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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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, registered institution in securities, 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 proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### **MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE FACILITY AGREEMENT AND NOTICE OF SGM**

**Independent Financial Adviser to the  
Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 5 to 19 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 34 of this circular.

A notice convening the SGM to be held at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Shai Tsui, Kowloon, Hong Kong on Thursday, 19 November 2015 at 2:30 p.m. is set out on pages 45 to 46 of this circular. A proxy form for use at the SGM is also enclosed. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the proxy form in accordance with the instructions printed on it 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 and in any event not less than 48 hours before the time for holding the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the relevant proxy form shall be deemed to be revoked.

2 November 2015

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## DEFINITIONS

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

“Allad Guangdong”	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 established in the PRC with limited liability, which is the corporate guarantor under the Facility Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which licensed banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“CB Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions of the CB Placing Agreement
“CB Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 August 2015 in relation to the CB Placing
“Champion Dynasty”	Champion Dynasty Limited, a company incorporated in the BVI with limited liability and the borrower under the Facility Agreement and the New Facility Agreement
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Common Splendor International Health Industry Group Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange, and the lender under the Facility Agreement and the New Facility Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$300 million to be issued by the Company pursuant to the CB Placing Agreement
“Directors”	directors of the Company
“Facility Agreement”	the agreement dated 27 September 2012 entered into between the Company (as lender), Champion Dynasty (as borrower), Mr Cheung (as individual guarantor) and Allad Guangdong (as corporate guarantor) in relation to a three-year revolving facility of up to HK\$220 million
“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Facility Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the Board comprising Mr Mai Yang Guang, Mr Yau Chi Ming and Mr Huang Liang (all being independent non-executive Directors) to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction
“Independent Shareholder(s)”	Shareholder(s) other than those with a material interest in the Transaction and their associates

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## DEFINITIONS

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“Investment Adviser”	GEM Investments America, LLC, a company incorporated in Delaware, the United States
“Investor”	GEM Global Yield Fund LLC SCS (together with its permitted successors and assigns), a company incorporated under the laws of Luxembourg
“Latest Practicable Date”	28 October 2015, 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
“Mr Cheung” or “Individual Guarantor”	Mr Cheung Wai Kuen, who is the individual guarantor under the Facility Agreement and the New Facility Agreement, the sole director of Champion Dynasty, holder of the entire issued share capital of Champion Dynasty and an executive Director and the Chairman of the Board
“New Facility Agreement”	the agreement dated 2 October 2015 entered into between the Company (as the lender), Champion Dynasty (as the borrower) and Mr Cheung (as the individual guarantor) in relation to a three-year revolving the facility of up to HK\$200 million
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“Placing Agent”	Karl-Thomson Securities Company Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“SGM”	a special general meeting of the Company to be held on 19 November 2015 for the purpose of considering, and if thought fit, approving the entering into of the New Facility Agreement, the proposed annual cap amounts and the transactions contemplated under the New Facility Agreement by the Independent Shareholders
“Share(s)”	the share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement entered into amongst the Company, the Investor and the Investment Adviser on 16 September 2015 in relation to the subscription of the new Shares
“Transaction”	the major transaction and continuing connected transaction contemplated under the New Facility Agreement
“%”	per cent.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### 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 and 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 November 2015

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE FACILITY AGREEMENT AND NOTICE OF SGM**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 5 October 2015 in relation to the renewal of the Facility Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is, among other things, to provide you with (i) further information in relation to the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM.

### **MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION**

#### **The New Facility Agreement**

##### ***Date***

2 October 2015

##### ***Facility***

Three-year revolving facility of up to HK\$200 million (subject to the condition that the aggregate amount of the principal loan outstanding under the Facility Agreement and the New Facility Agreement shall not be more than HK\$200 million at all times).

##### ***Borrower***

Champion Dynasty

##### ***Individual Guarantor***

The Individual Guarantor provides the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the New Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the New Facility Agreement, the Individual Guarantor will be liable for the loan amount outstanding and the interest accrued thereon.

##### ***Lender***

The Company



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## LETTER FROM THE BOARD

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### ***Purpose***

To finance (i) the repayment of the loan outstanding from Champion Dynasty to the Company under the Facility Agreement as at 20 November 2015; and (ii) the general working capital of Champion Dynasty. The Company made enquires with Champion Dynasty and understands that Champion Dynasty will make use of the loan for its general working capital (including repayment of its loan) and will not use the loan for the purchase of fixed assets nor for long-term investments (equity or non-equity in nature).

### ***Final maturity***

The expiry of three years from 20 November 2015 on which all conditions precedent of the New Facility Agreement shall have been fulfilled or waived.

### ***Availability period***

The period commencing from 20 November 2015 on which all the conditions precedent of the New Facility Agreement shall have been fulfilled or waived and ending on the Business Day immediately prior to final maturity.

### ***Conditions precedent***

The obligation of the Company as the lender to make the facility available to Champion Dynasty is subject to the fulfillment or waiver of the following conditions precedent on or before 20 November 2015:

- (1) the passing of an ordinary resolution at the SGM by the Independent Shareholders to approve the entering into of the New Facility Agreement, the proposed annual cap amounts and the transactions contemplated under the New Facility Agreement;
- (2) the obtaining by the Company of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by the Company of the terms of the New Facility Agreement which may be required under the Listing Rules or from the Shareholders, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties;
- (3) the Company having received the constitutional and corporate authorisation documents of Champion Dynasty; and

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## LETTER FROM THE BOARD

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- (4) the obtaining by Champion Dynasty and the Individual Guarantor of all necessary consents, authorisations, registrations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by Champion Dynasty and the Individual Guarantor of the New Facility Agreement which may be required under the Listing Rules, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties.

The Company may in its discretion waive the condition precedent contained in item 3 above by notice to Champion Dynasty. None of the other conditions precedent can be waived by any of the parties to the New Facility Agreement.

If any of the conditions precedent has not been fulfilled or waived on or before 5:00 p.m. on 20 November 2015 or such other date as the parties to the New Facility Agreement may agree in writing, the New Facility Agreement will cease to have effect.

### ***Drawdown***

Multiple drawings allowed with each drawdown of not less than HK\$5,000,000.

The Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested.

### ***Repayment***

The Company is entitled, by giving not less than one month's prior written notice (or such shorter period as Champion Dynasty may agree) to Champion Dynasty, to demand full or partial repayment of the amount outstanding.

Champion Dynasty shall also repay the aggregate principal amount outstanding under the facility, all accrued interest thereon and all other amount payable under the New Facility Agreement on 19 November 2018.

