 2012 and 2011.

Working Capital Analysis

The net current liabilities of the Zhongshan Ophthalmology Group as at 31 December 2012 was approximately RMB19,012,000, representing a slight decrease of approximately RMB194,000 compared to the year of 2011, which was due to a decrease of RMB1,959,000 in the amount due to a related company but there was a decrease of approximately RMB1,588,000 and RMB285,000 in the other receivable, prepayments and deposits, and cash and bank balances, respectively

The inventory of the Zhongshan Ophthalmology Group from 1 January 2012 to 31 December 2012 decreased from RMB768,000 to RMB668,000. The inventory turnover as at 31 December 2012 was 74 days (2011: 73 days).

The accounts receivable of the Zhongshan Ophthalmology Group as at 31 December 2012 and 2011 were approximately RMB445,000 and RMB490,000, respectively, representing an decrease of 9.2%. Approximately 98.4% (2011: 99.7%) of the accounts receivable as at 31 December 2012 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. The debtors' turnover both as at 31 December 2012 and 2011 was 24 days.

The amounts due to related companies of the Zhongshan Ophthalmology Group as at 31 December 2012 and 2011 were approximately RMB11,655,000 and RMB13,614,000, respectively, representing a decrease of 14.4% or RMB1,959,000. Such decrease was mainly due to cash repayment of advance from Allad Guangdong which was recorded in the amounts due to related companies.

The other receivable, prepayments and deposits of the Zhongshan Ophthalmology Group as at 31 December 2012 and 2011 were approximately RMB52,000 and RMB1,640,000, respectively, representing a decrease of 96.8%. Such decrease was mainly due to the settlement of an advance of RMB2,072,000 to a related company in cash and an advance of RMB500,000 to previous director in 2011 settled by Allad Guangdong on behalf of him through transferred to current account with Allad Guangdong.

Employees and Remuneration Policies

The number of employees of the Zhongshan Ophthalmology Group was 73 as at 31 December 2012 (2011: 77). The total staff cost including the director's remuneration of the Zhongshan Ophthalmology Group was approximately RMB2,864,000 (2011: RMB2,304,000) which comprised of salaries and other benefits of approximately RMB2,652,000 (2011: RMB2,120,000) and contribution to central pension scheme of approximately RMB212,000 (2011:RMB184,000). The reason for the increase in staff cost was due to a rise salaries of employees.

Pledge of Assets and Contingent Liabilities

The Zhongshan Ophthalmology Group had no pledged assets and significant contingent liability as at 31 December 2012 (2011: Nil).

Capital Structure

The issued registered capital of the Zhongshan Ophthalmology Group as at 31 December 2012 and 2011 both was RMB1,000,000.

Net Liabilities

As at 31 December 2012, the Zhongshan Ophthalmology Group's net liabilities was approximately RMB8,787,000 (2011: RMB7,177,000) with an increase of RMB1,610,000 as compared to the year ended 31 December 2011. Such increase was caused by the loss for the year ended 31 December 2012.

For year ended 31 December 2011

Business Review

The Zhongshan Ophthalmology Group engaged in two reportable segments: (i) general hospital services and (ii) retail services. The general hospital services included the provision of services to clinic and hospital patients. The retails services are the sale of optical instruments and glasses. The revenue of general hospital services and retail services for the year ended 31 December 2011 were approximately RM7,230,000 and RMB365,000, respectively, representing a decrease of 12.8% or RMB1,062,000 and an increase 13.4% or RMB43,000, respectively, from the year of 2010. The decrease in revenue of the general hospital services was due to a decrease of 16.3% and 5.2% or RMB6 in number of inpatients and in average chargeable fee per outpatient despite an increase of 9.3% in the number of outpatients compared to the year of 2010. The increase in retail services was due to the increase in the number of customers by 14.4% despite the average spending per customer decreased 0.9% or RMB4 compared to the year of 2010.

