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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION THE NEW FACILITY AGREEMENT

THE NEW FACILITY AGREEMENT

Reference is made to the announcements of the Company dated 5 October 2015 and 21 December 2016 and the circular of the Company dated 2 November 2015 in respect of the Facility Agreement entered into between the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor). Having considered that the Facility Agreement will expire on 19 November 2018, on 5 October 2018 (after trading hours), the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor) entered into the New Facility Agreement and agreed to renew the Facility Agreement for a period of three years from 19 November 2018 to 18 November 2021.

LISTING RULES IMPLICATIONS

Mr. Cheung is an executive Director, the Chairman, a controlling shareholder of the Company and he is indirectly interested in approximately 31.05% of the issued share capital of the Company, and thus, he is a connected person of the Company. Champion Dynasty is an associate of Mr. Cheung and a controlling shareholder of the Company. The Transaction constitutes financial assistance and a continuing connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Transaction under the New Facility Agreement exceed(s) 5% but is less than 25%, the Transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Annual Caps for the Transaction under the New Facility Agreement exceed(s) 5%, the Transaction is subject to reporting, annual review, announcement and the Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

Champion Dynasty and Mr. Cheung are interested in the Transaction and they, together with their respective associates, accordingly will abstain from voting at the SGM on the relevant resolution.

The Independent Board Committee has been established to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Transaction and the Proposed Annual Caps. A circular containing, among other things, (i) further information regarding the details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 29 October 2018.

INTRODUCTION

Reference is made to the announcements of the Company dated 5 October 2015 and 21 December 2016 and the circular of the Company dated 2 November 2015 in respect of the Facility Agreement entered into between the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor). At the special general meeting of the Company held on 19 November 2015, the Independent Shareholders approved the Facility Agreement and the annual cap amounts under the Facility Agreement. The term of the Facility Agreement is three years commencing from the date on which all conditions precedent of the Facility Agreement are fulfilled or waived (that is, 20 November 2015). Having considered that the Facility Agreement will expire on 19 November 2018, on 5 October 2018 (after trading hours), the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor) entered into the New Facility Agreement and agreed to renew the Facility Agreement for a period of three years from 19 November 2018 to 18 November 2021. The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Transaction and the Proposed Annual Caps.

THE NEW FACILITY AGREEMENT

Date : 5 October 2018

Facility : Three-year revolving loan facility of up to HK\$200 million (subject to the condition that the aggregate amount of the principal loan outstanding under the Facility Agreement and the New Facility Agreement shall not be more than HK\$200 million at all times)

Borrower : Champion Dynasty

Individual Guarantor : Mr. Cheung

The Individual Guarantor provides the guarantee which is a continuing guarantee and will extend to the ultimate balance of sums payable by Champion Dynasty under the New Facility Agreement, regardless of any intermediate payment or discharge in whole or in part. In the case of any default repayment under the New Facility Agreement, the Individual Guarantor will be liable for the loan amount outstanding and the interest accrued thereon.

Lender : The Company

Purpose : To finance (i) the repayment of the loan outstanding from Champion Dynasty to the Company under the Facility Agreement as at 19 November 2018; and (ii) the general working capital of Champion Dynasty. The Company made enquires with Champion Dynasty and understands that Champion Dynasty will make use of the loan to improve its operations and will not use the loan for the purchase of fixed assets nor for long term investments (equity or non-equity in nature).

Final maturity : The expiry of three years from 19 November 2018 on which all conditions precedent of the New Facility Agreement shall have been fulfilled or waived.

Availability period : The period commencing from 19 November 2018 on which all the conditions precedent of the New Facility Agreement shall have been fulfilled or waived and ending on the Business Day immediately prior to final maturity.

