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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

SUPPLEMENTARY INFORMATION ON:

(1) ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE; AND

(2) GUARANTEE ON NET PROFIT OF JP PARTNERS MEDICAL GROUP

Reference is made to the 2016 annual report (“**2016 Annual Report**”) of Common Splendor International Health Industry Group Limited (the “**Company**”). Unless the context otherwise states, capitalised terms used in this announcement have the same meanings as those defined in the 2016 Annual Report. In addition to the information in relation to the HKD Convertible Notes and the USD Convertible Notes as set out under, among others, the sections headed “Management Discussion and Analysis” and the “Notes to the Consolidated Financial Statements” of the 2016 Annual Report, the Board would like to provide supplementary information on the 2016 Annual Report in respect of (i) the issue of convertible bonds under general mandate and the share options granted pursuant to the Share Option Scheme; and (ii) the guarantee on net profit of JP Partners Medical Group.

CONVERTIBLE BONDS ISSUED PURSUANT TO THE GENERAL MANDATE AND SHARE OPTIONS GRANTED PURSUANT TO THE SHARE OPTION SCHEME

As disclosed in the 2016 Annual Report, convertible bonds were issued by the Company in November 2015 (“**2015 November CB**”), December 2015 (“**2015 December CB**”) and August 2016 (“**2016 August CB**”), respectively (collectively, the “**Convertible Bonds**”). An aggregate of 35,800,000 share options (“**Outstanding Options**”) were granted by the Company in January 2016 carrying the right to subscribe for the nominal ordinary shares of HK\$0.01 each of the Company pursuant to the Share Option Scheme, and such Outstanding Options remained outstanding as at 31 December 2016.

Particulars of the Convertible Bonds and the Outstanding Options

The following table sets out particulars of the Convertible Bonds:

| Date of issue | Principal | Maturity Date | Conversion price per share (Note) | Amount converted into shares as of 31 December 2016 and up to the date of this announcement | Balance | Number of Shares to be issued upon full conversion |
|------------------|----------------|------------------|-----------------------------------|---|----------------|--|
| 23 November 2015 | HK\$16,000,000 | 23 November 2017 | HK\$0.858 | — | HK\$16,000,000 | 18,648,018 |
| 24 December 2015 | HK\$1,000,000 | 24 December 2017 | HK\$0.858 | — | HK\$1,000,000 | 1,165,501 |
| 5 August 2016 | US\$10,000,000 | 5 August 2018 | HK\$0.70 | — | US\$10,000,000 | 110,714,285 |

Note: Each of the conversion prices per share are subject to adjustment pursuant to the respective terms of the Convertible Bonds.

The following table sets out particulars of the Outstanding Options:

| Grant date | Number of Outstanding Options | Exercise period | Exercise price |
|----------------|-------------------------------|----------------------------------|----------------|
| 5 January 2016 | 35,800,000 | 5 January 2016 to 4 January 2017 | HK\$0.750 |

Dilution effect of the conversion of Convertible Bonds and exercise of Outstanding Options

The following table sets out the total number of Shares to be issued upon full conversion of the Convertible Bonds as at 31 December 2016:

| | As at 31 December 2016 | | Immediately upon exercise in full of the conversion rights attaching to the 2015 November CB (Note 1) | | Immediately upon exercise in full of the conversion rights attaching to the 2015 December CB (Note 2) | | Immediately upon exercise in full of the conversion rights attaching to the 2016 August CB (Note 3) | | Immediately upon full conversion of Convertible Bonds | |
|---------------------------------|------------------------|--------------------------------|---|--------------------------------|---|--------------------------------|---|--------------------------------|---|--------------------------------|
| | Number of Shares | Approximate % of issued Shares | Number of Shares | Approximate % of issued Shares | Number of Shares | Approximate % of issued Shares | Number of Shares | Approximate % of issued Shares | Number of Shares | Approximate % of issued Shares |
| | | | | | | | | | | |
| Substantial Shareholders | | | | | | | | | | |
| Champion Dynasty Limited | 930,379,671 | 35.84% | 930,379,671 | 35.58% | 930,379,671 | 35.82% | 930,379,671 | 34.37% | 930,379,671 | 34.12% |
| 國泰君安證券QDIIH2015-002資產管理計劃 | 337,428,000 | 13.00% | 337,428,000 | 12.90% | 337,428,000 | 12.99% | 337,428,000 | 12.47% | 337,428,000 | 12.37% |
| Public Shareholders | | | | | | | | | | |
| 2015 November CB subscriber | — | — | 18,648,018 | 0.71% | — | — | — | — | 18,648,018 | 0.68% |
| 2015 December CB subscriber | — | — | — | — | 1,165,501 | 0.04% | — | — | 1,165,501 | 0.04% |
| 2016 August CB subscriber | — | — | — | — | — | — | 110,714,285 | 4.09% | 110,714,285 | 4.06% |
| Other public Shareholders | 1,328,447,337 | 51.17% | 1,328,447,337 | 50.80% | 1,328,447,337 | 51.14% | 1,365,875,337 | 49.08% | 1,328,447,337 | 48.72% |
| Total | 2,596,255,008 | 100% | 2,614,903,026 | 100% | 2,597,420,509 | 100% | 2,706,969,293 | 100% | 2,726,782,812 | 100% |

Notes:

- Assuming conversion of the 2015 November CB takes place at the initial conversion price of HK\$0.858.
- Assuming conversion of the 2015 December CB takes place at the initial conversion price of HK\$0.858.
- Assuming conversion of the 2016 August CB takes place at the initial conversion price of HK\$0.70.