The segment profit attributable to the general hospital services and retail services for the year ended 31 December 2011 amounted to approximately RMB3,948,000 and RMB95,000, respectively, representing a drop of approximately 37.0% or RMB2,316,000 and an increase of 39.7% or RMB27,000, respectively, from the year of 2010. The drop in segment profit attributable to the general hospital services was resulted from a drop of 17.9% or RMB104 in average chargeable fee per patient despite an increase of 6.2% in the number of patients compared to the year of 2010. The increase in segment profit attributable to the retail services was resulted from the increase of 14.4% in the number of customers compared with the year of 2010.

Financial Review

Revenue and profit analysis

The revenue and gross profit of the Zhongshan Ophthalmology Group for the year ended 31 December 2011 reached approximately RMB7,595,000 and RMB4,043,000, respectively, representing a decrease of 12.3% or RMB1,067,000 and 36.1% or RMB2,289,000 respectively, from the year of 2010. Such decrease was mainly due to a decrease of 17.4% or RMB98 in average receivable fee per patient and customer despite an increase of 6.7% in number of the patient visits or customers. The decrease in gross profit was mainly due to the decrease in profit margin for the year ended 31 December 2011 from 73.1% to 53.2%.

The net loss of the Zhongshan Ophthalmology Group for the year ended 31 December 2011 was RMB703,000 as the gross profit of approximately RMB4,043,000 could not cover the operation expenses especially administrative expenses of approximately RMB4,688,000.

Liquidity and Financial Resources

As at 31 December 2011, the Zhongshan Ophthalmology Group's cash on hand was approximately RMB2,012,000 (2010: RMB221,000). The Zhongshan Ophthalmology Group had no long-term and short-term debts both as at 31 December 2011 and 2010.

Bank and Other Borrowings

The Zhongshan Ophthalmology Group had no bank and other borrowing both as at 31 December 2011 and 2010.

Working Capital Analysis

The net current liabilities of the Zhongshan Ophthalmology Group was approximately RMB19,206,000 as at 31 December 2011 (2010: RMB20,276,000). There was a decrease of 1,070,000 compared to the year of 2010 as there was an increase of approximately RMB1,791,000 in cash and bank balance compared with last year. On the other hand, there were decreases of RMB175,000 and RMB500,000 in other receivables, prepayments and deposits, and amount due from a director, respectively.

The inventory of the Zhongshan Ophthalmology Group from 1 January 2010 to 31 December 2011 increased from RMB661,000 to RMB768,000. The turnover of inventory as at 31 December 2011 was 73 days.

The accounts receivable of the Zhongshan Ophthalmology Group as at 31 December 2011 and 2010 were approximately RMB490,000 and RMB777,000, respectively, representing a decrease of 36.9%. Approximately 99.7% (2010:93.7%) of the accounts receivable as at 31 December 2011 was receivable from the pension fund local bureau which paid hospital fee on behalf of the insured patients. The debtors' turnover as at 31 December 2011 was 24 days (2010: 33 days).

Employees and Remuneration Policies

The number of employees of the Zhongshan Ophthalmology Group was 78 as at 31 December 2011 (2010:74). The total staff cost including the director's remuneration of the Zhongshan Ophthalmology Group was approximately RMB2,304,000 (2010: RMB2,187,000) which comprised of salaries and other benefits of approximately RM2,120,000 (2010: RMB2,027,000) and contribution to central pension scheme of approximately RMB184,000 (2010:RMB160,000). The reason for the increase in staff cost was due to a rise in the number of employees.

Pledge of Assets and Contingent Liabilities

The Zhongshan Ophthalmology Group had no pledged assets and significant contingent liability as at 31 December 2011 (2010: Nil).

Capital Structure

The issued registered capital of the Zhongshan Ophthalmology Group as at 31 December 2011 and 2010 both was RMB1,000,000.

