COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

DISCLOSEABLE TRANSACTION IN RELATION TO CAPITAL CONTRIBUTION IN AND ACQUISITION OF 100% EQUITY INTEREST IN FENGSHUO BIO MEDICAL TECH AND 51% EQUITY INTEREST IN GUANGDONG KELV BIO MEDICAL TECH COMPANY LIMITED AND CAPITAL CONTRIBUTION TO OBTAIN 28% EQUITY INTEREST IN FENGYUAN HUAKE BIO TECH

Reference is made to the announcement dated 23 November 2015 (the "**2015 Announcement**") and the announcement dated 28 March 2018 (the "**March 2018 Announcement**") 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 2015 Announcement.

PROFIT GUARANTEE AND TECHNICAL GUARANTEE

As disclosed in the March 2018 Announcement, based on the information then available to the Company, it was expected that the Target Company No. 1 would not be able to meet the Guarantee Profit. Based on the management accounts of the Target Company No. 1 for the year ended 31 December 2017, the unaudited net profit after taxation of the Target Company No. 1 for the year ended 31 December 2017 amounted to RMB17,684,700. On this basis, the Target Company No. 1 was not able to meet the Guarantee Profit.

The dioscorea composita root extract technology of the Target Company No. 1 has achieved a melting point of over 193.5ºC after commercial production. Accordingly, the Guarantee Technical Requirement has been achieved. In addition to meeting the Guarantee Technical Requirement, the Company considers that the Target Company No. 1 has achieved the expected target in the plantation and extraction of saponins as well as in the general business chain covering seed provenance, seedlings, plantation, extraction and composition of saponins. Due to the fluctuation of the market price for saponins, the average selling price of the Target Company No. 1 for saponins decreased during the period between 2015 and 2017, and hence resulting in the Target Company No. 1 not meeting the Guarantee Profit of RMB38,000,000. Under the original terms of the Agreement, certain equity interest of the Target Company No. 1 shall be transferred to the Group at no further consideration. That being said, given the on-going joint venture relationship and that the Target Company No. 1 is generally on the right track for its development, the Company is in discussion with Mr. Zhao and the Vendor in good faith with a view to reaching an agreement on other compensation proposal in relation to such shortfall, without prejudging the Group's right in enforcing the original terms of the compensation arrangement if a new agreement is not reached.

From a PRC regulatory perspective, there is no mandatory requirement to have the audited financials of the Target Company No. 1. At the time when the Company published the March 2018 Announcement, the Company expected to enforce the original terms of the agreement and therefore an audited financial report was still being contemplated at that time. While as a minority shareholder, the Company received information about the key operation and financial information from time to time. In addition, the tax report (匯算清繳報告) of the major subsidiaries prepared by PRC accountants is available to the Group. The Company believes that such tax report prepared by PRC accountants, together with the management account, should be available to form the basis for the Company's discussion with the counterparties on the compensation for the time being. Given the relatively substantial amount of the shortfall, the Company believes that the Guarantee Profit would not be met whether or not the financials have been audited. As the Company is negotiating with the counterparties with a view to reaching an alternative compensation proposal (such as interest-bearing cash refund, extension of guarantee, etc.) instead of getting additional equity interests the amount of which is linked to the audited net profit, the Company considers that auditing would not be a pre-requisite to reaching such alternative compensation proposal. In the event that the Company decides to pursue the original terms of the agreement, the audited accounts of Target Company No. 1 will be prepared and the Company expects that they should be available in around two to three weeks from commencement of work.

The Company will publish a further announcement to inform its shareholders and investors of its discussion with Mr. Zhao and the Vendor in respect of the compensation proposal in two months or when an agreement is reached on the compensation arrangement, whichever is earlier.

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

Hong Kong, 6 September 2018

As at the date of this announcement, the board of directors of the Company 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.