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**COMMON SPLENDOR INTERNATIONAL  
HEALTH INDUSTRY GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

**DISCLOSEABLE TRANSACTIONS**

**(1) ACQUISITION OF HARVEST LUCK; AND  
(2) CAPITAL INJECTION IN  
GUANGDONG ZHONGLIANG HEALTHCARE INDUSTRY**

The Company is pleased to announce that, on 2 June 2016 (after trading hours), the Purchaser, which is a direct wholly-owned subsidiary of the Company, the Vendor and Harvest Luck entered into the SP Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of Harvest Luck, at the consideration of HK\$108.88 million (equivalent to approximately RMB90 million). On 2 June 2016, Harvest Luck, Shenzhen Hexing, Huizhou Zhongliang, Ms. Luo, Ms. Deng, and Guangdong Zhongliang Healthcare Industry entered into the Reorganisation Agreement, in relation to the Reorganisation.

Upon Acquisition Completion, Harvest Luck will become an indirect wholly-owned subsidiary of the Company. Subject to Acquisition Completion and upon the occurrence of the Reorganisation Completion, Guangdong Zhongliang Healthcare Industry will become a subsidiary of the Company, and the financial results of both Harvest Luck and Guangdong Zhongliang Healthcare Industry will be consolidated into the Company's consolidated financial statements.

As one or more of the relevant percentage ratios calculated pursuant to Chapter 14 of the Listing Rules reaches or exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisition and the Reorganisation (subject to Acquisition Completion) constitute discloseable transactions for the Company. Accordingly, the Acquisition and the Reorganisation will be subject to the announcement and reporting requirements but are exempt from Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

**As the Acquisition and Reorganisation are both subject to fulfilment of certain conditions precedent set out in the SP Agreement and the Reorganisation Agreement and therefore may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

On 2 June 2016 (after trading hours), the Purchaser, which is a direct wholly-owned subsidiary of the Company, the Vendor and Harvest Luck entered into the SP Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of Harvest Luck, at the consideration of HK\$108.88 million (equivalent to approximately RMB90 million).

On 2 June 2016, Harvest Luck, Shenzhen Hexing, Huizhou Zhongliang, Ms. Luo, Ms. Deng, and Guangdong Zhongliang Healthcare Industry entered into the Reorganisation Agreement, in relation to the Reorganisation.

The principal terms of the SP Agreement and Reorganisation Agreement are summarised as follows:

## **THE SP AGREEMENT**

### **Date**

2 June 2016 (after trading hours)

## **PARTIES**

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) Harvest Luck.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the SP Agreement, save and except for the Purchaser, which is a wholly-owned subsidiary of the Company, each of the Vendor and Harvest Luck and their respective ultimate beneficial owners are Independent Third Parties.

### **Subject matter under the SP Agreement**

Pursuant to the SP Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of Harvest Luck as at the date of this announcement.

### **Consideration**

The Consideration for the Sale Shares is HK\$108.88 million (equivalent to approximately RMB90 million), which shall be satisfied by the Purchaser in the following manner:

- (a) within 10 business days after the date of the SP Agreement, HK\$5 million;
- (b) within 60 days after Acquisition Completion, HK\$50 million; and
- (c) after Acquisition Completion, and within 60 days after Reorganisation Completion, the remaining balance in the amount of HK\$53.88 million.

If both of the Acquisition Completion and the Reorganisation Completion do not take place, the SP Agreement shall cease and terminate (save and except certain clauses under the SP Agreement which shall continue to have full force and effect) and the Vendor shall refund or procure the refund of the Consideration paid (without interest) to the Purchaser.

The Consideration payable by the Purchaser will be funded by its internal resources and/or external borrowings of the Purchaser.

## **Conditions Precedent**

The Purchaser's obligation to acquire Harvest Luck is conditional upon fulfillment of, inter alia, the following conditions:

- (a) the Purchaser and the Company having obtained all necessary approvals in compliance of the Listing Rules for the Acquisition, including but not limited to Shareholders' approval (if applicable);
- (b) satisfactory due diligence by the Purchaser in respect of Harvest Luck; and
- (c) Harvest Luck having entered into the Reorganisation Agreement and the Reorganisation Agreement remains valid and subsisting.

Upon compliance with or fulfilment (or waiver, as to conditions (b) and/or (c) above, where applicable) of all the above conditions, Acquisition Completion shall take place on the Acquisition Completion Date.

Upon Acquisition Completion, Harvest Luck will become an indirect wholly-owned subsidiary of the Company and the financial results of Harvest Luck will be consolidated into the Company's consolidated financial statements.

