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If you have sold or transferred all your shares in Common Splendor International Health Industry Group Limited, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

MAJOR AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE FACILITY AGREEMENT: THE NEW FACILITY AGREEMENT AND NOTICE OF SGM

Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 31 of this circular.

A notice convening the SGM to be held at Rooms 2709–10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 19 November 2018 at 11:30 a.m. is set out on pages 40 to 41 of this circular. A proxy form for use at the SGM is also enclosed. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the proxy form in accordance with the instructions printed on it and return it to the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not less than 48 hours before the time for holding the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM should you so wish and, in such event, the relevant proxy form shall be deemed to be revoked.

2 November 2018

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DEFINITIONS

In this circular, the following expressions have the following meanings 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

DEFINITIONS

“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
“Latest Practicable Date”	31 October 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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 loan facility of up to HK\$200 million
“Proposed Annual Cap(s)”	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”	the 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 to be held at Rooms 2709–10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong, or any adjournment thereof, the notice of which is set out on pages 40 to 41 of this circular

DEFINITIONS

“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 major transaction and continuing connected transaction contemplated under the New Facility Agreement
“%”	per cent

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

* *For identification purposes only*

LETTER FROM THE BOARD



**COMMON SPLENDOR INTERNATIONAL
HEALTH INDUSTRY GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

Executive Directors

Mr Cheung Wai Kuen (*Chairman*)
Mr Cheng Hau Yan (*Deputy Chairman*)
Mr Ye Jiong Xian (*Chief Executive Officer*)

Non-executive Directors

Mr Hou Kai Wen
Mr Lin Jiang

Independent Non-executive Directors

Mr Lam Chi Wing
Mr Mai Yang Guang
Mr Wong Yiu Kit, Ernest

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
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Principal Office in Hong Kong:

Room 2709–10, 27th Floor,
North Tower, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui, Kowloon
Hong Kong

2 November 2018

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION
RENEWAL OF THE FACILITY AGREEMENT:
THE NEW FACILITY AGREEMENT
AND
NOTICE OF SGM**

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

LETTER FROM THE BOARD

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).

Reference is also made to the announcements of the Company dated 5 October 2018 and 9 October 2018. 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 purpose of this circular is, among other things, to provide you with (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) the notice of the SGM.

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

LETTER FROM THE BOARD

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 the SGM 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

LETTER FROM THE BOARD

- (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.

LETTER FROM THE BOARD

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. Such interest amount shall be paid on the last day of each month or such other period that may be agreed between the Company and Champion Dynasty in respect of the aggregate amount outstanding under the New Facility Agreement, provided that no such period shall extend beyond 18 November 2021. In the event that such interest amount is not paid on the last day of each month ("Accrued Interest"), the Accrued Interest shall be added to the then principal amount outstanding under the New Facility Agreement and shall thereafter itself bear interest.

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

LETTER FROM THE BOARD

- (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 Latest Practicable Date, 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 use its own source of funding to repay all the outstanding amounts under the Facility Agreement on 19 November 2018.

As at the Latest Practicable Date, 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 Latest Practicable Date <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

LETTER FROM THE BOARD

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 ended 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.

LETTER FROM THE BOARD

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 Latest Practicable Date, no legally binding agreement has been entered into for the consummation of such transaction.

Save as disclosed above, as at the Latest Practicable Date, 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 no more than 0.30% 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.

LETTER FROM THE BOARD

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.

4. Appropriate investment opportunities

In the past few years, in order to develop the Group's business in a comprehensive manner and at a stable pace, the Group has been constantly looking for appropriate investment opportunities. The Group has raised funds in the past by issuing bonds and convertible bonds. Certain debts have matured and the Group has utilised certain existing funds for such repayment and the available funds have decreased accordingly.

As disclosed in the Company's announcement dated 29 September 2016, the Group acquired a healthcare preservation base project with planned area of 1,200 Mu in Luofu Mountain, Huizhou, Guangdong Province, the PRC, and made a successful bid for the land use rights of a land parcel located within the healthcare preservation base. The Group has been constructing healthcare preserving properties on the said land parcel (the "**Luofu Mountain Construction**"), which will be applied for sale and development of the healthcare preserving business. The Luofu Mountain Construction is close to completion and sales are expected to commence in the near future. In addition, HK\$25 million and HK\$15.2 million of the Group's outstanding loans offered to other independent third parties will fall due in December 2018 and February 2019 respectively. Barring unforeseeable circumstances, the sale proceeds from the Luofu Mountain Construction and the aforesaid repayment of loans by the independent third parties are expected to be able to bring in cashflow for the Group's working capital and repayment of debts.