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## LETTER FROM THE BOARD

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Champion Dynasty may at any time without penalty or any other charges repay the whole or any part of the amount outstanding under the facility (if in part, being a minimum amount of HK\$5,000,000 and an integral multiple of HK\$1,000,000), provided that Champion Dynasty shall have given to the Company not less than 14 days' prior written notice (or such shorter period as the Company may agree) of its intention to make such repayment, specifying the amount to be repaid and the proposed date of such repayment. Any amount so repaid by Champion Dynasty shall first be applied towards the repayment of interest accrued up to the date of repayment and the balance shall be applied towards repayment of the principal amount outstanding under the facility.

### *Interest*

10% per annum.

The interest rate is determined with reference to (i) the range of interest rates of the loans offered by the Company to other independent third parties; and (ii) the annual interest rate received by the Company from its existing bank deposits in Hong Kong and the PRC, respectively, at the time of the entering into the New Facility Agreement. Prior to the approval of the drawing of an advance by Champion Dynasty under the New Facility Agreement, the Company will consider and compare the interest rates offered by the Company to other third parties and the annual interest rate received by the Company from its bank deposits in Hong Kong and the PRC, respectively, to ensure that the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement are not more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company. If the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement is found to be more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company, the Company may (i) exercise its overriding right under the New Facility Agreement not to permit the drawing of an advance by Champion Dynasty; (ii) give not less than one month's prior written notice (or such shorter period as Champion Dynasty may agree) to Champion Dynasty to demand full or partial repayment of the amount outstanding under the New Facility Agreement; or (iii) subject to the compliance with the Listing Rules, re-negotiate with Champion Dynasty on an adjustment to the terms of the New Facility Agreement.

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## LETTER FROM THE BOARD

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### *Collateral*

Not required.

The Company may, without prejudice to any other rights of the Company as the lender, at any time after the happening of an event of default which includes, among other matters, non-payment by Champion Dynasty, breach of obligations and warranties, so long as the same is continuing and has not been waived, by notice to Champion Dynasty declare that:

- (1) the obligation of the Company to make the facility available shall be terminated, whereupon any undrawn portion of the facility shall be reduced to zero immediately; and/or
- (2) all amounts outstanding under the facility and all interest accrued and all other sums payable under the New Facility Agreement have become due and payable, whereupon all of the above amounts shall, immediately or in accordance with the terms of such notice, become due and payable.

### **Outstanding amount under the Facility Agreement**

As at the Latest Practicable Date, the aggregate principal amount outstanding under the facility and all interest accrued and all other sums payable under the Facility Agreement amounted to HK\$190 million.

Pursuant to the Facility Agreement, Champion Dynasty shall repay the above outstanding amounts under the Facility Agreement on 20 November 2015. During the period from 1 January 2015 to the Latest Practicable Date, Champion Dynasty has repaid HK\$30 million to the Company under the Facility Agreement and the outstanding amount under the Facility Agreement as at 20 November 2015 will be HK\$190 million. Subject to the fulfillment or waiver of the conditions precedent of the New Facility Agreement, the availability period of the facility under the New Facility Agreement will commence from 20 November 2015. It is intended that the facility to be granted to Champion Dynasty under the New Facility Agreement will be used to finance the repayment of the loan outstanding from Champion Dynasty to the Company under the Facility Agreement. If the conditions precedent of the New Facility Agreement have not been fulfilled or waived by 20 November 2015, Champion Dynasty shall use its own source of funding to repay all the outstanding amounts under the Facility Agreement on 20 November 2015.

As at the Latest Practicable Date, Champion Dynasty had not defaulted in any repayment nor breached any material obligations or undertakings under the Facility Agreement.

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## LETTER FROM THE BOARD

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### Historical Figures and Proposed Annual Cap Amounts

#### *Historical Figures*

The following table sets out the historical maximum principal loan outstanding, interest amount and the annual cap amounts/proposed annual cap amounts under the Facility Agreement for each of the following periods:

	From 21 November 2012 to 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2014	From 1 January 2015 to the Latest Practicable Date
Maximum principal loan outstanding	HK\$220 million	HK\$220 million	HK\$220 million	HK\$220 million
Interest amount	HK\$1 million	HK\$6 million	HK\$6 million	HK\$4 million
Annual cap amounts	HK\$222 million	HK\$238 million	HK\$238 million	HK\$236 million <sup>Note</sup>

*Note:* Depicts the annual cap amounts from 1 January 2015 to 20 November 2015

#### *Proposed Annual Cap Amounts*

The following table sets out the maximum principal loan outstanding, the maximum interest amount and the proposed annual cap amounts of the facility to be granted by the Company to Champion Dynasty under the New Facility Agreement for each of the following periods:

	From 20 November 2015 to 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2017	From 1 January 2018 to 19 November 2018
Maximum principal loan outstanding	HK\$200 million	HK\$200 million	HK\$200 million	HK\$200 million
Maximum interest amount	HK\$3 million	HK\$20 million	HK\$20 million	HK\$18 million
Proposed annual cap amounts	HK\$203 million	HK\$220 million	HK\$220 million	HK\$218 million

The above proposed annual cap amounts are determined with reference to the aggregate principal amount outstanding under the facility to be granted by the Company and the annual interest payable under the New Facility Agreement, based on the assumption that Champion Dynasty will borrow up to HK\$200 million for each of (i) the period from 20 November 2015 to 31 December 2015; (ii) the year ending 31 December 2016; (iii) the year ending 31 December 2017; and (iv) the period from 1 January 2018 to 19 November 2018, respectively.

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## LETTER FROM THE BOARD

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Pursuant to the New Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding under the facility from time to time at the interest rate of 10% per annum and such interest shall be paid to the Company on the last day of each interest period which means one month.