## **THE REORGANISATION AGREEMENT**

### **Date**

2 June 2016 (after trading hours)

### **Parties**

- (i) Harvest Luck;
- (ii) Shenzhen Hexing;
- (iii) Huizhou Zhongliang;
- (iv) Ms. Luo;
- (v) Ms. Deng; and
- (vi) Guangdong Zhongliang Healthcare Industry.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of the Reorganisation Agreement, each of the parties to the Reorganisation Agreement and their respective ultimate beneficial owners are Independent Third Parties. Harvest Luck will become a subsidiary of the Company upon Acquisition Completion.

## **Reorganisation**

As at the date of the Reorganisation Agreement, the paid up registered capital of Guangdong Zhongliang Healthcare Industry is RMB30 million, and Guangdong Zhongliang Healthcare Industry is held as to 99% and 1% by Ms. Luo and Ms. Deng, respectively.

Pursuant to the Reorganisation Agreement:

1. within 3 months after the date of the Reorganisation Agreement, Ms. Deng agreed to transfer 1% equity interest in Guangdong Zhongliang Healthcare Industry to Ms. Luo, and at the same time, Ms. Luo agreed to transfer 51% equity interest in Guangdong Zhongliang Healthcare Industry to Harvest Luck (or its nominee); and
2. within 3 months after the registration date of change in Guangdong Zhongliang Healthcare Industry's business registration in the PRC in respect of the GD Equity Transfer, Harvest Luck (or its nominee) shall inject an amount of RMB90 million into Guangdong Zhongliang Healthcare Industry.
3. As at the date of this announcement, the capital injection of RMB30 million in Guangdong Zhongliang Healthcare Industry on the part of Ms. Luo has been completed. Upon Reorganisation Completion, Guangdong Zhongliang Healthcare Industry shall have a paid up registered capital of RMB120 million, and the equity interest in Guangdong Zhongliang Healthcare Industry will be held as to 51% and 49% by Harvest Luck (or its nominee) and Ms. Luo, respectively. In the event that Harvest Luck is unable to timely inject the relevant capital contribution amount in full (i.e. RMB90 million) in Guangdong Zhongliang Healthcare Industry, the Reorganisation Agreement shall be terminated and the GD Equity Transfer shall be void. Guangdong Zhongliang Healthcare Industry shall refund all capital contribution amount paid by Harvest Luck (if any) to it, within 5 business days after the termination of the Reorganisation Agreement, and transfer all equity interests in Guangdong Zhongliang Healthcare Industry back to such original equityholders within 5 business days after the refund.

Accordingly, subject to Acquisition Completion and upon the occurrence of Reorganisation Completion, Guangdong Zhongliang Healthcare Industry will become a subsidiary of the Company and each of Harvest Luck and Guangdong Zhongliang Healthcare Industry will be consolidated into the Company's consolidated financial statements.

### **Decision making and the board representation of Guangdong Zhongliang Healthcare Industry**

Upon the Reorganisation Completion, certain matters, including the determination of Guangdong Zhongliang Healthcare Industry's business policies and investment plans, appointment and removal of Guangdong Zhongliang Healthcare Industry's directors, change of Guangdong Zhongliang Healthcare Industry's articles, shall be reserved and only be passed by two thirds of votes of the equity holders of Guangdong Zhongliang Healthcare Industry.

The board of directors of Guangdong Zhongliang Healthcare Industry will consist of 5 directors, of which 3 directors and 2 directors will be nominated by Harvest Luck and Ms. Luo, respectively. The chairman of the board of directors of Guangdong Zhongliang Healthcare Industry, who shall also be the legal representative, will be nominated by Harvest Luck, and the deputy chairman of the board of directors and the general manager of Guangdong Zhongliang Healthcare Industry will be nominated by Ms. Luo.

### **Right of first refusal**

In the event that Ms. Luo proposes to dispose of any equity interests in Guangdong Zhongliang Healthcare Industry to other third parties, Harvest Luck shall have a first right of refusal to purchase such equity interests.

### **Basis of the Consideration and Capital Injection**

The Consideration and amount of the Capital Injection (as to the portion to be contributed by Harvest Luck) was determined after arm's length negotiation between the respective parties to the SP Agreement and the Reorganisation Agreement with reference to, among others, the estimated funding and capital commitment required for the expansion plan of Guangdong Zhongliang Healthcare Industry for the purposes of the development in Luofu Shan Eco-city.

## INFORMATION OF THE PARTIES

The principal business activities of the Group include provision of precision life healthcare services (previously known as health management business), healthcare investment management business and investing and financing activities. The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

According to the information provided by the Vendor and Guangdong Zhongliang Healthcare Industry, Luofu Shan Eco-city has an approximate land area of 1,200 mu for the development of a series of health preservation healthcare services, property investment, and a national standard tourist attraction which includes a high-standard healthcare base.