In light of the Group's pace of growth, the Group's funding requirements and estimated cashflow in the near future, as the process of identifying appropriate investment opportunities takes time, the Board believes that the Transaction under the New Facility Agreement is able to bring in reasonable returns for the Group in the meantime, and it is in the interest of the Company and its independent shareholders to enter into the New Facility Agreement, which in substance is an extension of the repayment date of the facility under the Facility Agreement.

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 are of the view that the New Facility Agreement was entered into in the ordinary and usual course of business of the

LETTER FROM THE BOARD

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.

FINANCIAL EFFECTS OF THE NEW FACILITY AGREEMENT

On the basis that Champion Dynasty has repaid the aggregate principal amount outstanding under the facility loan and all interest accrued and all other sums payable under the Facility Agreement as at the Latest Practicable Date in the amount of HK\$58 million, the Board is of the view that the facility loan to Champion Dynasty will not have a material impact on the total assets and total liabilities of the Group. The Group may receive additional earnings in the form of accrued interest income on the facility loan under the New Facility Agreement at an annual rate of 12%.

In addition, the Company has the overriding right to (i) determine whether to permit the drawing of an advance by Champion Dynasty under the New Facility Agreement; and (ii) reduce the amount of advance requested by Champion Dynasty. The Board considers that the Transaction is on normal commercial terms and it is fair and reasonable for the Company to call back the outstanding short-term loans from independent third parties should the Company consider that they are necessary to do so for the benefit of the Company and the Shareholders as a whole.

The Board will assess the cash flow of the Company in advance before allowing drawing of an advance by Champion Dynasty under the facility so that the Company will have sufficient cash flow to operate. In addition, the Company will from time to time consider if there are any other potential projects or investment opportunities which, in the view of the Board, may generate more revenue for the Company. The Board will delegate the power to an executive committee which comprises any two of the Directors (excluding Mr Cheung due to his interests in the Transaction) to assess the cash position of the Company and identify any potential projects or investment opportunities before allowing Champion Dynasty to draw an advance under the New Facility Agreement. Save as disclosed in the section headed “Information on the Company and reasons and benefits of the Transaction — 1. No immediate funding requirements” above, as of the Latest Practicable Date, no investment opportunities suitable for the Group (including transaction conditions and transaction timeframe) had been identified to utilise the excess idle cash on hand and the possible additional funds to be raised.

As Mr Cheung agreed to act as the guarantor of Champion Dynasty and guarantee the performance of Champion Dynasty under the New Facility Agreement (e.g. extend the guarantee to the ultimate balance of sums payable by Champion Dynasty under the facility), the Board is of the view that collateral will not be required from Champion Dynasty and the Transaction is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Board noticed that the Company received an annual interest rate of no more than 0.30% per annum from its existing bank deposits. The Board considers that the interest rate for the Transaction is better than the interest rate for bank deposits and will improve the Company’s revenue in the future and such interest rate should be fair and reasonable and on normal commercial

LETTER FROM THE BOARD

terms. Save and except the facility loan to Champion Dynasty under the Facility Agreement and the short-term loans to certain independent third parties as disclosed above, the Company did not provide any facility loan to any third party borrowers in the last three financial years.

Risk Associated with the Provision of the Facility Loan under the New Facility Agreement

Set out below are the risk factors which may be associated with the provision of the facility loan under the New Facility Agreement:

Fluctuation in market interest rate

The interest rate under the New Facility Agreement may not be comparable to the market rate if the market interest rate fluctuates. However, 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 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.

Credit risk

As disclosed in this circular, the Company is conferred the right to make the final decision as to approving the advance to Champion Dynasty and to demand repayment of the outstanding loan upon giving prior written notice to Champion Dynasty under the New Facility Agreement. Moreover, the Directors will closely communicate with Champion Dynasty to ensure that the outstanding loan and interest accrued thereon under the New Facility Agreement will be repaid upon demand. The Board is of the view that it is unlikely that Champion Dynasty will default the facility loan as Champion Dynasty and the Individual Guarantor are jointly and severally liable for the outstanding loan and interest accrued thereto under the New Facility Agreement.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 was 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.

