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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 28 August 2015 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, independent Placers to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$300,000,000 in a maximum of two (2) tranches. Assuming the Convertible Bonds are placed in full, the maximum gross proceeds and the maximum net proceeds (after deducting the commission and other related expenses) from the placing of the Convertible Bonds are estimated to be approximately HK\$300,000,000 and HK\$294,500,000 respectively. The net proceeds from the Convertible Bonds will be used as the general working capital of the Group and investments in the potential business opportunity, if any. The initial Conversion Price is HK\$0.858 per Conversion Share (subject to adjustment in accordance with the terms and conditions of the Convertible Bonds).

Assuming the Convertible Bonds in an aggregate principal amount of HK\$300,000,000 are placed in full, and upon full conversion of the Convertible Bonds, a maximum of 349,650,349 Conversion Shares will be issued, representing (i) approximately 13.47% of the existing issued share capital of the Company of 2,596,255,008 Shares as at the date of the CB Placing Agreement; and (ii) approximately 11.87% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

Completion of the CB Placing is conditional upon fulfillment of the conditions precedent in the CB Placing Agreement.

Shareholders and potential investors should note that the CB Placing are subject to the fulfillment or waiver of the conditions precedent set out respectively in the CB Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

THE CB PLACING AGREEMENT

Date

28 August 2015 (after trading hours)

Parties

- (1) The Company (as the issuer); and
- (2) The Placing Agent

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party. As at the date of this announcement, the Placing Agent is not interested in any Shares.

CB Placing

Pursuant to the CB Placing Agreement, the Company conditionally agreed to issue and the Placing Agent conditionally agreed to place in a maximum of two (2) tranches, on a best effort basis, the Convertible Bonds of an aggregate principal amount of up to HK\$300,000,000. It is expected that the Convertible Bonds will be placed to not fewer than six independent Placees who and whose ultimate beneficial owners are not connected with the Company and its connected persons procured by the Placing Agent.

The placing period for each tranche of the Convertible Bonds shall be for a period of 21 days commencing on the date when the Company provides a written notice to the Placing Agent (further announcements will be released on the date of the written notices respectively).

Conditions precedent to the CB Placing

The completion of the CB Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee having granted the listing of, and permission to deal in,

the Conversion Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;

- (ii) the warranties remaining true and accurate and not misleading in any respect, as given on the date of the CB Placing Agreement and at the completion;
- (iii) the warranties provided by the Company under the CB Placing Agreement remaining accurate and correct in all respects;
- (iv) if required, the Bermuda Monetary Authority granting its permission for the issue of the Convertible Bond(s) and the issue and allotment of the Conversion Shares; and
- (v) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the CB Placing Agreement and the transactions contemplated hereunder having been obtained.

If the conditions precedent above are not fulfilled (or waived) on or before 31 October 2015 (the “**Long Stop Date**”) (or such other date as agreed between the Company and the Placing Agent in writing), the CB Placing Agreement will cease and terminate and neither the Company nor the Placing Agent shall have any claim against each other, save for any antecedent breach.

The completion of the CB Placing

The completion of the CB Placing shall take place not later than 4 p.m. on the fifth business days after the date on which all the conditions precedent to the CB Placing have been fulfilled or waived (or such other time and date as may be agreed between the Placing Agent and the Company).

Termination of the CB Placing Agreement

If at any time on or prior to 10:00 a.m. on the business day preceding the relevant date of the completion of the CB Placing:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application and if in the reasonable opinion of the Placing Agent any such new law or change may materially and adversely affect the financial prospects of the Group; or
 - (ii) any material change or deterioration in local, national, international, political, military, financial, economic, market or

trading conditions or any other conditions which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the CB Placing; or

- (iii) any trading of the securities of the Company on the Stock Exchange suspended or subject to significant restrictions; or
- (b) any material breach of any of the representations and warranties set out in the CB Placing Agreement comes to the knowledge of the Placing Agent and the Company is unable to remedy such breach before the completion which led to a significant adverse effect on the Company's business or financial aspects; or
- (c) any material breach of any other provision of the CB Placing Agreement and in the reasonable opinion of the Placing Agent such breach may materially and adversely affect the business and financial prospects of the Group;

then and in any such case, the Placing Agent may terminate the CB Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the business day preceding the relevant date of the completion.