### **Information on the Company and Reasons for the renewal of the Facility Agreement**

The Group is mainly engaged in the development of health industry and investment and finance businesses. The Group has formulated its strategy, an emphasis of which is placed on the healthcare business that covers the healthcare industry chain of pharmaceuticals and foodstuff products and to promptly establish its market presence in the industry through acquisition, merger and restructuring. To this end, on 28 August 2015, the Company entered into the CB Placing Agreement in relation to the placing of the Convertible Bonds of up to an aggregate principal amount of HK\$300 million. The net proceeds from the Convertible Bonds will be used as the general working capital of the Group and investments in the potential business opportunity, if any. For details, please refer to the announcement of the Company dated 28 August 2015. On 16 September 2015, the Company entered into the Subscription Agreement with the Investor, pursuant to which, the Investor has agreed to subscribe for Shares up to an aggregate placement price of HK\$120 million. The Company intends to use the net proceeds from the allotment and issue of new Shares under the Subscription Agreement for general working capital of the Group and investments in the potential business opportunities. For details, please refer to the announcement of the Company dated 16 September 2015. Recently, the Group has invested in the projects of health management, advantage growth for children and teenagers, maternal and child health management, healthcare investment and management, Hong Kong clinic chains, and natural healthy food. The Group has constantly come across and negotiated investment opportunities related to the healthcare industry with potential acquisitions and mergers, while proactively raising fund necessary for the negotiation and identification of new investment opportunities, including proceeds raised from the Convertible Bonds and the new Shares under the Subscription Agreement. Such proceeds may be applied to potential new investment opportunities. However, as at the Latest Practicable Date, no concrete investment opportunities suitable for the Group (including transaction conditions and transaction timeframes) had been identified to utilise the excess idle cash on hand and the possible additional funds to be raised. As such, the Board considers that, it is in the commercial interest of and beneficial to the Company to lend the amount of excess idle and unused cash to Champion Dynasty for a higher return than keeping such idle cash as bank deposits. The Board noticed that the Company received an annual interest rate of below 0.35% per annum from its existing bank deposits.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Group had a cash balance of approximately HK\$15 million. Subject to the fulfillment or waiver of the conditions precedent under the New Facility Agreement, the Company will make the facility available to Champion Dynasty under the New Facility Agreement by using the cash balance available to the Group. The Board considers that the interest rate at 10% per annum for the Transaction (which is significantly higher than (i) the annual interest rate of below 0.35% that the Company receives from its existing bank deposits; and (ii) the average annual interest rate of below 6.4% that the Company receives from its independent borrower for short-term loans) will improve the Company's revenue in the future and such interest rate should be fair and reasonable and on normal commercial terms.

Furthermore, the New Facility Agreement is contemplated to confer the Company the right to make final decision as to approving the drawdown by Champion Dynasty and to demand repayment of the loan upon giving not less than one month (or such shorter period as Champion Dynasty may agree) prior notice to Champion Dynasty. This would provide flexibility to the Company to utilise the money should any suitable potential investment opportunity arise.

Moreover, the Directors will closely communicate with Champion Dynasty to ensure that the outstanding loan and interest accrued under the New Facility Agreement will be repaid upon demand.

The Directors (excluding Mr Cheung who has abstained from voting on the relevant Board resolutions due to his interests in the New Facility Agreement and including the independent non-executive Directors) are of the view that the New Facility Agreement was entered into in the ordinary and usual course of business of the Group and the terms of the New Facility Agreement (including the interest rate and repayment terms) and the proposed annual cap amounts are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

### **Financial Effects of the New Facility Agreement**

Assuming (i) Champion Dynasty has repaid the aggregate principal amount outstanding under the facility and all interest accrued and all other sums payable under the Facility Agreement as at the Latest Practicable Date in the amount of HK\$190 million; and (ii) the Company allows Champion Dynasty to draw a loan of HK\$200 million under the New Facility Agreement, the Board is of the view that the facility loan to Champion Dynasty will not have a material impact on earnings and the total assets and total liabilities of the Group.

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## LETTER FROM THE BOARD

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Pursuant to the terms of the New Facility Agreement, as the Company will receive an annual interest rate which is on average 3.6% higher than the short-term loans to the independent third parties, the Company estimated that the Group's revenue will increase by at least HK\$2.6 million per annum if the outstanding short-term loans from independent third parties are repaid and these amounts are lent to Champion Dynasty.

In addition, the Company has the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the New Facility Agreement; and (ii) reduce the amount of advance requested by Champion Dynasty. The Board considers that the Transaction is on normal commercial terms and it is fair and reasonable for the Company to call back the outstanding short-term loans from independent third parties should the Company consider that they are necessary to do so for the benefit of the Company and the Shareholders as a whole.

The Board will assess the cash flow of the Company in advance before allowing drawing of an advance by Champion Dynasty under the facility so that the Company will have sufficient cash flow to operate. In addition, the Company will from time to time consider if there are any other potential projects or investment opportunities which, in the view of the Board, may generate more revenue for the Company. The Board will delegate the power to an executive committee which comprises any two of the Directors (excluding Mr Cheung due to his interests in the Transaction) to assess the cash position of the Company and identify any potential projects or investment opportunities before allowing Champion Dynasty to draw an advance under the New Facility Agreement. As of the Latest Practicable Date, no concrete investment opportunities suitable for the Group (including transaction conditions and transaction timeframe) had been identified to utilise the excess idle cash on hand and the possible additional funds to be raised.

As Mr Cheung agreed to act as the guarantor of Champion Dynasty and guarantee the performance of Champion Dynasty under the New Facility Agreement (e.g. extend the guarantee to the ultimate balance of sums payable by Champion Dynasty under the facility), the Board is of the view that collateral will not be required from Champion Dynasty and the Transaction is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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The Board noticed that the Company received an annual interest rate of below 0.35% per annum from its existing bank deposits. The Board considers that the interest rate for the Transaction is better than the interest rate for bank deposits and will improve the Company's revenue in the future and such interest rate should be fair and reasonable and on normal commercial terms. Save and except the facility loan to Champion Dynasty under the Facility Agreement and the short-term loans to certain independent third parties as disclosed above, the Company did not provide any facility loan to any third party borrowers in the last three financial years.

### **Risk Associated with the Provision of the Facility Loan under the New Facility Agreement**

Set out below are the risk factors which may be associated with the provision of the facility loan under the New Facility Agreement:

#### ***Fluctuation in market interest rate***

The interest rate under the New Facility Agreement may not be comparable to the market rate if the market interest rate fluctuates. However, prior to the approval of the drawing of an advance by Champion Dynasty under the New Facility Agreement, the Company will consider and compare the interest rates offered by the Company to other third parties and the annual interest rate received by the Company from its bank deposits in Hong Kong and the PRC, respectively, to ensure that the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement are not more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company.

#### ***Credit risk***

As disclosed on page 8 of this circular, the Company is conferred the right to make the final decision as to approving the advance to Champion Dynasty and to demand repayment of the outstanding loan upon giving prior written notice to Champion Dynasty under the New Facility Agreement. Moreover, the Directors will closely communicate with Champion Dynasty to ensure that the outstanding loan and interest accrued thereon under the New Facility Agreement will be repaid upon demand. The Board is of the view that it is unlikely that Champion Dynasty will default the facility loan as Champion Dynasty and the Individual Guarantor are jointly and severally liable for the outstanding loan and interest accrued thereto under the New Facility Agreement.

#### **Information on the Borrower**

Champion Dynasty is a company incorporated in the BVI with limited liability on 13 March 2012. The entire issued share capital of Champion Dynasty is beneficially owned by Mr Cheung.

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## LETTER FROM THE BOARD

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The principal activity of Champion Dynasty is investment holding. Apart from the Facility Agreement and the New Facility Agreement, Champion Dynasty did not enter into any facility arrangement with the Company.

