COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

FINAL RESULTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Common Splendor International Health Industry Group Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2018 (the "**Year**") pursuant to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position together with the comparative figures of the corresponding year ended 31 December 2017 are set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	3	**377,035**	474,933
Cost of sales		**(279,492)**	(391,552)
Gross profit		**97,543**	83,381
Other income	5	**3,627**	63
Administrative expenses		**(64,005)**	(40,683)
Selling and distribution expenses		**(1,318)**	(4,305)
Share of result of associates		**17,371**	8,822
Profit from operations		**53,218**	47,278
Fair value change on derivative financial liabilities		**(2,438)**	(310)
Gain on disposal of subsidiaries		**–**	12,617
Loss on deemed disposal of associates		**(571)**	–
Gain on derecognition of convertible note		**7,391**	–
Finance cost	6	**(37,724)**	(41,346)
Profit before income tax	7	**19,876**	18,239
Income tax expense	8	**(8,768)**	(8,798)
Profit for the year		**11,108**	9,441
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequent to profit or loss			
Exchange differences on translating foreign operations		**(27,317)**	45,133
Reclassification on disposal of interests in subsidiaries		**–**	(298)
Items that will not be reclassified to profit or loss			
Change in value of equity investments at fair value through other comprehensive income		**2,067**	–
Other comprehensive (expense)/income for the year, net of income tax		**(25,250)**	44,835
Total comprehensive (expense)/income for the year		**(14,142)**	54,276

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**2,160**	1,422
Non-controlling interests		**8,948**	8,019
		11,108	9,441
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(12,988)**	31,648
Non-controlling interests		**(1,154)**	22,628
		(14,142)	54,276
Earnings per share for the year attributable to owners of the Company	*10*		
Basic and diluted (HK cents per share)		**0.07**	0.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**30,106**	240,148
Intangible assets		**214,288**	221,095
Goodwill		**229,010**	229,010
Interests in associates		**223,789**	211,272
Equity investments at fair value through other comprehensive income		**77,684**	–
Available-for-sale financial assets		**–**	76,395
Deposits, prepayments and other receivables		**111,350**	94,673
		886,227	1,072,593
Current assets			
Deposits, prepayments and other receivables		**135,266**	125,400
Trade receivables	*11*	**31,351**	12,771
Inventories		**29,062**	5,092
Loan to a shareholder		**28,574**	49,143
Properties under development		**209,174**	–
Short-term loans receivable		**40,048**	40,200
Bank and cash balances		**8,016**	67,038
		481,491	299,644
Current liabilities			
Trade payables	*12*	**442**	824
Accruals, deposits received and other payables		**35,574**	68,812
Contract liabilities		**87,227**	–
Obligation under finance leases		**367**	6
Bank and other borrowings		**16,138**	12,204
Convertible notes		**–**	75,480
Derivative financial liabilities		**–**	7,316
Guaranteed notes and bonds payable		**213,209**	120,893
Tax payable		**2,811**	820
		355,768	286,355
Net current assets		**125,723**	13,289
Total assets less current liabilities		**1,011,950**	1,085,882

	2018	2017
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**29,962**	29,962
Reserves	**720,535**	735,371
Equity attributable to owners of the Company	**750,497**	765,333
Non-controlling interests	**211,730**	212,878
Total equity	**962,227**	978,211
Non-current liabilities		
Deferred tax liabilities	**15,157**	14,949
Obligation under finance leases	**983**	25
Guaranteed notes and bonds payable	**33,583**	92,697
	49,723	107,671
	1,011,950	1,085,882

1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amended standards, amendments and interpretations (the "**new and amended HKFRSs**") issued by the Hong Kong Institution of Certified Public Accountants (the "**HKICPA**"):

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

The above new HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

(a) Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	31 December 2017 *HK$'000*	HKFRS 9 *HK$'000*	HKFRS 15 *HK$'000*	1 January 2018 *HK$'000*
Non–current assets				
Available–for–sale financial assets	76,395	(76,395)	–	–
Equity investments at fair value through other comprehensive income	–	75,617	–	75,617
Current assets				
Trade receivables	12,771	(67)	–	12,704
Deposits, prepayments and other receivables	125,400	(3,608)	–	121,792
Short–term loan receivables	40,200	(152)	–	40,048
Loan to a shareholder	49,143	(84)	–	49,059
Current liabilities				
Accruals, deposit received and other payables	68,812	–	(35,342)	33,470
Contract liabilities	–	–	35,342	35,342
Net assets	948,249	(4,689)	–	943,560
Capital and reserves				
Reserves	735,371	(4,347)	–	731,024
Non-controlling interest	212,878	(342)	–	212,536
Total equity	948,249	(4,689)	–	943,560

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current reporting year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

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

Summary of effects arising from initial application of HKFRS 15

The Group recognises revenue mainly from sales of natural health food and services income from medical beauty business.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in the note 3 to consolidated financial statement.