The highest applicable percentage ratio in respect of the Transaction under the New Facility Agreement exceeds 100%. Given that the Transaction does not involve disposal or acquisition of assets, even the applicable ratios are more than 100%, the Transaction is regarded as a major transaction instead of a very substantial acquisition or very substantial disposal pursuant to Chapter 14 of the Listing Rules. Accordingly, the Transaction is subject to the reporting, announcement and shareholder's approval 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.

DIRECTOR'S INTEREST IN THE TRANSACTION

Mr Cheung is deemed to have a material interest in the Transaction and has abstained from voting on the relevant Board resolution. Other than Mr Cheung, so far as the Directors are aware, none of the Directors has or is deemed to have a material interest in the Transaction.

LETTER FROM THE BOARD

SGM AND PROXY ARRANGEMENT

The SGM will be held at Rooms 2709–10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on 19 November 2018 at 11:30 a.m. to consider and if thought fit approve the Transaction. The notice of the SGM is set out on pages 40 to 41 of this circular. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the SGM will be taken by way of poll.

As at the Latest Practicable Date, Champion Dynasty, as the borrower under the New Facility Agreement, held 930,379,671 Shares, representing approximately 31.05% of the issued share capital of the Company. Accordingly, Champion Dynasty and its associates (including Mr Cheung) will abstain from voting on the resolution to be proposed at the SGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, save as Champion Dynasty and its associates (including Mr Cheung), no Shareholders (or its associates) has any material interest in the Transaction contemplated under the New Facility Agreement and is required to abstain from voting on the resolution to be proposed at the SGM.

A proxy form for the SGM is enclosed together with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the proxy form and return it to the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as practicable but in any event not less than 48 hours before the time for holding the SGM. Completion and return of a proxy form will not preclude you from attending and voting at the SGM in person should you so wish and in such event, the relevant proxy form shall be deemed to be revoked.

RECOMMENDATION

The Independent Board Committee, comprising Mr Lam Chi Wing, Mr Mai Yang Guang and Mr Wong Yiu Kit, Ernest (all being independent non-executive Directors), has been established to make recommendation to the Independent Shareholders in relation to the fairness and reasonableness of the Transaction. Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of this circular; and (ii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Transaction and the proposed annual cap amounts set out on pages 20 to 31 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the New Facility Agreement, which in substance is an extension of the repayment date of the facility under the Facility Agreement, was entered into in the ordinary and usual course of business of the Group, and that the Transaction, together with the Proposed Annual Caps, are on normal commercial terms and are fair and reasonable, and the entering into of the New Facility Agreement and the Transaction, including the Proposed Annual Caps, are in the interests of the Company and the Shareholders as a whole. The Independent Board Committee accordingly recommends that the Independent Shareholders to vote in favour of the proposed resolution to approve the Transaction and the Proposed Annual Caps at the SGM.

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



**COMMON SPLENDOR INTERNATIONAL
HEALTH INDUSTRY GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

2 November 2018

To the Independent Shareholders

Dear Sir or Madam,

**MAJOR AND CONTINUING CONNECTED TRANSACTION
RENEWAL OF THE FACILITY AGREEMENT:
THE NEW FACILITY AGREEMENT**

We refer to the circular dated 2 November 2018 issued by the Company to the Shareholders (the “**Circular**”) and this letter forms part of it. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the New Facility Agreement between the Company (as lender), Champion Dynasty (as borrower) and Mr Cheung (as individual guarantor) constitute a major transaction and continuing connected transaction for the Company and are subject to reporting, announcement and approval of the Independent Shareholders at the SGM and annual review.

