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China Regenerative Medicine International Limited
中國再生醫學國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8158)

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE ISSUED SHARE CAPITAL IN**

**(I) CHINA REGENERATIVE MEDICINE TISSUE ENGINEERING LIMITED
AND**

(II) CHINA REGENERATIVE HOSPITAL INVESTMENT MANAGEMENT LIMITED

THE DISPOSAL

On 11 August 2020 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Disposed Companies at a total Consideration of HK\$35,000,000.

Upon the Completion, each member of the Disposed Groups will cease to be a subsidiary of the Company and their financial results will no longer be consolidated into the Company's consolidated financial statements.

GEM LISTING RULES IMPLICATION

As the applicable percentage ratios (as defined in the GEM Listing Rules) for the Disposal exceed 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

GENERAL

A circular containing, among other things, (i) further details of the Disposal, (ii) other information as required under the GEM Listing Rules, and (iii) the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder will be despatched to the Shareholders within 15 Business Days after the publication of this announcement, i.e. on or before 1 September 2020.

Shareholders and potential investors of the Company should note that the Completion is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Disposal Agreement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE DISPOSAL

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THE DISPOSAL AGREEMENT

Date: 11 August 2020 (after trading hours of the Stock Exchange)

Parties: (i) Vendor : China Bio-Med Regeneration Technology Limited,
a direct wholly-owned subsidiary of the Company

(ii) Purchaser : Osibao Cosmetics International Limited

The Purchaser is a company incorporated in Hong Kong with limited liabilities and engaging in the skincare, cosmetics and healthcare business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser, its ultimate beneficial owner (being Mr. Cheung Ching Mo) and their respective associates is an Independent Third Party as at the date of this announcement.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Disposed Companies.

Further information on the Disposed Groups is set out in the section headed "Information on the Disposed Groups" in this announcement.

Consideration

The total Consideration of the Sale Shares shall be HK\$35,000,000, which shall be paid by the Purchaser to the Vendor in the following manners:

- (i) HK\$5,000,000 (the "**Deposit**") was paid by the Purchaser to the Vendor in cash as a deposit when signing the Disposal Agreement; and
- (ii) the balance of the Consideration of HK\$30,000,000 shall be paid by the Purchaser to the Vendor in cash on the Completion Date.

Basis of consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to (i) the reasons for the Disposal as disclosed in the section headed "Reasons for the Disposal" in this announcement; and (ii) the total unaudited consolidated net assets of the Disposed Groups as at 30 June 2020.

Given that (i) the Disposed Companies are loss making; and (ii) the Consideration represents a premium to the total unaudited net assets of the Disposed Groups as at 30 June 2020, the Directors consider that the terms and conditions of the Disposal, including the Consideration, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Completion is subject to the conditions precedent below:

- (i) the Purchaser having completed the due diligence conducted in accordance with the provision as set out in the Disposal Agreement;
- (ii) the Vendor having obtained all necessary consents, approvals and authorisations in respect of the Disposal Agreement and the transactions contemplated thereunder;
- (iii) the Purchaser having obtained all necessary consents, approvals and authorisations in respect of the Disposal Agreement and the transactions contemplated thereunder;
- (iv) the passing of the relevant resolution(s) by the Shareholders at the EGM approving the Disposal Agreement and the transactions contemplated thereunder in compliance with the requirements of the GEM Listing Rules;
- (v) the warranties given by the Vendor under the Disposal Agreement remaining true, accurate and complete in all material respects; and
- (vi) the warranties given by the Purchaser under the Disposal Agreement remaining true, accurate and complete in all material respects.

The Vendor shall use its best endeavours to procure the conditions precedent (i), (ii), (iv) and (v) above can be fulfilled. The Purchaser shall use its best endeavours to procure the conditions precedent (iii) and (vi) above can be fulfilled. The Purchaser shall procure all documents and information required by the GEM Listing Rules, codes or other applicable rules, codes or regulations to be submitted to the Vendor, to the Stock Exchange, the Securities and Futures Commission or other relevant regulatory authorities in a timely manner, regardless of whether they are related to the preparation of the announcement(s) in relation to the Disposal or other documents.

The Purchaser has the right to notify the Vendor at any time in writing to waive the conditions precedent (i) and (v) above, and such waiver can be made on the basis of any conditions made by the Purchaser. The Vendor has the right to notify the Purchaser at any time in writing to waive the condition precedent (vi) above, and such waiver can be made on the basis of any conditions made by the Vendor. Other conditions precedent above cannot be waived. If any of the conditions precedent above are not fulfilled (or waived) on or before the Long Stop Date or a later date as agreed by the Purchaser and the Vendor in writing, the Disposal Agreement (other than certain provisions as set out in the Disposal Agreement) shall cease and determine and save for any antecedent breach, neither party shall have any obligations and liabilities towards each other.

If the Disposal Agreement ceased and determined due to the above reason, the Vendor shall refund the Deposit (without interest) to the Purchaser within 10 Business Days, and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies.

