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COMMON SPLENDOR INTERNATIONAL HEALTH INDUSTRY GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 286)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the “Board”) of directors (the “Directors”) of Common Splendor International Health Industry Group Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2015 (the “Period”) together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	138,318	12,972
Costs of sales		(112,534)	(4,994)
Gross profit		25,784	7,978
Other income	5	1,402	944
Administrative expenses		(15,781)	(11,615)
Selling and distribution expenses		(1,150)	(937)
Share of results of associates		2,657	–
Fair value changes on investment properties		–	3,620
Profit (loss) from operations		12,912	(10)
Finance cost		–	(2)
Profit (loss) before income tax		12,912	(12)
Income tax expense	6	(2,049)	(369)
Profit (loss) for the period	7	10,863	(381)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive income (expense), net of income tax		
<i>Items that may be reclassified subsequent to profit or loss</i>		
Exchange differences on translating foreign operations arising during the period	<u>813</u>	<u>–</u>
Total comprehensive income (expense) for the period	<u>11,676</u>	<u>(381)</u>
Profit (loss) for the period attributable to:		
Owners of the Company	8,551	2,231
Non-controlling interests	<u>2,312</u>	<u>(2,612)</u>
	<u>10,863</u>	<u>(381)</u>
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	8,741	2,231
Non-controlling interests	<u>2,935</u>	<u>(2,612)</u>
	<u>11,676</u>	<u>(381)</u>
Earnings (loss) per share for the period attributable to owners of the Company		
Basic <i>(HK cents per share)</i>	<u>0.35</u>	<u>(0.09)</u>
Diluted <i>(HK cents per share)</i>	<u>0.33</u>	<u>(0.09)</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June	31 December
		2015	2014
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,530	13,026
Goodwill		53,382	53,382
Interests in associates		15,794	13,131
Available-for-sale financial assets		2,042	2,042
		84,748	81,581
Current assets			
Deposits, prepayments and other receivables		107,728	131,269
Trade receivables	<i>10</i>	13,500	46,749
Inventories		12,701	141
Amount due from a shareholder	<i>11</i>	–	115
Amount due from an associate		–	4,107
Loan to a shareholder	<i>12</i>	209,500	220,000
Short-term loans receivable	<i>13</i>	119,000	68,500
Bank and cash balances		17,846	6,795
Tax recoverable		11	–
		480,286	477,676
Current liabilities			
Trade payables	<i>14</i>	11,953	29,373
Accruals, deposits received and other payables		66,864	34,595
Obligation under a finance lease		–	20
Contingent consideration payable		–	30,875
Tax payable		1,600	6,573
		80,417	101,436
Net current assets		399,869	376,240
Total assets less current liabilities		484,617	457,821

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Capital and reserves		
Share capital	24,762	24,282
Share premium	375,206	351,638
Statutory reserve	2,705	2,705
Translation reserve	543	353
Other reserve	–	734
Share options reserve	23,146	32,074
Retained profits	<u>33,408</u>	<u>24,857</u>
Equity attributable to owners of the Company	459,770	436,643
Non-controlling interests	<u>24,815</u>	<u>21,146</u>
Total equity	<u>484,585</u>	<u>457,789</u>
Non-current liabilities		
Deferred tax liabilities	<u>32</u>	<u>32</u>
	<u>32</u>	<u>32</u>
	<u>484,617</u>	<u>457,821</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2014	24,282	351,638	234	-	-	31,248	57	407,459	-	407,459
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	2,231	2,231	(2,612)	(381)
Deemed disposal partial equity of a subsidiary	-	-	-	-	-	-	-	-	790	790
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,780	1,780
Deemed as non-controlling interest capital injection	-	-	-	-	-	-	-	-	2,060	2,060
At 30 June 2014	<u>24,282</u>	<u>351,638</u>	<u>234</u>	<u>-</u>	<u>-</u>	<u>31,248</u>	<u>2,288</u>	<u>409,690</u>	<u>2,018</u>	<u>411,708</u>
At 1 January 2015	24,282	351,638	353	2,705	734	32,074	24,857	436,643	21,146	457,789
Profit for the period	-	-	-	-	-	-	8,551	8,551	2,312	10,863
Exchange differences on translating foreign operations arising during the period	-	-	190	-	-	-	-	190	623	813
Total comprehensive income	-	-	190	-	-	-	8,551	8,741	2,935	11,676
Exercise of share options	480	23,568	-	-	-	(8,928)	-	15,120	-	15,120
Transfer to non-controlling interest	-	-	-	-	(734)	-	-	(734)	734	-
At 30 June 2015	<u>24,762</u>	<u>375,206</u>	<u>543</u>	<u>2,705</u>	<u>-</u>	<u>23,146</u>	<u>33,408</u>	<u>459,770</u>	<u>24,815</u>	<u>484,585</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Net cash generated from (used in) operating activities	12,533	(20,518)
Net cash used in investing activities	(16,772)	(3,366)
Net cash generated from (used in) financing activities	15,100	(5)
	<hr/>	<hr/>
Net change in cash and cash equivalents	10,861	(23,889)
Effect of foreign exchange rate changes, net	190	152
Cash and cash equivalents at beginning of period	6,795	52,336
	<hr/>	<hr/>
Cash and cash equivalents at end of period	17,846	28,599
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Bank and cash balances	17,846	28,599
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. Basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with the Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2014.

These unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as appropriate.

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The accounting policies adopted in these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014.

3. Revenue

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Revenue represents the aggregate amounts received and receivable from third parties and analysed as follows:		
Interest income from investment and finance	25,064	5,512
Property rental income	–	915
Revenue from health industry	113,254	6,545
	<u>138,318</u>	<u>12,972</u>

4. Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has engaged in two reportable segments (i) health industry and (ii) investment and finance. The segments are based on the information about the operation of the Group that the management uses to make decisions.

Principal activities are as follows:

Health Industry – includes 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)

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.

Operating segment information is presented below:

For the six months ended 30 June 2015

	Health industry				Sub-total HK\$'000	Investment and finance HK\$'000	Total HK\$'000
	Natural Healthy Food HK\$'000	Health Management HK\$'000	Advantage Growth for Children and Teenagers HK\$'000	Healthcare Investment Management HK\$'000			
Revenue							
Revenue from external customers	<u>82,969</u>	<u>41,632</u>	<u>3,043</u>	<u>3,793</u>	<u>131,437</u>	<u>6,881</u>	<u>138,318</u>
Results							
Segment results for reportable segments	<u>1,971</u>	<u>6,419</u>	<u>824</u>	<u>3,063</u>	<u>12,277</u>	<u>4,652</u>	16,929
Bank interest income							1
Unallocated corporate expenses, net							(4,018)
Income tax expenses							<u>(2,049)</u>
Profit for the period							<u><u>10,863</u></u>

As at 30 June 2015

	Health industry						Total <i>HK\$'000</i>
	Natural Healthy Food <i>HK\$'000</i>	Health Management <i>HK\$'000</i>	Advantage Growth for Children and Teenagers <i>HK\$'000</i>	Healthcare Investment Management <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Investment and finance <i>HK\$'000</i>	
Assets							
Segment assets for reportable segments	<u>114,166</u>	<u>30,584</u>	<u>5,592</u>	<u>78,824</u>	<u>229,166</u>	<u>333,674</u>	562,840
Unallocated corporate assets							<u>2,194</u>
Total assets							<u>565,034</u>
Liabilities							
Segment liabilities for reportable segments	<u>53,592</u>	<u>2,631</u>	<u>5,437</u>	<u>15,545</u>	<u>77,205</u>	<u>2,919</u>	80,124
Unallocated corporate liabilities							<u>325</u>
Total liabilities							<u>80,449</u>