Net liabilities

As at 31 December 2011, the Zhongshan Ophthalmology Group's net liabilities was approximately RMB7,177,000 (2010: RMB6,474,000) with an increase of RMB703,000 as compared to the year ended 31 December 2010. Such increase was caused by a net loss of approximately RMB703,000 for the year ended 31 December 2011.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is Unaudited Pro Forma Financial Information of the Enlarged Group (the "Unaudited Pro Forma Financial Information") prepared by the directors of the Company to illustrate the financial position of the Enlarged Group as at 30 June 2014 as if the proposed acquisition of 70% equity interest of Zhao Long International Medical Investment Management Group Limited and its subsidiary (the "Target Group") (the "Acquisition") had taken place on 30 June 2014. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company for illustrative purposes only and because of its hypothetical nature, it does not purport to represent the true picture of the financial position of the Enlarged Group as at 30 June 2014 or at any future date had the Acquisition taken place on 30 June 2014. Capitalised terms used herein have the same meaning as those define in this circular unless the context otherwise requires.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2014 extracted from the 2014 interim report of the Company, and the audited consolidated statement of financial position of the Target Group as at 30 June 2014 as set out in Appendix II to this circular after giving effect to the pro forma adjustments described in the accompanying notes and is prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

1. Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group as at 30 June 2014 HK$'000 (Unaudited) (Note 1)	The Target Group as at 30 June 2014 HK$'000 (Unaudited) (Note 2)	Pro forma adjustment HK$'000 (Unaudited) (Note 3)	Pro forma adjustment HK$'000 (Unaudited) (Note 4)	The Enlarged Group as at 30 June 2014 HK$'000 (Unaudited) (Note 5)
Non-current assets					
Property, plant and equipment	2,036	–			2,036
Investment properties	64,620	–			64,620
Goodwill	4,467	–	22,935		27,402
Investment in associates	–	–	17,089		17,089
Available-for-sale financial assets	1,033	–			1,033
	72,156	–			112,180
Current assets					
Inventories	1,061	–			1,061
Amount due from a shareholder	98	–			98
Loan to a shareholder	220,000	–			220,000
Debtors, deposits and prepayments	24,232	–			24,232
Short-term loans receivable	78,000	–			78,000
Time deposits and bank balances	28,599	–	(40,000)	(2,476)	(13,877)
Tax recoverable	10	–			10
	352,000	–			309,524
Current liabilities					
Creditors and accruals	11,434	–			11,434
Accruals, other payables, deposits received and receipts in advance	574	34			608
Obligation under a finance lease	6	–			6
Tax payable	367	–			367
	12,381	34			12,415
Net current assets (liabilities)	339,619	(34)			297,109
Total assets less current liabilities	411,775	(34)			409,289

	The Group as at 30 June 2014	The Target Group as at 30 June 2014	Pro forma adjustment	Pro forma adjustment	The Enlarged Group as at 30 June 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*
EQUITY					
Share capital	24,282	–			24,282
Share premium	351,638	–			351,638
Translation reserve	234	–			234
Share options reserve	31,248	–			31,248
Retained profits (accumulated losses)	2,288	(34)	34	(2,476)	(188)
Equity attributable to owners of the Company	409,690	(34)			407,214
Non-controlling interests	2,018	–	(10)		2,008
Total equity	411,708	(34)			409,222
Non-current liabilities					
Obligation under a finance lease	17	–			17
Deferred tax liabilities	50	–			50
	67	–			67
	411,775	(34)			409,289

Notes to the Unaudited Pro Forma Consolidated Financial Position of the Enlarged Group

1. The balances are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2014, as set out in the published interim report of the Company for the six months ended 30 June 2014.

2. The figures of the Target Group are extracted from the accountant's report of the Target Group as set out in Appendix II of the Circular.

3. The pro forma adjustment represents the cash consideration of HK$40,000,000 paid by the Group for the Acquisition of 70% of the Target Group, and Billion High World Investment Limited (the "Seller of the Target Group") paid a sum of RMB13,500,000 (equivalent to approximately HK$17,089,000) to the Target Group to be paid for the Acquisition of 27% of the Allad Zhanjiang Group, assuming the Acquisition was take place on 30 June 2014. For the purpose of presentation of the Unaudited Pro Forma Financial Information, the financial information of the Target Group has been translated into HK$ at the exchange rate of HK$1 to RMB0.79, which is the prevailing exchange rate on 30 June 2014.

