COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The board of directors (the "**Board**") of Common Splendor International Health Industry Group Limited (the "**Company**") is pleased to submit the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2017 (the "**Year**") pursuant to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position together with the comparative figures of the corresponding year ended 31 December 2016 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**474,933**	554,962
Cost of sales		**(391,552)**	(487,815)
Gross profit		**83,381**	67,147
Other income	*5*	**63**	338
Share-based payment expenses		**—**	(3,836)
Administrative expenses		**(40,683)**	(39,939)
Selling and distribution expenses		**(4,305)**	(4,934)
Share of result of associates		**8,822**	14,105
Profit from operations		**47,278**	32,881
Fair value change on convertible notes		**(310)**	1,758
Gain on disposal of subsidiaries		**12,617**	2,320
Gain on disposal of an associate		**—**	28,999
Finance cost	*6*	**(41,346)**	(9,699)
Profit before income tax	*7*	**18,239**	56,259
Income tax expense	*8*	**(8,798)**	(9,098)
Profit for the year		**9,441**	47,161
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequent to profit or loss			
Exchange differences on translating foreign operations		**45,133**	(40,633)
Reclassification on disposal of interests in subsidiaries		**(298)**	455
Other comprehensive income/(expense) for the year, net of income tax		**44,835**	(40,178)
Total comprehensive income for the year		**54,276**	6,983

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,422**	42,096
Non-controlling interests		**8,019**	5,065
		9,441	47,161
Total comprehensive income for the year attributable to:			
Owners of the Company		**31,648**	10,753
Non-controlling interests		**22,628**	(3,770)
		54,276	6,983
Earnings per share for the year attributable to owners of the Company	*10*		
Basic (HK cents per share)		**0.05**	1.62
Diluted (HK cents per share)		**0.05**	1.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**240,148**	206,538
Intangible assets		**221,095**	122,150
Goodwill		**229,010**	53,382
Interests in associates		**211,272**	127,128
Available-for-sale financial assets		**76,395**	71,217
Deposits, prepayments and other receivables		**70,247**	21,066
		1,048,167	601,481
Current assets			
Deposits, prepayments and other receivables		**149,826**	98,959
Trade receivables	*11*	**12,771**	8,695
Inventories		**5,092**	18,046
Loan to a shareholder		**49,143**	77,547
Short-term loans receivable		**40,200**	58,200
Bank and cash balances		**67,038**	109,721
		324,070	371,168
Current liabilities			
Trade payables	*12*	**824**	1,395
Accruals, deposits received and other payables		**68,812**	29,217
Obligation under a finance lease		**6**	6
Loan from associates		**—**	12,300
Bank and other borrowings		**12,204**	—
Convertible notes		**75,480**	15,039
Derivative financial liabilities		**7,316**	7,006
Guaranteed notes and bonds payable		**120,893**	5,680
Tax payable		**820**	2,950
		286,355	73,593
Net current assets		**37,715**	297,575
Total assets less current liabilities		**1,085,882**	899,056

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Capital and reserves			
Share capital		**29,962**	25,962
Reserves		**735,371**	437,954
Equity attributable to owners of the Company		**765,333**	463,916
Non-controlling interests		**212,878**	203,634
Total equity		**978,211**	667,550
Non-current liabilities			
Convertible notes		**—**	70,496
Deferred tax liabilities		**14,949**	32
Obligation under a finance lease		**25**	—
Guaranteed notes and bonds payable		**92,697**	160,978
		107,671	231,506
		1,085,882	899,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) New and amended Hong Kong Financial Report Standards ("HKFRSs") adopted by the Group

In the current year, the Group has applied, for the first time, the following new and amended standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning on or after 1 January 2017.

HKFRS 12 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

HKAS 7 (Amendments) Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes, In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note to the financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Except as described above, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in these financial statements.