The application on HKFRS 15 has no material impact on the Group's retained earnings at 1 January 2018.

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (1 January 2018). Line items that were not affected by the changes have not been included.

	Carrying amount previously reported at 31 December 2017	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Accruals, deposits received and other payables	68,812	(35,342)	33,470
Contract liabilities	–	35,342	35,342

At the date of initial application, included in the accruals, deposits received and other payables amounting to HK$28,742,000 and HK$6,600,000 are related to deposits received from customers on sales of natural health food and deferred income for medical beauty business respectively. These balances were reclassified to contract liabilities upon application of HKFRS 15.

Significant financing component

For contracts where the period between the payment by the customer and transfer of the promised property or service exceeds one year, the transaction price should be adjusted for the effects of a financing component, if significant. The Group has assessed that the financing component effect was insignificant.

*HKFRS 9 "Financial Instruments" ("**HKFRS 9**")*

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

(i) Classification and measurement

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sale financial assets	**Equity investments at FVTOCI**
	HK$'000	*HK$'000*
Closing balance at 31 December 2017 under HKAS 39	76,395	–
Initial application of HKFRS 9:		
Reclassification from available-for-sale financial assets to FVTOCI	(76,395)	76,395
Opening balance at 1 January 2018, as restated	–	76,395

*From Available-for-sale financial assets to equity investments at fair value through other comprehensive income ("**FVTOCI**")*

The Group elected to present in other comprehensive income for the fair value changes of all its unquoted equity investments previously unquoted measured at cost less impairment under HKAS 39. They are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, the fair value change of approximately HK$436,000 relating to those unquoted equity investments previously carried at cost less impairment was adjusted to investments in equity instruments designated at FVTOCI and FVTOCI reserve as at 1 January 2018, and HK$342,000 has been recognised against non-controlling interests.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at the date of initial application have not been impacted by the initial application of HKFRS 9.

Other financial assets measured at amortised cost

Other financial assets at amortised cost, including cash and bank balances are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

The following tables summarised the impact, net of tax, of transition HKFRS 9 on the opening balance of reserve 1 January 2018 as follow:

	FVTOCI reserve	**Retained earnings**	**Non-controlling interests**
	HK$'000	*HK$'000*	*HK$'000*
Reserves			
As at 31 December 2017	–	107,549	212,878
Reclassification to FVTOCI *(note i)*	(755)	755	–
Remeasurement from cost model to fair value model	(436)	–	(342)
Increase in expected credit loss ("**ECLs**") in			
– Trade receivables	–	(67)	–
– Deposits and other receivables	–	(3,608)	–
– Short-term loans receivable	–	(152)	–
– Loan to a shareholder	–	(84)	–
As at 1 January 2018, as restated	(1,191)	104,393	212,536

Upon the initial application of HKFRS 9, an impairment losses on available-for-sale financial assets previously recognised HK$755,000 were transferred from retained earnings to FVTOCI reserve as at 1 January 2018.

(ii) Impairment under expected credit loss model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

ECL for other financial assets at amortised cost, including deposit and other receivables, loan to a shareholder, short-term loans receivable, bank and cash balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances, including trade receivables, other receivables, short-term loans receivable and loan to a shareholder as at 31 December 2017 reconciled to the opening loss allowances as at 1 January 2018 are as follows:

	Trade receivables	**Other receivables**	**Short-term loans receivable**	**Loan to a shareholder**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 under HKAS 39	–	–	–	–
Initial application of HKFRS 9:				
Amounts re-measured through opening – accumulated loss	(67)	(3,608)	(152)	(84)
Opening balance at 1 January 2018, as restated	(67)	(3,608)	(152)	(84)

Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction. For example, change in use for transfer from properties under development for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party.