The Company made enquiries with Champion Dynasty and the Company understands that the only major asset of Champion Dynasty is investment in the Company. As at the Latest Practicable Date, Champion Dynasty held 903,949,671 Shares, representing approximately 34.82% of issued share capital of the Company. Based on the closing share price of the Shares as at the Latest Practicable Date, the Board estimates that the market value of the Shares held by Champion Dynasty was approximately HK\$633 million and the Company understands from Champion Dynasty that no Shares of which are currently pledged to any third party.

### **Information on the Individual Guarantor**

Mr Cheung is the sole director and shareholder of Champion Dynasty and is an executive Director indirectly interested in 903,949,671 Shares, representing approximately 34.82% of the issued share capital of the Company. Mr Cheung, aged 41, joined the Company as executive Director in August 2012 and was appointed as the chairman of the Company in September 2012. He has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. Mr Cheung has over 10 years of experience in capital management and corporate management. He was appointed as an executive director of L'sea Resources International Holdings Limited (Stock Code: 195) on 4 December 2009.

As at the Latest Practicable Date, Mr Cheung was interested in the Shares through Champion Dynasty. The Board understands that the aggregate value of Mr Cheung's unpledged shareholding interest in the Company was over HK\$600 million, which is larger than the facility loan of up to HK\$200 million under the New Facility Agreement, and thus the Board considers that Mr Cheung's net assets will be sufficient to satisfy the total amount of the facility loan under the New Facility Agreement.

### **Reasons that Allad Guangdong is no longer a corporate guarantor under the New Facility Agreement**

Allad Guangdong, a corporate guarantor under the Facility Agreement, is a company established in the PRC with limited liability on 29 September 2003. Its principal activities are investment and management of hospital and sales agent of health food, health care equipment and rehabilitation equipment. Allad Guangdong invested in two hospitals in Zhongshan city and Zhanjiang city of the PRC. As disclosed in the announcement of the Company dated 29 June 2014, Allad Guangdong disposed part of its interest in the two hospitals in Zhongshan City and Zhanjiang City in the PRC to a joint venture company of the Group. In order to minimise the transaction between the Group and Allad Guangdong and taking into account of the credit worthiness and the financial conditions of each of Champion Dynasty and the Individual Guarantor, the Board is of

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## LETTER FROM THE BOARD

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the view that a corporate guarantor will not be required for the New Facility Agreement. Further, the Board is of the view that collateral will not be required from Champion Dynasty and the Transaction is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

Pursuant to Rule 13.13 of the Listing Rules, the Company has a general disclosure obligation in respect of the Transaction.

As at the Latest Practicable Date, as Mr Cheung is an executive Director and indirectly interested in 903,949,671 Shares, representing approximately 34.82% of the issued share capital of the Company, he is a controlling shareholder of the Company and thus a connected person of the Company. Champion Dynasty is an associate of Mr Cheung. Pursuant to Rules 14A.25 and 14A.31 of the Listing Rules, the Transaction constitutes financial assistance and a continuing connected transaction of the Company.

As the applicable percentage ratios of the proposed annual cap amounts for the Transaction under the New Facility Agreement exceed 5%, the New Facility Agreement, the proposed annual cap amounts and the transactions contemplated under the New Facility Agreement are subject to reporting, announcement and approval of the Independent Shareholders at the SGM and annual review pursuant to the relevant rules under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the proposed annual cap amounts for the Transaction under the New Facility Agreement exceed 25% but less than 100%, the New Facility Agreement and the transactions contemplated under the New Facility Agreement also constitute major transaction under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules.

Champion Dynasty and its associates (including Mr Cheung), being controlling shareholders of the Company interested in the Transaction contemplated under the New Facility Agreement, will abstain from voting at the SGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save for Champion Dynasty and its close associates (including Mr Cheung), no Shareholder (or its close associates) has any material interest in the Transaction contemplated under the New Facility Agreement.

### DIRECTOR'S INTEREST IN THE TRANSACTION

Mr Cheung is deemed to have a material interest in the Transaction and has abstained from voting on the relevant Board resolutions. Other than Mr Cheung, none of the Directors has or is deemed to have a material interest in the Transaction.

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## LETTER FROM THE BOARD

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### SGM

The SGM will be held at Room 2709-10, 27th Floor North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 19 November 2015 at 2:30 p.m. to consider and if thought fit approve the Transaction. The notice of the SGM is set out on pages 45 to 46 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the SGM will be taken by way of poll.

A notice of the SGM is set out on pages 45 to 46 of this circular. As at the Latest Practicable Date, Champion Dynasty, as the borrower under the New Facility Agreement, held 903,949,671 Shares, representing approximately 34.82% of the issued share capital of the Company. Accordingly, Champion Dynasty and its close associates (including Mr Cheung) will abstain from voting on the resolution to be proposed at the SGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save as Champion Dynasty and its close associates (including Mr Cheung), no Shareholders (or its close associates) has any material interest in the Transaction contemplated under the New Facility Agreement and is required to abstain from voting on the resolution to be proposed at the SGM.

A proxy form for the SGM is enclosed together with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the proxy form 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, in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time for holding the SGM. Completion and return of a proxy form will not preclude you from attending and voting at the SGM in person should you so wish and in such event, the relevant proxy form shall be deemed to be revoked.

### RECOMMENDATION

The Independent Board Committee, comprising Mr Mai Yang Guang, Mr Yau Chi Ming and Mr Huang Liang (all being independent non-executive Directors), has been established to make recommendation to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction. Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular; and (ii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Transaction and the proposed annual cap amounts set out on pages 22 to 34 of this circular.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the New Facility Agreement is on normal commercial terms, and that the Transaction, together with the relevant proposed annual cap amounts, are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee also considers that the Transaction and the relevant proposed annual cap amounts of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and recommend that the Independent Shareholders to vote in favour of the proposed resolution to approve the Transaction and the relevant proposed annual cap amounts at the SGM.

By order of the Board of  
**Common Splendor International**  
**Health Industry Group Limited**  
**Lam King Ho**  
*Company Secretary*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

2 November 2015

*To the Independent Shareholders*

Dear Sir or Madam,

#### **MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE FACILITY AGREEMENT**

We refer to the circular dated 2 November 2015 issued by the Company to the Shareholders (the “**Circular**”) and this letter forms part of it. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the New Facility Agreement between the Company (as lender), Champion Dynasty (as borrower) and Mr Cheung (as individual guarantor) constitute a major transaction and continuing connected transaction for the Company and are subject to reporting, announcement and approval of the Independent Shareholders at the SGM and annual review.