We have been appointed by the Board to consider the terms of the New Facility Agreement and to advise the Independent Shareholders in connection with the Transaction as to whether, in our opinion, its terms and the relevant proposed annual cap amounts are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board and the letter from Gram Capital as set out in the Circular. Having considered the principal factors, reasons and the advice of Gram Capital as set out in its letter of advice, we consider that the New Facility Agreement, which in substance is an extension of the repayment date of the facility under the Facility Agreement, was entered into in the ordinary and usual course of business of the Group, and that the Transaction, together with the Proposed Annual Caps, are on normal commercial terms and are fair and reasonable in so far as the Company and the Independent Shareholders are concerned, and the entering into of the New Facility Agreement and the Transaction, including the Proposed Annual Caps, are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the New Facility Agreement, the Transaction and the Proposed Annual Caps at the SGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

Lam Chi Wing

Mai Yang Guang

Wong Yiu Kit, Ernest

Independent Non-executive Directors

LETTER FROM THE GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Facility Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

2 November 2018

*To: The independent board committee and the independent shareholders
of Common Splendor International Health Industry Group Limited*

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTION THE NEW FACILITY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Facility Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 2 November 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

At the special general meeting of the Company held on 19 November 2015, the Independent Shareholders approved the Facility Agreement in relation to a three-year revolving facility of up to HK\$200 million (the “**Facility**”) 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 Wai Kuen (“**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.

With reference to the Board Letter, Mr. Cheung is an executive Director, the Chairman and a controlling Shareholder, 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

LETTER FROM THE GRAM CAPITAL

constitutes financial assistance and a major and continuing connected transaction of the Company. The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Transaction and the Proposed Annual Caps.

The Independent Board Committee comprising Mr. Lam Chi Wing, Mr. Mai Yang Guang and Mr. Wong Yiu Kit, Ernest (all being independent non-executive Directors), has been established to advise the Independent Shareholders on (i) whether the terms of the New Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the New Facility Agreement and the transactions contemplated thereunder at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm

LETTER FROM THE GRAM CAPITAL

that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Champion Dynasty, Mr. Cheung or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction and the Proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transaction

Business overview of the Group

With reference to the Board Letter, 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.

LETTER FROM THE GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2017 and the six months ended 30 June 2018 (with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2017 (the "2017 Annual Report") and interim report for the six months ended 30 June 2018 (the "2018 Interim Report") respectively:

	For the year ended 31 December 2017	For the year ended 31 December 2016	Change from 2016 to 2017
	(audited)	(audited)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	474,933	554,962	(14.42)
Gross profit	83,381	67,147	24.18
Profit from operations	47,278	32,881	43.79
Profit attributable to owners of the Company	1,422	42,096	(96.62)
	For the six months ended 30 June 2018	For the six months ended 30 June 2017	Change from 2017 to 2018
	(unaudited)	(unaudited)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	233,584	180,899	29.12
Gross profit	63,864	32,701	95.30
Profit from operations	30,943	26,873	15.15
Profit attributable to owners of the Company	7,327	6,107	19.98

As depicted from the above table, the Group's revenue for the year ended 31 December 2017 ("FY2017") decreased as compared to that for the year ended 31 December 2016 ("FY2016"). With reference to the 2017 Annual Report, such decrease was mainly due to the net effect of (i) decrease in turnover of medical chemical materials; (ii) increase in sales revenue of the natural health food business; and (iii) increase in loan interest income.

The Group's gross profit for FY2017 increased as compared to that for FY2016. With reference to the 2017 Annual Report, such increase 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.

LETTER FROM THE GRAM CAPITAL

Despite the increase in the Group's gross profit for FY2017 as compared to FY2016, the profit attributable to owners of the Company decreased substantially from FY2016 to FY2017, mainly due to increase in finance cost and absence of gain on disposal of an associate in FY2017.

As depicted from the above table, the Group's revenue, gross profit, profit from operations and profit attributable to owners of the Company improved during the six months ended 30 June 2018 ("**1H18**") as compared to the corresponding period in 2017.

With reference to the 2018 Interim Report, 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 and seeking various investment development opportunities from time to time in the healthcare field.

Information on the Borrower

With reference to the Board Letter, Champion Dynasty is a company incorporated in the BVI with limited liability on 13 March 2012. Its entire issued share capital 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 Latest Practicable Date, 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 was approximately HK\$726 million and the Company understands from Champion Dynasty that no Shares of which are currently pledged to any third party.

Information on the Individual Guarantor

With reference to the Board Letter, Mr. Cheung is the sole director and shareholder of Champion Dynasty and is the chairman of the Company and an executive Director, indirectly interested in 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 of the Company in September 2012. He has established 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 has been appointed as an executive director of L'sea Resources International Holdings Limited (Stock Code: 195) since 4 December 2009.