   The calculation of goodwill under the Acquisition in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the Hong Kong Institute of Certified Public of Accountants to account for the Acquisition. The calculation is as follows:

	HK$'000
Consideration	40,000
Add: Fair value of identifiable net liabilities of the Target Group as at 30 June 2014	34
Less: Investment in the associates acquired by the Target Group as at 30 June 2014	(17,089)
Non-controlling interests as at 30 June 2014	(10)
Goodwill	22,935

   Since the fair value of the identifiable assets and liabilities of the Target Group on the date of completion of the Acquisition may be substantially different from their respective values used in the Unaudited Pro Forma Financial Information, the final amount of the goodwill arising from the completion of the Acquisition may be different from the amount presented as above. The directors of Company (the "Directors") have performed impairment test for goodwill. The recoverable amount of the cash generating unit was determined based on value in use calculations.

For the purpose of the preparation of the Unaudited Pro Forma Financial Information, no impairment is identified by the Directors on the pro forma amounts of goodwill as at the assumed date of completion of the Acquisition, in accordance with HKAS 36 "Impairment of Assets". The Directors confirmed that they will assess impairment of the goodwill and other intangible assets in subsequent reporting periods, based on the discounted cash flow forecast of the cash-generating unit, in accordance with the requirement of HKAS 36.

4. The pro forma adjustment represents the estimated professional fees and expenses directly attributable to the Acquisition of the Target Group amounting to approximately HK$2,476,000.

5. Following completion of the Acquisition, the Enlarged Group suffered a shortfall of cash and cash equivalents amounted to approximately HK$13,877,000.

   In September 2014, the Group entered into 2 agreements in relation to disposal of 31 car parking spaces on various floors of the Bank of East Asia Harbour View Centre and no. 9 Queen's Road Central. Upon completion of the Disposals, the Group will receive an aggregate cash consideration amounting to approximately HK$71,600,000. The Group would recognise a gain of disposal amounting to approximately HK$6,214,000.

   The shortfall in the cash and cash equivalents of the Enlarged Group as indicated in the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group is for illustrative purpose only and it will therefore be improved upon the completion of the Disposal and the Enlarged Group will be able to maintain its sufficient working capital afterward.

The adjustments will not have continuing profit or loss effect to the Enlarged Group.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

TO THE DIRECTORS OF COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

We have completed our assurance engagement to report on the compilation of Unaudited Pro Forma Financial Information of Common Splendor International Health Industry Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated financial position as at 30 June 2014 and related notes as set out in Section A of Appendix IV of the investment circular issued by the Company dated 2 December (the "Circular"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposal acquisition of 70% equity interest of Zhao Long International Medical Investment Management Group Limited and its associates on the Group's financial position as at 30 June 2014 as if the transactions had been taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the period ended 30 June 2014, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Yu Chi Fat
Practising Certificate Number: P05467

Hong Kong, 2 December 2014

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market value of the Property as at 30 September 2014.

Peak Vision
Appraisals Limited

12/F, Effectual Building
14-16 Hennessy Road
Wanchai, Hong Kong
www.peakval.com
Tel (852) 2187 2238
Fax (852) 2187 2239

2 December 2014

The Board of Directors
Common Splendor International Health Industry Group Limited
Room 2709-10, 27th Floor
North Tower, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sirs,

RE : VALUATION OF 25 CAR PARKING SPACES ON VARIOUS FLOORS OF BANK OF EAST ASIA HARBOUR VIEW CENTRE, NO. 56 GLOUCESTER ROAD, WAN CHAI, HONG KONG

In accordance with the instructions from Common Splendor International Health Industry Group Limited (hereinafter referred to as the "Company") for us to value the captioned property interest in the Hong Kong Special Administrative Region (hereinafter referred to as "Hong Kong"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of value of the property interest as at 30 September 2014 (hereinafter referred to as the "Valuation Date") for public documentation purpose.