Principal terms of the Convertible Bonds

- Issuer : The Company
- Total principal amount : HK\$300,000,000, comprising the Tranche 1 Bonds with the principal amount of HK\$150,000,000 and the Tranche 2 Bonds with the maximum principal amount of HK\$150,000,000.
- Interest : Each of the Tranche 1 Bonds and the Tranche 2 Bonds shall bear interest at a rate of 9% per annum from the date of issue payable annually in arrears.
- Maturity Date : The date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Bonds.

Conversion Price : The initial conversion price of the Convertible Bonds under the CB Placing Agreement, subject to the adjustment, is HK\$0.858 per Conversion Share. The adjusted conversion price of the Convertible Bonds is 10% premium to the average closing price as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to date of issue of the Convertible Bonds.

Conversion rights : The conversion rights under each of the Tranche 1 Bonds and the Tranche 2 Bonds shall be exercisable during the conversion period commencing on the date falling on the 1st anniversary of the date of issue of the relevant tranche of the Convertible Bonds (as the case may be) and ending on the Maturity Date. There is a 60-day notification period commencing on the date falling on the 1st anniversary of the date of issue of the relevant tranche of the Convertible Bonds for the bondholders to notify the Company whether they would like to exercise the conversion rights. If the Company does not receive any notice from the bondholders, the Convertible Bonds will be convertible into Conversion Shares automatically on the Maturity Date. The Company will allot and issue such number of Conversion Shares in respect of which conversion rights are exercised provided that no conversion right may be exercised, to the extent that following such exercise, (i) a holder of the Convertible Bonds and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 19.9% of the entire issued share capital of the Company or such percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer, whichever is lower (the “**Maximum Limit**”), or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

Redemption : The Convertible Bonds are redeemable (in whole or in part) by the Company at the option of the Company commencing from the date of issue of the Convertible Bonds up to and including the first anniversary of the date of issue of the relevant tranche of the Convertible Bonds.

If the Company exercises its early redemption option to

redeem the Convertible Bonds within the first year from the date of issue, the Company shall provide a return of 25% per annum (including interest) on the subscribed principle amount to the bondholders.

- Ranking** : Conversion Shares issued upon exercise of conversion rights attaching to the Convertible Bonds shall rank pari passu in all respects with all other existing Shares outstanding at the date of the conversion notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the conversion notice.
- Voting** : The holders of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of being the holders of the Convertible Bonds.
- Transferability** : The Convertible Bonds are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules provided that no assignment or transfer shall be made to a connected person of the Company without the prior approval of the Company and that the principal amount to be assigned or transferred is at least HK\$5,000,000 and in integral multiples of HK\$5,000,000 unless the outstanding principal amount of the Convertible Bonds is less than HK\$5,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred.
- Lock up period** : 12 months from the date of issue of Convertible Bonds
- Application for listing:** : No application will be made by the Company to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in the Conversion Shares.

Conversion Price

The initial Conversion Price of HK\$0.858 per Conversion Share represents:

- (i) a premium of approximately 10.00% to the closing price of HK\$0.78 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement; and
- (ii) a premium of approximately 21.53% to the average closing price of approximately HK\$0.706 per Share as quoted on the Stock Exchange for the

last five consecutive trading days immediately prior to the date of the CB Placing Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares and current market conditions.

Pursuant to the terms of the Convertible Bonds, the initial Conversion Price is subject to adjustment on the date of issue of the Convertible Bonds in accordance to the formula as shown below:

*Adjusted conversion price for respective tranche of Convertible Bonds (the “Adjusted Conversion Price”)= (the average closing price as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to date of issue of the respective tranche of the Convertible Bonds) * 1.1*

In the event that the Adjusted Conversion Price is lower than the initial Conversion Price, no adjustment will be made and the conversion shares of the respective tranche of the Convertible Bonds will be issued at the initial Conversion Price.

Conversion Shares

Based on the initial Conversion Price of HK\$0.858, a maximum number of 349,650,349 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 13.47% of the existing issued share capital of the Company of 2,596,255,008 Shares as at the date of the CB Placing Agreement; and
- (ii) approximately 11.87% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the above and the reasons as set out in the section headed “Reasons for the CB Placing and Use of Proceeds” below, the Directors (including the independent non-executive Directors) are of the view that the terms of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Conversion Shares. Holders of the Conversion Shares will be entitled to receive all future dividends and distributions on or after the date of allotment and issue of the Conversion Shares.