For the six months ended 30 June 2014

	Health Industry			Investment and finance (Unaudited) HK\$'000	Properties investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Health management (Unaudited) HK\$'000	Healthy fast food e-trade (Unaudited) HK\$'000	Sub-total (Unaudited) HK\$'000			
Revenue						
Revenue from external customers	<u>6,176</u>	<u>369</u>	<u>6,545</u>	<u>5,512</u>	<u>915</u>	<u>12,972</u>
Results						
Segment results for reportable segments	<u>(160)</u>	<u>(5,844)</u>	<u>(6,004)</u>	<u>2,345</u>	<u>327</u>	<u>(3,332)</u>
Bank interest income						14
Unallocated items						
Unallocated corporate expenses, net						(1,048)
Income tax expense						<u>(369)</u>
						(4,735)
Major non-cash item (excluding depreciation)						
Fair value changes on investment properties						3,620
Gain on disposal of partial equity of a subsidiary						<u>734</u>
Loss for the period						<u><u>(381)</u></u>

As at 31 December 2014

	Health industry						Total HK\$'000
	Natural Healthy Food HK\$'000	Health Management HK\$'000	Advantage Growth for Children and Teenagers HK\$'000	Healthcare Investment Management HK\$'000	Sub-total HK\$'000	Investment and finance HK\$'000	
Assets							
Segment assets for reportable segments	<u>64,539</u>	<u>54,820</u>	<u>3,813</u>	<u>90,195</u>	<u>213,367</u>	<u>300,264</u>	513,631
Unallocated corporate assets							<u>45,626</u>
Total assets							<u>559,257</u>
Liabilities							
Segment liabilities for reportable segments	<u>33,257</u>	<u>14,891</u>	<u>1,555</u>	<u>17,363</u>	<u>67,066</u>	<u>2,513</u>	69,579
Unallocated corporate liabilities							<u>31,889</u>
Total liabilities							<u>101,468</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2014: Nil).

Segment results represent the profit earned/(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, prepayment 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 and obligation under finance lease.

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:

	Six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Revenue		
PRC	131,437	6,544
Hong Kong	6,881	6,428
	138,318	12,972
	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Non-current assets*		
PRC	65,076	64,292
Hong Kong	1,836	2,116

* *Non-current assets excluded those relating to interests in associates and available-for-sale financial assets.*

5. Other income

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Gain on disposal of partial equity of a subsidiary	1,395	734
Reversal of repairmen loss recognised in respect & a joint venture	–	91
Bank interest income	1	14
Other property income	–	9
Other income	6	25
Exchange gain, net	–	71
	1,402	944

6. Income tax expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<u>2,049</u>	<u>369</u>
	<u>2,049</u>	<u>369</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period. No Hong Kong Profits Tax is payable on the profits for the period arising in Hong Kong as they have been set off with tax losses brought forward.

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 of the Group is 25% from 1 January 2008 onwards.

7. Profit (loss) for the period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period has been arrived at after charging/(crediting):		
Total staff costs including Directors’ remuneration:		
Salaries and other benefits	<u>6,077</u>	<u>7,657</u>
Retirement benefit scheme contributions	<u>332</u>	<u>236</u>
	<u>6,409</u>	<u>7,893</u>
Auditors’ remuneration	500	175
Cost of inventories recognised as expenses	112,394	2,990
Depreciation of property, plant and equipment	776	88
Operating lease rentals in respect of rented premises	<u>2,936</u>	<u>1,473</u>

8. Dividend

The Directors do not recommend any payments of interim dividend for the Period (2014: HK\$Nil).

9. 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:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Earnings</i>		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	8,551	2,231
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,428,785	2,428,255
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	136,680	80,273
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,565,465	2,508,528

10. Trade receivables

The following is an aged analysis of trade receivables, at the end of the reporting period:

	30 June	31 December
	2015	2014
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
0 – 30 days	4,756	46,749
31 – 60 days	4,148	–
61 – 90 days	–	–
91 – 180 days	4,216	–
181 – 365 days	380	–
	13,500	46,749

There was no trade receivables that are past due or impaired for the Period.

11. Amount due from a shareholder

Details of the amount due from a shareholder are as follows:

Name of shareholder	Maximum amount outstanding during the period <i>HK\$'000</i>	30 June	31 December
		2015 (Unaudited) <i>HK\$'000</i>	2014 (Audited) <i>HK\$'000</i>
Champion Dynasty Limited ("Champion Dynasty")	115	<u>–</u>	<u>115</u>

The amount due from a shareholder is unsecured, interest-free and repayable on demand.