This letter, forming part of our valuation report, identifies the property interest being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigation, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation represents our opinion of market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest, which was held for investment by the Company, we have adopted the Direct Comparison Method assuming the property is capable of being sold in its existing state and by making reference to comparable sales evidence as available in the relevant markets.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property. No forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have caused sampling title searches to be made at the Land Registry in respect of the property interest. However, we have not searched the original documents to verify the ownership or to ascertain the existence of any amendments.

The property was inspected by Tony M. W. Cheng, a manager of our firm with 9 years of experience in the inspection of properties in Hong Kong and the People's Republic of China, during September 2014. We have inspected the exterior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the floor area of the property but have assumed that the floor area shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation certificate are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Company and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, floor area and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the property interest, we have complied with all the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollars (HK$).

We hereby confirm that we have neither present nor prospective interests in the Company, the property or the value reported herein.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited
Nick C. L. Kung
MRICS, MHKIS, RPS (G.P.), RICS Registered Valuer
Director

Note: Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor who has over 20 years of experience in the valuation of properties in Hong Kong and abroad.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2014
25 Car Parking Spaces on various floors of Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong 683,040/19,581,678th equal and undivided shares of and in Section M and the Remaining Portion of Section F of Inland Lot No. 2817 and the Remaining Portion of Section D and the Remaining Portion of Inland Lot No. 2818	Bank of East Asia Harbour View Centre (the "Building") is a 30-storey commercial building with ancillary car parking facilities completed in 1990, situated on the south side of Gloucester Road at the section between Fenwick Street and Luard Road, within Wan Chai, Hong Kong. The property comprises 25 car parking spaces located on Ground to 4th Floors of the Building. Inland Lot Nos. 2817 and 2818 are held under respective Government Leases for a common term of 99 years commencing from 26 March 1929 and 25 May 1929 respectively, each renewable for a further term of 99 years. The annual government rents payable for Section M and the Remaining Portion of Section F of Inland Lot No. 2817 and Inland Lot No. 2818 are HK$32, HK$36 and HK$234 respectively.	22 out of 25 car parking spaces are subject to various monthly licences, yielding a total monthly income of HK$92,400 inclusive of rates and service charges whilst the remaining 3 car parking spaces are currently vacant.	HK$44,460,000 100% interest attributable to the Company: HK$44,460,000

Notes:

i) The property comprises car parking space nos. L1, L2 and L3 on Ground Floor, L4 and L5 on the 1st Floor, 1, 2, 4, 5, 10, 11 and 12 on the 2nd Floor, 1 and 2 on the 3rd Floor and 1 to 11 on the 4th Floor of the Building.

ii) According to the Land Registry Search conducted on 14 October 2014, the registered owner of the property is Give Strong Investments Limited, an indirect wholly-owned subsidiary of the Company, vide Memorial No. 14062400720048 dated 30 May 2014 for a consideration of HK$42,600,000.

iii) The property is zoned as "Commercial" under Draft Wan Chai Outline Zoning Plan No. S/H5/27 dated August 2012.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules ("Model Code"), were as follows:

	Number of Shares					
Name of Directors	**Ordinary Shares**	**Underlying Shares**	**Total**	**Capacity**	*Notes*	**Percentage of issued shares Capital**
Mr. Cheung	903,949,671	–	903,949,671	Interest of controlled corporation	*1*	37.23%
Mr. Cheng Hau Yan "Mr. Cheng"	300,000	48,000,000	48,300,000	Beneficial owner	*2*	2%
Mr. Lin Jiang ("Mr. Lin")	–	1,000,000	1,000,000	Beneficial owner	*3*	0.04%
Mr. Mai Yang Guang ("Mr. Mai")	–	1,000,000	1,000,000	Beneficial owner	*3*	0.04%
Mr. Yau Chi Ming ("Mr. Yau")	–	1,000,000	1,000,000	Beneficial owner	*3*	0.04%
Mr. Huang Liang "Mr. Huang"	23,268,000	1,000,000	24,268,000	Beneficial owner	*3/4*	0.99%

Notes:

(1) Mr. Cheung was interested in above Shares of the Company through owning of entire issued capital of Champion Dynasty;

