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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

PROPOSED ADOPTION OF SHARE AWARD SCHEME

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The Board has conditionally approved the adoption of the Scheme on 5 July 2018 subject to the approval by the Shareholders of the Scheme at the SGM. The purposes and objectives of the Scheme are to recognise the contributions by certain Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

SCHEME MANDATE

As the Board may cause to allot and issue Shares to the Trustee under the Scheme Mandate subject to the rules of Scheme and the Trust Deed, an ordinary resolution will be proposed at the SGM to grant the Scheme Mandate to the Directors to allot and issue up to not more than 5% of the total number of issued Shares as at the date of passing such resolution pursuant to Rule 13.36(1) of the Listing Rules prior to allotting and issuing of new Shares to the Trustee.

IMPLICATION UNDER LISTING RULES AND OTHER INFORMATION

The Scheme is a discretionary scheme of the Company, which does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

A SGM will be held for the Shareholders to consider, and if thought fit, approve the Scheme and the Scheme Mandate. A circular containing, among other things, the details of the Scheme and the Scheme Mandate, will be dispatched to the Shareholders as soon as practicable.

The Board has conditionally approved the adoption of the Scheme on 5 July 2018 subject to the approval by the Shareholders of the Scheme at the SGM. A summary of the principal terms of the Scheme is set out in this announcement.

SUMMARY OF PRINCIPAL TERMS OF THE SCHEME

Purposes and objectives

The purposes and objectives of the Scheme are to recognise the contributions by certain Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Effectiveness and duration

The Scheme has been approved by the Board and will become effective upon approval by the Shareholders at the SGM.

Subject to any early termination determined by the Board in accordance with the rules of Scheme, the Scheme is valid and effective for a term of 10 years commencing on the Adoption Date.

Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of Scheme and the Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

Operation of the Scheme

Issue of shares to the Trustee and/or acquisition of shares by the Trustee

The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company and/or its subsidiary as directed by the Board, which shall constitute part of the Trust Fund, for the purchase or subscription of Shares.

Subject to the relevant rules of Scheme and the Trust Deed, the Board may either (i) cause to allot and issue new Shares to the Trustee at the Subscription Price under the Scheme Mandate or the General Mandate (as the case may be) (1) as Awarded Shares in the event that the Board has selected certain Eligible Persons as Selected Participants or (2) from time to time for future Award, and the Board shall in such events cause an amount equal to the Subscription Price of such new Shares to be allotted and issued under the Scheme Mandate or the General Mandate (as the case may be) be transferred from the Company's resources as soon as practicable prior to the allotment and issuance of such Shares as subscription monies for the new Shares to the Trustee or (ii) from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange out of the Trust Fund.

The Company shall comply with the Bye-laws and the relevant Listing Rules when allotting and issuing any new Shares under General Mandate or Scheme Mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued at the time of offer the Shares.

Award of Awarded Shares to Selected Participants

Subject to the relevant rules of Scheme, the Board may at its absolute discretion select any Eligible Person for participation in the Scheme as a Selected Participant from time to time, and grant such number of Awarded Shares to the Selected Participant at no consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with the Listing Rules, including any reporting, announcement and/or Shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

Where any grant of Awarded Shares is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director), such grant must first be approved by all the members of the remuneration committee of the Board, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee.

Vesting and lapse

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions to the vesting of the Awarded Shares on such Selected Participant, the respective Awarded Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant.

In the event that prior to or on the Vesting Date, a Selected Participant is found not to be an Eligible Person anymore or is deemed to cease to be an Eligible Person by reason of (i) termination of the employment or contractual engagement of the Selected Participant with any member of the Group by reason of his/her permanent physical or mental disablement, (ii) termination of the employment or contractual engagement of the Selected Participant with any member of the Group by reason of redundancy, (iii) any act of fraud or dishonesty or serious misconduct he has committed, (iv) being declared or adjudged to be bankrupt by a competent court or governmental body or failure to pay his debts as they fall due or entering into any arrangement or composition with his creditors generally or an administrator taking possession of any of his assets, (v) being convicted of any criminal offence or (vi) being convicted of any offence in breach of the SFO or other securities laws in Hong Kong or other applicable laws or regulations in force from time to time, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom), notwithstanding that the Trustee will sign any resolution in writing as the legal registered holder of such Shares in accordance with the Bye-laws.

Restrictions under the Scheme

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and any applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the application laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

Scheme limit

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of Shares awarded by the Board under the Scheme representing 10% or more of the issued Shares of the Company from time to time without Shareholders' approval.