(b) Issued but not yet effective HKFRSs

The Group has not early applied the following new and amended HKFRSs that have been issued but are not yet effective:

HKFRS (Amendments)	Annual Improvement to HKFRSs 2015–2017 Cycle[2]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[2]
HKFRS 10 and HKAS (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts [4]
HK(IFRIC) - Int 22	Foreign Currency Translations and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatment[2]
HKAS 28 (Amendments)	Long-term Interents in Associates and joint ventures[2]
HKAS 28 (Amendments)	As part of the Annual Improvement to HKFRSs 2014–2016 Cycle[1]
HKAS 40 (Amendments)	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2021, or when apply HKFRS 15 and HKFRS 9.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance ("CO").

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and held for trading investments which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Revenue represents the aggregate amounts received and receivable analysed as follows:		
Health industry	**451,036**	536,100
Interest income from investment and finance	**23,897**	18,862
	474,933	554,962

4. OPERATING SEGMENTS

The Group manages its businesses by divisions which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

Health industry	—	included medical anti-aging and health preservation base, medical and healthcare industry investment management and natural health food business
Investment and finance	—	investing and financing activities

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the year was as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A[1]	**68,673**	N/A[3]
Customer B[2]	**N/A[3]**	91,566
Customer C[2]	**N/A[3]**	70,130

1 Revenue from natural health food business

2 Revenue from medical anti-aging and health preservation base business

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Operating segment information is presented below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Health Industry											
	Natural Health Food		Medical Anti-aging and Health Preservation Base		Medical and Healthcare Industry Investment Management		Sub-total		Investment and Finance		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
Revenue from external customer	**323,856**	213,772	**63,622**	51,344	**63,558**	270,984	**451,036**	536,100	**23,897**	18,862	**474,933**	554,962
Results												
Segment results for reportable segment	**185**	1,509	**26,964**	18,485	**22,153**	38,392	**49,302**	58,386	**(21,398)**	12,532	**27,904**	70,918
Bank interest income	**3**	2	**16**	12	**2**	12	**21**	26	**3**	—	**24**	26
Unallocated expenses, net*											**(9,689)**	(14,685)
Income tax expense	**(356)**	(389)	**(2,304)**	(6,833)	**(6,138)**	(1,876)	**(8,798)**	(9,098)	**—**	—	**(8,798)**	(9,098)
Profit for the year											**9,441**	47,161

* Unallocated expenses mainly include certain depreciation on property, plant and equipment, general office expenses and unallocated employee benefit expenses.

	Health Industry											
	Natural Health Food		Medical Anti-aging and Health Preservation Base		Medical and Healthcare Industry Investment Management		Sub-total		Investment and Finance		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets												
Segment assets for reportable segments	**78,737**	31,704	**1,080,982**	401,332	**25,520**	366,569	**1,185,239**	799,605	**136,489**	140,965	**1,321,728**	940,570
Unallocated assets											**50,509**	32,079
Total assets											**1,372,237**	972,649
Liabilities												
Segment liabilities for reportable segments	**31,364**	9,112	**43,689**	16,423	**5,829**	2,050	**80,882**	27,585	**301,386**	273,425	**382,268**	301,010
Unallocated liabilities											**11,758**	4,089
Total liabilities											**394,026**	305,099

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the Year (2016: Nil).

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

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

All assets are allocated to reportable segments other than unallocated corporate assets which mainly include property, plant and equipment, prepayments and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include accruals, deposits received and other payables.

Geographical information

In determining the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets***	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China (the "PRC")	**431,969**	536,100	**441,560**	400,935
Hong Kong	**42,964**	18,862	**318,940**	2,201

* Non-current assets excluded those relating to interests in joint ventures, interests in associates and available-for-sale financial assets.

Other segment information

	Health Industry		**Investment and Finance**		**Unallocated**		**Consolidated**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**8,474**	8,509	**—**	—	**—**	—	**8,474**	8,509
Impairment loss of available-for-sale financial assets	**—**	755	**—**	—	**—**	—	**—**	755
Share of result of associates	**8,822**	14,105	**—**	—	**—**	—	**8,822**	14,105
Interests in associates	**211,272**	127,128	**—**	—	**—**	—	**211,272**	127,128
Capital expenditure*	**27,560**	79,375	**—**	—	**—**	—	**27,560**	79,375

* Capital expenditure consists of addition to property, plant and equipment and assets acquired from acquisition of subsidiaries.