(2) Mr. Cheng owned 24,000,000 share options of the Company. The spouse of Mr. Cheng, being a staff of a subsidiary of the Company, owned 300,000 Shares and 24,000,000 share options of the Company. Pursuant to the SFO, Mr. Cheng was deemed to be interested in the same number of Shares and underlying Shares in which his spouse was interested:

(3) Each of Mr. Lin, Mr. Mai, Mr. Yau and Mr. Huang owned 1,000,000 share options of the Company; and

(4) The spouse of Mr. Huang owned 23,680,000 Shares. Pursuant to the SFO, Mr. Huang was deemed to be interested in the same number of Shares and underlying Shares in which his spouse was interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to Model Code.

3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS/ASSETS

Other than the Loan Agreement, there is no contract or arrangement entered into by any member of the Enlarged Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Enlarged Group as a whole.

None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or which are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

6. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, were as follows:

Long positions in the Company:

Name of Substantial Shareholder	Number of Shares (ordinary share)	Capacity	Percentage of Issued Share Capital
Champion Dynasty	903,949,671	Beneficial owner	37.23%

Note:

Mr. Cheung is the sole director of Champion Dynasty and owns its entire issued share capital.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company as disclosed in the paragraph headed "Interests of Directors" above) who had, or was deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Enlarged Group.

8. EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which are contained in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited (“HLB”)	Chartered Accountants Certificate Public Accountants
Peak Vision Appraisals Limited (“Peak Vision”)	Independent Valuer

As at the Latest Practicable Date, HLB and Peak Vision had no shareholding, directly or indirectly, in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had since 30 June 2014, being the date to which the latest published unaudited financial statements of the Company were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

HLB and Peak Vision has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which it appears.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

(a) the share investment and arrangement agreement dated 21 June 2013 entered into among Common Splendor International Health Management Limited (“Common Splendor Health Management”), being a wholly-owned subsidiary of the Company, Southern Metabolic, its shareholders and an investor, pursuant to which Common Splendor Health Management agreed to (i) acquire 35% equity interest in Southern Metabolic for a consideration of RMB820,000 and (ii) contribute a sum of RMB800,000 to Southern Metabolic as capital;

(b) the agreement dated 6 January 2014 entered into among the Company, Billion High, Bonus Income Limited, Jun Fu Holdings Limited, Ms. Liu Cui Hua and other contracting parties which are corporations controlled by Ms. Liu Hua and Mr Yin Ri Wei pursuant to which, among other things, the Company had conditionally agreed to subscribe for approximately 52% of the issued share capital of Multi Talent at a consideration of approximately HK$54,215,649;

(c) the joint venture agreement and the framework for technical co-operation dated 7 July 2014 (collectively "Joint Venture Agreement"), pursuant to which, Great King Limited and ACMEWAY (Beijing) Technique and Consultant Company Limited* (奧美之路（北京）技術顧問有限公司) ("ACMEWAY") agreed to set up a joint venture company which will be owned by Great King Limited (or its subsidiary) and ACMEWAY as to 80% and 20%, respectively;

(d) the joint venture agreement dated 21 July 2014 entered into between Common Splendor International Investment Fund Management Limited ("CS Fund"), a wholly-owned subsidiary of the Company and Guangdong Mesing Grain and Oil Limited* (廣東盟星糧油有限公司) ("Guangdong Mesing") pursuant to which, CS Fund and Guangdong Mesing agreed to set up a joint venture company which will be owned by CS Fund (or its wholly-owned subsidiary) and Guangdong Mesing as to 51% and 49%, respectively;

(e) the sale and purchase agreement dated 6 October 2014 entered into between Minkind Development Limited, a wholly-owned subsidiary of the Company, East Wealth Limited and Centaline Property Agency Limited in relation to the disposal of 6 six car parking spaces and carport at basement, No. 9 Queen Road Central, Central, Hong Kong at a cash consideration of HK$23,600,000;

(f) the Acquisition Agreement;

(g) the Provisional Sale and Purchase Agreement;

(h) the Formal SPA;

(i) the sale and purchase agreement dated 27 October 2014 entered into among the Company, Billion High and Multi Talent in relation to disposal of 52% issued capital of Multi Talent from the Company to Billion High; and

(j) the Supplemental Agreement.