If the new Shares are to be allotted and issued to the Trustee as the Awarded Shares or for future Awards under the Scheme Mandate, the maximum number of such new Shares to be allotted and issued pursuant to the Scheme Mandate granted to the Directors at that time shall not represent more than 5% of the total number of issued Shares as at the relevant date of Shareholders' approval of such Scheme Mandate.

Alteration

The Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any Selected Participants unless (i) the consent in writing of Selected Participants amounting to three-fourths of in nominal value of all Awarded Shares held by the Trustee on that date is obtained; or (ii) the sanction of a special resolution passed at a meeting of the Selected Participants amounting to three-fourths in nominal value of all Awarded Shares is obtained.

Termination

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date or such date of early termination as determined by the Board by a resolution of the Board provided that such termination shall not affect any subsisting rights of any Selected Participant.

Upon termination of the Scheme, (i) no further grant of Awarded Shares may be made under the Scheme; (ii) all the Awarded Shares of the Selected Participants granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the Award, subject to the receipt by the Trustee of the transfer documents (where applicable) prescribed by the Trustee and duly executed by the Selected Participant; (iii) all Shares (except for any Awarded Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee within 20 Business Days (on which the trading of the Shares has not been suspended) upon the expiration of the Trust Period; (iv) all net proceeds of such sale and such other funds and properties remaining in the Trust Fund managed by the Trustee shall be remitted to the Company after the sale.

SCHEME MANDATE

As the Board may cause to allot and issue Shares to the Trustee under the Scheme Mandate subject to the rules of Scheme and the Trust Deed, an ordinary resolution will be proposed at the SGM to grant the Scheme Mandate to the Directors to allot and issue up to not more than 5% of the total number of issued Shares as at the date of passing such resolution pursuant to Rule 13.36(1) of the Listing Rules prior to allotting and issuing of new Shares to the Trustee, details of which will be set out in the circular to be dispatched by the Company.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be allotted and issued under the Scheme Mandate.

The Scheme Mandate shall remain in effect during the period from the passing of the ordinary resolution granting the mandate until the earliest of:

- (a) the conclusion of the subsequent annual general meeting;

- (b) the expiration of the period within which the subsequent annual general meeting is required by the laws applicable to the Company and the Bye-laws of the Company to be held; or
- (c) the variation of or revocation of such mandate by the ordinary resolution of the Shareholders in a general meeting.

IMPLICATION UNDER LISTING RULES AND OTHER INFORMATION

The Scheme is a discretionary scheme of the Company, which does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

A SGM will be held for the Shareholders to consider, and if thought fit, approve the Scheme and the Scheme Mandate. A circular containing, among other things, the details of the Scheme and the Scheme Mandate, will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

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

- “Adoption Date” the date on which the Scheme is approved by the Shareholders;
- “Award” an award of the Awarded Shares by the Board to a Selected Participant;
- “Awarded Share(s)” in respect of a Selected Participant, such number of Shares awarded by the Board;
- “Board” the board of Directors;
- “Business Day” a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
- “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” has the meaning as defined in the Listing Rules;
- “Contributed Amount” cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its subsidiaries as permitted under the Scheme to the Trust as determined by the Board from time to time;

“Director(s)”	director(s) of the Company;
“Eligible Person(s)”	any individual, being an Employee, Director, officer, consultant or adviser of any member of the Group or any other person whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group;
“Employee”	any employee of any member of the Group;
“General Mandate”	the general mandate granted or to be granted by the Shareholders of the Company to the Directors at general meetings from time to time;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the meaning as defined in the SFO;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Scheme”	the “Common Splendor International Health Industry Group Limited Share Award Scheme” to be approved by the Shareholders at the SGM, in its present form or as amended from time to time in accordance with the provisions thereof;
“Selected Participant(s)”	any Eligible Person or such Eligible Person’s wholly owned company or trust (the beneficiaries of which include such Eligible Person and/or his immediate family members) selected by the Board for participation in the Scheme;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held for the purposes of passing an ordinary resolution to approve the Scheme and the Scheme Mandate;
“Scheme Mandate”	the specific mandate to be granted by the Shareholders at the SGM and subsequent annual general meetings of the Company to the Directors from time to time;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price for the allotment and issue of new Shares to the Trustee for the purpose of the Scheme to be determined by the Board subject to the minimum issue price of the nominal value of such new Shares;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Persons;
“Trustee”	Bank of Communications Trustee Limited being the trustee or trustees for the time being of the Trust or any additional or replacement trustee(s);
“Vesting Date”	the date on which the entitlement to the Awarded Shares of a Selected Participant is vested in such Selected Participant;
“%”	per cent.

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

Hong Kong, 5 July 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 Kai Wen as non-executive Directors; and Mr. Mai Yang Guang, Mr. Lam Chi Wing and Mr. Wong Yiu Kit, Ernest as independent non-executive Directors.