LETTER FROM THE GRAM CAPITAL

Reasons for and benefits of the New Facility Agreement

The reasons for the renewal of the Facility Agreement is set out under the paragraph headed “INFORMATION ON THE COMPANY AND REASONS AND BENEFITS OF THE TRANSACTION” in the Board Letter.

With reference to the Board Letter, save for the Company’s discussions with independent third parties regarding the possible transaction as announced by the Company on 16 July 2018 involving (i) a possible formation of joint venture in Cuba; and (ii) the possible involvement in the construction and the operation of plasmapheresis centres, whereas no legally binding agreement has been entered into for the consummation of such transaction, no investment opportunity suitable for the Group (including transaction conditions and transaction timeframes) has been identified to utilise the idle cash on hand as at the Latest Practicable Date.

As advised by the Company, it is in the commercial interest of and beneficial to the Company to renew the Facility Agreement by entering into of the New Facility Agreement and continue to provide the Facility to Champion Dynasty for a higher return than keeping the repaid loan amount (if the Facility Agreement is not renewed) and/or further loan amount to be drawn down at request as bank deposits. In this regard, we noticed from the Board Letter that the Company generally received an annual interest rate of no more than 0.3% per annum from its existing bank deposits. For our due diligence purpose, we obtained certain bank deposit slips of the Company’s subsidiaries in 2018 and noticed that the interest rate of such deposits was 0.3% per annum. Besides, we noted from the 2017 Annual Report and 2018 Interim Report that the Group recorded bank interest income of approximately HK\$24,000 for FY2017 and approximately HK\$13,000 for 1H18 and the Group’s bank and cash balances as at 31 December 2016, 31 December 2017 and 30 June 2018 were approximately HK\$110 million, HK\$67 million and HK\$9 million respectively.

With reference to the Board Letter, the Group raised funds in the past by issuing bonds and convertible bonds. Certain debts matured and the Group utilised certain existing funds for such repayment and the available funds decreased accordingly. As disclosed in the Company’s announcement dated 29 September 2016, the Group acquired a healthcare preservation base project with planned area of 1,200 Mu in Luofu Mountain, Huizhou, Guangdong Province, the PRC and made a successful bid for the land use rights of a land parcel located within the healthcare preservation base. The Group has been constructing healthcare preserving properties on the said land parcel (the “**Luofu Mountain Construction**”), which will be applied for sales and the development of healthcare preserving business. The Luofu Mountain Construction is close to completion and sales are expected to commence in near future. In addition, HK\$25 million and HK\$15.2 million of the Group’s outstanding loans offered to other independent third parties will fall due in December 2018 and February 2019 respectively. Barring unforeseeable circumstances, the sale proceeds from the Luofu Mountain

LETTER FROM THE GRAM CAPITAL

Construction and the aforesaid repayment of loans by the independent third parties are expected to be able to bring in cashflow for the Group's working capital and repayment of debts.

As disclosed under the section headed "C. WORKING CAPITAL SUFFICIENCY" Appendix I to the Circular, the Directors are of the opinion that, after due and careful enquiry and taking into account the Group's cashflow generated from operation activities, including internally generated funds and the facility loan of up to HK\$200 million to Champion Dynasty under the New Facility Agreement, in the absence of unforeseeable circumstances, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months following the date of the Circular. In compliance with Rule 14.66(12) of the Listing Rules, the Company's auditor provided a letter confirming that (a) the above statement as to the sufficiency of working capital has been made by the Directors after due and careful enquiry; and (b) the persons or institutions providing finance have confirmed in writing the existence of such facilities as of 30 September 2018 that are shown to be required by the Group's working capital forecast.

Furthermore, the New Facility Agreement is contemplated to confer the Company the right to make final decision as to approving the drawdown by Champion Dynasty and to demand repayment of the loan upon giving not less than one month's (or such shorter period as Champion Dynasty may agree) prior notice to Champion Dynasty. This would provide flexibility to the Company to utilize the money should any suitable potential investment opportunity arise.

Having considered the above, we concur with the Directors that the Transaction is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the New Facility Agreement

The table below summarises the major terms of 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

LETTER FROM THE GRAM CAPITAL

Guarantor : Mr. Cheung, who is the Individual Guarantor under the New Facility Agreement

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 New Facility Agreement as at 19 November 2018; and (ii) the general working capital of Champion Dynasty.

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.

