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**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 2015**

The board of directors (the “**Board**”) of Common Splendor International Health Industry Group Limited (the “**Company**”) is pleased to submit the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2015 (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 had been reviewed by the audit committee of the Company (the “**Audit Committee**”), together with the comparative figures of the corresponding year ended 31 December 2014 are set out as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>530,290</b>	359,818
Cost of sales		<b>(462,544)</b>	(302,370)
Gross profit		<b>67,746</b>	57,448
Gain on disposal of subsidiaries		–	10,799
Other income	5	<b>680</b>	410
Administrative expenses		<b>(31,153)</b>	(28,548)
Selling and distribution expenses		<b>(1,051)</b>	(6,444)
Finance cost		<b>(69)</b>	(3)
Share of result of associates		<b>12,899</b>	121
Share-based payment expenses		–	(826)
Profit before tax	6	<b>49,052</b>	32,957
Income tax expense	7	<b>(6,946)</b>	(7,627)
Profit for the year from continuing operations		<b>42,106</b>	25,330
<b>Discontinued operation</b>			
Profit for the year from discontinued operation		–	7,063
Profit for the year		<b>42,106</b>	32,393
Profit for the year attributable to			
Owners of the Company		<b>34,009</b>	27,505
Non-controlling interests		<b>8,097</b>	4,888
		<b>42,106</b>	32,393
Profit attributable to owners of the Company arises from			
Continuing operations		<b>34,009</b>	20,442
Discontinued operation		–	7,063
		<b>34,009</b>	27,505
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
From continuing and discontinued operations	9		
Basic		<b>HK1.36 cents</b>	HK1.13 cents
Diluted		<b>HK1.05 cents</b>	HK1.06 cents
From continuing operations			
Basic		<b>HK1.36 cents</b>	HK0.84 cents
Diluted		<b>HK1.05 cents</b>	HK0.79 cents

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b>	2014
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the year		<u>42,106</u>	<u>32,393</u>
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 year		(7,502)	183
Reclassification adjustments relating to foreign operations disposed of during the year		<u>–</u>	<u>(2)</u>
Other comprehensive income/(expense) for the year, net of income tax		<u>(7,502)</u>	<u>181</u>
<b>Total comprehensive income for the year</b>		<b><u>34,604</u></b>	<b><u>32,574</u></b>
Total comprehensive income for the year attributable to			
Owners of the Company		19,527	27,624
Non-controlling interests		<u>15,077</u>	<u>4,950</u>
		<b><u>34,604</u></b>	<b><u>32,574</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*For the year ended 31 December 2015*

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		12,430	13,026
Goodwill		53,382	53,382
Interests in associates	<i>10</i>	234,811	13,131
Available-for-sale financial assets		2,042	2,042
		<b>302,665</b>	81,581
<b>Current assets</b>			
Deposits, prepayments and other receivables	<i>11</i>	54,112	131,269
Trade receivables	<i>12</i>	12,645	46,749
Inventories		12,443	141
Amount due from a shareholder	<i>13</i>	562	115
Amount due from an associate		–	4,107
Loan to a shareholder	<i>14</i>	186,600	220,000
Short-term loans receivables		74,200	68,500
Bank and cash balances		29,404	6,795
		<b>369,966</b>	477,676
<b>Current liabilities</b>			
Trade payables	<i>15</i>	5,127	29,373
Accruals, deposits received and other payables	<i>16</i>	100,767	34,595
Amount due to an associate		654	–
Obligation under a finance lease		13	20
Other financial liability		–	30,875
Tax payable		3,949	6,573
		<b>110,510</b>	101,436
<b>Net current assets</b>		<b>259,456</b>	376,240
<b>Total assets less current liabilities</b>		<b>562,121</b>	457,821

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
<b>Capital and reserves</b>			
Share capital		<b>25,962</b>	24,282
Reserves		<b>483,128</b>	412,361
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>509,090</b>	436,643
Non-controlling interests		<b>37,265</b>	21,146
		<hr/>	<hr/>
<b>Total equity</b>		<b>546,355</b>	457,789
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Convertible notes		<b>15,734</b>	–
Deferred tax liabilities		<b>32</b>	32
		<hr/>	<hr/>
		<b>15,766</b>	32
		<hr/>	<hr/>
		<b>562,121</b>	457,821
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2015*

## 1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which is a collective term that includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the requirement disclosure requirement of the Hong Kong Companies Ordinance (“Companies Ordinance”).