(b) New and revised HKFRSs that have been issued but are not yet effective

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[3]
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
HKAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures[1]
HKFRS (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HKFRS 3 (Amendments)	Definition of a business[2]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1st January 2019.

2 Effective for business combination and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January 2020.

3 Effective for annual periods beginning on or after 1st January 2020.

4 Effective for annual periods beginning on or after 1st January 2021.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of preparation

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

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

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

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

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

3. REVENUE

	2018	2017
		(Note)
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or service lines		
– Natural health food	**249,795**	323,856
– General healthcare services	**108,132**	63,622
– Investment and sales of pharmaceutical products	**6,843**	63,558
	364,770	451,036
Timing of revenue recognition		
Goods transferred at a point in time	**255,647**	384,624
Services provided over time	**109,123**	66,412
	364,770	451,036
Revenue from other sources:		
Interest income from investment and finance	**12,265**	23,897
	377,035	474,933

Note : The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. OPERATING SEGMENTS

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

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

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

Information about major customers

No individual customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2018 (2017: 1 customer) as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A[1]	**N/A[2]**	68,673

[1] Revenue from natural health food business

[2] The corresponding revenue did not contribute over 10% of the total Group.

Operating segment information is presented below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Health Industry											
	Natural Health Food		**Medical Anti-aging and Health Preservation Base**		**Medical and Healthcare Industry Investment Management**		**Sub-total**		**Investment and Finance**		**Consolidated**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
Revenue from external customer	**249,795**	323,856	**108,132**	63,622	**6,843**	63,558	**364,770**	451,036	**12,265**	23,897	**377,035**	474,933
Results												
Segment results for reportable segment	**1,245**	185	**53,715**	26,964	**14,350**	22,153	**69,310**	49,302	**(31,788)**	(21,398)	**37,522**	27,904
Bank interest income	**2**	3	**2**	16	**1**	2	**5**	21	**1**	3	**6**	24
Unallocated expenses, net*											**(17,081)**	(9,689)
Loss on deemed disposal of associate											**(571)**	–
Income tax expense	**(162)**	(356)	**(7,668)**	(2,304)	**(938)**	(6,138)	**(8,768)**	(8,798)	**–**	–	**(8,768)**	(8,798)
Profit for the year											**11,108**	9,441

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

	Health Industry											
	Natural Health Food		Medical Anti-aging and Health Preservation Base		Medical and Healthcare Industry Investment Management		Sub-total		Investment and Finance		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets												
Segment assets for reportable segments	**98,834**	78,737	**1,134,356**	1,080,982	**46,293**	25,520	**1,279,483**	1,185,239	**72,115**	136,489	**1,351,598**	1,321,728
Unallocated assets											**16,120**	50,509
Total assets											**1,367,718**	1,372,237
Liabilities												
Segment liabilities for reportable segments	**53,865**	31,364	**44,409**	43,689	**11,966**	5,829	**110,240**	80,882	**283,485**	301,386	**393,725**	382,268
Unallocated liabilities											**11,766**	11,758
Total liabilities											**405,491**	394,026

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the Year (2017: Nil).

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

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

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

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

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	2018	**2017**	**2018**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The People's Republic of China (the "**PRC**")	**273,639**	431,969	**240,618**	465,986
Hong Kong	**103,396**	42,964	**344,136**	318,940

* Non-current assets excluded those relating to interests in associates and available-for-sale financial assets/equity investments at fair value through other comprehensive income.

Other segment information

	Health Industry		Investment and Finance		Unallocated		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**14,229**	8,474	**–**	–	**–**	–	**14,229**	8,474
Share of result of associates	**17,371**	8,822	**–**	–	**–**	–	**17,371**	8,822
Interests in associates	**223,789**	211,272	**–**	–	**–**	–	**223,789**	211,272
Capital expenditure*	**25,531**	27,560	**–**	–	**–**	–	**25,531**	27,560

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

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**6**	24
Dividend income from unlisted investments	**3,355**	–
Others	**266**	39
	3,627	63

6. FINANCE COST

	2018	2017
	HK$'000	*HK$'000*
Interest on convertible notes	**7,807**	14,691
Interest on guaranteed notes and bonds payable	**28,766**	25,894
Interest on bank and other borrowings	**1,151**	127
Interest on loan from associates	**–**	634
	37,724	41,346

7. PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Total staff costs including remuneration of the directors of the Group:		
Salaries and other benefits	**17,064**	14,658
Retirement benefit scheme contributions	**1,014**	808
	18,078	15,466
Auditors' remuneration for audit services	**1,500**	1,500
Auditors' remuneration for non-audit services	**330**	50
Fair value changes on derivative financial liabilities	**2,438**	310
Written-off of property, plant and equipment	**730**	–
Cost of inventories recognised as expenses*	**247,584**	382,864
Exchange loss, net	**149**	1
Impairment losses/(reversal of impairment) of		
– trade receivables	**(30)**	–
– other receivables	**3,702**	–
– loan to a shareholder	**(46)**	–
Depreciation of property, plant and equipment	**14,229**	8,474
Operating lease rentals in respect of rented premises (excluding rented premise for director of the Company)	**11,218**	8,515

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

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Income tax expense comprises		
Current tax:		
PRC Enterprise Income Tax	**(449)**	(7,894)
Hong Kong Profits Tax	**(7,230)**	–
Under-provision in prior year	**(881)**	(821)
Deferred tax	**(208)**	(83)
	(8,768)	(8,798)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the year ended 31 December 2017.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

Accordingly, starting from the year ended 31 December 2018, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

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

9. DIVIDENDS

The directors of the Company do not recommend any payments of interim and final dividend for the year (2017: Nil).

10. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**2,160**	1,422
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,996,255**	2,671,871

For the year ended 31 December 2017, the diluted earnings per share did not assume conversion of convertible notes since their assumed conversion had an anti-dilutive effect.

11. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (2017: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit losses), at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**2,575**	12,352
31 to 60 days	**14,832**	–
61 to 90 days	**9,288**	–
91 to 120 days	**34**	–
121 to 180 days	**4,622**	62
181 to 365 days	**–**	251
Over 365 days	**–**	106
	31,351	12,771

12. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**246**	732
181 to 365 days	**154**	58
Over 365 days	**42**	34
	442	824

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

13. CAPITAL COMMITMENT

As at 31 December 2018, the Group had a capital commitment amounted to approximately RMB20,000,000 (equivalent to approximately HK$22,768,000) (2017: RMB20,500,000 (equivalent to approximately HK$24,615,000)) which is related to the construction of Luofu Mountain Project.

14. EVENTS AFTER REPORTING PERIOD

The Group had the following transaction after the end of the reporting period:

(i) Acquisition of subsidiaries and issue of shares

On 24 January 2019, a wholly-owned subsidiary of the Company (the "**Purchaser**"), the Company and the vendors entered into an equity transfer agreement, pursuant to which, among other matters, the vendors conditionally agreed to sell and the Purchaser conditionally agreed to acquire 88.5184% of the issued share capital of Shenzhen Aidigong Maternity Health Management Co., Limited (the "**Target Company**"), at the aggregate maximum consideration of RMB888,000,000 (equivalent to approximately HK$1,025,404,000) (subject to downward adjustments), which will be satisfied by way of cash.

On 25 January 2019 (after trading hours), the Company and the subscribers entered into a subscription agreement (the "**Subscription**") pursuant to which, subject to the fulfillment of the conditions precedent as mentioned herein, each of the first subscriber and the second subscriber will respectively subscribe for, and the Company will allot and issue up to 222,006,334 and 42,093,632 new shares (the "**Subscription Shares**"), at the subscription price of HK$0.70 per Subscription Share. The aggregate nominal value of the 264,099,966 Subscription Shares is approximately HK$2,641,000. The Subscriptions are subject to the shareholders' approval. The Subscription Shares will be issued and allotted pursuant to the specific mandate to be sought from the shareholders at the special general meeting. The gross proceeds from the Subscriptions are expected to be approximately HK$184.87 million. The management of the Group was in the midst of determining the financial effect of the transaction. Details of the above acquisition and the Subscription were set out in the Company's announcement dated 25 January 2019.

(ii) Acquisition of additional interest in a subsidiary and disposal of partial interest in an associate

On 6 March 2019, Wealthy Kingdom Group Limited ("**Wealthy Kindgom**"), a non wholly-owned subsidiary of the Company, as the vendor, and Yellow Dragon Medical Alliance Limited ("**Yellow Dragon**"), as the purchaser, entered into s disposal agreement, pursuant to which, Yellow Dragon has agreed to purchase and Wealthy Kingdom has agreed to sell approximately 12.2% of the issued shares of Dragon Pride Enterprises Limited, which is an associate of the Company, at a consideration of approximately HK$19.52 million.