Champion Dynasty is directly owned by Mr. Cheung Wai Kuen ("Mr. Cheung"), an executive Director.

12. Loan to a shareholder

On 27 September 2012, the Company, as lender, entered into a loan agreement with Champion Dynasty, as borrower, and Mr. Cheung, as an individual guarantor, and Guangdong Allad Commercial Development Company Limited* (廣東奧理德商業發展有限公司) ("Guangdong Allad") (formerly known as Guangdong Allad Yiliao Touzi Company Limited* (廣東奧理德醫療投資有限公司)), as a corporate guarantor, to grant a three-year revolving loan facility of up to HK\$220,000,000 to Champion Dynasty at an interest rate of the Hong Kong Inter-Bank Offered Rate ("HIBOR") plus 2.5% per annum. The loan is repayable on demand.

Details of the loan were set out in the Company's announcements and circular dated 28 September 2012, 8 October 2012 and 19 October 2012, 22 October 2012, 1 November 2012, 5 November 2012 and 20 November 2012 respectively.

Name of shareholder	Maximum amount outstanding during the period <i>HK\$'000</i>	30 June	31 December
		2015 (Unaudited) <i>HK\$'000</i>	2014 (Audited) <i>HK\$'000</i>
Champion Dynasty	220,000	<u>209,500</u>	<u>220,000</u>

13. Short-term loans receivable

Term loans with principal amount of HK\$40,000,000 (31 December 2014: HK\$40,000,000) are guaranteed by 廣東省東莞市悅海實業投資有限公司 and bear interest at 5% per annum and repayable within one year.

All other loans not guaranteed are denominated in Hong Kong dollars and bear interest in the range of 8% to 9% per annum and repayable in 180 days to 365 days.

14. Trade payables

The following is aged analysis of the trade payables at the reporting period end:

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
0 – 30 days	6,423	29,372
31 – 60 days	15	–
61 – 90 days	8	–
91 – 180 days	5,441	1
181 – 365 days	2	–
Over a year	64	–
	<u>11,953</u>	<u>29,373</u>

INTERIM DIVIDEND

The Board has resolved not to declare payment of any interim dividend for the Period (2014: HK\$ Nil).

FINANCIAL OPERATION REVIEW

Results

Revenue for the Period was approximately HK\$138,318,000 (2014: HK\$12,972,000), a substantial increase of approximately HK\$125,346,000, representing an increase of 9.7 times as compared to the same period of last year. Gross profit for the Period was approximately HK\$25,784,000 (2014: HK\$7,978,000), an increase of HK\$17,806,000, representing an increase of 2.2 times as compared to the same period of last year. The substantial increase in both revenue and gross profit for the Period was mainly attributable to the acquisition of health industry businesses in the second half of 2014 which has become the major source of revenue and gross profit of the Group.

Healthcare Investment Management, Natural Healthy Food and Advantage Growth for Children and Teenagers businesses were newly acquired by the Group which contributed revenue of HK\$3,793,000, HK\$82,969,000 and HK\$3,043,000 and profit of HK\$3,063,000, HK\$1,971,000 and HK\$824,000 respectively to the Group for the Period. There was no such revenue and profit in the same period of last year.

Health Management business contributed revenue of HK\$41,632,000 (2014: HK\$6,176,000) and profit of HK\$6,419,000 (2014: loss of HK\$160,000) to the Group. The increase in revenue and profit was mainly because the Health Management business was in a development stage in 2014.

Income from the investment and finance segment for the Period represents interest income from a loan to a shareholder of approximately HK\$2,966,000 (2014: HK\$2,940,000) and from certain third-party borrowers of approximately HK\$3,915,000 (2014: HK\$2,572,000).

There was no rental income from property leasing during the Period (2014: HK\$915,000), as all investment properties of the Group have been sold at the end of 2014.

Profit attributable to owners of the Company

Compared with loss before income tax of approximately HK\$12,000 for the same period of last year, profit before income tax of the Group for the Period was approximately HK\$12,912,000. The increase in profit mainly came from i) the increase in revenue of HK\$125,346,000 from the new businesses that gave an increase in gross profit of HK\$17,806,000; ii) the increase in share of results of newly acquired Allad optometry associates of HK\$2,657,000; iii) net off the increase in administrative expenses of HK\$4,166,000 and iv) the decrease in fair value gain on investment properties of HK\$3,620,000.