The consolidated financial statements have been prepared under the historical cost basis, except for certain investment properties and financial instruments, which are measured at their fair values.

## 2. Application of New and Revised Hong Kong Financial Reporting Standards

### *(a) New and amended Hong Kong Financial Report Standards (“HKFRSs”) adopted by the Group*

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle

**(b) Issued but not yet effective HKFRSs**

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

HKFRS 9	Financial Instrument <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRS 16	Leases <sup>4</sup>
HKFRS11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKAS 1 (Amendments)	Disclosure Initiative <sup>1</sup>
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants <sup>1</sup>
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation exception <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements HKFRSs 2012-2014 Cycle <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

<sup>2</sup> *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2019.*

The directors of the Company do not anticipate that the application of the new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

**(c) New Hong Kong Companies Ordinance (Cap. 622)**

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year, as a result, there are change to presentation and disclosures of certain information in the consolidated financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622). The main impact relates to the presentation and disclosure of certain information in the consolidated financial statements.

### 3. Revenue

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>

Revenue represents the aggregate amounts received and receivable analysed as follows:

#### **Continuing operations**

Health industry	516,471	349,084
Interest income from investment and finance	<u>13,819</u>	<u>10,734</u>
	<u><b>530,290</b></u>	<u><b>359,818</b></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 two reportable segments (i) health industry; and (ii) investment and finance. The segmentations are based on the information about the operations of the Group that Management uses to make decisions.

Principal activities are as follows:

Health Industry	–	Included health management business, healthcare investment management business, natural health food business, advantage growth for children business
Investment and finance	–	Investing and financing activities



The Group's measurement methods used to determine reported segment profit or loss remain unchanged from 2014.

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**

Revenue from customers contributing over 10 % of the total revenue of the Group during the year was as follows:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Customer A <sup>1</sup>	<b>111,990</b>	40,343
Customer B <sup>1</sup>	<b>N/A<sup>2</sup></b>	<b>50,117</b>

<sup>1</sup> Revenue from natural health food business

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group

Operating segment information is presented below:

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Health Industry													
	Natural Health Food		Health Management		Advantage Growth for Children		Healthcare Investment Management		Sub-total		Investment and Finance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>														
Revenue from external customer	<b>137,116</b>	199,569	<b>356,898</b>	144,983	<b>5,368</b>	2,032	<b>17,089</b>	2,500	<b>516,471</b>	349,084	<b>13,819</b>	10,734	<b>530,290</b>	359,818
<b>Results</b>														
Segment results for reportable segment	<b>1,608</b>	11,060	<b>38,300</b>	18,198	<b>363</b>	1,292	<b>8,247</b>	2,099	<b>48,518</b>	32,649	<b>9,121</b>	6,130	<b>57,639</b>	38,779
Bank interest income	2	1	1	8	1	-	13	-	17	9	4	9	21	18
Unallocated corporate expense, net													(8,608)	(5,840)
Income tax expense	(405)	(2,516)	(5,861)	(4,785)	(450)	(326)	(230)	-	(6,946)	(7,627)	-	-	(6,946)	(7,627)
<b>Profit for the year from continuing operations</b>													<b>42,106</b>	25,330

## Consolidated Statement of Financial Position

	Health Industry													
	Natural Health Food		Health Management		Advantage Growth for Children		Healthcare Investment Management		Sub-total		Investment and Finance		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>														
Segment assets for reportable segments	<u>23,806</u>	<u>64,539</u>	<u>302,561</u>	<u>54,820</u>	<u>2,570</u>	<u>3,813</u>	<u>56,909</u>	<u>90,195</u>	<u>385,846</u>	<u>213,367</u>	<u>259,537</u>	<u>300,264</u>	<u>645,383</u>	<u>513,631</u>
Unallocated corporate assets													<u>27,248</u>	<u>45,626</u>
Total assets													<u>672,631</u>	<u>559,257</u>
<b>Liabilities</b>														
Segment liabilities for reportable segments	<u>563</u>	<u>33,257</u>	<u>5,959</u>	<u>14,891</u>	<u>327</u>	<u>1,555</u>	<u>16,122</u>	<u>17,363</u>	<u>22,971</u>	<u>67,066</u>	<u>19,148</u>	<u>2,513</u>	<u>42,119</u>	<u>69,579</u>
Unallocated corporate liabilities													<u>84,157</u>	<u>31,889</u>
Total liabilities													<u>126,276</u>	<u>101,468</u>