On 6 March 2019, Gold Stable Limited ("**Gold Stable**"), a wholly-owned subsidiary of the Company, as the purchaser, and Billion High Worldwide Investments Limited ("**Billion High**"), as the vendor, entered into an acquisition agreement, pursuant to which, Gold Stable has conditionally agreed to purchase and Billion High has conditionally agreed to sell the 30% of the issued shares of Wealthy Kingdom at a consideration of approximately HK$11.71 million.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

Revenue of the Group for the Year amounted to HK$377,035,000 (2017: HK$474,933,000), which represented a year on year decrease of HK$97,898,000 or 20.6%. The decrease was mainly due to the net effect of (i) decrease in sales revenue of the natural health food business from HK$323,856,000 in 2017 to HK$249,795,000 in 2018; (ii) increase in sales revenue from the medical anti-aging health preservation base from HK$63,622,000 in 2017 to HK$108,132,000 in 2018; (iii) decrease in sales revenue of medical and healthcare industry investment management from HK$63,558,000 in 2017 to HK$6,843,000 in 2018; and (iv) decrease in loan interest income from HK$23,897,000 in 2017 to HK$12,265,000 in 2018.

Gross profit of the Group for the Year amounted to HK$97,543,000 (2017: HK$83,381,000), an increase of HK$14,162,000 or 17.0% as compared to previous year. Gross profit margin for the Year had increased and was 25.9% for 2018 (2017: 17.6%). The increase in the Group's gross profit and gross profit margin was mainly due to the increase in income generated from the medical beauty anti-aging group which has a high profit margin.

Profit before income tax of the Group for the Year increased by HK$1,637,000 or 8.98% from HK$18,239,000 in 2017 to HK$19,876,000 in 2018. The increase in profit was mainly due to the net effect of (i) having less convertible notes, guaranteed notes and bonds payable resulting in an decrease of finance costs amounting to approximately HK$37,724,000 in 2018 compared to HK$41,346,000 in 2017; (ii) the increase in revenue and gross profit of the medical anti-aging business; (iii) increase in dividend income from unlisted investments (included in other income) from nil in 2017 to HK$3,355,000 in 2018; (iv) increase in administrative expenses from $40,683,000 in 2017 to HK$64,005,000 in 2018; (v) increase in share of result of associates from HK$8,822,000 in 2017 to HK$17,731,000 in 2018; (vi) decrease in gain on disposal of subsidiaries from HK$12,617,000 in 2017 to nil in 2018 and (vii) increase in gain on derecognition of convertible notes from nil in 2017 to HK$7,391,000 in 2018.

Profit attributable to the owners of the Company for the Year was approximately HK$2,160,000 (2017: HK$1,422,000), which represented an increase of HK$738,000 or 51.9%, as compared to 2017. This resulted in the increase in basic and diluted earnings per share attributable to the owners of the Company of HK0.07 cents and HK0.07 cents respectively (2017: HK0.05 cents and HK0.05 cents respectively).

BUSINESS REVIEW

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

Health Industry

Medical Anti-aging and Health Preservation Base

Realyoung Life is dedicated to life anti-aging business for high-end people "Body Purification, Functions Modulation and Repair and Reborn" trilogy life anti-aging. The Group has set up three Life Anti-aging Centres, namely, (i) Life Anti-aging Centre located at Guangzhou International Biological Island, the PRC; (ii) Life Anti-aging Centre situated at Qiaocheng East Road, Nanshan District, Shenzhen, the PRC; and (iii) Life Anti-aging Centre situated at Luofu Mountain, Guangdong, the PRC which is currently under construction.

With a view to expand the Group's business on life anti-aging, the Group had entered into a sale and purchase agreement to acquire a medical beauty anti-aging group in August 2017. The Company believes that the acquisition is mutually beneficial to the existing Medical Anti-aging business and the beauty anti-aging group resulting in more comprehensive and more competitive quality of health services provided to customers. The relevant business maintained a fast growing pace during the Year. It is expected that the market environment would be better in 2019.

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

During the Year, revenue from Medical Anti-aging and Healthcare Preservation Base amounted to approximately HK$108,132,000 (2017: HK$63,622,000), which represented an increase of approximately HK$44,510,000 compared to 2017. The increase was mainly attributable to the medical beauty anti-aging group acquired last year.