So far as the Directors are aware, Shenzhen Hexing and Huizhou Zhongliang are limited liability companies established in the PRC and engage in, among others, development of Luofu Shan Eco-city, of which, they completed its phase 1 development having a size of approximately 100 mu. According to the Reorganisation Agreement, Shenzhen Hexing and Huizhou Zhongliang entered into agreements with relevant government departments relating to the acquisition of land in Huizhou, which are intended to be used for further development in the Luofu Shan Eco-city.

So far as the Directors are aware, as at the date of the Reorganisation Agreement, each of HZ Eastern, HZ Chuangxing and HZ Health are wholly-owned by Guangdong Zhongliang Healthcare Industry, in particular, HZ Eastern acquired land by way of auction in the PRC of a size of approximately 34,273 sq. m (equivalent to approximately 51 mu) and relevant land costs of RMB30.1 million was settled. Such land can be developed, which development may include properties for sale, and the relevant land development is in progress. It is expected that relevant operation on such land is expected to commence in a year where revenue is expected to be generated.

So far as the Directors are aware, the Vendor is a company incorporated in the British Virgin Islands with limited liability on 2 February 2016 and is principally engaged in investment holding. As at the date of the SP Agreement, the entire issued share capital of the Vendor is legally and beneficially owned by Ms. Luo.

So far as the Directors are aware, Harvest Luck is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding. As at the date of the SP Agreement, the entire issued share capital of Harvest Luck is wholly-owned by the Vendor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, the parties to the Reorganisation Agreement and their respective ultimate beneficial owners are Independent Third Parties.

## **FINANCIAL INFORMATION ON HARVEST LUCK AND GUANGDONG ZHONGLIANG HEALTHCARE INDUSTRY**

As advised by the Vendor, since Harvest Luck has short and insignificant operational history since its incorporation, the financial performance of Harvest Luck is insignificant.

The financial information of Guangdong Zhongliang Healthcare Industry based on its unaudited proforma consolidated financial statements for the two financial years ended 31 December 2015 immediately preceding the date of the Reorganisation Agreement are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(1,577)	(1,197)
Net loss after tax	(1,577)	(1,197)
Net assets value (as at 31 December 2015)		25,087

Upon completion of the Acquisition Completion, Harvest Luck will become a subsidiary of the Company. Accordingly, after the Acquisition Completion, and upon the occurrence of the Reorganisation Completion, Guangdong Zhongliang Healthcare Industry will become a subsidiary of the Company.



## **REASONS AND BENEFITS FOR THE ACQUISITION AND CAPITAL INJECTION**

The Board considers that the Group is based on “Elite Group Health Focus” for new business positioning, encircle elite group health, the Group is accelerating the development of the “Life Club” chain in order to provide medical anti-ageing, suboptimal health interference and private doctor services, and provide advanced medical methodology of services such as blood purification, metabolic therapy, cell therapy and gene therapy.

The Acquisition and Reorganisation is aimed at developing a “Healthcare Nursing Base” to provide one-stop services such as medical anti-ageing, suboptimal health interference and healthy sleeping centre. This project is situated at core scenic area of Luofu Shan. The Luofu Shan Eco-city has a planning area of approximately 1,200 mu. The preliminary project procedures have been completed and the application of use of land and land use right is undergoing. So far as the Directors are aware, Shenzhen Hexing and Huizhou Zhongliang completed the phase 1 development of Luofu Shan Eco-city having a size of approximately 100 mu, which included the development of certain basic facilities and the construction of roads, hotel and restaurants.

Luofu Shan is also known as Dongchao Mountain, is one of the top ten Daoist mountains. It is the origin of the Southern Daoist and named by a historian Sima Qian in Han Dynasty as “Yueyue” (the mountain of Guangdong). Luofu Shan is situated in the North-west of Boluo County, Guangdong Province, over three areas of Boluo County, Longmen County and Zengcheng City, with a total area of 260 square kilometres. It is a National Scenic Area of the PRC and a summer resort and has “The Greatest Mountain of Lingnan” reputation. Luofu Shan has been approved by the State Council as the fifth batch of National Scenic Area. (Source: 360 and Baidu Baike)

The demand of the high net worth group and the elites for a healthy life is increasing. In addition to the “Life Club” established in the city to provide healthcare services for the elites, the establishment of as easily accessible scenery “Healthcare Nursing Base” can fulfil the needs of various healthcare and nursing services of the elites. Luofu Shan is within one hour drive from economic developed cities such as Guangzhou, Shenzhen and Dongguan where the elites gather around. The Board considers that establishing the “Healthcare Nursing Base” is accordance with the market demand, and the Group’s market position as “focus on the health of elites”.

The Board considers that each of the SP Agreement and the Reorganisation Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole, which is in line with the Group's overall development strategy.