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

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

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, partial prepayment and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include partial 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:

	Revenue from external customers		Non-current assets*	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PRC	485,239	298,966	64,256	64,292
Hong Kong	<u>45,051</u>	<u>60,852</u>	<u>1,556</u>	<u>2,116</u>

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

### ***Other segment information***

	Health Industry		Investment and finance		Unallocated		Consolidated	
	2015 <i>HK'000</i>	2014 <i>HK'000</i>	2015 <i>HK'000</i>	2014 <i>HK'000</i>	2015 <i>HK'000</i>	2014 <i>HK'000</i>	2015 <i>HK'000</i>	2014 <i>HK'000</i>
Addition to property, plant and equipment	5,357	11,133	-	-	-	2,038	5,357	13,171
Depreciation of property, plant and equipment	5,314	224	-	-	-	374	5,314	598
Share of results of associates	12,899	(121)	-	-	-	-	12,899	(121)
Interests in associates	234,811	13,131	-	-	-	-	234,811	13,131
Fair value change on contingent consideration payables	-	145	-	-	-	-	-	145
Other financial liability	-	(30,875)	-	-	-	-	-	(30,875)

### **5. Other income**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>		
Bank interest income	21	19
Fair value gain on derivative financial instrument	21	-
Others	<u>638</u>	<u>391</u>
	<u>680</u>	<u>410</u>

## 6. Profit before tax

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>		
Profit for the year has been arrived at after charging/(crediting):		
Total staff costs including Directors' remuneration:		
Salaries and other benefits	13,106	15,092
Retirement benefit scheme contributions	530	552
Share-based payment expenses	–	307
	<b>13,636</b>	15,951
Auditors' remuneration	1,448	1,000
Fair value change on contingent consideration payables	–	145
Fair value gain on derivative financial instruments	(21)	–
Cost of inventories recognised as expenses*	460,282	299,893
Exchange gain, net	(600)	(67)
Depreciation of property, plant and equipment	5,314	598
Share-based payment expenses in respect of consultancy services	–	519
Operating lease rentals in respect of rented premises (excluding rented premise for Director)	<b>4,587</b>	<b>2,897</b>

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

## 7. Income tax expense

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Continuing operations</b>		
Income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	(6,946)	(7,627)
	<b>(6,946)</b>	<b>(7,627)</b>

## 8. Dividends

The Directors do not recommend any payments of interim and final dividend for the year (2014: 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:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Continuing and discontinued operations</b>		
<i>Earnings</i>		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<b>34,009</b>	27,505
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	<b>57</b>	–
Fair value gain on the derivative component of the convertible notes	<b>(21)</b>	–
	<hr/>	<hr/>
Earnings for the purpose of diluted earnings per share	<b>34,045</b>	27,505
	<hr/> <hr/>	<hr/> <hr/>
<i>Number of shares ('000)</i>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,507,599</b>	2,428,255
Effect of dilutive potential ordinary share:		
Share options issued by the Company	–	168,000
Convertible notes	<b>725,201</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>3,232,800</b>	2,596,255
	<hr/> <hr/>	<hr/> <hr/>

### ***Continuing operations***

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

	<b>2015</b>	2014
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<b>34,009</b>	27,505
<i>Less:</i>		
Profit for the year from the discontinued operation	<u>–</u>	<u>(7,063)</u>
Earnings for the purpose of basic earnings per share from continuing operations	<b>34,009</b>	20,442
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	<b>57</b>	–
Fair value gain on Convertible Bonds	<u>(21)</u>	<u>–</u>
Earnings for the purpose of diluted earnings per share from continuing operations	<b><u>34,045</u></b>	<b><u>20,442</u></b>

The denominators used are the same as those detailed above basic and diluted earnings per share.