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**24**	26
Others	**39**	312
	63	338

6. FINANCE COST

	2017	2016
	HK$'000	*HK$'000*
Interest on convertible notes	**14,691**	6,956
Interest on guaranteed notes and bonds payable	**25,894**	1,861
Interest on bank and other borrowings	**127**	—
Interest on loan from associates	**634**	882
	41,346	9,699

7. PROFIT BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Total staff costs including remuneration of the directors of the Group:		
Salaries and other benefits	**14,658**	13,041
Retirement benefit scheme contributions	**808**	483
Share-based payment expenses	**—**	3,836
	15,466	17,360
Auditors' remuneration for audit services	**1,500**	1,380
Auditors' remuneration for non-audit services	**50**	50
Fair value changes on convertible notes	**310**	(1,758)
Cost of inventories recognised as expenses*	**382,864**	471,594
Exchange loss, net	**1**	3
Depreciation of property, plant and equipment	**8,474**	8,509
Impairment loss of available-for-sale financial assets	**—**	755
Operating lease rentals in respect of rented premises (excluding rented premise for director of the Company)	**8,515**	7,340

* Included in "Cost of sales" of the consolidated statement of profit or loss and other comprehensive income

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Income tax expense comprises		
Current tax:		
PRC Enterprise Income Tax	**(7,894)**	(8,126)
Hong Kong Profits Tax	**—**	(972)
Under-provision in prior year	**(821)**	—
Deferred tax	**(83)**	—
	(8,798)	(9,098)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years. No Hong Kong Profits Tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. DIVIDENDS

The directors of the Company do not recommend any payments of interim and final dividend for the Year (2016: Nil).

10. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,422**	42,096
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,671,871**	2,596,255

10. EARNINGS PER SHARE (CONTINUED)

Diluted earnings per share does not assume:

(i) the exercise of the Company's outstanding options as the exercise price of those options were higher than the average market price of the Company's shares for the corresponding period; and

(ii) the conversion of convertible notes since their assumed conversion had an anti-dilutive effect.

11. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (2016: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debts), at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**12,352**	8,377
31 to 60 days	**—**	167
121 to 180 days	**62**	—
181 to 365 days	**251**	12
Over 365 days	**106**	139
	12,771	8,695

Trade receivables of HK$419,000 (2016: HK$151,000) were neither past due nor impaired. The outstanding amounts were contract bound. The management have assessed the credit history of the aforesaid trade receivables and concluded that there is no adverse change on the credit quality of these customers and considered these trade receivables are recoverable.

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group or with sound financial background. For any significant amounts past due, the Group would actively seek repayment from the debtors and the Group would enforce its legal right to the contractually due amount when considered necessary. There have been no disputes over the balances due from these customers, therefore the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

12. TRADE PAYABLES

The following is an aged analysis of trade payables, based on the invoice date:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**732**	—
181 to 365 days	**58**	1,333
Over 365 days	**34**	62
	824	1,395

The average credit period granted by suppliers ranges from 0 to 30 days.

13. CAPITAL COMMITMENT

As at 31 December 2017, the Group had a capital commitment amounted to approximately RMB20,500,000 (equivalent to approximately HK$24,615,000) (2016: Nil) which is related to the construction of Luofu Mountain Project.