Drawdown : Multiple drawings allowed with each drawdown of not less than HK\$5,000,000.

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.

LETTER FROM THE GRAM CAPITAL

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.

Interest : 12% per annum.

Collateral : Not required.

The Interest Rate

With reference to the Board Letter, 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.

LETTER FROM THE GRAM CAPITAL

For our due diligence purpose, we requested and obtained (i) a list of outstanding loans offered by the Group to other independent third parties as at 30 September 2018 and noticed that their interest rates are 12% per annum; and (ii) the calculation of the Group's average finance costs and noticed that the Group's weighted average finance costs are approximately 8% per annum for both FY2017 and the nine months ended 30 September 2018. Having also taken into account that the Company received an annual interest rate of no more than 0.3% per annum from its existing bank deposits, we concur with the Directors' view that the interest rate of 12% per annum under the New Facility Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

Upon our enquiry, the Company also advised us that Champion Dynasty had paid the interest under the Facility Agreement in a timely manner and Champion Dynasty had not defaulted in any repayment nor breached any material obligations or undertakings under the Facility Agreement.

The right on drawdown and the repayment arrangement

As aforementioned, 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. The Company is also 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 under the Facility.

Given the above, the financial flexibility of the Company can be maintained given that the Company can, after considering its financial position and funding needs, (i) decide whether to permit the drawing of an advance; (ii) reduce the amount of advance requested; and/or (iii) demand full or partial repayment of the amount outstanding under the Facility.

Collateral and guarantee

We noted that no collateral is required under the New Facility Agreement and have thus discussed with the Directors and assessed the possible credit risks relating to the New Facility Agreement. In this relation, we noted that Mr. Cheung has agreed to act as the Individual Guarantor who 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.

With reference to the Board Letter, as at the Latest Practicable Date, Mr. Cheung was interested in the Shares through Champion Dynasty. As advised by the Company, the Company understands that the aggregate value of Mr. Cheung's unpledged shareholding

LETTER FROM THE GRAM CAPITAL

interest in the Company was over HK\$600 million as at the Latest Practicable Date, which is larger than the facility loan of up to HK\$200 million under the New Facility Agreement. Besides that, we are of the view that Mr. Cheung's directorships in listed companies in Hong Kong may in some way substantiate his character, experience, integrity and standard of competence.

Taking into account the principal terms of the New Facility Agreement as discussed above, we consider that the terms of the New Facility Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The 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	For the year ending 31 December 2019	For the year ending 31 December 2020	From 1 January 2021 To 18 November 2021
Maximum principal loan outstanding	HK\$200 million	HK\$200 million	HK\$200 million	HK\$200 million
Maximum interest amount	HK\$3 million	HK\$24 million	HK\$24 million	HK\$21 million
Proposed annual cap amounts	HK\$203 million	HK\$224 million	HK\$224 million	HK\$221 million

With reference to the Board Letter, the Proposed Annual Caps were determined with reference to the aggregate principal amount outstanding 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 (altogether, the "Periods") respectively. Besides, pursuant to the New Facility Agreement, it is agreed that Champion Dynasty shall pay interest on the aggregate principal amount outstanding 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. Since the Proposed Annual Caps are expected to cover the aggregate amount (including interests) payable by Champion Dynasty to the Company assuming that Champion Dynasty will draw down HK\$200 million from the Facility, we consider that the Proposed Annual Caps for each of the Periods are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE GRAM CAPITAL

4. Listing Rules Implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transaction must be restricted by the Proposed Annual Caps; (ii) the terms of the Transaction (including the Proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transaction must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transaction (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the New Facility Agreement; and (iii) has exceeded the Proposed Annual Caps. In the event that the total amounts of the Transaction is anticipated to exceed their respective Proposed Annual Caps, or that there is any proposed material amendment to the terms of the Transaction, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transaction (including the Proposed Annual Caps) and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the New Facility Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the New Facility Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