### ***Discontinued operation***

For the year ended 31 December 2014, basic and diluted earnings per share for the discontinued operation was HK\$0.29 cents per share and HK\$0.27 cents per share respectively, based on the profit from the discontinued operation is approximately HK\$7,063,000, and the denominators are the same as those detailed above for both basic and diluted earnings per share.

## 10. Interests in associates

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of investments in associates		
Unlisted outside Hong Kong	226,061	17,113
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>8,750</u>	<u>(3,982)</u>
	<u>234,811</u>	<u>13,131</u>
Amount due from an associate	–	4,107
Amount due to an associate	<u>(654)</u>	<u>–</u>

Amount due from/(to) an associate is unsecured, interest-free and repayable on demand.

## 11. Deposits, prepayment and other receivables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Deposits	1,848	1,280
Prepayments ( <i>note (a)</i> )	24,657	39,919
Other receivables ( <i>note (b)</i> )	27,607	62,195
Amount due from a non-controlling shareholder ( <i>note (c)</i> )	<u>–</u>	<u>27,875</u>
	<u>54,112</u>	<u>131,269</u>

The Directors consider that carrying amounts of deposits paid and other receivables approximate to their fair values.

### Notes:

- (a) Prepayments mainly represent procurement of raw material and finished goods for health industry business, which are paid to the third parties of the Group.
- (b) The other receivables mainly comprised of the followings:
- HK\$23,813,000 advance to a party for a potential business co-operation project (2014: HK\$18,267,000).
- (c) The amount due from a non-controlling shareholder was unsecured, interest free and repayable on demand.

## 12. Trade receivables

The following is an aged analysis of trade receivables (net of allowance for doubtful debts), at the end of the reporting period:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	<u>12,645</u>	<u>46,749</u>

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables.

Despite the fact that no collateral is held, the Group has assessed the creditworthiness, past payment history and settlement after the end of the reporting period, and considered that the amounts are still recoverable and no allowance for doubtful debts is required.

There was no trade receivables that are past due or impaired for the years ended 31 December 2015 and 2014.

## 13. Amount due from a shareholder

The amount due from a shareholder is unsecured, interest bearing and have no fixed terms of repayment.

The Directors consider the carrying amount of the amount due from a shareholder of the Company (the "Shareholder(s)") approximate to the fair value.

## 14. 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 Wai Kuen, as an individual guarantor, and Guangdong Allad Commercial Development Company Limited\* (廣東奧理德商業發展有限公司) (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 HIBOR plus 2.5% per annum. The loan was carried with the term of repayable on demand clause.

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



On 2 October 2015, the Company, as lender, renewed the loan agreement with Champion Dynasty, as borrower, and Mr. Cheung Wai Kuen, as an individual guarantor, to grant a three-year revolving loan facility of up to HK\$200,000,000 to Champion Dynasty at an interest rate of 10% per annum. The loan was carried with the term of repayable on demand clause.

Details of the loan were set out in the Company's announcement and circular dated 5 October 2015 and 26 October 2015 respectively.

## 15. Trade payables

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 to 30 days	5,077	29,372
Over 90 days	<u>50</u>	<u>1</u>
	<u><b>5,127</b></u>	<u><b>29,373</b></u>

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

## 16. Accruals, deposits received and other payables

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accruals	2,912	4,666
Other payables ( <i>Note</i> )	86,262	3,614
Receipt in advance	11,593	9,202
Amount due to related party	<u>–</u>	<u>17,113</u>
	<u><b>100,767</b></u>	<u><b>34,595</b></u>

*Note:*

Other payables mainly comprised:

- (i) HK\$37,480,000 received from third parties for potential business co-operation; and
- (ii) HK\$46,440,000 consideration payable to third parties for the acquisition of equity interests in certain companies.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS FOR THE YEAR**

Revenue for the Year of the Group was approximately HK\$530,290,000 (2014 continuing operations: HK\$359,818,000), which represented a year on year increase of HK\$170,472,000 or 47.4%. The increase was mainly attributable to the increase in the sales of medical chemical materials from approximately HK\$50,049,000 in 2014 to approximately HK\$273,467,000 in 2015.