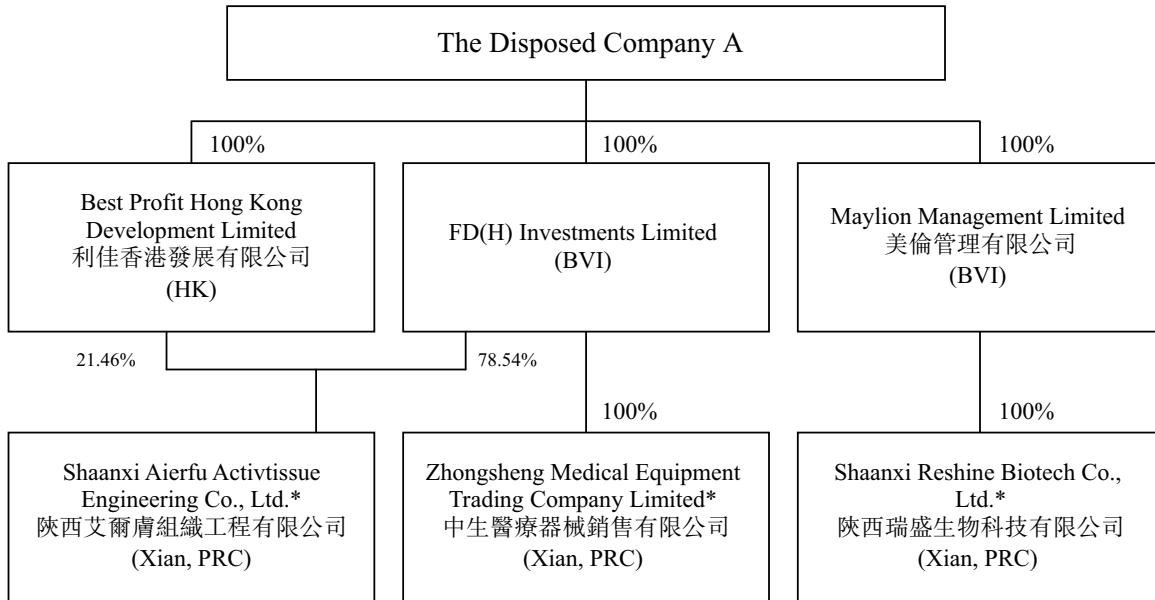
Completion

Upon fulfillment (or being effectively waived by the Purchaser or the Vendor) of all the conditions precedent as stated above, the Completion shall take place on the Completion Date.

INFORMATION ON THE DISPOSED GROUPS

The Disposed Company A is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holdings. The Sale Shares A represents the entire issued share capital of the Disposed Company A. As at the date of this announcement and prior to the Completion, the Disposed Company A is a direct wholly-owned subsidiary of the Vendor.

As at the date of the Disposal Agreement, the Disposed Company A holds various subsidiaries, details of which are set out below:



* for identification purpose only

The Disposed Group A is principally engaged in production and sale of dermatology products and services; trading of medical equipment; and production and sale of stomatology products and others.

The Disposed Company B is a company incorporated in Hong Kong with limited liability and principally engaged in investment holdings. The Sale Shares B represents the entire issued share capital of the Disposed Company B. As at the date of this announcement and prior to the Completion, the Disposed Company B is a direct wholly-owned subsidiary of the Vendor.

As at the date of the Disposal Agreement, the Disposed Company B holds various subsidiaries, details of which are set out below:

The Disposed Company B	
	100%
Shenzhen AiNuoMei Medical Treatment Management and Consultancy Company Limited* 深圳艾諾美醫療管理諮詢有限公司 (Shenzhen, PRC)	
	100%
Shenzhen AiNear Cornea Engineering Company Limited* 深圳艾尼爾角膜工程有限公司 (Shenzhen, PRC)	

* for identification purpose only

The Disposed Group B is principally engaged in production and sale of ophthalmology products.

Financial information of the Disposed Groups

The following table summarises the unaudited consolidated financial results of each of the Disposed Group A and the Disposed Group B prepared in accordance with the Hong Kong Financial Reporting Standards for each of the two financial years ended 31 December 2019 and the unaudited consolidated financial results for the six months ended 30 June 2020:

Disposed Group A

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
Loss before taxation	(545,991)	(223,974)	(93,614)
Loss after taxation	(545,991)	(223,974)	(93,614)

Disposed Group B

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Approx.</i>	<i>Approx.</i>	<i>Approx.</i>
Loss before taxation	(36,624)	(28,861)	(24,030)
Loss after taxation	(36,624)	(28,861)	(24,030)

Based on the unaudited consolidated financial statements of each of the Disposed Groups as at 30 June 2020 prepared in accordance with the Hong Kong Financial Reporting Standards, the total unaudited consolidated net assets of the Disposed Groups as at 30 June 2020 was approximately HK\$30,383,000.

Upon the Completion, each member of the Disposed Groups will cease to be a subsidiary of the Company and their financial results will no longer be consolidated into the Company's consolidated financial statements.