Medical and Healthcare Industry Investment Management

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

During the Year, revenue from medical and healthcare industry investment management amounted to approximately HK$6,843,000 (2017: HK$63,558,000), which represented a decrease of approximately HK$56,715,000 as compared to 2017.

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

Natural Health Food Business

Trading of grain and oil is main business of the Group's natural health food segment. It has been shown a drop in revenue. The Group's decrease in revenue which has generated approximately HK$323,856,000 in 2017 and decreased to approximately HK$249,795,000 in 2018. Although the Group and its customer have sustainable relationship, the gross profit margin of grain and oil trading is low and sales are susceptible to market fluctuations. The Group will adjust the prospective business development of the respective segment in a timely manner according to market conditions.

Investment and Finance

During the Year, revenue from the Group's investment and finance segment amounted to approximately HK$12,265,000 (2017: HK$23,897,000), which represented a decrease of HK$11,632,000 as compared to 2017. As a result of decrease in loan amount lent out during the Year, the performance of this segment had deteriorated during the Year from segment loss of approximately HK$21,398,000 in 2017 to a segment loss of approximately HK$31,788,000 in 2018.

Among the revenue, interest income amounting to approximately HK$7,819,000 (2017: HK$16,684,000) was generated from the loan of Champion Dynasty Limited ("Champion Dynasty") and interest income from the money lending business amounted to approximately HK$4,446,000 (2017: HK$7,213,000). The revenue decrease of this segment was mainly due to the decrease in outstanding principal loan amount to Champion Dynasty during the Year as compared to 2017.

FINANCIAL HIGHLIGHTS

Net asset value

As at 31 December 2018, total net assets of the Group amounted to approximately HK$962,227,000 (2017: HK$978,211,000), representing a decrease of HK$15,984,000, as compared to 2017. The decrease was mainly due to the net effect of (i) exchange loss on translating foreign operations arising during the Year of HK$27,317,000; (ii) profit for the Year of HK$11,108,000, and (iii) change in value of equity investments at fair value through other comprehensive income amounted to HK$2,067,000.

As at 31 December 2018, net asset value per issued ordinary shares of the Company was HK$0.32 (2017: HK$0.33).

The current ratio (calculate as current assets to current liabilities) for the Year was 1.35 (2017: 1.13).

Equity

The number of issued ordinary shares of the Company as at 31 December 2018 was 2,996,255,008 (2017: 2,996,255,008).

Liquidity and financial resources

As at 31 December 2018, the Group has a principal amount of US$8,000,000 (equivalent to approximately HK$62,000,000) (31 December 2017: US$10,000,000 (equivalent to approximately HK$77,500,000)) secured convertible notes, HK$107,800,000 (31 December 2017: HK$121,600,000) unsecured bonds, HK$80,000,000 (31 December 2017: HK$100,000,000) secured guaranteed notes and approximately HK$16,138,000 (31 December 2017: HK$12,204,000) bank and other borrowings.

Save for disclosed above, the Group did not have any other borrowing as at 31 December 2018.

HK$1,000,000, 9% interest bearing, unsecured convertible bond issued to Changjiang Asset Management (HK) Limited

Reference is made to the Company's announcements dated 24 December 2015, 11 January 2016 and 10 January 2018 in relation to, among other things, convertible bond issued by the Company in a principal amount of HK$1,000,000. During the Year, such unsecured convertible bond was redeemed in full at the redemption price (together with accrued and unpaid interest thereon) of HK$1,090,000 on its date of maturity, and following the redemption, the convertible bond was cancelled.

*HK$100,000,000, 11% interest bearing, secured and guaranteed note (the "**WT Note**") issued to Wan Tai Investments Limited ("**Wan Tai**")*

Reference is made to the Company's announcements dated 14 December 2016, 21 December 2016 and 15 August 2018 regarding, among other things, the WT Note issued by the Company in a principal amount of HK$100,000,000 to Wan Tai, an indirect wholly-owned subsidiary of CCB International (Holdings) Limited. The WT Note was issued to Wan Tai on 21 December 2016 and it was matured on 15 August 2018 according to the terms of the WT Note. Wan Tai had given confirmation that the Company is not required to redeem the WT Note on the existing maturity date and did not constitute for any breach of the terms of the WT Note committed by the Company in connection with the expiry of the existing maturity date of the WT Note.