Gross profit for the Year of the Group amounted to approximately HK\$67,746,000 (2014 continuing operations: HK\$57,448,000), an increase of HK\$10,298,000 or 17.9% compared to last year. The increase in gross profit was mainly resulted from the increase in revenue. Gross profit margin decreased from 16.0% in 2014 to 12.8% in 2015. The decrease in gross profit margin was mainly due to change in the product mix and the substantial increase in the sales of medical chemical materials that had a relatively low gross profit margin.

Net after-tax profit for the Year of the Group surged to approximately HK\$42,106,000 (2014 continuing operations: HK\$25,330,000), which represented an increase of HK\$16,776,000 or 66.2% as compared with last year. Increase in net profit of the Group mainly came from (i) the increase in gross profit from continuing operations which amounted to HK\$10,298,000 and (ii) the increase of share of results of associates of HK\$12,778,000.

Profit attributable to owners of the Company for the Year was approximately HK\$34,009,000 (2014 continuing operations: HK\$20,442,000), which represented an increase of HK\$13,567,000 or 66.4% as compared with last year. The increase resulted in the increase in basic and diluted earnings per share attributable to owners of the Company to HK\$1.36 and HK\$1.05 respectively (2014: basic and diluted earnings per share from continuing operations of HK\$0.84 and HK\$0.79 respectively).

### **BUSINESS REVIEW**

During the Year, the Group principally engaged in the business of healthcare industry which included health management business, healthcare investment management business, natural health food business, advantage growth for children business and investment and finance activities.

## **Health Industry**

### ***Precision Life Healthcare Services (Previously known as Health Management Business)***

In 2014, the Group commenced its first healthcare centre (now known as “Common Splendor Life Club”) in Guangzhou International Biological Island in the PRC. The Life Club had generated income and profit in 2014. In 2015, the Guangzhou centre continued to grow. In November 2015, the Group initiated the set up of the second club in Qiaocheng East Road, Nanshan District, Shenzhen. The Shenzhen club is in its final renovation stage and is prepared to commence its operation. It will provide medical anti-aging, suboptimal health interference, 020 private doctors services to the elite groups such as advance medical precision life healthcare services such as blood purification, metabolic therapy, cell therapy and gene therapy. The Group will keep looking for suitable cities globally to further develop the Life Club chain.

During the Year, revenue from the Health Management Business amounted to approximately HK\$356,898,000 (2014: HK\$144,983,000), which represented an increase of HK\$211,915,000 or 146.2% compared to last year. The increase was mainly attributable to the increase in sales of medical chemical materials of HK\$223,418,000 during the Year. Health Management Business segment profit increased from HK\$18,198,000 in 2014 to HK\$38,300,000 in 2015, which was mainly due to the increase in sales revenue. The revenue and the segment results of the Health Management Business contributed to approximately 67.3% and 66.4% of the Group’s total revenue and total segment results respectively.

### ***Healthcare Industry Investment***

During the Year, the Group had made certain acquisitions to expand its coverage in the medical healthcare services business.

On 13 June 2015, the Group entered into an agreement with independent third parties to acquire 26.5% equity interest in JP Partners Medical Group. As mentioned above, JP Partners Medical Group is a group that included 8 medical centres in Hong Kong operated under the names of JP Partners Medical and Wellness Medical.

On 8 August 2015, the Group entered into an agreement with independent third parties to acquire 30% equity interest in Aidigong. Aidigong was established in 2007 and was the first organisation in the PRC to combine modern medical and traditional knowledge which specialises in the provision of maternal and child health management services.

On 23 November 2015, the Group entered into an agreement with independent third parties to acquire 100% equity interest in Fengshu Bio Medical Tech and, 51% equity interest in Guangdong Kelv Bio Tech and 28% equity interest in Fengyuan Huake Bio Tech. Fengshuo Bio Medical Tech is principally engaged in the business of bio medicine development, production and distribution. The principal business of Guangdong Kelv Bio Tech is the research and development, investment and sale of natural plant extraction, bio medicine and healthcare food. Fengyuan Huake Bio Tech is principally engaged in the business of plantation and extraction of saponins, and is an integrated manufacturer of saponins (the intermediates for hormone drugs which are the second most commonly used drugs in the world) with its business chain covering seed provenance, seedlings, plantation, extraction and composition of saponins. Fengyuan Huake Bio Tech owns an invention patent and a utility model patent in the field of dioscorea composita root and saponins as well as a number of patented or applied technologies under the course of application.