We have been appointed by the Board to consider the terms of the New Facility Agreement and to advise the Independent Shareholders in connection with the Transaction as to whether, in our opinion, its terms and the relevant proposed annual cap amounts are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board and the letter from Gram Capital as set out in the Circular. Having considered the principal factors, reasons and the advice of Gram Capital as set out in its letter of advice, we consider that the New Facility Agreement is on normal commercial terms, and that the Transaction, together with the relevant proposed annual cap amounts, are in the interests of the Company and the Shareholders as a whole. We also consider that the Transaction and the relevant proposed annual cap amounts are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the New Facility Agreement, the Transaction and the relevant proposed annual cap amounts at the SGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

**Mai Yang Guang**

**Yau Chi Ming**

**Huang Liang**

*Independent Non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Facility Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular..*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central  
173 Des Voeux Road Central  
Hong Kong

2 November 2015

*To: The independent board committee and the independent shareholders of Common Splendor International Health Industry Group Limited*

Dear Sirs,

### **MAJOR TRANSACTION, FINANCIAL ASSISTANCE AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE FACILITY AGREEMENT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Facility Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 2 November 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 2 October 2015, the Company (as the lender), Champion Dynasty (as the borrower) and Mr. Cheung (as the Individual Guarantor) entered into the New Facility Agreement and agreed to renew the Facility Agreement dated 27 September 2012 for a period of three years from 20 November 2015 to 19 November 2018 in relation to a three-year revolving facility of up to HK\$200 million (the “**Facility**”).



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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, as Mr Cheung is an executive Director and indirectly interested in approximately 34.82% of the issued share capital of the Company as at the Latest Practicable Date, he is a controlling Shareholder and thus a connected person of the Company. The Transaction constitutes a major transaction, financial assistance and a continuing connected transaction of the Company. The New Facility Agreement, the proposed annual cap amounts and the transactions contemplated under the New Facility Agreement are subject to reporting, announcement and approval of the Independent Shareholders at the SGM and annual review.

The Independent Board Committee comprising Mr Mai Yang Guang, Mr Yau Chi Ming and Mr Huang Liang (all being independent non-executive Directors), has been established to advise the Independent Shareholders on (i) whether the terms of the New Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the New Facility Agreement and the transactions contemplated thereunder at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company. We have assumed that all information and representations that have been provided by the Company, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the New Facility Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Champion Dynasty, Mr Cheung, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of that information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Transaction and the proposed annual cap amounts (the “Caps”), we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the Transaction**

##### ***Business overview of the Group***

With reference to the Board Letter, the Group is mainly engaged in the development of health industry and investment and finance businesses.

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## LETTER FROM GRAM CAPITAL

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Set out below are the consolidated financial information of the Group for the two years ended 31 December 2014, the six months ended 30 June 2015 and the six months ended 30 June 2014 as extracted from the Company's annual report for the year ended 31 December 2014 (the “**2014 Annual Report**”) and interim report for the six months ended 30 June 2015 (the “**2015 Interim Report**”) respectively:

	<b>For the year ended 31 December 2014 <i>(audited)</i> HK\$'000</b>	<b>For the year ended 31 December 2013 <i>(audited)</i> HK\$'000</b>	<b>Change from 2013 to 2014  %</b>
Revenue from continuing operations	359,818	8,526	4,120.24
Profit/(Loss) from continuing operations	25,330	(3,313)	N/A
Profit for the year	32,393	9,052	257.85

	<b>For the six months ended 30 June 2015 <i>(unaudited)</i> HK\$'000</b>	<b>For the six months ended 30 June 2014 <i>(unaudited)</i> HK\$'000</b>	<b>Change from 2014 to 2015  %</b>
Revenue	138,318	12,972	966.28
Profit/(Loss) from operations	12,912	(10)	N/A
Profit for the year	10,863	(381)	N/A

As depicted by the above tables, the Group recorded revenue of approximately HK\$12.97 million for the six months ended 30 June 2014. The Group recorded an increase of approximately 4,120.24% in revenue from continuing operations for the year ended 31 December 2014 (“**FY2014**”) as compared to the year ended 31 December 2013 (“**FY2013**”). According to 2014 Annual Report, the said increase in revenue from continuing operations of the Group was mainly because the Group entered several new businesses, which were trading of natural health food, provision of services in relation to health management and growth advantage for child and teenagers, especially natural health food business.

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## LETTER FROM GRAM CAPITAL

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The Group recorded revenue of approximately HK\$138.32 million for the six months ended 30 June 2015. Although the Group's revenue for the six months ended 30 June 2015 represents a significant increase as compared to the same for the corresponding period in 2014, it only represents approximately 38.44% of the Group's revenue from continuing operations for FY2014.

With reference to the 2015 Interim Report, the Board is confident that the whole health industry will remain a rapid growth development stage. Continuing to identify and negotiate relevant quality companies and projects will be the Company's long term plan. The Board also determines to build up the health service as the core business and implement the strategy of health business based chain of all health-related equipment, drugs, food, lifestyle, culture and education.

### ***Information on the Borrower***

As extracted from the Board Letter, Champion Dynasty is a company incorporated in the BVI with limited liability on 13 March 2012. Its entire issued share capital is beneficially owned by Mr. Cheung. The principal activity of Champion Dynasty is investment holding.

The Company made enquiries with Champion Dynasty and the Company understands that the only major asset of Champion Dynasty is investment in the Company. As at the Latest Practicable Date, Champion Dynasty held 903,949,671 Shares. Based on the closing share price of the Shares as at the Latest Practicable Date, the Board estimates that the market value of the Shares held by Champion Dynasty was approximately HK\$633 million.

### ***Information on the Individual Guarantor***

With reference to the Board Letter, Mr. Cheung is the sole director and shareholder of Champion Dynasty and is the chairman of the Company and an executive Director, indirectly interested in approximately 34.82% of the issued share capital of the Company. Mr. Cheung, aged 41, joined the Company as executive Director in August 2012 and was appointed as the chairman of the Company in September 2012. He has established a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. Mr. Cheung has over 10 years of experience in capital management and corporate management. He was appointed as an executive director of L'sea Resources International Holdings Limited (Stock Code: 195) on 4 December 2009.

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## LETTER FROM GRAM CAPITAL

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As at the Latest Practicable Date, Mr. Cheung was interested in the Shares through Champion Dynasty. The Board understands that the aggregate value of Mr. Cheung's unpledged shareholding interest in the Company was over HK\$600 million, which is larger than the facility loan of up to HK\$200 million under the New Facility Agreement, and thus the Board considers that Mr. Cheung's net assets will be sufficient to satisfy the total amount of the facility loan under the New Facility Agreement.

### ***Reasons for and benefits of the New Facility Agreement***

The reasons for the renewal of the Facility Agreement are set out under the paragraph headed "Information on the Company and reasons for the renewal of the Facility Agreement" in the Board Letter.