14. ACQUISITION OF SUBSIDIARIES

Acquisition of Golden Time Ventures

In August 2017, the Group, through its wholly-owned subsidiary, entered into an agreement with One Heart Global Limited, Red Summit Limited, Outstanding Global Investments Limited, Ultimate Winner Ventures Limited, Wealth Choice Global Limited, Fortune Sky Developments Limited and Ever Edge International Limited (collectively, the "Vendors") in relation to acquisition of the entire equity interests in Golden Time Ventures Limited ("Golden Time Ventures") at a consideration of HK$50,000,000 in cash and 400,000,000 of shares of the Company. Golden Time Ventures and its 80% non-wholly owned subsidiaries (collectively, the "Golden Time Ventures Group") mainly operates in provision of beauty clinical services.

The acquisition has been accounted for using the assets acquisition method.

14. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Acquisition of Golden Time Ventures (Continued)

Acquisition-related costs amounting to HK$369,000 have been recognised as an expense in the period, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

	HK$'000
Fair value of the assets acquired and liabilities recognised at the date of acquisition	
Bank and cash balances	1,612
Property, plant and equipment	6,614
Trademark	89,900
Inventory	2,170
Trade and other receivables and prepayments	23,874
Trade and other payables	(8,099)
Deferred tax liabilities	(14,834)
Net assets acquired	101,237
Non-controlling interests	(20,247)
Goodwill	229,010
Consideration comprised of cash and shares of the Company	310,000

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

Revenue of the Group for the Year amounted to HK$474,933,000 (2016: HK$554,962,000), which represented a year on year decrease of HK$80,029,000 or 14.4%. The decrease was mainly due to the net effect of (i) decrease in turnover of medical chemical materials from approximately HK$270,200,000 to HK$56,123,000; (ii) increase in sales revenue of the natural health food business from HK$213,772,000 in 2016 to HK$323,856,000 in 2017 and (iii) increase in loan interest income from HK$18,862,000 in 2016 to HK$23,897,000 in 2017.

Gross profit of the Group for the Year amounted to HK$83,381,000 (2016: HK$67,147,000), an increase of HK$16,234,000 or 24.2% as compared to previous year. Gross profit margin for the Year had slightly increased and was 17.6% for 2017 (2016: 12.1%). The increase in the Group's gross margin was mainly due to (i) the decrease in sales of low margin medical and healthcare related materials; (ii) increase in interest income in which the margin is higher; and (iii) income generated from the new subsidiaries of medical beauty anti-aging group.

Profit before income tax of the Group for the Year decreased by HK$38,020,000 or 67.6% from HK$56,259,000 in 2016 to HK$18,239,000 in 2017. The decrease in profit was mainly due to (i) the increase of convertible notes, guaranteed notes and bonds payable resulting in an increase of finance costs amounting to approximately HK$31,647,000 compared to 2016; and (ii) the absence of an one-off gain on disposal of an associate as compared to 2016, where the Group recorded a gain on disposal of an associate of HK$28,999,000.

Profit attributable to the owners of the Company for the Year was approximately HK$1,422,000 (2016: HK$42,096,000), which represented an decrease of HK$40,674,000 or 96.6%, as compared to 2016. This resulted in the decrease in basic and diluted earnings per share attributable to the owners of the Company of HK0.05 cents and HK0.05 cents respectively (2016: HK1.62 cents and HK1.62 cents respectively).

BUSINESS REVIEW

During the Year, the Group was principally engaged in the business of healthcare industry which included medical anti-aging and health preservation base, medical and healthcare industry investment management, trading of natural health food and investment and finance activities.

Health Industry

Medical Anti-aging and Health Preservation Base

Lyon Life is dedicated to life anti-aging business for high-end people "Body Purification, Functions Modulation and Repair and Reborn" trilogy life anti-aging. The Group's business in health industry is expected to have a good prospect due to the elites' desire for healthy and energetic lives nowadays.

The Group focuses on the health industry by setting up three Life Anti-aging Centres, namely, (i) Life Anti-aging Centre located in Guangzhou International Biological Island which has continued to remain in a competitive market position; (ii) Life Anti-aging Centre situated in Qiaocheng East Road, Nanshan District, Shenzhen which has begun operations; and (iii) Life Anti-aging Centre situated in Luofu Mountain, Guangdong which is currently under construction.