Conditions precedent

: The obligation of the Company as the lender to make the facility available to Champion Dynasty is subject to the fulfillment or waiver of the following conditions precedent on or before 19 November 2018:

- (1) the passing at a special general meeting of the Independent Shareholders of an ordinary resolution to approve the entering into of the New Facility Agreement, the proposed annual cap amounts and the transactions contemplated under the New Facility Agreement;
- (2) the obtaining by the Company of all necessary consents, authorisations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by the Company of the terms of the New Facility Agreement which may be required under the Listing Rules or from the Shareholders, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties;
- (3) the Company having received the constitutional and corporate authorisation documents of Champion Dynasty; and
- (4) the obtaining by Champion Dynasty and the Individual Guarantor of all necessary consents, authorisations, registrations or other approvals (or, as the case may be, the relevant waiver) of any kind in connection with the entering into and performance by Champion Dynasty and the Individual Guarantor of the New Facility Agreement which may be required under the Listing Rules, the Stock Exchange, any regulatory authority, any relevant governmental agencies or other third parties.

The Company may in its discretion waive the condition precedent contained in item 3 above by notice to Champion Dynasty. None of the other conditions precedent can be waived by any of the parties to the New Facility Agreement.

If any of the conditions precedent has not been fulfilled or waived on or before 5:00 p.m. on 19 November 2018 or such other date as the parties to the New Facility Agreement may agree in writing, the New Facility Agreement will cease to have effect.

Drawdown : Multiple drawings allowed with each drawdown of not less than HK\$5,000,000 and being an integral multiple of HK\$1,000,000.

The Company shall have the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the facility; and (ii) reduce the amount of advance requested by Champion Dynasty, provided that the Company shall within one Business Day from its receipt of the drawdown notice notify Champion Dynasty of its decision to disallow the advance or reduce the amount of the advance requested.

Repayment : The Company is entitled, by giving not less than one month's (or such shorter period as Champion Dynasty may agree) prior written notice to Champion Dynasty, to demand full or partial repayment of the amount outstanding.

Champion Dynasty shall also repay the aggregate principal amount outstanding under the facility, all accrued interest thereon and all other amount payable under the New Facility Agreement on 18 November 2021.

Champion Dynasty may at any time without penalty or any other charges repay the whole or any part of the amount outstanding under the facility (if in part, being a minimum amount of HK\$5,000,000 and an integral multiple of HK\$1,000,000), provided that Champion Dynasty shall have given to the Company not less than 14 days' (or such shorter period as the Company may agree) prior written notice of its intention to make such repayment, specifying the amount to be repaid and the proposed date of such repayment. Any amount so repaid by Champion Dynasty shall first be applied towards the repayment of interest accrued up to the date of repayment and the balance shall be applied towards repayment of the principal amount outstanding under the facility. If the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement is found to be more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company, the Company may (i) exercise its overriding right under the New Facility Agreement not to permit the drawing of an advance by Champion Dynasty; (ii) give not less than one month's prior written notice (or such shorter period as Champion Dynasty may agree) to Champion Dynasty to demand full or partial repayment of the amount outstanding under the New Facility Agreement; or (iii) subject to the compliance with the Listing Rules, renegotiate with Champion Dynasty on an adjustment to the terms of the New Facility Agreement.

Interest rate : 12% per annum.

The interest rate is determined with reference to (i) the range of interest rates of the loans offered by the Company to other independent third parties; (ii) the annual interest rate received by the Company from its existing bank deposits in Hong Kong and the PRC, respectively, at the time of the entering into the New Facility Agreement; (iii) finance costs of the Company in providing the facility; and (iv) borrower's credit history under the Facility Agreement and its repayment ability. Prior to the approval of the drawing of an advance by Champion Dynasty under the New Facility Agreement, the Company will consider and compare the interest rates offered by the Company to other third parties and the annual interest rate received by the Company from its bank deposits in Hong Kong and the PRC, respectively, to ensure that the facility to be granted to Champion Dynasty by the Company under the New Facility Agreement is on terms that are not more favourable than the loans offered to other independent third parties by the Company or the bank deposits interests received by the Company.

Collateral : Not required.

