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## **COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 286)**

### **DISCLOSEABLE TRANSACTION**

#### **ISSUE OF 11% SECURED AND GUARANTEED NOTE IN THE PRINCIPAL AMOUNT OF HK\$100,000,000 DUE 2018**

##### **THE SUBSCRIPTION AGREEMENT**

On 14 December 2016 (after trading hours), the Company entered into the Subscription Agreement with the Investor pursuant to which, subject to the Conditions, the Investor agreed to subscribe for and the Company agreed to issue the Note up to a maximum principal amount of HK\$100,000,000.

##### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the issue of the Note under the Subscription Agreement is more than 5% but less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**Shareholders and potential investors should note that the issuance of the Note is subject to fulfillment of the Conditions under the Subscription Agreement. As the transaction may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

14 December 2016 (after trading hours)

### **Parties**

Issuer:           The Company

Subscriber:       The Investor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Investor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

### **The Subscription**

Pursuant to the Subscription Agreement, the Company will, subject to the conditions as set out in the Subscription Agreement, issue the Note to the Investor up to a maximum principal amount of HK\$100,000,000. The Company agreed to issue the Note on or before 31 December 2016 or such other date as the Company and the Investor may agree in writing (the "**Closing Date**") to the Investor or as it may direct.

### **Conditions Precedent to the Subscription**

The obligations of the Investor under the Subscription Agreement in respect of the Subscription are conditional upon, among other things, the fulfillment of the following matters (the "**Conditions**"):

- (a) The execution and delivery (on or before the Closing Date) of the other Transaction Documents, each in a form satisfactory to the Investor, by the respective parties.
- (b) On or prior to the Closing Date, there having been delivered to the Investor the acknowledgement of the warning notice in connection with the Personal Guarantee duly executed by Mr. Cheung.
- (c) At the Closing Date:
  - (i) the representations and warranties of the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date; and
  - (ii) the Company having performed all of its obligations under the Subscription Agreement to be performed on or before such date.

- (d) On or prior to the Closing Date, there having been delivered to the Investor a copy, certified by a duly authorised signatory of each Obligor (other than Mr. Cheung) of corporate documents, including but not limited to certificates of incorporation, the memorandum of association, the articles of association/bye-laws and other constitutive documents of each Obligor (other than Mr. Cheung), the resolutions of the board of directors of each Obligor (other than Mr. Cheung) approving, among other things, the terms of and the transactions contemplated by the Transaction Documents, and all relevant corporate registers.
- (e) No more than 1 Business Day prior to the Closing Date, receipt by the Investor of legal opinions in relation to Hong Kong, Bermuda and the BVI law substantially in the form agreed by the Company prior to signing of the Subscription Agreement.
- (f) After the date of the Subscription Agreement up to and at the Closing Date, there shall not have occurred any change or development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, assets, results of operations, shareholders' equity, business or general affairs of the Company, which is material and adverse to the Company or in the context of the transaction.
- (g) Prior to and at the Closing Date, Mr. Cheung remains as the chairman and an executive Director of the Company.
- (h) At Closing Date:
  - (i) all necessary regulatory filings, notifications and approvals to the relevant governmental authorities to enter into the Transaction Documents and the Security Documents and perform the Obligors' obligations thereunder having been made and obtained, and such filings, notifications and approvals remaining valid and effective, and no governmental authority having taken or initiated any action which would prohibit the transactions contemplated under the Transaction Documents or any of the Security Documents;
  - (ii) since the date of the Subscription Agreement, there having been, in the opinion of the Investor, no material adverse change;
  - (iii) there having been no event of default, and no event of default would result from the proposed issue of the Note by the Company to the Investor;
  - (iv) all obligations under the Transaction Documents and the Security Documents required to be performed by the Obligors on or before the Closing Date having been performed, and no material breach of any provision of any Transaction Document or any Security Document by any of the Obligors;
  - (v) the Investor having performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Transaction Documents and the Security Documents, including but not limited to its investment committee approval, anti-money laundering checks and know-your-client checks; and
  - (vi) the Investor having been reasonably satisfied with the results of its commercial, financial and legal due diligence on the Obligors and the Group in its sole discretion.

The Investor may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the Conditions above.

## **Closing of the Subscription Agreement**

At closing of the Subscription, the following security will be provided to secure the obligations of the Company under the Note:

### **(1) The Share Charges**

- (a) Sassoon Global Limited, a wholly-owned subsidiary of the Company, will execute a share charge (the “Harvest Luck Share Charge”) to charge 100% of the issued share capital in its subsidiary, Harvest Luck Investment Limited, in favour of the Investor as a security.
- (b) Harvest Luck Investment Limited, a wholly-owned subsidiary of the Company, will execute a share charge (the “Great King Share Charge”) to charge 100% of the issued share capital in its subsidiary, Great King Limited, in favour of the Investor as a security.