With a view to expand the Group's business on life anti-aging, the Group had entered into a sale and purchase agreement to acquire a medical beauty anti-aging group in August 2017. As at the date of this announcement, The Group had two beauty centers and two medical centers providing clinical services in Hong Kong. The Company believes that the acquisition is mutually beneficial to the existing Medical Anti-aging business and the beauty anti-aging group resulting in more comprehensive and more competitive quality of health services provided to customers.

The Group has acquired a parcel of land with land development right in Luofu Mountain for the construction of a Health Preservation Base. The project is under progress. The Health Preservation Base is targeted at the high-end population. It will provide integrated health preservation services such as Chinese medical health preservation, sleeping health preservation, and diet health preservation. Relevant health preservation properties is expected to be available for lease or for sale.

During the Year, revenue from Medical Anti-aging and Healthcare Preservation Base amounted to approximately HK$63,622,000 (2016: HK$51,344,000), which represented an increase of approximately HK$12,278,000 compared to 2016.

Medical and Healthcare Industry Investment Management

The Group focuses on the development of Life Healthcare Industry and adjusts for its composition of businesses from time to time in order to develop its core businesses. The Group would also divest certain investments to take profit and to enhance the Group's income at appropriate times. Investment projects currently held by the Group includes JP Partners Medical Group, Fengshuo Bio Medical Tech Group and Aidigong Maternity Health Group. JP Partners Medical Group comprises six private medical centres in Hong Kong. Fengshuo Bio Medical Tech Group is principally engaged in the research of the dioscorea composita root extract technology's commercial applications and production. Aidigong Maternity Health Group is mainly engaged in the operation of maternity health centres and the provision of material health services. Aidigong Maternity Health Group has established maternity health centres in Shenzhen Xiangmihu Resort, Shenzhen Yinhu and Beijing Shunyi District.

During the Year, revenue from medical and healthcare industry investment management amounted to approximately HK$63,558,000 (2016: HK$270,984,000), which represented a decrease of approximately HK$207,426,000 as compared to 2016.

The Group will gradually reduce the business development on the this business as the industry chain of such business requires the Group to operate a health-related and medical-related products trading business, which will develop in stages while such business volume was historically unstable with a lower gross profit margin.

Natural Health Food Business

Trading of grain and oil is main business of the Group's natural health food segment. It has been shown a strong growth in revenue as a result of sustainable relationship between the Group and its customers. The Group's increase in revenue which has generated approximately HK$213,772,000 in 2016 and further increased to approximately HK$323,856,000 in 2017. However, the natural health food business belongs to the Company's complementary business in the health industry's industrial chain and is not a core business of the Group. However, the gross profit margin and sales are susceptible to market fluctuations. The Group's gross profit margin is too low and the Group will gradually reduce this business.

Investment and Finance

During the Year, the Group's accrued interest income amounting to approximately HK$16,684,000 (2016: HK$13,260,000) generated from the loan of Champion Dynasty Limited ("**Champion Dynasty**"). As at 31 December 2017, a money lender company, a wholly owned subsidiary of the Company, had loan receivables of HK$40,200,000 (2016: HK$58,200,000). Interest income from the money lending business amounted to approximately HK$7,213,000 during the Year (2016: HK$5,602,000).

During the Year, revenue from the Group's investment and finance segment amounted to approximately HK$23,897,000 (2016: HK$18,862,000), which represented an increase of HK$5,035,000 or 26.7% as compared to 2016. As a result of an increase in interest expenses incurred during the Year, the performance of this segment had deteriorated during the Year from segment profit of approximately HK$12,532,000 in 2016 to a segment loss of approximately HK$21,398,000 in 2017. Revenue generated from this segment contributed approximately 5% to the Groups' total revenue.