With reference to the Board Letter, the Group has formulated its strategy, an emphasis of which is placed on the healthcare business that covers the healthcare industry chain of pharmaceuticals and foodstuff products and to promptly establish its market presence in the industry through acquisition, merger and restructuring. To this end, on 28 August 2015, the Company entered into the CB Placing Agreement in relation to the placing of the Convertible Bonds of up to an aggregate principal amount of HK\$300 million. The net proceeds from the Convertible Bonds will be used as the general working capital of the Group and investments in the potential business opportunity, if any. On 16 September 2015, the Company entered into the Subscription Agreement with the Investor, pursuant to which, the Investor has agreed to subscribe for Shares up to an aggregate placement price of HK\$120 million. The Company intends to use the net proceeds from the allotment and issue of the New Shares under the Subscription Agreement for general working capital of the Group and investments in the potential business opportunities. As advised by the Directors, as at the Latest Practicable Date, both of the CB Placing Agreement and the Subscription Agreement were not completed and no concrete investment opportunities suitable for the Group (including transaction conditions and transaction timeframes) had been identified.

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## LETTER FROM GRAM CAPITAL

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According to the Board Letter, the aggregate principal amount outstanding under the facility and all interest accrued and all other sums payable under the Facility Agreement amounted to HK\$190,000,000 as at the Latest Practicable Date. Given the fund raising exercises as mentioned above and that there is no concrete investment opportunities suitable for the Group had been identified as at the Latest Practicable Date, the Directors advised us that it is in the commercial interest of and beneficial to the Company to renew the Facility Agreement by entering into of the New Facility Agreement and continue to provide the Facility to Champion Dynasty for a higher return than keeping the repaid loan amount (if the Facility Agreement is not renewed) and/or further loan amount to be drawn down at request (i.e. HK\$10 million, if the New Facility Agreement becomes effective) as bank deposits. In this regard, the Directors advised us that the Company received an annual interest rate of below 0.35% per annum from its existing bank deposits.

Furthermore, the New Facility Agreement is contemplated to confer the Company the right to make final decision as to approve the drawdown by Champion Dynasty and to demand repayment of the loan upon giving not less than one month's (or such shorter period as Champion Dynasty may agree) prior notice to Champion Dynasty. This would provide flexibility to the Company to utilize the money should any suitable potential investment opportunity arise.

Having considered the above, we concur with the Directors that the Transaction is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the New Facility Agreement**

The table below summarises the major terms of the New Facility Agreement:

Date	:	2 October 2015
Facility	:	Three-year revolving facility of up to HK\$200 million (subject to the condition that the aggregate amount of the principal loan outstanding under the Facility Agreement and the New Facility Agreement shall not be more than HK\$200 million at all times).
Borrower	:	Champion Dynasty

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## LETTER FROM GRAM CAPITAL

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Guarantor : Mr Cheung, who is the individual guarantor under the New Facility Agreement

The Individual Guarantor provides the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the New Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the New Facility Agreement, the Individual Guarantor will be liable for the loan amount outstanding and the interest accrued thereon.

Lender : The Company

Purpose : To finance (i) the repayment of the loan outstanding from Champion Dynasty to the Company under the New Facility Agreement as at 20 November 2015; and (ii) the general working capital of Champion Dynasty. The Company made enquires with Champion Dynasty and understands that Champion Dynasty will make use of the loan for its general working capital (including repayment of its loan) and will not use the loan for the purchase of fixed assets nor for long term investments (equity or non-equity in nature).

Final maturity : The expiry of three years from 20 November 2015 on which all conditions precedent of the New Facility Agreement shall have been fulfilled or waived.

Availability period : The period commencing from 20 November 2015 on which all the conditions precedent of the New Facility Agreement shall have been fulfilled or waived and ending on the Business Day immediately prior to final maturity.

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## LETTER FROM GRAM CAPITAL

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Drawdown : Multiple drawings allowed with each drawdown of not less than HK\$5,000,000.

The Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested.

Repayment : The Company is entitled, by giving not less than one month's prior written notice (or such shorter period as Champion Dynasty may agree) to Champion Dynasty, to demand full or partial repayment of the amount outstanding.

Champion Dynasty shall also repay the aggregate principal amount outstanding under the facility, all accrued interest thereon and all other amount payable under the New Facility Agreement on 19 November 2018.

Champion Dynasty may at any time without penalty or any other charges repay the whole or any part of the amount outstanding under the facility (if in part, being a minimum amount of HK\$5,000,000 and an integral multiple of HK\$1,000,000), provided that Champion Dynasty shall have given to the Company not less than 14 days' prior written notice (or such shorter period as the Company may agree) of its intention to make such repayment, specifying the amount to be repaid and the proposed date of such repayment. Any amount so repaid by Champion Dynasty shall first be applied towards the repayment of interest accrued up to the date of repayment and the balance shall be applied towards repayment of the principal amount outstanding under the facility.



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## LETTER FROM GRAM CAPITAL

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Interest : 10% per annum.

Collateral : Not required.

### *The Interest Rate*

With reference to the Board Letter, the interest rate is determined with reference to (i) the range of interest rates of the loans offered by the Company to other independent third parties (the “**I3P Rates**”); and (ii) the annual interest rate received by the Company from its existing bank deposits in Hong Kong and the PRC, respectively, at the time of the entering into the New Facility Agreement. Prior to the approval of the drawing of an advance by Champion Dynasty under the New Facility Agreement, the Company will consider and compare the interest rates offered by the Company to other third parties and the annual interest rate received by the Company from its bank deposits in Hong Kong and the PRC, respectively, to ensure that the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement are not more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company.

For our due diligence purpose, we have requested and obtained a list of loans offered by the Company to other independent third parties for the period from 1 January 2015 to 30 September 2015 and noticed that the I3P Rates ranged from 5% to 8% for the same period. Having also taken into account that the Company received an annual interest rate of below 0.35% per annum from its existing bank deposits, we concur with the Directors’ view that the interest rate under the New Facility Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

Upon our enquiry, the Directors also advised us that Champion Dynasty had paid the interest under the Facility Agreement in a timely manner.

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## LETTER FROM GRAM CAPITAL

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### *The right on drawdown and the repayment arrangement*

As aforementioned, the Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the Facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested. The Company is also entitled, by giving not less than one month's (or such shorter period as Champion Dynasty may agree) prior written notice to Champion Dynasty, to demand full or partial repayment of the amount outstanding under the Facility.

Given the above, the financial flexibility of the Company can be maintained given that the Company can, after considering its financial position and funding needs, (i) decide whether to permit the drawing of an advance; (ii) reduce the amount of advance requested; and/or (iii) demand full or partial repayment of the amount outstanding under the Facility.

### *Collateral and guarantee*

We noted that no collateral is required under the New Facility Agreement and have thus discussed with the Directors and assessed the possible credit risks relating to the New Facility Agreement. In this relation, we noted that Mr. Cheung has agreed to act as the Individual Guarantor who provides the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the New Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the New Facility Agreement, the Individual Guarantor will be liable for the loan amount outstanding and the interest accrued thereon.