A. SUMMARY OF FINANCIAL INFORMATION

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are set out from pages 102 to 230 in the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report 2017**”) published on 29 March 2018. The Annual Report 2017 is also posted on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at www.cs-ih.com. Please also see below hyperlink to the Annual Report 2017:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0430/LTN20180430301.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2016 are set out from pages 81 to 234 in the annual report of the Company for the year ended 31 December 2016 (the “**Annual Report 2016**”) published on 31 March 2017. The Annual Report 2016 is also posted on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at www.cs-ih.com. Please also see below hyperlink to the Annual Report 2016:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0428/LTN20170428125.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2015 are set out from pages 64 to 186 in the annual report of the Company for the year ended 31 December 2015 (the “**Annual Report 2015**”) published on 31 March 2016. The Annual Report 2015 is also posted on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company’s website at www.cs-ih.com. Please also see below hyperlink to the Annual Report 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0429/LTN20160429353.pdf>

B. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2018, being latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this statement of indebtedness, the Group has issued a principal amount of US\$10,000,000 secured convertible notes, HK\$122,600,000 unsecured bonds, HK\$100,000,000 secured guaranteed notes and approximately HK\$21,839,000 unsecured bank and other borrowings.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities as at the close of business on 30 September 2018.

C. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after due and careful enquiry and taking into account the Group's cashflow generated from operation activities, including internally generated funds and the facility loan of up to HK\$200 million to Champion Dynasty under the New Facility Agreement, in the absence of unforeseeable circumstances, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular.

D. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

E. FINANCIAL AND TRADING PROSPECTS

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 "Life Anti-aging" which mainly aims at inner and "Medical Beauty Anti-aging" which mainly aims at outer, and "Health Preservation Base", an inherited Chinese cultural legacy, "Health Preservation 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 life healthcare services is ever increasing. Despite the fearful competition in the market, the Company believes that the Group has established an respectable position in this arena and will gradually expand its businesses on such basis.

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.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the “**Model Code**”), were as follows:

Name of Directors	Number of Shares		Total	Capacity	Note	Percentage of Issued Shares Capital
	Ordinary Shares	Underlying Shares				
Mr Cheung	930,379,671	—	930,379,671	Interest of controlled corporation	1	31.05%
Mr Cheng Hau Yan (“Mr Cheng”)	4,300,000	—	4,300,000	Beneficial Owner/Interest of spouse	2	0.14%

Notes:

- (1) Mr Cheung was interested in above Shares through owning the entire issued capital of Champion Dynasty;
- (2) Mr. Cheng owned 4,000,000 Shares and his spouse, being a staff of a subsidiary of the Company, owned 300,000 Shares. Pursuant to the Securities and Futures Ordinance (the “**SFO**”), Mr. Cheng was deemed to be interested in same parcel of Shares which his spouse was interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company nor their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were

required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or who were recorded in the registrar required to be kept by the Company under section 336 of the SFO:

Long positions in the Company:

Name of Substantial Shareholder	Number of Shares (ordinary share)	Capacity	Notes	Percentage of Issued Share Capital
Champion Dynasty	930,379,671	Beneficial owner	1	31.05%
Beauty Sunrise Investments Limited	300,000,000	Beneficial owner	2	10.01%

Notes:

- (1) Mr Cheung is the sole director of Champion Dynasty and owns its entire issued share capital.
- (2) According to the relevant Disclosure of Interest Notice in connection with the Company available on <http://hkexnews.hk> filed on 26 October 2017, Beauty Sunrise Investments Limited is a company wholly owned by Ms. Zhang Wenli.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had, or was deemed to have, interests or short positions in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or who were recorded in the register required to be kept by the Company under section 336 of the SFO.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (a) the New Facility Agreement;
- (b) the agreement dated 12 August 2017 entered into among Double Ally Limited (a direct wholly-owned subsidiary of the Company), Fortune Sky Developments Limited, Ever Edge International Limited, Wealth Choice Global Limited, Ultimate Winner Ventures Limited, Outstanding Global Investments Limited, Red Summit Limited and One Heart Global Limited, pursuant to which Double Ally Limited had conditionally agreed to purchase the entire share capital of Golden Time Ventures Limited at the consideration of 400,000,000 Shares and HK\$50 million in cash;
- (c) the agreement dated 22 May 2017 entered into among Gold Stable Limited (“**Gold Stable**”), Billion High Worldwide Investments Limited (“**Billion High**”) and Zhao Long International Medical Investment Management Group Limited (“**Zhaolong BVI**”), pursuant to which Gold Stable conditionally agreed to dispose of and Billion High conditionally agreed to acquire 35,000 ordinary shares in Zhaolong BVI held by Gold Stable at the consideration of HK\$68 million with the effect that Gold Stable ceased to hold an interest in Zhaolong BVI and Zhaolong BVI ceased to be a subsidiary of the Company;
- (d) a non-legally binding cooperation framework agreement dated 5 May 2017 among the Company and 深圳市前海聖輝堂醫療健康產業投資集團有限公司 (Shenzhen Qianhai Sheng Hui Tang Healthcare Industry Investment Group Co., Ltd.*) with respect of cooperation in the region of healthcare;
- (e) a supplemental agreement dated 21 December 2016 among the parties to the Facility Agreement, pursuant to which the interest rate of the three-year revolving loan facility under the Facility Agreement was to be increased from 10% per annum to 11% per annum;
- (f) the agreement dated 14 December 2016 entered into among the Company and Wan Tai Investments Limited (“**Wan Tai**”), a company indirectly and wholly-owned by CCB International (Holdings) Limited, pursuant to which and subject to the conditions, Wan Tai agreed to subscribe for and the Company agreed to issue the HK\$100,000,000, 11% interest bearing, secured, guaranteed note due 2018 up to a maximum principal amount of HK\$100,000,000; and