FINANCIAL HIGHLIGHTS

Net assets value

As at 31 December 2017, total net assets of the Group amounted to approximately HK$978,211,000 (2016: HK$667,550,000), representing an increase of HK$310,661,000 or 46.5%, as compared to 2016. The increase was mainly due to (i) exchange differences on translating foreign operations arising during the Year of HK$45,133,000; and the (ii) an issue of 400,000,000 shares of the Company at HK$0.65 per share (which is the share price as at the date of completion) for an acquisition of a group of companies.

As at 31 December 2017, net assets value per issued ordinary shares of the Company was HK$0.33 (2016: HK$0.26).

The current ratio (calculate as current assets to current liabilities) for the Year was 1.13 (2016: 5.04).

Equity

The number of issued ordinary shares of the Company as at 31 December 2017 was 2,996,255,008 (2016: 2,596,255,008).

During the Year, the Company had issued and allotted 400,000,000 shares at HK$0.65 per share as part of consideration for the acquisition of a medical beauty group in October 2017, pursuant to the agreement dated 12 August 2017, details of which are disclosed in the announcements of the Company dated 12 August 2017, 24 August 2017 and 9 October 2017.

Liquidity and financial resources

As at 31 December 2017, the Group had HK$1,000,000 unsecured convertible notes, HK$12,204,000 bank and other borrowings, US$10,000,000 (equivalent to approximately HK$77,500,000) secured convertible notes, HK$48,402,000 unsecured bonds and HK$100,000,000 secured guaranteed notes, to provide general working capital to the Group and the development of the Group's healthcare business. Save as disclosed above, the Group did not have any other material borrowings as at 31 December 2017.

The Group has maintained a sound capital and cash position. Bank and cash balances as at 31 December 2017 amounted to approximately HK$67,038,000 (2016: HK$109,721,000). The majority of the Group's cash for the Year was denominated in Hong Kong Dollars and Renminbi.

During the Year, an unsecured convertible note bearing a principle amount of HK$16,000,000 was redeemed on the date of maturity.

Pledge of assets

As at 31 December 2017, the entire issued share capital of a wholly owned subsidiary of the Company, Common Splendor Hong Kong Investment Fund Management Limited ("**CSHK Investment Fund Management**"), was charged to China Great Wall AMC (International) Holdings Co., Limited (formerly known as Great Wall Pan Asia International Investment Co., Limited) as a security for convertible notes issued by the Company in the principal amount of US$10,000,000 (equivalent to approximately HK$77,500,000). As at 31 December 2017, the entire issued capital of two wholly owned subsidiaries of the Company, namely Harvest Luck Investment Limited ("**Harvest Luck**") and Great King Limited ("**Great King**") were charged to Wan Tai Investments Limited, an indirect wholly owned company of CCB International (Holdings) Limited, as a security for guaranteed notes issued by the Company in the principal amount of HK$100,000,000. As at 31 December 2017, the aggregated total assets of Harvest Luck, Great King and their subsidiaries amounted to approximately HK$460,488,000. Save as disclosed above, no asset was pledged by the Group as at 31 December 2017.

Remuneration policies and share option scheme

As at 31 December 2017, the Group had around 270 employees excluding Directors (2016: around 340). The decrease in number of employees was due to the disposal of the Company's subsidiaries during the year. Total staff cost excluding Directors' emoluments was approximately HK$12,468,000 (2016: HK$12,736,000) for the Year.

There was 35,800,000 outstanding share options granted under the share options scheme on 11 October 2012 at the beginning of the Year. During the Year, 35,800,000 share options were lapsed. As at 31 December 2017, no share option was outstanding (2016: 35,800,000).

Capital commitment

As at 31 December 2017, the total capital commitment of the Group amounted to approximately RMB20,500,000 (equivalent to approximately HK$24,615,000) (2016: Nil) which is related to the construction of Luofu Mountain Project.

Contingent liabilities

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: Nil).