### **(2) The Undertaking**

Champion Dynasty, which is a controlling shareholder (as defined in the Listing Rules), and the Mr. Cheung will execute the Undertaking in favour of the Investor.

- (a) Champion Dynasty undertakes to the Investor that it shall at all times:
  - (i) remain the Shareholder with the single largest direct or indirect shareholding in the Company;
  - (ii) prior to the Closing Date, not to have incurred any loan or loans provided by the Company to Champion Dynasty (the “**Champion Loans**”) exceeding HK\$80,000,000 (or its equivalent in any currency);
  - (iii) punctually repay any loan or loans (including the Champion Loans) provided by the Company to any Shareholder (whether documented or not) (the “**Shareholder Loans**”) which fall due;
  - (iv) not incur Shareholder Loans exceeding the aggregate amount of HK\$200,000,000 (or its equivalent in any currency);
  - (v) after the Closing Date, not incur any Champion Loans at an interest rate of less than 11% per annum; and
  - (vi) ensure that Mr. Cheung will at all times remain as chairman and an executive Director of the Company.

(b) Mr. Cheung undertakes to the Investor:

- (i) to ensure that Champion Dynasty shall at all times:
  - (A) remain the Shareholder with the single largest direct or indirect shareholding in the Company;
  - (B) prior to the Closing Date, not to have incurred Champion Loans exceeding HK\$80,000,000 (or its equivalent in any currency);
  - (C) punctually repay any Shareholder Loans which fall due;
  - (D) not incur Shareholder Loans exceeding the aggregate amount of HK\$200,000,000 (or its equivalent in any currency); and
  - (E) after the Closing Date, not incur any Champion Loans at an interest rate of less than 11% per annum;
- (ii) that he will at all times maintain legal and beneficial ownership of the entire issued share capital of Champion Dynasty; and
- (iii) that he will at all times remain as chairman and an executive Director of the Company.

### **(3) The Personal Guarantee**

Mr. Cheung, who is the chairman of the Company and an executive Director and the beneficial owner of Champion Dynasty, will enter into the Personal Guarantee in favour of the Investor to guarantee the obligations of the Company contained in the Transaction Documents.

### **Termination of the Subscription Agreement**

The Investor may, by notice to the Company given at any time prior to payment of the net purchase monies for the Note to the Company terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Investor any material breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (ii) if any of the Conditions has not been reasonably satisfied by the Company or otherwise waived by the Investor on or prior to 31 December 2016.

## PRINCIPAL TERMS OF THE NOTE

Principal terms of the Note are set out below:

- Principal amount:** Up to HK\$100,000,000
- Issue price:** 100% of the principal amount
- Maturity date:** 15 August 2018 or the Company may seek Noteholder's prior written approval to extend the original maturity date to the third anniversary of the issue date by delivering a written notice to each Noteholder no later than 20 Business Days prior to 15 August 2018
- Interest rate:** 11% per annum
- Default interest:** The default interest (the "**Default Interest**") is determined as follows:
- (i) in the case of non-payment, the Default Interest shall accrue on the aggregate unpaid principal and/or interest amount owed by the Company to such Noteholder from the relevant due date of such unpaid amount until the date on which such unpaid amount is settled in full by the Company at a compound rate of 22% per year, and such Default Interest shall be payable by the Company monthly in cash; or
  - (ii) in the case of any other event of default, the Default Interest shall accrue on the total outstanding principal amount of the Note from the date on which such event of default occurs until the date on which such event of default has been fully remedied (in the opinion of the Noteholders) at a compound rate of 22% per year, and such Default Interest shall be payable monthly in cash.
- Status:** The Note constitutes direct, senior, unconditional, unsubordinated and secured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves.

**Redemption:** Unless previously redeemed or purchased and cancelled, the Company will redeem all the outstanding Note held by a Noteholder on the maturity date, without the need for such Noteholder to serve any redemption notice, at an amount equal to the aggregate of:

- (i) the aggregate principal amount of such outstanding Note held by such Noteholder; and
- (ii) any accrued but unpaid interest (including any Default Interest) on such outstanding Note.

**Transferability:** The Note are transferrable.

**Listing:** The Note will not be listed on any stock exchange.

## **INFORMATION ON THE INVESTOR**

The Investor is a limited liability company incorporated in the BVI. It is indirectly and wholly-owned by CCB International (Holdings) Limited (“CCBI”). CCBI is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the precision life healthcare services, healthcare investment management, and investment and finance businesses

## **REASONS FOR THE ISSUANCE AND USE OF PROCEEDS**

The Group is principally engaged in the precision life healthcare services, healthcare investment management, and investment and finance businesses. The Group has implemented a new “Focus on Social Elites” development strategy and has commenced the layout of global direct operating chain life club plan, including life clubs in Guangzhou, Shenzhen and Huizhou. The Group has recently initiated the global chain healthcare nursing base plan, with the first nursing base situated at a PRC Grade 5A scenic area in Luofu Shan.