The Company may, without prejudice to any other rights of the Company as the lender, at any time after the happening of an event of default which includes, among other matters, non-payment by Champion Dynasty, breach of obligations and warranties, so long as the same is continuing and has not been waived, by notice to Champion Dynasty declare that:

- (1) the obligation of the Company to make the facility available shall be terminated, whereupon any undrawn portion of the facility shall be reduced to zero immediately; and/or
- (2) all amounts outstanding under the facility and all interest accrued and all other sums payable under the New Facility Agreement have become due and payable, whereupon all of the above amounts shall, immediately or in accordance with the terms of such notice, become due and payable.

Outstanding amount under the Facility Agreement

As at the date of this announcement, the aggregate principal amount outstanding under the facility and all interest accrued and all other sums payable under the Facility Agreement amounted to HK\$58 million.

Pursuant to the Facility Agreement, Champion Dynasty shall repay the above outstanding amounts under the Facility Agreement on 19 November 2018. Assuming there is no further drawdown or repayment, the outstanding amount under the Facility Agreement as at 19 November 2018 is expected to be HK\$58 million. Subject to the fulfillment or waiver of the conditions precedent of the New

Facility Agreement, the availability period of the facility under the New Facility Agreement will commence from 19 November 2018. It is intended that the facility to be granted to Champion Dynasty under the New Facility Agreement will be used to finance the repayment of the loan outstanding from Champion Dynasty to the Company under the Facility Agreement. If the conditions precedent of the New Facility Agreement have not been fulfilled or waived by 19 November 2018, Champion Dynasty shall repay all the outstanding amounts under the Facility Agreement on 19 November 2018.

As at the date of this announcement, Champion Dynasty had not defaulted in any repayment nor breached any material obligations or undertakings under the Facility Agreement.

HISTORICAL FIGURES AND THE PROPOSED ANNUAL CAPS

Historical Figures

The following table sets out the historical maximum principal loan outstanding, interest amount and the annual caps under the Facility Agreement for each of the following periods:

	From 20 November 2015 to 31 December 2015 <i>HK\$ million</i>	For the year ended 31 December 2016 <i>HK\$ million</i>	For the year ended 31 December 2017 <i>HK\$ million</i>	From 1 January 2018 to the date of this announcement <i>HK\$ million</i>
Maximum principal loan outstanding	187	187	160	79
Interest amount	2	13	17	6
Annual cap	203	220	220	218 ^{Note}

Note: Depicts the annual cap amounts from 1 January 2018 to 19 November 2018

Proposed Annual Caps

The following table sets out the maximum principal loan outstanding, the maximum interest amount and the Proposed Annual Caps of the facility to be granted by the Company to Champion Dynasty under the New Facility Agreement for each of the following periods:

	From 19 November 2018 to 31 December 2018 <i>HK\$ million</i>	For the year ending 31 December 2019 <i>HK\$ million</i>	For the year ending 31 December 2020 <i>HK\$ million</i>	From 1 January 2021 to 18 November 2021 <i>HK\$ million</i>
Maximum principal loan outstanding	200	200	200	200
Maximum interest amount	3	24	24	21
Proposed Annual Caps	203	224	224	221

The Proposed Annual Caps are determined with reference to the aggregate principal amount under the facility to be granted by the Company and the annual interest payable under the New Facility Agreement, based on the assumption that Champion Dynasty will borrow up to HK\$200 million for each of (i) the period from 19 November 2018 to 31 December 2018; (ii) the year ending 31 December 2019; (iii) the year ending 31 December 2020; and (iv) the period from 1 January 2021 to 18 November 2021, respectively.

Pursuant to the New Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding under the facility from time to time at the interest rate of 12% per annum and such interest shall be paid to the Company on the last day of each interest period which means one month.

INFORMATION ON THE COMPANY AND REASONS AND BENEFITS OF THE TRANSACTION

The Group is principally engaged in the medical anti-aging services, health preservation base, medical and healthcare industry, investment management, trading of natural health food and investment and finance activities.