### ***Healthcare Investment Management Business***

On 30 September 2015, the Group completed its acquisition of 26.5% in JP Partners Medical Group, a group that included 8 medical centres in Hong Kong operated under the names of JP Partners Medical and Wellness Medical. JP Partners Medical Group currently provides general diagnosis, specialist diagnosis, cardiology, psychiatry, liver and stomach specialists, obstetrics and gynecology, ophthalmology, orthopedics, surgery, otolaryngology, respiratory and dental specialist services as well as general medical services. During the Year, revenue from the Healthcare Investment Management Business amounted to approximately HK\$17,089,000 (2014: HK\$2,500,000), which represented an increase of HK\$14,589,000 or 583.6% compared to last year. Healthcare Investment Management Business segment profit increased from HK\$2,099,000 in 2014 to HK\$8,247,000 in 2015, which was mainly due to increase in sales of packaging materials and plastic medical materials. During the Year, the Group's share of profits from Allad Ophthalmology Hospitals and JP Partners Medical Group amounted to approximately HK\$6,303,000 and HK\$920,000 respectively. As Allad Ophthalmology Hospitals and JP Partners Medical Group are associates of the Group, their revenue were not reflected in the Group's consolidated revenue for the Year. The revenue and the segment results of the Healthcare Investment Management Business contributed to approximately 3.2% and 14.3% of the Group's total revenue and total segment results respectively.

### ***Natural Health Food Business***

During the Year, revenue from the Natural Health Food Business amounted to approximately HK\$137,116,000 (2014: HK\$199,569,000), which represented a decrease of HK\$62,453,000 or 31.3% compared to last year. The decrease was due to the increase in market competition and the drop in sales volume which resulted from the increase in the costs of raw materials that reflected in the increase in unit selling prices. The Group is dedicated in maintaining the quality of its natural health food and its own brand name despite the drop in sales volume in the short term due to market competitiveness. The Group believed that the consumers in the PRC would become more and more willing to pay a premium for reputable goods in the future. Natural Health Food Business segment profit decreased from HK\$11,060,000 in 2014 to HK\$1,608,000 in 2015, which was mainly due to the decrease in sales volume and increase in costs of raw materials. The revenue and the segment results of the Natural Health Food Business contributed to approximately 25.9% and 2.8% of the Group's total revenue and total segment results respectively.

### ***Advantage Growth for Children Business***

During the Year, revenue from the Advantage Growth for Children Business amounted to approximately HK\$5,368,000 (2014: HK\$2,032,000), which represented an increase of HK\$3,336,000 or 164.2% compared to last year. Advantage Growth for Children Business segment profit decreased from HK\$1,292,000 in 2014 to HK\$363,000 in 2015, which was mainly due to the increase in the cost of services provided. The Advantage Growth for Children Business of the Group is based on the nutrition formula for the Olympics sports players in the PRC and medically engineering for the children and teenagers. The provision of the regular medical checks and tailored advantage growth services to target children and teenagers group is both a social responsibility project and a long term strategy of the Group to grow the future elites who care about personal healthcare. The revenue and the segment results of the Advantage Growth for Children Business contributed to approximately 1.0% and 0.6% of the Group's total revenue and total segment results respectively.

## ***Investment and Finance***

With the approval of the independent Shareholders on 19 November 2015, a new three-year revolving loan of up to HK\$200,000,000 at 10.0% per annum was provided to Champion Dynasty Limited, a major shareholder of the Company. During the Year, the Company accrued interest income of HK\$7,141,000 (2014: HK\$5,973,000) from the loan to Champion Dynasty Limited. As at 31 December 2015, the loan outstanding from third-party borrowers to a wholly owned subsidiary of the Group which was in the business of money lending was HK\$74,200,000 (2014: HK\$68,500,000). Interest income generated from money lender subsidiary for the Year amounted to HK\$6,678,000 (2014: HK\$4,761,000).