With reference to the Board Letter, as at the Latest Practicable Date, Mr. Cheung was interested in the Shares through Champion Dynasty. The Board understands that the aggregate value of Mr. Cheung's unpledged shareholding interest in the Company was over HK\$600 million, which is larger than the facility loan of up to HK\$200 million under the New Facility Agreement, and thus the Board considers that Mr. Cheung's net assets will be sufficient to satisfy the total amount of the facility loan under the New Facility Agreement. Besides, we are of the view that Mr. Cheung's directorships in listed companies in Hong Kong may in some way substantiate his character, experience, integrity and standard of competence.

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## LETTER FROM GRAM CAPITAL

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Taking into account the principal terms of the New Facility Agreement as discussed above, we consider that the terms of the New Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. The Caps

The following table sets out the maximum principal loan outstanding, the maximum interest amount and the Caps of the Facility to be granted by the Company to Champion Dynasty under the New Facility Agreement for each of the following periods:

	From 20 November 2015 to 31 December 2015	For the year ending 31 December 2016	For the year ending 31 December 2017	From 1 January 2018 To 19 November 2018
Maximum principal loan outstanding	HK\$200 million	HK\$200 million	HK\$200 million	HK\$200 million
Maximum interest amount	HK\$3 million	HK\$20 million	HK\$20 million	HK\$18 million
Proposed annual cap amounts	HK\$203 million	HK\$220 million	HK\$220 million	HK\$218 million

With reference to the Board Letter, the Caps were determined with reference to the aggregate principal amount outstanding under the facility to be granted by the Company and the annual interest payable under the New Facility Agreement, based on the assumption that Champion Dynasty will borrow up to HK\$200 million for each of (i) the period from 20 November 2015 to 31 December 2015; (ii) the year ending 31 December 2016; (iii) the year ending 31 December 2017; and (iv) the period from 1 January 2018 to 19 November 2018 (altogether, the “**Periods**”) respectively. Besides, pursuant to the New Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding from time to time at the interest rate of 10% per annum and such interest shall be paid to the Company on the last day of each interest period which means one month. To assess the fairness and reasonableness of the Caps, we have enquired into the Directors regarding the basis and assumptions underlying the projection of the Caps. Since the Caps are expected to cover the aggregate amount (including interests) payable by Champion Dynasty to the Company assuming that Champion Dynasty will draw down HK\$200 million from the Facility, we consider that the Caps for each of the Periods are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM GRAM CAPITAL

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#### 4. Listing Rules Implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transaction must be restricted by the Caps for the Periods; (ii) the terms of the New Facility Agreement must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the New Facility Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board stating, among other things, whether anything has come to their attention that causes them to believe that the Transaction is not, in all material respects, in accordance with the pricing policies of the Company, and whether the Caps are being exceeded. In the event that the total amounts of the Transaction exceeds the Caps, or that there is any material amendment to the terms of the New Facility Agreement, the Company, as confirmed by the Directors, shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transaction (together with the Caps) and thus the interest of the Independent Shareholders would be safeguarded.

#### RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the New Facility Agreement and the Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the New Facility Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

**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 2014 are set out from pages 54 to 166 in the annual report of the Company for the year ended 31 December 2014 (the “**Annual Report 2014**”) published on 21 April 2015. The Annual Report 2014 is also posted on the Company’s website at [www.cs-ih.com](http://www.cs-ih.com). Please also see below hyperlink to the Annual Report 2014:

[www.cs-ih.com/UpFile/images/2014%20Annual%20Report%20-%20EN.pdf](http://www.cs-ih.com/UpFile/images/2014%20Annual%20Report%20-%20EN.pdf)

The audited consolidated financial statements of the Group for the year ended 31 December 2013 are set out from pages 56 to 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 at [www.cs-ih.com](http://www.cs-ih.com). Please also see below hyperlink to the Annual Report 2013:

[www.cs-ih.com/UpFile/images/en/Annual/2013\\_1.pdf](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 pages 51 to 129 in the annual report of the Company for the year ended 31 December 2012 (the “**Annual Report 2012**”), which was published on 30 April 2013. The Annual Report 2012 is also posted on the Company’s website at [www.cs-ih.com](http://www.cs-ih.com). Please also see below hyperlink to the Annual Report 2012:

[www.cs-ih.com/UpFile/images/en/Annual/2012\\_1.pdf](http://www.cs-ih.com/UpFile/images/en/Annual/2012_1.pdf)

**B. INDEBTEDNESS STATEMENT**

At the close of business on 30 September 2015, being latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this statement of indebtedness, the Group did not have any indebtedness.

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 Group did not have 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 as at the close of business on 30 September 2015. The Directors confirmed that there had been no material change in the indebtedness of the Group since 30 September 2015.

#### **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 the facility loan of up to HK\$200 million to Champion Dynasty under the New Facility Agreement, in the absence of unforeseeable circumstances, the 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 as disclosed in the paragraph headed "Material Contracts" in Appendix II to this circular, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, 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 2014 to the Latest Practical Date, the material acquisition of the Group was as follows:

- (i) On 13 June 2015, Zhaolong International Medical Investment Management Group Limited ("**Zhaolong Medical Group**") entered into a legally binding agreement with several independent third parties of the Company, among of them, including majority shareholders of JP Partners Medical Group, pursuant to which, after the completion of re-organisation of JP Partners Medical Group, Zhaolong Medical Group will acquire 26.5% of issued share capital of JP Partners Medical Group (the "**JP Partners Acquisition**") at the consideration of HK\$27,560,000 (subject to adjustment by the results of JP Partners Medical Group). Details of the JP Partners Acquisition are set out in the announcement of the Company dated 15 June 2015.

- (ii) On 9 August 2015, Guangdong Tongjia Investment Management Ltd.\* (廣東同佳投資管理有限公司) (“**Guangdong Tongjia**”), Mr Wang Shaofu\* (王少甫) (“**Mr Wang**”) and Dongguan Ruicheng Ventures Ltd.\* (東莞市瑞成創投有限公司) (“**Dongguan Ruicheng**”) entered into an agreement, pursuant to which, among other things, Guangdong Tongjia has agreed to make the capital contribution of RMB119 million to Dongguan Ruicheng and has further agreed to purchase and Mr Wang has agreed to sell the entire equity interest in Dongguan Ruicheng at a consideration of RMB10 million (the “**Dongguan Ruicheng Transaction**”). Details of the Dongguan Ruicheng Transaction are set out in the announcement of the Company dated 9 August 2015.