*US$10,000,000, 9% interest bearing convertible bond (the "**Great Wall CB**") issued to China Great Wall AMC (International) Holdings Co., Ltd. (中國長城資產(國際)控股有限公司) ("**Great Wall**")*

Reference is made to the Company's announcements dated 5 August 2016, 16 August 2016 and 15 August 2018 regarding, among other things, the Great Wall CB issued by the Company in a principal amount of US$10,000,000 to Great Wall. The Great Wall CB was issued to Great Wall on 15 August 2016 and it was matured on 15 August 2018 according to the terms of the Great Wall CB. Great Wall had given confirmation that the Company is not required to redeem the Great Wall CB on the existing maturity date and it did not constitute for any breach of the terms of the Great Wall CB committed by the Company in connection with the expiry of the existing maturity date.

The Company is still negotiating the terms of extension of the WT Note and the Great Wall CB with the respective parties, and the Company will comply with the applicable requirements under the Listing Rules as required. The Company will keep its shareholders and the investing public updated of any development of the WT Note and the Great Wall CB as and when appropriate.

The Group maintains sufficient working capital and cash position for daily operations. Bank and cash balances as at 31 December 2018 amounted to approximately HK$8,016,000 (31 December 2017: HK$67,038,000). The low cash balance is due to the repayment of the secured convertible notes and the secured guaranteed notes in December 2018.

The cash and bank balances were denominated in Renminbi, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi and bear floating interest rates. The Group continued to have no structured investment products, foreign exchange contracts and investment in listed shares, bonds and debentures. The Group is not exposed to material fluctuations risks in exchange rates.

Pledge of assets

As at 31 December 2018, the entire issued share capital of a wholly owned subsidiary of the Company, Common Splendor Hong Kong Investment Fund Management Limited ("**CSHK Investment Fund Management**"), was charged to China Great Wall AMC (International) Holdings Co., Limited as a security for convertible notes issued by the Company in the principal amount of US$8,000,000 (equivalent to approximately HK$62,400,000). As at 31 December 2018, total assets of CSHK Investment Fund Management and its subsidiaries amounted to approximately HK$308,064,000 (31 December 2017: HK$312,037,000). As at 31 December 2018, the entire issued capital of two wholly owned subsidiaries of the Company, namely Harvest Luck Investment Limited ("**Harvest Luck**") and Great King Limited ("**Great King**") were charged to Wan Tai Investments Limited, an indirect wholly owned company of CCB International (Holdings) Limited, as a security for guaranteed notes issued by the Company in the principal amount of HK$80,000,000. As at 31 December 2018, total assets of Harvest Luck, Great King and their subsidiaries amounted to approximately HK$448,267,000 (31 December 2017: HK$460,488,000). Save as disclosed above, no asset was pledged by the Group as at 31 December 2018 and 31 December 2017.

Remuneration policies and share option scheme

It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Year, total staff costs excluding Directors' emolument was approximately HK$14,972,000 (2017: HK$12,468,000).

At the annual general meeting of the Company held on 11 October 2012, the shareholders of the Company approved the adoption of a share option scheme ("2012 Share Option Scheme"). The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Eligible Participants (as defined in the 2012 Share Option Scheme) of the 2012 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Eligible Participants include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any customer, supplier, service provider, shareholder, adviser or consultant and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for ten years from the commencement date. As at 31 December 2018, no share option was outstanding (31 December 2017: Nil).

The Board has approved the adoption of a share award scheme (the "Scheme") on 5 July 2018 and it was approved by the shareholders of the Company at the special general meeting held on 30 August 2018. The purposes and objectives of the Scheme are to recognise the contributions by certain employee, director, officer, consultant or adviser of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. As at 31 December 2018, no share award was granted pursuant to the Scheme.

Capital commitment

As at 31 December 2018, the total capital commitment of the Group amounted to approximately RMB20,000,000 (equivalent to approximately HK$22,768,000) (2017: RMB20,500,000 (equivalent to approximately HK$24,615,000)) which is related to the construction of the Luofu Mountain Project.

Contingent liabilities

As at 31 December 2018, the Group did not have any material contingent liabilities (2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no material acquisition or disposal of subsidiary during the Year.