The Company entered into the New Facility Agreement with Champion Dynasty based on, among others, the following reasons:

1. No immediate funding requirements

Reference is made to the announcement of the Company dated 16 July 2018, the Company is in discussions with independent third parties on a confidential basis regarding a possible transaction involving (i) a possible formation of joint venture in Cuba, which is expected to be engaged in the construction and development of production plant and research facility of at least 144,000 square metres with maximum yearly production capacity of 2,000 tonnes of plasma for the manufacturing and marketing of human plasma derived products; and (ii) the possible involvement in the construction and the operation of plasmapheresis centres which are expected to exclusively supply human plasma to the joint venture. As at the date of this announcement, no legally binding agreement has been entered into for the consummation of such transaction.

Save as disclosed above, as at the date of this announcement, no investment opportunity suitable for the Group (including transaction conditions and transaction timeframes) has been identified to utilise the idle cash on hand and the possible additional funds to be raised.

2. Funds available to the Group and finance costs of the Group

As disclosed in the interim report of the Company for the six-month period ended 30 June 2018, as at 30 June 2018, the Group has issued a principal amount of US\$10,000,000 secured convertible notes, HK\$127,600,000 unsecured bonds, HK\$100,000,000 secured guaranteed notes and approximately HK\$12,111,000 bank and other borrowings, to provide working capital to the Group and the development of the Group's healthcare business. Bank and cash balances as at 30 June 2018 amounted to approximately HK\$9,361,000. The then 11% interest bearing, secured and guaranteed note, in the principal amount of HK\$100,000,000, and the then 9% interest bearing convertible bonds, in the aggregate principal amount of US\$10,000,000, both matured on 15 August 2018, and the Company is negotiating the terms of extension of such financial instruments with the respective holders.

Subject to the fulfillment or waiver of the conditions precedent under the New Facility Agreement, the Company expects to make the facility available to Champion Dynasty under the New Facility Agreement by using the cash balance available to the Group. For the year ended 31 December 2017, the Company generally received an annual interest rate of below 0.25% per annum from its existing bank deposits.

Taking into account the above, the interest rate of 12% per annum for the Transaction is (i) significantly higher than that the Company receives from its existing bank deposits, (ii) higher than that offered to the Group by independent third party lenders for its short-term loans at the moment; and (iii) expected to be generally comparable to that to be offered to the Group by independent third party note or bond holders.

3. Right to require repayment upon demand

Similarly to the Facility Agreement, the New Facility Agreement is contemplated to confer the Company the right to make the final decision as to approving the drawdown by Champion Dynasty and to demand repayment of the loan upon giving not less than one month (or such shorter period as Champion Dynasty may agree) prior notice to Champion Dynasty. The Directors will closely communicate with Champion Dynasty with a view to ensure that the outstanding loan and interest accrued under the New Facility Agreement will be repaid upon demand. As such, it is expected that this arrangement will provide flexibility to the Company to utilise the funds should any suitable potential funding requirement of the Group arise.

The Directors (excluding Mr. Cheung who has abstained from voting on the relevant Board resolutions due to his interest in respect of the New Facility Agreement, and the independent non-executive Directors whose view will be formed after considering the advice from Gram Capital) are of the view that the New Facility Agreement was entered into in the ordinary and usual course of business of the Group, the terms of the New Facility Agreement (including the interest rate and repayment terms) and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE BORROWER AND THE INDIVIDUAL GUARANTOR

Mr. Cheung is the sole director and shareholder of Champion Dynasty and is an executive Director indirectly interested in 930,379,671 shares through Champion Dynasty, representing approximately 31.05% of the issued share capital of the Company. Mr. Cheung, aged 44, joined the Company as executive Director in August 2012 and was appointed as the Chairman in September 2012. He has a number of enterprises in various industries in the PRC since 1997, including property investment, hospital and trading business. Mr. Cheung has over 15 years of experience in capital management and corporate management. He was appointed as an executive director of L'sea Resources International Holdings Limited (Stock Code: 195) on 4 December 2009.