The Directors consider that the Subscription represents opportunities of the Company to obtain funding to strengthen its working capital base for continuous development of the Group. The additional capital will also facilitate the efficient and timely execution of any potential investments as and when opportunities arise.

The Directors consider that the terms of the Subscription are on normal commercial terms following arm’s length negotiations between the Company and the Investor, and they are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Fund raising activities by the Company during the 12 months immediately before the date of this announcement are as follows:

<b>Date of announcement</b>	<b>Capital raising activity</b>	<b>Net proceeds raised</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
23 November 2015 and 18 December 2015	Issue of convertible bonds under general mandate	Approximately HK\$15.5 million	General working capital of the Group and investments in the potential business opportunities.	General working capital of the Group and the development of existing healthcare business of the Group.
24 December 2015	Issue of convertible bonds under general mandate	Approximately HK\$1.0 million	General working capital of the Group and for the development of existing healthcare business of the Group.	General working capital of the Group and the development of existing healthcare business of the Group.
5 August 2016	Issue of convertible bonds under general mandate	Approximately US\$10.0 million	General working capital of the Group and for the development of existing healthcare business of the Group.	General working capital of the Group and the development of existing healthcare business of the Group.
30 August 2016	Issue of bonds	Approximately HK\$18.1 million	General working capital of the Group and for the development of existing healthcare business of the Group.	General working capital of the Group and the development of existing healthcare business of the Group.
31 October 2016	Issue of bonds	Approximately HK\$27.8 million	General working capital of the Group and for the development of existing healthcare business of the Group.	General working capital of the Group and the development of existing healthcare business of the Group.



## LISTING RULES IMPLICATIONS

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## DEFINITIONS

In this announcement, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Board”	the board of the Directors
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong, excluding any day in Hong Kong on which a typhoon signal number 8 or above or a “black” rainstorm warning is hoisted
“BVI”	the British Virgin Islands
“Champion Dynasty”	Champion Dynasty Limited, a company incorporated in the BVI with limited liability
“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 meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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 People’s Republic of China
“Investor”	Wan Tai Investments Limited, a company incorporated in the BVI

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Wai Kuen, the chairman of the Board, an executive Director and a controlling shareholder of the Company
“Note”	the HK\$100,000,000, 11% interest bearing, secured, guaranteed note due 2018 constituted by the Note Instrument
“Noteholder(s)”	the registered holder(s) of the Note
“Note Instrument”	the note instrument to be entered into by the Company which includes the terms and conditions of the Note
“Obligors”	the Company, Mr. Cheung, Champion Dynasty, Sassoon Global Limited and Harvest Luck Investment Limited
“Personal Guarantee”	an unsecured personal guarantee to be executed by Mr. Cheung, in favour of the Investor guaranteeing the performance of the obligations by the Company under the Note
“PRC”	the People’s Republic of China
“Security Documents”	the Personal Guarantee, the Share Charges and the Undertaking
“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)
“Share Charges”	(i) the Harvest Luck Share Charge – a share charge in relation to the entire issued share capital of Harvest Luck Investment Limited, a wholly-owned subsidiary of the Company, to be executed by Sassoon Global Limited in favour of the Investor as security for all and any obligations to be performed and observed by the Company under the Subscription Agreement, and all and any obligations to be performed and observed by the Sassoon Global Limited under the share charge; and (ii) the Great King Share Charge – a share charge in relation to the entire issued share capital of Great King Limited, a wholly-owned subsidiary of the Company, to be executed by Harvest Luck Investment Limited in favour of the Investor as security for all and any obligations to be performed and observed by the Company under the Subscription Agreement, and all and any obligations to be performed and observed by the Harvest Luck Investment Limited under the share charge
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the proposed subscription by the Investor of the Note as contemplated under the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Investor dated 14 December 2016 in relation to the Subscription
“Transaction Documents”	the Subscription Agreement, the Note Instrument, the Undertaking, the Personal Guarantee and the Share Charges
“Undertaking”	the undertaking entered into by each of Mr. Cheung and Champion Dynasty in favour of the Investor
“%”	per cent.

On behalf of the Board  
**Common Splendor International  
Health Industry Group Limited**  
**Cheung Wai Kuen**  
*Chairman*

Hong Kong, 14 December 2016

*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 as non-executive Director; and Mr. Mai Yang Guang, Mr. Yau Chi Ming and Mr. Lam Chi Wing as independent non-executive Directors.*