The increase in income tax expense of HK\$1,680,000 was a direct result of the increase in taxable income of the subsidiaries of the Group in the PRC.

Basic and diluted earnings per share attributable to the owners of the Company for the Period were HK0.35 cents and HK0.33 cents respectively (2014: basic and diluted loss per share: HK0.09 cents and HK0.09 cents).

Net Asset Value

As at 30 June 2015, the net assets attributable to the owners of the Company was HK\$459,770,000 (31 December 2014: HK\$436,643,000), an increase of HK\$23,127,000. The increase mainly comprised i) profit attributable to the owners of the Company of HK\$8,551,000 and ii) the net increase in share capital, share premium and share options reserve of HK\$15,120,000 representing the proceed from exercise of certain share options during the Period. As at 30 June 2015, the non-controlling interests of the Group amounted to HK\$24,815,000 (31 December 2014: HK\$21,146,000).

Net asset value per share attributable to owners of the Company as at 30 June 2015 was HK18.6 cents (31 December 2014: HK18.0 cents).

Equity

The number of issued ordinary shares as at 30 June 2015 was 2,476,255,008 (31 December 2014: 2,428,255,008).

Debt and equity ratio

The Group did not have any borrowings as at 30 June 2015 and 31 December 2014.

The Group continued to maintain a sound capital and cash position. Bank and cash balances as at 30 June 2015 was approximately HK\$17,846,000 (31 December 2014: HK\$6,795,000). The majority of the Group's income for the Period was denominated in Hong Kong Dollars and Renminbi. No hedging for non-Hong Kong Dollars assets or investments had been made during the Period.

Remuneration Policies and Share Option Scheme

As at 30 June 2015, the Group employed 279 staff members (31 December 2014: 75). Total staff costs including Directors' remuneration for the Period was approximately HK\$6,409,000 (2014: HK\$7,893,000). The Company had granted an aggregate of 184,680,000 share options carrying the right to subscribe for the nominal ordinary shares of HK\$0.01 each of the Company. During the Period, 48,000,000 share options were exercised and there were 136,680,000 share options outstanding at 30 June 2015.

Pledge of Assets

As at 30 June 2015 and 31 December 2014, no assets were pledged by the Group to secure any banking facilities.

Capital Commitment and Contingent Liabilities

As at 30 June 2015 major capital commitment of the Group was HK\$27,560,000 to acquire 26.5% of the issued share capital of JP Partners Medical Group. Apart from that, the Group did not have any material capital commitment and contingent liabilities (31 December 2014: Nil).

BUSINESS REVIEW

During the Period, the Group was mainly engaged in the businesses of (i) health industry and (ii) investment and finance.

Health Industry

Healthcare Investment Management Business

Since 16 October, 2013, the Group rented about 2,975 square meters of two floors commercial buildings in Guangzhou Biological Island as a health management business headquarter and the first operational centre ("Guangzhou Centre"). The Guangzhou Centre has commenced its operation in the fourth quarter of 2014 and has over 100 regular members as at 30 June 2015. Membership fee income of the Guangzhou Centre for the Period amounted to approximately HK\$3,793,000 (2014: HK\$Nil).

Investment and Finance

During the Period, the Company accrued interest income of approximately HK\$2,996,000 (2014: HK\$2,940,000) from the loan to Champion Dynasty.

As at 30 June 2015, a wholly owned subsidiary of the Company trading as money lender had loan receivables of HK\$119,000,000 (31 December 2014: HK\$68,500,000). Interest income arisen from the money lending business amounted to approximately HK\$3,915,000 during the Period (2014: HK\$2,572,000).