MERGERS AND ACQUISITIONS DURING THE YEAR AND PERFORMANCE OF AN ASSOCIATE

Disposal of subsidiaries

On 22 May 2017, the Group entered into a disposal agreement with Billion High Worldwide Investments Limited ("**Billion High**"), a non-controlling shareholder of a subsidiary of the Company, Zhao Long International Medical Investment Management Group Limited ("**Zhao Long BVI**"). Pursuant to the agreement, the Group agreed to dispose 70% equity interest of Zhao Long BVI (exclusive of the interests of Best Hunter Limited and its subsidiaries JP Partners Medical Group) at a consideration of HK$68,000,000. The disposal had been completed during the Year. Please refer to the Company's announcement dated 22 May 2017 for information.

Acquisition of subsidiaries

On 12 August 2017, the Group has entered into a sale and purchase agreement with independent third parties. The Group agreed to acquire the entire issued capital of Golden Time Ventures Limited ("**GTV**") at a consideration of 400,000,000 shares of the Company at HK$0.65 per share and HK$50,000,000 in cash. As at the date of this announcement, GTV together with its subsidiaries has two beauty centres in Hong Kong located at Causeway Bay and Tsim Sha Tsui and two medical centres providing beauty clinical services in Tsim Sha Tsui and Shau Kei Wan. The acquisition has been completed on 9 September 2017. Please refer to the Company's announcements dated 12 August 2017, 24 August 2017, 9 September 2017 and 9 October 2017 for information.

Termination of an acquisition

Reference is made to the announcements of the Company dated 2 December 2016, 12 August 2017, 31 August 2017 and 1 November 2017 relating to the then possible entrustment management businesses in the PRC (collectively, "**CMCM Announcements**"). As at 31 October 2017, the business model of Cherish Maternity and Child Medical Group (International) Limited ("**CMCM**") had not been adjusted to the satisfaction of the Company for parties to proceed with the transactions contemplated under the relevant share purchase agreement. Accordingly, pursuant to the supplemental agreement in connection to the acquisition, the acquisition was terminated and the Company will not issue any consideration shares, and any shares in CMCM that has been transferred to the Company was returned to the Vendors or their designated individuals or entities. Please refer to the CMCM Announcements for information.

Profit guarantee of an associate

Reference is made to the announcements of the Company dated 23 November 2015 and 28 March 2018. While the audited accounts of Guangdong Fengyuan Huake Bio Tech Company Limited ("**Guangdong Fengyuan**") for the year ended 31 December 2017 is still in the process of being prepared in accordance with the PRC accounting standards, based on information currently available to the Company, including management accounts of Guangdong Fengyuan, it is expected that Guangdong Fengyuan will not be able to meet the Guarantee Profit. According to the Agreement, Mr. Zhao and the Vendor shall transfer certain amount of shares to the Purchaser according to the agreed formula stated above. The Company will further consider and negotiate, based on the audited accounts of Guangdong Fengyuan and, where applicable, take any appropriate actions for the compensation for any non-fulfillment of the Guarantee Profit. Further announcement(s) will be made by the Company as and when appropriate.

PROSPECT

The Group is committed to building itself into an international leading healthcare conglomerate. It is expected to focus on life healthcare and industrialization development in respect of human health solutions. By employing the development strategy of "global integration, global layout", the Group will continue to draw in top talent and technology, deploy services, products and various resources, and through acquisition and reorganization, in order to achieve rapid expansion in the life healthcare industry, as well as seeking various investment development opportunities from time to time in the healthcare field.

Following the Group's adjustments to its development strategy in the recent years, the Group has already formed a complete business structure in the medical anti-aging sector, including "Medical Anti-aging" which mainly aims at inner and "Medical Beauty Anti-aging" which mainly aims at outer, and "Health Preservation Base" which covers traditional medical anti-aging. As long as China continues its economic growth, the wealthy population and the number of elites will continue to expand and their spending power will be strengthened. In addition to the basic clinical services, demand for better healthcare services is ever increasing. The Company believes that the Group has a good position in this arena and will gradually expand its businesses on such basis to cope with the demands of the market.