- (g) a strategic cooperation framework agreement dated 14 December 2016 entered into among the Company and 樂氏同仁藥業科技集團有限公司 (Royal Herbalist Pharmaceutical Technology Group Co., Ltd.*) in respect of, among other things, business cooperation between the parties in the field of Chinese medicine.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's businesses as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

7. INTEREST IN CONTRACTS AND ASSETS

Other than the Facility Agreement and the New Facility Agreement, there is no contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business of the Group as a whole.

None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Group.

9. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

Name	Qualification
Gram Capital Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital had no shareholding, directly or indirectly, in any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had since 31 December 2017, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion in this circular of its letter and/or references to its name in the form and context in which it appears.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM (being not less than 14 days):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Facility Agreement;
- (c) the New Facility Agreement;
- (d) the letter from the Independent Board Committee to the Independent Shareholders dated 2 November 2018, the full text of which is set out on pages 18 to 19 of this circular;
- (e) the letter from Gram Capital, the full text of which is set out on pages 20 to 31 of this circular;
- (f) the written consent from Gram Capital as referred to in the paragraph headed "Qualification and consent of expert" in this Appendix;
- (g) the contracts referred to in the paragraph headed "Material contracts" in this Appendix;

- (h) the audited consolidated financial statements of the Group for the two financial years ended 31 December 2016 and 31 December 2017; and
- (i) this circular.

11. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business in Hong Kong of the Company is at Room 2709–10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (b) The principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (c) The branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr Wong Wing Cheung who is a practising member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular and the accompanying proxy form shall prevail over their respective Chinese texts in case of inconsistency.

NOTICE OF SGM



COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Common Splendor International Health Industry Group Limited (the “**Company**”) will be held at Rooms 2709–10, 27th Floor, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong on 19 November 2018 at 11:30 a.m. or any adjournment of such meeting for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the agreement (the “**New Facility Agreement**”) dated 5 October 2018 (a copy of which will be produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and entered into between the Company (as the lender), Champion Dynasty Limited (as the borrower) and Mr Cheung Wai Kuen (as the individual guarantor) and the transactions contemplated under the New Facility Agreement, and the relevant proposed annual cap amounts of the transactions contemplated under the New Facility Agreement as shown in the Company’s circular dated 2 November 2018 be and are hereby approved and that the directors of the Company (the “**Directors**”) be and are hereby authorised to take any step as they consider necessary, desirable or expedient in connection with the New Facility Agreement or any of the transactions contemplated under the New Facility Agreement and that the Directors be and are hereby authorised, for and on behalf of the Company, to execute all such other documents, instruments and agreements and to do all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the New Facility Agreement and to agree to any amendment to any of the terms of the New Facility Agreement which in the opinion of the Directors is not of a material nature and is in the interests of the Company.”

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

Hong Kong, 2 November 2018

NOTICE OF SGM

Notes:

1. All resolutions (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the above meeting. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Members of the Company whose names appear on the register of members of the Company at 4:30p.m. on Friday, 16 November 2018 shall be entitled to attend and vote at the SGM. In order to be entitled to attend and vote at the SGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 16 November 2018.
5. As at the date of this notice, 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.