EVENT AFTER THE REPORTING PERIOD

On 9 August 2015, Guangdong Tongjia Investment Management Ltd. (“Guangdong Tongjia”), a wholly-owned subsidiary of the Company entered into an agreement (the “Agreement”) with Dongguan Ruicheng Ventures Ltd. (“Dongguan Ruicheng”). Pursuant to the Agreement, Guangdong Tongjia agreed to make capital contribution of RMB119 million to Dongguan Ruicheng and agreed to purchase all the remaining equity interest of Dongguan Ruicheng at the consideration of RMB10 million. At the date of the Agreement, Dongguan Ruicheng had the right to acquire 30% equity interest of Shenzhen Aidigong Modern Maternity Health Management Co. (“Aidigong”) and Dongguan Ruicheng had undertaken that the right to acquire Aidigong shall remain valid and effective until the completion of the Agreement. Aidigong is a prestige maternity health group that has two maternity health clubs in Shenzhen which are situated at Xiangmihu Resort and Silver Lake Resort respectively and one club in Beijing which is situated at No.1 Ritan Road, Chao Yang District.

On 28 August 2015, the Company entered into a convertible bonds placing agreement with a placing agent, pursuant to which the placing agent has conditionally agreed to procure, on a best effort basis, independent placees to subscribe for the convertible bonds of the Company up to an aggregate principal amount of HK\$300,000,000. The convertible bonds placing is expected to be completed on or before 31 October 2015. Details of the placing have been disclosed in the announcement of the Company published on 28 August 2015.

PROSPECT

For the first half of 2015, the Group has transformed into an international health industry development group and has become generating return to the Shareholders. The Board is confident that the whole health industry will remain a rapid growth development stage. Merely relying on the organic growth to develop will miss the opportunities. In order to achieve a rapid growth in the industry, the Group has set out a tactical merger and acquisition plan for a few years in the future, i.e. through investing in enterprises that are at the development or mature stages in the health industry to achieve a growth in the Group’s profit. Continuing to identify and negotiate relevant quality companies and projects will be the Company’s long term plan. The Board also determines “to build up the health service as the core business and implement the strategy of health business based chain of all health-related equipment, drugs, food, lifestyle, culture and education. Today, our business has established a series of core health services portfolio from maternal health management, child growth management, to all round health management for the upper class and Hong Kong style medical services. The Board will also actively promote and advance this business strategy, and increase the effort in the integration of our core business and industry innovation in order to make our Group to become “the health industry pioneer”.

CONTINUING CONNECTED TRANSACTION

On 27 September 2012, the Company as lender entered into a loan agreement with Champion Dynasty as borrower, and Mr. Cheung as an individual guarantor, and Guangdong Allad Commercial Development Company Limited as corporate guarantor, to grant a three-year revolving loan facility of up to HK\$220,000,000 to Champion Dynasty at an interest rate of HIBOR plus 2.5% per annum (the “Shareholder Loan Transaction”). The Shareholder Loan Transaction was approved by the independent Shareholders at the special general meeting held on 20 November 2012.

Save as mentioned above, there were no other discloseable non-exempt connected transactions or non-exempted continuing connected transactions under the Listing Rules during the Period.

CORPORATE GOVERNANCE

The Company had fully applied the principles and complied with the requirements of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules throughout the Period. None of the Directors was aware of any information that would reasonably indicate that the Company was not compliant with the CG Code during the Period.

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

During the Period, 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 as a code of conduct regarding securities transactions by the Directors. In addition, the Company has a separate written code of conduct on terms no less exacting than the Model Code for the relevant employees of the Company who are likely to be in possession of unpublished inside information in respect of their dealings in the securities of the Company (the “Employees’ Code”).

Having made specific enquiry of all Directors and the relevant employees, the Board confirmed that they have complied with the required standards set out in the Model Code and the relevant employees have complied with the Employees’ Code regarding securities transaction throughout the Period.

REVIEW BY AUDIT COMMITTEE

The interim results for the Period are unaudited and have not been reviewed by the auditors of the Company. The audit committee of the Company, comprised all the independent non-executive Directors, has reviewed with the management accounting principles and practices adopted by the Group and the condensed unaudited consolidated financial statements for the Period.

APPRECIATION

I would like to take this opportunity to express our gratitude to the Shareholders 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, 31 August 2015

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

This announcement is also available for viewing on the website of Hong Kong Exchanges and clearing Limited HKExnews at www.hkexnews.hk and on the website of the Company at www.cs-ih.com.

* *For identification purpose only*