During the Year, revenue from Investment and Finance amounted to approximately HK\$13,819,000 (2014: HK\$10,734,000), which represented an increase of HK\$3,085,000 or 28.7% compared to last year. Investment and Finance segment profit increased from HK\$6,130,000 in 2014 to HK\$9,121,000 in 2015, which was mainly due to increase in both amount of lending and increase in loan interest rates. The revenue and the segment results of Investment and Finance contributed to approximately 2.6% and 15.8% of the Group's total revenue and total segment results respectively.

## **FINANCIAL HIGHLIGHTS**

### **Net assets value**

As at 31 December 2015, the Group's net assets attributable to owners of the Company was approximately HK\$509,090,000 (2014: HK\$436,643,000), an increase of HK\$72,447,000 or 16.6% compared with last year. The increase was mainly attributable to (i) the issue of new ordinary shares under the Group's share option scheme of HK\$52,936,000, (ii) profit attributable to owners of the Company of HK\$34,009,000, and (iii) less the exchange differences on translating foreign operations of the Group of approximately HK\$15,524,000.

Net assets value per issued ordinary Share attributable to owners of the Company as at 31 December 2015 was HK\$0.20 (2014: HK\$0.18).

### **Equity**

The number of issued ordinary Shares as at 31 December 2015 was 2,596,255,008 (2014: 2,428,255,008). During the Year, 168,000,000 ordinary Shares were issued under the Group's share option scheme.

## **Liquidity and financial resources**

The Group did not have any borrowing as at 31 December 2015 (2014: nil).

The Group continued to maintain a sound capital and cash position. Bank and cash balances as at 31 December 2015 amounted to approximately HK\$29,404,000 (2014: HK\$6,795,000). The majority of the Group's income for the Year was denominated in Hong Kong Dollars and Renminbi. No hedging for non-Hong Kong Dollars assets or investments of the Group had been made during the Year.

## **Pledge of assets**

As at 31 December 2015, no assets were pledged by the Group to secure any banking facilities (2014: nil).

## **Remuneration policies and share option scheme**

As at 31 December 2015, the Group had 279 employees excluding Directors (2014: 75). The total staff cost excluding Directors' emoluments was approximately HK\$10,452,000 (2014: HK\$12,491,000) during the Year.

The number of outstanding share options granted under the share option scheme on 11 October 2012 was 184,680,000 at the beginning of the Year. During the Year, no share option was granted, 168,000,000 share options were exercised and 16,680,000 share options were expired. The aggregate number of share options exercisable as at 31 December 2015 was nil (2014: 184,680,000).

## **Issue of convertible bonds**

On 17 December 2015, convertible bonds in the aggregate principal amount of HK\$16,000,000 were issued by the Company. The net proceeds from the issue of the convertible bonds, namely, HK\$15,500,000, will be used for the general working capital of the Group and for the development of existing healthcare business of the Group.

## **Capital commitment**

As at 31 December 2015, the Group did not have any material capital commitment (2014: nil).

## **Contingent liabilities**

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: nil).

## **Major events subsequent to the financial year end**

On 11 January 2016, convertible bonds in the aggregate principal amount of HK\$1,000,000 were issued by the Company. The net proceeds from the issue of the convertible bonds, namely, HK\$1,000,000, will be used for the general working capital of the Group and for the development of existing healthcare business of the Group.

On 23 March 2016, the Group entered into an agreement with independent third parties to dispose 14.26% equity interest in Aidigong to Perennial Group. Perennial Group is an integrated real estate company with capabilities in development, investments, assets management, property management and capital management. Headquartered in Singapore, Perennial Group focuses strategically on predominantly retail mixed-use developments in Singapore and the PRC. Perennial Group has also set up jointly invested enterprises for the merger and acquisitions, development and management of hospitals and healthcare services industry in the PRC. The disposal of a partial equity holding in Aidigong is mainly because of the introduction of a strategic cooperation partner to procure the development of Aidigong's business. The Board believes that Perennial Group will provide suitable premises for Aidigong to develop its chain stores. The Group expects to accrue a before-tax gain of approximately RMB31,370,000 in relation to the Disposal, which is calculated based on the consideration for the Disposal of RMB92,690,000 less the carrying value of the 14.26% equity interest in Aidigong recognized by the Group as at 31 December 2015 of approximately RMB61,320,000.