General Mandate

The Conversion Shares will be issued under the General Mandate.

Application for listing

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the Convertible Bonds.

REASONS FOR THE CB PLACING AND USE OF PROCEEDS

The Group is mainly engaged in the businesses of health industry and investment and finance. The Group is focusing to develop the health industry which comprise of health management business, natural health food business, advantage growth for children and teenagers business and healthcare investment management business (including investment/merger and acquisition/trust/provision of consultancy services in relation to healthcare business).

The Directors believe that the CB Placing could strengthen the Company's cash resources and working capital position for the development of existing healthcare business of the Group. The additional capital will also facilitate the efficient and timely execution of any potential investments as and when opportunities arise.

Assuming the Convertible Bonds are fully placed by the Placing Agent at the initial Conversion Price and based on the estimated expenses of the CB Placing in the amount of approximately HK\$5.5 million, the gross and net proceeds from the CB Placing are estimated to be HK\$300.0 million and approximately HK\$294.5 million respectively. The Company intends to use the net proceeds from the CB Placing for general working capital of the Group and investments in the potential business opportunity, if any.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company as at the date of this announcement and upon exercise in full of the conversion rights attaching to the Convertible Bonds (assuming the Convertible Bonds were placed in full):

	As at the date of this announcement		Immediately Upon exercise in full of the conversion rights attaching to the Convertible Bonds	
	Number of Shares	Approximate % of issued Shares	Number of Shares	Approximate % of issued Shares
Substantial				
Shareholders				
Champion	903,949,671	34.82%	903,949,671	30.58%
Dynasty (<i>Note</i>)				
國泰君安證券 QDIIZH2015-002 資產管理計劃	229,480,000	8.84%	229,480,000	7.76%
Public				
Shareholders				
Placees	-	0.00%	359,650,349	12.17%
Other public Shareholders	1,462,825,337	56.34%	1,462,825,337	49.49%
Total	2,596,255,008	100.00%	2,955,905,357	100.00%

Note: Champion Dynasty Limited, a company wholly owned by Mr Cheung Wai Kuen, the chairman and executive director of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Shareholders and potential investors should note that the CB Placing are subject to the fulfillment or waiver of the conditions precedent set out respectively in the CB Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“acting in concert”	has the meaning ascribed thereto in the Hong Kong Code on Takeovers and Mergers
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business
“CB Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions of the CB Placing Agreement
“CB Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 28 August 2015 in relation to the CB Placing
“Company”	Common Splendor International Health Industry Group Limited (Stock Code: 00286), an exempted company incorporated in Bermuda with limited liability whose issued shares are listed on the main board of the Stock Exchange
“Connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.858, (subject to adjustment) per Conversion Share upon conversion of the Convertible Bonds
“Conversion Share(s)”	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$300 million to be issued by the Company pursuant to the CB Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting date 22 May 2015 to allot, issue or deal with up to 20% of the then issued share

capital of the Company as at the date of the annual general meeting, being 2,428,255,008 Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the second anniversary of the date of issue of the relevant tranche of the Convertible Bonds
“Placees”	any independent individual, institutional investors whom the Placing Agent and/ or any of their sub-placing agent(s) have procured to subscribe for any of the Convertible Bonds under the CB Placing
“Placing Agent”	Karl-Thomson Securities Company Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche 1 Bonds”	the first tranche of convertible bonds in the principal amount of HK\$150,000,000 to be issued by the Company to the Placees pursuant to the CB Placing Agreement

“Tranche 2 Bonds”	the second tranche of convertible bonds in the principal amount of HK\$150,000,000 to be issued by the Company to the Placees pursuant to the CB Placing Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board of
Common Splendor International
Health Industry Group Limited
Lam King Ho
Company Secretary

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises Mr. Cheung Wai Kuen and Mr. Cheng Hau Yan as executive directors of the Company; Mr. Lin Jiang as non-executive director of the Company; and Mr. Mai Yang Guang, Mr. Yau Chi Ming and Mr. Huang Liang, as independent non-executive directors of the Company.