The following table sets out the dilution impact on the Company's shares in the event that all such Outstanding Options were exercised as at 31 December 2016:

| Substantial Shareholders | As at 31 December 2016 | | Immediately upon exercise in full of the Outstanding Options | |
|----------------------------|-----------------------------|---------------------------|--|---------------------------|
| | <i>Approximate</i> | | <i>Approximate</i> | |
| | <i>Number of Shares</i> | <i>% of issued Shares</i> | <i>Number of Shares</i> | <i>% of issued Shares</i> |
| Champion Dynasty Limited | 930,379,671 | 35.84% | 930,379,671 | 35.35% |
| 國泰君安証券QDIHZH2015-002資產管理計劃 | 337,428,000 | 13.00% | 337,428,000 | 12.82% |
| Holders of share options | — | — | 35,800,000 | 1.36% |
| Other public Shareholders | 1,328,447,337 | 51.16% | 1,328,447,337 | 50.47% |
| Total | <u>2,596,255,008</u> | <u>100%</u> | <u>2,632,055,008</u> | <u>100%</u> |

Dilution impact on earnings per share (“EPS”)

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | |
|--|----------------|
| Profit for the year ended 31 December 2016 attributable to owners of the Company | HK\$42,096,000 |
| Number of Company's shares in issue as at 31 December 2016 | 2,596,255,008 |
| Number of Company's shares in issue upon full conversion of the Convertible Bonds as at 31 December 2016 (<i>Notes 1, 2 and 3</i>) | 2,726,782,812 |
| Number of Company's shares in issue upon exercise of all Outstanding Options as at 31 December 2016 | 2,632,055,008 |
| EPS | HK1.62 cents |
| Diluted EPS assuming full conversion of the Convertible Bonds | HK1.54 cents |
| Diluted EPS assuming exercise of all Outstanding Options | HK1.60 cents |

Notes:

1. Assuming conversion of the 2015 November CB takes place at the initial conversion price of HK\$0.858.
2. Assuming conversion of the 2015 December CB takes place at the initial conversion price of HK\$0.858.
3. Assuming conversion of the 2016 August CB takes place at the initial conversion price of HK\$0.70.

Use of net proceeds from the Convertible Bonds

As at 31 December 2016, the Group had fully utilised the net proceeds from the Convertible Bonds, which amounts to approximately HK\$93.5 million. The actual use of such proceeds is set out in the table below:

| Net proceeds from | <i>HK\$ million</i> | Actual use of net proceeds | <i>HK\$ million</i> |
|--------------------------|---------------------|--|---------------------|
| 2015 November CB | 15.5 | Bid for land use rights of Healthcare Preserving Base (Phase II) in Luofu Mountain, the PRC (“ Land Use Rights ”) in September 2016 | 15.5 |
| 2015 December CB | 1.0 | Bid for Land Use Rights in September 2016 | 1.0 |
| 2016 August CB | 77.0 | Bid for Land Use Rights in September 2016 | 61.5 |
| | | Partial satisfaction of payment for the acquisition of further stake in Common Splendor International Life Health Science Group Limited in June 2016 | 15.5 |
| Total | <u><u>93.5</u></u> | | <u><u>93.5</u></u> |

GUARANTEE ON NET PROFIT OF JP PARTNERS MEDICAL GROUP

As disclosed in the 2016 Annual Report, as at 31 December 2016, JP Partners Medical Group, being one of the three major associate groups of the Group, mainly comprises six private medical centres in Hong Kong. As disclosed in the Company’s announcement dated 15 June 2015 in relation to the acquisition of 26.5% of issued capital of JP Partners Medical Group, according to the relevant acquisition agreement, the Company would require the majority shareholder of JP Partners Medical Group to refund not more than HK\$10,974,000 of paid consideration before 31 August 2016, if the net profit of JP Partners Medical Group for the period from 1 August 2015 to 31 July 2016 (the “**2016 Net Profit**”) is less than HK\$12,500,000.

In 2016, JP Partners Medical Group maintained their principal business in the operation of private medical centres in Hong Kong. As an addition to their existing business, JP Partners Medical Group opened an endoscopy centre in Kowloon, Hong Kong in 2016.

Based on the financial information provided by JP Partners Medical Group, during the 12 months ended 31 July 2016, the unaudited net profit after taxation of JP Partners Medical Group amounted to approximately HK\$15.2 million. Given that JP Partners Medical Group had met the 2016 Net Profit, the performance of JP Partners Medical Group during the 12 months ended 31 July 2016 is satisfactory to the Group. Accordingly, no refund of such paid consideration took place in respect of the transaction.

The Board confirms that the above supplementary information does not affect other information contained in the 2016 Annual Report and the content of the 2016 Annual Report remains correct and unchanged.

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

Hong Kong, 13 September 2017

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