#### **F. FINANCIAL AND TRADING PROSPECTS**

The Board is confident that the whole health industry will remain a rapid growth development stage. The Board also determines “to build up the health service as the core business and implement the strategy of health business based chain of all health-related equipment, drugs, food, lifestyle, culture and education”. The Group’s business has established a series of core health services portfolio from maternal health management, child growth management, to all round health management for the upper class and Hong Kong style medical services. The Board will also actively promote and advance this business strategy, and increase the effort in the integration of the Group’s core business and industry innovation in order to make the Group to become “the health industry pioneer”.

\* For identification purposes only

## 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 (the “**Model Code**”), were as follows:

Name of Directors	Number of Shares			Capacity	Notes	Percentage of Issued Shares Capital
	Ordinary Shares	Underlying Shares	Total			
Mr Cheung	903,949,671	–	903,949,671	Interest of controlled corporation	1	34.82%
Mr Cheng Hau Yan (“Mr Cheng”)	8,300,000	–	8,300,000	Beneficial owner	2	0.32%
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	0.93%



*Notes:*

- (1) Mr Cheung was interested in above Shares through owning the entire issued capital of Champion Dynasty;
- (2) Mr Cheng and his spouse owned 4,000,000 Shares and 4,300,000 Shares, respectively;
- (3) Each of Mr Lin, Mr Mai, Mr Yau and Mr Huang owned 1,000,000 share options of the Company; and
- (4) Mr Huang's spouse owned 23,268,000 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company nor their associates had any interests or short positions 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.

### 3. 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, 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 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 registrar required to be kept by the Company under section 336 of the SFO:

#### 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	34.82%
國泰君安証券QDIHZH2015-002 資產管理計劃	229,480,000	Beneficial owner	8.84%

*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 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.

#### 4. 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 agreement dated 6 January 2014 entered into among the Company, Billion High Worldwide Investments Limited (“**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 Limited (“**Multi Talent**”) at a consideration of approximately HK\$54,215,649;
- (b) the joint venture agreement and the framework for technical co-operation dated 7 July 2014, 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 80% owned by Great King Limited (or its subsidiary) and 20% owned by ACMEWAY, respectively;
- (c) 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 51% owned by CS Fund (or its wholly-owned subsidiary) and 49% Guangdong Mesing, respectively;

\* For identification purpose only

- (d) 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 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;
- (e) the share purchase agreement dated 28 June 2014 entered into among Gold Stable Limited (“**Gold Stable**”), Billion High, Mr Huang Zhu Liang, Allad Guangdong and Zhao Long International Medical Investment Management Group Limited for the sale and purchase of the 35,000 shares in Zhao Long International Medical Investment Management Group Limited (“**Zhao Long**”) as supplemented by the supplemental agreement dated 27 November 2014 (the “**Supplemental Agreement**”) entered into among Gold Stable, Billion High, Mr Huang Zhu Liang, Allad Guangdong and Zhao Long;
- (f) the agreement for sale and purchase of the 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 (the “**Property**”) dated 17 September 2014 and entered into between Regal Fortune Limited (“**Regal Fortune**”), Give Strong Investments Limited (“**Give Strong**”) and Midland Realty (Comm.) Ltd.;
- (g) the formal agreement for sale and purchase of the Property dated 30 September 2014 and entered into between Give Strong and Regal Fortune;
- (h) 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;
- (i) the Supplemental Agreement;
- (j) the agreement dated 13 June 2015 entered into among Zhaolong Medical Group and several independent third parties of the Company in relation to the JP Partners Acquisition;
- (k) the agreement dated 9 August 2015 entered into among Guangdong Tongjia, Mr Wang and Dongguan Ruicheng in relation to the Dongguan Ruicheng Transaction;
- (l) the CB Placing Agreement;

(m) the Subscription Agreement; and

(n) the New Facility Agreement.

#### **5. 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).

#### **6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, none of the Directors or their respective close 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 of the Listing Rules.

#### **7. INTEREST IN CONTRACTS AND ASSETS**

Other than the Facility Agreement and the New Facility Agreement, there is no contract or arrangement entered into by any member of the 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 Group as a whole.

None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2014, 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 Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

#### **8. 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 Group.

**9. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital 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 31 December 2014, being the date to which the latest published audited 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.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion in this circular of its letter and/or references to its name in the form and context in which it appears.

**10. 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 SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the New Facility Agreement;
- (c) the letter from the Independent Board Committee to the Independent Shareholders dated 2 November 2015, the full text of which is set out on pages 20 to 21 of this circular;
- (d) the letter from Gram Capital, the full text of which is set out on pages 22 to 34 of this circular;

- (e) the written consent from Gram Capital as referred to in the paragraph headed “Qualification and consent of expert” in this Appendix;
- (f) the contracts referred to in the paragraph headed “Material contracts” in this Appendix;
- (g) the audited consolidated financial statements of the Group for the two financial years ended 31 December 2013 and 31 December 2014; and
- (h) this circular.

**11. MISCELLANEOUS**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the 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 Mr Lam King Ho who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants.
- (e) The English text of this circular and the accompanying proxy form shall prevail over their respective Chinese texts in case of inconsistency.

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## NOTICE OF SGM

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

#### **NOTICE OF SPECIAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Common Splendor International Health Industry Group Limited (the “**Company**”) will be held at Room 2709-10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Thursday, 19 November 2015 at 2:30 p.m. or any adjournment of such meeting for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications, as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

“**THAT** the agreement (the “**New Facility Agreement**”) dated 2 October 2015 (a copy of which will be produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and entered into between the Company (as the lender), Champion Dynasty Limited (as the borrower) and Mr Cheung Wai Kuen (as the individual guarantor) and the transactions contemplated under the New Facility Agreement, and the relevant proposed annual cap amounts of the transactions contemplated under the New Facility Agreement as shown in the Company’s circular dated 2 November 2015 be and are hereby approved and that the directors of the Company (the “**Directors**”) be and are hereby authorised to take any step as they consider necessary, desirable or expedient in connection with the New Facility Agreement or any of the transactions contemplated under the New Facility Agreement and that the Directors be and are hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection

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## NOTICE OF SGM

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with the matters contemplated under the New Facility Agreement and to agree to any amendment to any of the terms of the New Facility Agreement which in the opinion of the Directors is not of a material nature and is in the interests of the Company.”

By order of the Board of  
**Common Splendor International  
Health Industry Group Limited**  
**Lam King Ho**  
*Company Secretary*

Hong Kong, 2 November 2015

*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 proxy form in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notorially 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 of the Meeting.
3. The resolution as set out in this notice will be taken by poll.
4. As at the date of this notice, the Board comprises Mr Cheung Wai Kuen and Mr Cheng Hau Yan as executive Directors; Mr Lin Jiang as non-executive Director; and Mr Mai Yang Guang, Mr Yau Chi Ming and Mr Huang Liang as independent non-executive Directors.