* *For identification purpose only*

10. MISCELLANEOUS

(a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the head office and principal place of business in Hong Kong of the Company is at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(b) The principal share registrar and transfer office of the Company is Codan Services Limited, Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

(c) The branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

(d) The company secretary of the Company is Miss Wong Yuet Ying who is a member of the Hong Kong Institute of Certified Public Accountants.

(e) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company’s principal place of business in Hong Kong from the date of this circular up to and including the date of the Special General Meeting:

(a) the memorandum of association and bye-laws of the Company;

(b) the audited consolidated financial statements of the Group for the two financial years ended 31 December 2012 and 31 December 2013;

(c) the accountant’s report of the Target Group and the Allad Group the three years ended 31 December 2013 and the six months ended 30 June 2014, the text of which is set out in Appendix II to this circular, and the related statement of adjustments;

(d) the contracts referred to in the paragraph headed “Material Contracts” in this Appendix;

(e) the report from HLB in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular;

(f) the written consent from HLB and Peak Vision as referred to in the paragraph headed “Expert ” in this Appendix;

(g) the valuation report from Peak Vision as referred to in Appendix V to this circular; and

(h) this circular.

COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

NOTICE IS HEREBY GIVEN that the Special General Meeting ("**Meeting**") of Common Splendor International Health Industry Group Limited will be held at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 17 December 2014 at 3:00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. **"THAT:**

(a) the conditional sale and purchase agreement dated 28 June 2014 and supplemented and amended by a supplemental agreement dated 27 November 2014 entered into between Gold Stable Limited, Billion High Worldwide Investments Limited ("**Billion High**"), Mr. Huang Zhu Liang, Zhao Long International Medical Investment Management Group Limited and Guangdong Allad Commercial Development Company Limited in relation to the acquisition of 70% of the issued share capital of Zhao Long International Medical Investment Management Group Limited (together, the "**Acquisition Agreement**") (a copy of the Acquisition Agreement marked "A" for identification purpose has been produced at the Meeting) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;

(b) the allotment and issuance of 45,007,288 new ordinary shares (each, a "**Consideration Share**") of HK$0.01 each in the share capital of the Company credited as fully paid at an issue price of HK$0.686 per Consideration Share to Billion High pursuant to the terms and conditions of the Acquisition Agreement be and is hereby approved; and

(c) the directors of the Company (the "Directors")or duly authorised committee of the board of Directors be and are hereby authorised to do all such acts (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the Acquisition Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Acquisition Agreement and all transactions contemplated thereunder and are in interests of the Company."

2. "THAT"

(a) the conditional provisional sale and purchase agreement dated 17 September 2014 and the formal sale and purchase agreement dated 30 September 2014 entered into between the Company, Regal Fortune Limited and Midland Realty (Comm.) Limited in relation to the disposal of 25 car parking spaces on various floors of Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong (together, the "**Disposal Agreement**") (a copy of the Disposal Agreement marked "**B**" for identification purpose has been produced at the Meeting) and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified; and

(b) the Directors or duly authorised committee of the board of Directors be and are hereby authorised to do all such acts (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents and instruments) which are in their opinion necessary, appropriate, desirable or expedient to implement or to give effect to the Disposal Agreement and all transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith that are, in the opinion of the Directors, not material to the terms of the Disposal Agreement and all transactions contemplated thereunder and are in interests of the Company."

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

Hong Kong, 2 December 2014

Notes:

1. Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more separate proxies to attend and to vote instead of him. A proxy need not be a Shareholder.

2. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or at any adjournment thereof.

3. The resolution as set out in this notice will be taken by poll.

4. As at the date hereof, the Board comprised Mr. Cheung Wai Kuen and Mr. Cheng Hau Yan as executive Directors and 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.