REASONS FOR THE DISPOSAL

The Company is incorporated in the Cayman Islands with limited liability. The Group is principally engaged in research and development of bio-medical products, production and sale of tissue engineering and stem cell products; sale and distribution of cosmetic and other products; sale and distribution of medical equipment; and provision of healthcare services.

The Company has been continuously evaluating the current businesses of the Group with an aim to streamline its business for the purpose of increasing its overall performance and cost-effectiveness, as well as to improve its financial performance in light of its going concern. The performance of each of the Disposed Groups are not satisfactory for the previous years and have accumulated losses. The Company has compared the businesses of the Disposed Groups and the remaining business segments of the Company, being the cosmetic products and services segment, the cell products and services segment, and the healthcare products and services segment and is of the opinion that the cosmetic products and services segment, the cell products and services segment, and the healthcare products and services segment would have a better future in terms of room for development and demand, while the competition for the businesses of the Disposed Groups has becoming more intense and the profitability of such businesses are not expected to improve for the years coming. The Directors therefore consider it as an opportunity to dispose of the Disposed Groups and to focus its resources for the development of the remaining business which is expected to have a better development and profitability prospect, and to streamline the Group's corporate structure as well as reduce its operation cost.

It is expected that the Group will record a gain from the Disposal. In light of the estimated gain that may be recorded by the Company from the Disposal, the Directors consider the Disposal represents an opportunity for the Group to realise its assets, so as to enable the Group to reallocate more financial resources on existing businesses of the Group.

The terms of the Disposal Agreement were determined after arm's length negotiation between the parties thereto and the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, it is estimated that the Group will record a gain of approximately HK\$4.6 million (subject to audit) from the Disposal. Such gain is estimated based on the gross proceeds of the Disposal and total net assets of the Disposed Groups as at 30 June 2020 of approximately HK\$30.4 million.

After deducting the expenses relating to the Disposal, it is expected that there will be a net proceeds of approximately HK\$34 million from the Disposal. The Board intends to apply the net proceeds from the Disposal as general working capital of the Group, as to (i) approximately HK\$6 million for staff costs; (ii) approximately HK\$15 million for research and development; and (iii) approximately HK\$13 million for advertising, marketing and promotion expenses.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) for the Disposal exceed 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

GENERAL

A circular containing, among other things, (i) further details of the Disposal, (ii) other information as required under the GEM Listing Rules, and (iii) the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder will be despatched to the Shareholders within 15 Business Days after the publication of this announcement, i.e. on or before 1 September 2020.

Shareholders and potential investors of the Company should note that the Completion is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Disposal Agreement. As the Disposal may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Regenerative Medicine International Limited (中國再生醫學國際有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM

“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	a date falling within three (3) Business Days after the fulfillment (or waiver) of the conditions precedent as set out in Disposal Agreement or such other date as the Vendor and the Purchaser may agree in writing
“Consideration”	HK\$35,000,000, being the total consideration to be paid by the Purchaser to the Vendor pursuant to the Disposal Agreement
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 11 August 2020 entered into between the Vendor and the Purchaser in relation to the Disposal
“Disposed Companies”	the Disposed Company A and the Disposed Company B
“Disposed Company A”	China Regenerative Medicine Tissue Engineering Limited (中國再生醫學組織工程有限公司), a company incorporated in the British Virgin Islands with limited liability which is a direct wholly-owned subsidiary of the Vendor
“Disposed Company B”	China Regenerative Hospital Investment Management Limited (中國再生醫院投資管理有限公司), a company incorporated in Hong Kong with limited liability which is a direct wholly-owned subsidiary of the Vendor

“Disposed Group A”	the Disposed Company A and its subsidiaries
“Disposed Group B”	the Disposed Company B and its subsidiaries
“Disposed Groups”	the Disposed Group A and the Disposed Group B
“EGM”	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Disposal Agreement and the transactions contemplated thereunder
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the listing of securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party which is not connected persons of the Company and is independent of the Company and its connected persons
“Long Stop Date”	31 October 2020
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Osibao Cosmetics International Limited (奧斯寶化妝品國際有限公司), a company incorporated in Hong Kong with limited liability
“Sale Shares”	collectively, the Sale Shares A and Sale Shares B
“Sale Shares A”	being 10,000 ordinary shares in the issued share capital of the Disposed Company A, representing its entire issued share capital

“Sale Shares B”	being 10,000 ordinary shares in the issued share capital of the Disposed Company B, representing its entire issued share capital
“Share(s)”	ordinary share(s) of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China Bio-Med Regeneration Technology Limited (中國生物醫學再生科技有限公司), a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Regenerative Medicine International Limited
Wang Chung
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 11 August 2020

As at the date of this announcement, the executive Directors are Mr. Wang Chuang (Chairman and Chief Executive Officer) and Mr. Qiu Bin; the non-executive Directors are Mr. Wu Weiliang and Mr. Tsang Ho Yin; and the independent non-executive Directors are Dr. Fang Jun, Ms. Huo Chunyu and Ms. Yang Ying.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of the publication and will be published on the website of the Company at www.crmi.hk.