Champion Dynasty is a company incorporated in the BVI with limited liability on 13 March 2012. The entire issued share capital of Champion Dynasty is beneficially owned by Mr. Cheung.

So far as the Directors are aware, (i) the principal activities of Champion Dynasty are investment holding and general trading; (ii) apart from the Facility Agreement and the New Facility Agreement, Champion Dynasty did not enter into any facility arrangement with the Company; and (iii) Champion Dynasty's assets are capital investments in the Company. As at the date of this announcement, Champion Dynasty held 930,379,671 Shares. Based on the closing share price of the Shares as at 5 October 2018, being the date of the New Facility Agreement, it is estimated that the market value of the Shares held by Champion Dynasty is approximately HK\$726 million and the Company understands from Champion Dynasty that no Shares of which are currently pledged to any third party.

LISTING RULES IMPLICATIONS

Mr. Cheung is an executive Director, the Chairman, a controlling shareholder of the Company and he is indirectly interested in 930,379,671 shares through Champion Dynasty, representing approximately 31.05% of the issued share capital of the Company, and thus, he is a connected person of the Company. Champion Dynasty is an associate of Mr. Cheung and a controlling shareholder of the Company. The Transaction constitutes financial assistance and a continuing connected transaction of the Company.

As one or more of the applicable percentage ratios in respect of the Transaction under the New Facility Agreement exceed(s) 5% but is less than 25%, the Transaction constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Annual Caps for the Transaction under the New Facility Agreement exceed(s) 5%, the Transaction is subject to reporting, annual review, announcement and the Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

Champion Dynasty and Mr. Cheung are interested in the Transaction and they, together with their respective associates, accordingly will abstain from voting at the SGM on the relevant resolution.

The Independent Board Committee has been established to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Transaction and the Proposed Annual Caps. A circular containing, among other things, (i) further information regarding the details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 29 October 2018.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which licensed banks are open for business in Hong Kong
“BVI”	British Virgin Islands

“Chairman”	the chairman of the Board
“Champion Dynasty”	Champion Dynasty Limited, a company incorporated in the BVI with limited liability and the borrower under the Facility Agreement and the New Facility 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, and the lender under the Facility Agreement and the New Facility Agreement
“Director(s)”	director(s) of the Company
“Facility Agreement”	the agreement dated 2 October 2015 entered into between the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor) (as amended by a supplemental deed entered into among Champion Dynasty, Mr. Cheung and the Company dated 21 December 2016) in relation to a three-year revolving loan facility of up to HK\$200 million
“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the Board comprising Mr. Lam Chi Wing, Mr. Mai Yang Guang and Mr. Wong Yiu Kit, Ernest (all being independent non-executive Directors) to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction
“Independent Shareholder(s)”	Shareholder(s), other than those with a material interest in the Transaction and their associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Cheung” or “Individual Guarantor”	Mr. Cheung Wai Kuen, who is an executive Director, Chairman, and a controlling shareholder of the Company, the individual guarantor under the Facility Agreement and the New Facility Agreement, the sole director of Champion Dynasty, the holder of the entire issued share capital of Champion Dynasty
“New Facility Agreement”	the agreement dated 5 October 2018 entered into between the Company (as lender), Champion Dynasty (as borrower) and Mr. Cheung (as individual guarantor) in relation to a three-year revolving facility of up to HK\$200 million
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules
“Proposed Annual Caps”	the proposed annual caps in respect of the Transaction for the period of three years from 19 November 2018 to 18 November 2021
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the entering into of the New Facility Agreement, the Proposed Annual Caps and the Transaction
“Share(s)”	the share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the discloseable transaction and continuing connected transaction contemplated under the New Facility Agreement
“%”	per cent

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios” and have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board of
**Common Splendor International
Health Industry Group Limited**
Wong Wing Cheung
Company Secretary

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