## **LISTING RULES IMPLICATIONS**

As one or more of the relevant percentage ratios calculated pursuant to Chapter 14 of the Listing Rules reaches or exceeds 5% but all relevant percentage ratios are less than 25%, the Acquisition and the Reorganisation (subject to Acquisition Completion) constitute discloseable transactions for the Company. Accordingly, the Acquisition and the Reorganisation will be subject to the announcement and reporting requirements but are exempt from Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

**As the Acquisition and Capital Injection are both subject to fulfilment of certain conditions precedent set out in the SP Agreement and the Reorganisation Agreement and therefore may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms of the SP Agreement
“Acquisition Completion”	completion of the Acquisition in accordance with the terms and conditions of the SP Agreement
“Acquisition Completion Date”	the date falling within 3 business days following the day on which all the conditions precedent as set out in the SP Agreement are satisfied in full or waived (as the case may be)
“Board”	the board of Directors

“Capital Injection”	the capital injection of RMB90 million and RMB30 million in Guangdong Zhongliang Healthcare Industry by Harvest Luck and Ms. Luo, respectively, pursuant to the Reorganisation Agreement
“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 (stock code: 286)
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration in the amount of HK\$108.88 million (equivalent to approximately RMB90 million) payable by the Company for the Sale Shares under the SP Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guangdong Zhongliang Healthcare Industry”	Guangdong Zhongliang Healthcare Industry Limited* (廣東中量健康產業有限公司), a company established in the PRC with limited liability and held as to 99% and 1% by Ms. Luo and Ms. Deng respectively as at the date of the Reorganisation Agreement
“GD Equity Transfer”	the transfer of (i) 1% equity interest in Guangdong Zhongliang Healthcare Industry from Ms. Deng to Ms. Luo, and (ii) 51% equity interest in Guangdong Zhongliang Healthcare Industry from Ms. Luo to Harvest Luck (or its nominee), pursuant to the Reorganisation Agreement
“Harvest Luck”	Harvest Luck Investment Limited (吉盛投資有限公司), a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is owned by the Vendor

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Zhongliang”	Huizhou Zhongliang Ecotourism Development Limited* (惠州市中量生態旅遊發展有限公司), a company established in the PRC with limited liability
“HZ Chuangxing”	Huizhou Chuangxing Zhongliang Property Limited* (惠州市創興中量置業有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Zhongliang Healthcare Industry
“HZ Eastern”	Huizhou Eastern Zhongliang Investment Limited* (惠州市東方中量投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Zhongliang Healthcare Industry
“HZ Health”	Huizhou Zhongliang Health Services Limited* (惠州市中量健康服務有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Zhongliang Healthcare Industry
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its Connected Persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luofu Shan Eco-city”	Luofu Shan (Changning) Zhongliang Ecology City* (羅浮山(長寧)中量山水生態城), an ecology park located at Huanglong Road, Luofu Mountain, Changning Town, Huizhou, the PRC

“Ms. Luo”	Luo Jinwei* (羅錦維), the registered equity holder of 99% equity interest in Guangdong Zhongliang Healthcare Industry
“Ms. Deng”	Deng Huijuan* (鄧慧娟), the registered equity holder of 1% equity interest in Guangdong Zhongliang Healthcare Industry
“mu”	a unit of area commonly used in the PRC (畝), one mu is equivalent to approximately 666.67 sq.m
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Common Splendor International Investment Fund Management Limited, a company incorporated in the Cayman Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Reorganisation”	the reorganisation concerning, among others, the GD Equity Transfer and the Capital Injection, pursuant to the Reorganisation Agreement
“Reorganisation Agreement”	the reorganisation agreement dated 2 June 2016 entered into between Harvest Luck, Shenzhen Hexing, Huizou Zhongliang, Ms. Luo, Ms. Deng and Guangdong Zhongliang Healthcare Industry in relation to the Reorganisation
“Reorganisation Completion”	completion of the Reorganisation pursuant to the Reorganisation Agreement
“RMB”	renminbi, the lawful currency of the PRC

“Sale Shares”	an aggregate of 10,000 issued shares of HK\$10,000, representing the entire issued share capital of Harvest Luck, which is wholly and beneficially owned by the Vendor as at the date of the SP Agreement
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary share(s) of the Company
“SP Agreement”	the share purchase agreement dated 2 June 2016 entered into between the Purchaser, the Vendor and Harvest Luck in relation to the Acquisition
“Shenzhen Hexing”	Shenzhen Hexing Defeng Investment Development Limited* ( 深圳市和興德豐投資發展有限公司 ), a company established in the PRC with limited liability
“sq. m”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sassoon Global Limited, a company incorporated in the British Virgin Islands with limited liability which holds the entire issued share capital in Harvest Luck
“%”	percent

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

Hong Kong, 2 June 2016

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

\* *For identification purposes only*