The Board continues to be optimistic on the outlook of the healthcare industry and will, from time to time, adjust the Group's development strategy according to the industry changes as and when needed. The Group's overall strategy is to gradually optimise its main business, and develop its core businesses while holding the largest possible stake in such core businesses. Non-core businesses and segments of the Group is expected to be held by way of investments and be adjusted as and when appropriate based on the principle of profit maximisation, including disposals or held as investment funds.

APPOINTMENT AND RESIGNATION OF DIRECTORS

On 5 June 2017, Mr. Bai Yinghai resigned as a non-executive Director and Mr. Hou Kaiwen was appointed as a non-executive Director. Details of which have been disclosed in the Company's announcement on 5 June 2017.

On 1 July 2017, Mr. Yau Chi Ming resigned as an independent non-executive Director, the Chairman of the Audit Committee of the Company (the "**Audit Committee**") and a member of each of the nomination committee of the Company (the "**Nomination Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"). Please refer to the Company's announcement dated 3 July 2017.

On 20 September 2017, Mr. Wong Yiu Kit, Ernest ("**Mr. Wong**") was appointed as an independent non-executive Director ("**INED**"), the Chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Please refer to the Company's announcement dated 20 September 2017.

CONTINUING CONNECTED TRANSACTIONS

On 2 October 2015, the Company, as lender, entered into a facility agreement and agreed to renew the loan agreement of 2012 entered into with Champion Dynasty, as borrower, and Mr. Cheung, as individual guarantor, for a period of three years from 20 November 2015 to 19 November 2018 in relation to a three-year revolving loan facility of up to HK$200,000,000 at an interest rate of 10% per annum, which transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2015. The loan is repayable on demand.

As at 31 December 2017, the outstanding balance of the loan to Champion Dynasty amounted to HK$49,143,000 (2016: HK$77,547,000).

EVENTS AFTER THE REPORTING PERIOD

In January 2018, the Company redeemed in full the convertible bond in the principal amount of HK$1,000,000. Please refer to the Company's announcement dated 10 January 2018 for details.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**"), as set out in Appendix 14 of the Listing Rules throughout the Year. None of the Directors was aware of any information that would reasonably indicate that the Company did not comply with the CG Code during the Year.

Non-compliance with Rule 3.10(1) and Rule 3.21 of the Listing Rules

Pursuant to Rule 3.10(1) of the Listing Rules, the Board must include at least three INEDs. Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members. Following the resignation of Mr. Yau as an INED on 1 July 2017, the number of INEDs and the number of members of the Audit Committee fell below the minimum requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Wong as an INED, the chairman of the Audit Committee, a member of each of the Nomination Committee and Remuneration Committee with effect from 20 September 2017, the minimum number of INEDs and members of the Audit Committee as required under Rule 3.10(1) and Rule 3.21 of the Listing Rules has been fulfilled by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Year.

SCOPE OF WORK OF THE AUDITORS

The financial figures in this announcement of the Company's results for the year ended 31 December 2017 have been agreed by the auditors of the Company, HLB Hodgson Impey Cheng Limited (the "**Auditors**"). The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by the Auditors on this announcement.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company (the "**Audit Committee**") have reviewed and the Auditors has audited the consolidated financial statements of the Company (the "**Consolidated Financial Statements**") and the results for the Year. Based on this review and discussions with the management, the Audit Committee was satisfied that the Consolidated Financial Statements were prepared in accordance with applicable accounting standards and fairly present the financial position and results of the Group for the year ended 31 December 2017.

PUBLICATION OF 2017 ANNUAL REPORT

The Company's annual report for the year containing relevant information required by Appendix 16 of the Listing Rules will be published on the websites of the Stock Exchange and the Company and will be despatched to the shareholders of the Company in due course.

APPRECIATION

I would like to take this opportunity to express our gratitude to the shareholders of the Company for their continued support, and to our fellow Directors and those who have worked for the Group for their valuable contribution.

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

Hong Kong, 29 March 2018

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, Mr. Wong Yiu Kit, Ernest and Mr. Lam Chi Wing as independent non-executive Directors.