Other Information

Profit guarantee in respect of the Group's medical beauty anti-aging business

Reference is made to the announcement of 3 January 2019, the profit target of Golden Time Ventures Limited and its subsidiaries (the "**GTV Group**") for the twelve-month period ended 31 October 2018 under the sale and purchase agreement dated 12 August 2017 has been fulfilled. Accordingly, the first tranche consideration shares issued to several vendors in October 2017, being 290,000,000 Shares, in aggregate, are no longer subject to the relevant lock-up undertaking.

The remaining consideration shares, being 90,000,000 Shares, in aggregate, shall remain to be subject to the respective lock-up undertaking from each relevant vendor pending fulfilment of the relevant profit target of GTV Group.

Profit and technical guarantee of an associate

Reference is made to the announcements dated 23 November 2015, 28 March 2018. 6 September 2018, 30 November 2018 and 19 December 2018, the guarantee technical requirement of Guangdong Fengyuan Huake Bio Tech Company Limited ("**Guangdong Fengyuan**") has been achieved. However, the guarantee profit of RMB38 million for the year ended 31 December 2017 had not been met.

On 30 November 2018, among other parties, the Group and Guangdong Fengyuan Technology Innovation Bio Tech Company Limited* (廣東豐源科創生物科技有限公司) (the "**Vendor**"), Guangdong Fengyuan and Fengshuo Bio Medical Tech Company Limited entered into a supplemental agreement ("**Supplemental Agreement**"). According to the Supplemental Agreement, the Vendor has agreed to compensate the Group in the amount of RMB5.69 million. Under the Supplemental Agreement, the guarantee net profit of Guangdong Fengyuan for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 will not be less than RMB20 million, RMB20 million and RMB38 million respectively. In the event that the guarantee net profits are not achieved, the Vendor shall transfer a percentage of the equity interest in Guangdong Fengyuan held by the Vendor to the Group at no further consideration based on the relevant formula. Please refer to the Company's announcements stated in the paragraph above.

PROSPECTS

The Group is committed to building itself into an international leading healthcare conglomerate. It is expected to focus on life healthcare and industrialisation 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 reorganisation, 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 expected to be 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.

As disclosed in the Company's announcement dated 25 January 2019, the Company entered into an equity transfer agreement to acquire 88.5184% of the issued share capital of the Shenzhen Aidigong Maternity Health Management Co., Ltd. ("**Aidigong**"). Upon completion, Aidigong will become an indirect non-wholly owned subsidiary of the Company and its financial results will be consolidated to the consolidated financial statements of the Group. With the relaxation of its birth control policy through the implementation of the two-child policy in the PRC in 2015, together with the increase in the per capita disposable income and per capita healthcare expenditure in the PRC, the Directors are of the view that the maternal and child healthcare related services have a rigid demand and the overall market will continue to grow rapidly.

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.

CONTINUING CONNECTED TRANSACTION

On 5 October 2018, the Company, as lender, entered into a new facility agreement and agreed to renew the loan agreement with Champion Dynasty, as borrower, and Mr. Cheung Wai Kuen, one of the Company's controlling shareholders, as individual guarantor, for a period of three years from 19 November 2018 to 18 November 2021 in relation to a three-year revolving loan facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 12% per annum (the "**Second Renewed Shareholder Loan Transaction**"). The Second Renewed Shareholder Loan Transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2018. The loan is repayable on demand.

As at 31 December 2018, the outstanding balance of the loan to Champion Dynasty amounted to HK$28,612,000 (2017: HK$49,143,000).

EVENTS AFTER REPORTING PERIOD

Please refer to note 14 of the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code ("**CG Code**"), as set out in Appendix 14 of the Listing Rules throughout the Year. The Company had complied with the code provisions set out in the CG Code during the Year.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

SCOPE OF WORK OF THE AUDITORS

The financial figures in this announcement of the Company's results for the year ended 31 December 2018 have been agreed by the auditors of the Company, HLB Hodgson Impey Cheng Limited (the "**Auditors**"). The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by the Auditors on this announcement.

REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

PUBLICATION OF 2018 ANNUAL REPORT

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

APPRECIATION

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

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

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen, Mr. Cheng Hau Yan and Mr. Ye Jiong Xian as executive Directors; Mr. Lin Jiang and Mr. Hou Kaiwen as non-executive Directors; and Mr. Mai Yang Guang, Mr. Wong Yiu Kit, Ernest and Mr. Lam Chi Wing as independent non-executive Directors.