## **PROSPECTS**

The Group has moved into the healthcare industry since 2013 and has successfully invested and operated in a series of healthcare businesses. The Group is gradually optimizing its core business targeted to the life healthcare services of the elite groups. In the future, the Group will further enhance and develop its core business. The “Common Splendor Life Club” (formerly known as the “Health Management Centre”) is expediting its global chain development progress in order to serve the health of the elite group. Regarding the Health Industry Investment, the Group will make its investments in the form of partnership, utilizing the market available funds, to increase the rate of return on investments. The Group will also adjust its shareholding from time to time based on the progress of the investment projects and their valuations, in order to maximize the return on investment of the Group. The Group has been negotiating relevant projects and may use the form of merger and acquisition, direct investment or co-operation for its investments, in order to enhance the development of the Group’s core business. To serve the health of the elite group will be the Group’s main business development direction.

## **SCOPE OF WORK OF THE AUDITOR**

The financial figures in this announcement of the Company’s results for the year ended 31 December 2015 have been agreed by the auditor of the Company, HLB Hodgson Impey Cheng Limited (the “Auditor”). The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by the Auditor on this announcement.

## **REVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Audit Committee and the Auditor have reviewed 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 Company for the year ended 31 December 2015.

## **APPOINTMENT AND RESIGNATION OF DIRECTORS**

On 17 December 2015, Mr. Huang Liang (Mr. Huang) resigned from his post as an independent non-executive Director and re-designated as a vice president of the Company due to his other business commitments. Details of Mr. Huang's resignation were disclosed in the Company's announcement dated 17 December 2015.

On 18 December 2015, Mr. Ye Jiong Xian (Mr. Ye) was appointed as an executive Director. Mr. Ye was further appointed as the chief executive officer of the Company on 28 December 2015. Details of Mr. Ye's appointments were disclosed in the Company's announcements dated 18 December 2015 and 28 December 2015, respectively.

On 14 March 2016, Mr. Lam Chi Wing (Mr. Lam) was appointed as an independent non-executive Director. Details of Mr. Lam's appointment were disclosed in the Company's announcement dated 14 March 2016.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the Year, with the exceptions as follows:

Pursuant to Rule 3.10(1) of the Listing Rules, the Board must include at least three independent non-executive Directors. Pursuant to Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members. Following the resignation of Mr. Huang as an independent non-executive Director on 17 December 2015, the number of independent non-executive Directors and the number of members of the Audit Committee fell below the minimum requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

On 15 March 2016, the Company appointed Mr. Lam as an independent non-executive Director, a member of the Audit Committee and also a member of other board committees of the Company. Following the appointment of Mr. Lam as an independent non-executive Director and a member of the Audit Committee, the Company met the minimum requirements under Rule 3.10(1) and Rule 3.21 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company 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 the Directors, all the Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Year.

## **ISSUE OF CONVERTIABLE BONDS**

On 23 November 2015, the Company entered into a subscription agreement with an independent subscriber (the “**Independent Subscriber**”), pursuant to which the Company agreed to issue and the Independent Subscriber agreed to subscribe for convertible bonds of the Company in an amount of HK\$16,000,000. The issue of the convertible bonds was completed on 17 December 2015. Details of which were disclosed in the Company’s announcements dated 23 November 2015, 16 December 2015 and 18 December 2015.

On 24 December 2015, the Company entered into another subscription agreement with the Independent Subscriber, pursuant to which the Company agreed to issue and the Independent Subscriber agreed to subscribe for convertible bonds of the Company in an amount of HK\$1,000,000. The issue of the HK\$1,000,000 convertible bonds was completed on 11 January 2016. Details of which were disclosed in the Company’s announcements dated 24 December 2015 and 11 January 2016.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Year.

## **APPRECIATION**

I would like to take this opportunity to express our gratitude to the Shareholders for their continued support and our fellow Directors and those who make valuable contributions to the Group.

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

Hong Kong, 31 March 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.*