

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or their registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Regenerative Medicine International Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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**

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at Rooms 3006-10, 30/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Tuesday, 29 September 2020 at 2:30 p.m., is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

*This circular will remain on the GEM of the Stock Exchange website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Listed Company Information” page for at least 7 days from the date of publication and on the Company’s website at [www.crmi.hk](http://www.crmi.hk).*

12 September 2020

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## CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcements”	the announcements of the Company dated 11 August 2020, 1 September 2020 and 8 September 2020 in relation to the Disposal
“associates(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of the 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
“Cell Business”	production and sale of cell products and services, being one of the Remaining Businesses
“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 the 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
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	HK\$35,000,000, being the total consideration to be paid by the Purchaser to the Vendor pursuant to the Disposal Agreement
“Cosmetic Business”	production and sale of cosmetic products and services, being one of the Remaining Businesses
“Director(s)”	directors of the Company

## DEFINITIONS

“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”	the 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
“Healthcare Business”	production and sale of healthcare products and services, being one of the Remaining Businesses
“Hong Kong”	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

## DEFINITIONS

“Latest Practicable Date”	9 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
“Long Stop Date”	31 October 2020
“PRC”	the People’s Republic of China, which for the purpose of this circular, 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
“Remaining Businesses”	the businesses of the Group remaining after the Completion, including the Healthcare Business, the Cosmetic Business and the Cell Business
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) 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.

\* English names of the entities/persons are transliteration of their Chinese names for reference purpose only.



**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)**

*Executive Directors:*

Mr. Wang Chuang

*(Chairman and Chief Executive Officer)*

Mr. Qiu Bin

*Non-executive Directors:*

Mr. Wu Weiliang

Mr. Tsang Ho Yin

*Independent non-executive Directors:*

Dr. Fang Jun

Ms. Huo Chunyu

Ms. Yang Ying

*Registered office:*

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Principal place of business  
in Hong Kong:*

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132 Nathan Road

Tsim Sha Tsui

Kowloon

Hong Kong

12 September 2020

*To the Shareholders*

Dear Sir or Madam,

**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**

**INTRODUCTION**

Reference is made to the Announcements, in which the Board announced that on 11 August 2020 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, 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.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other matters, (i) further details of the Disposal; (ii) other information as required under the GEM Listing Rules; and (iii) the notice of the EGM.

### 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 Latest Practicable Date. Mr. Cheung is an independent third party engaging in skincare, cosmetic and healthcare businesses with over 10 years of experience. The Purchaser was introduced to the Company on an industry fair in 2019, and is a service provider of the Group in the Cosmetic Business from the first quarter of 2020. Save as disclosed, the Purchaser and Mr. Cheung have no other relationship (including financial, business or other) or transactions with the Group.

### 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" below.

### 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.



## LETTER FROM THE BOARD

### **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 and benefits of the Disposal" below; and (ii) the total unaudited consolidated net assets of the Disposed Groups as at 30 June 2020.

Given that (i) the Disposed Groups 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.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

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.

## LETTER FROM THE BOARD

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**

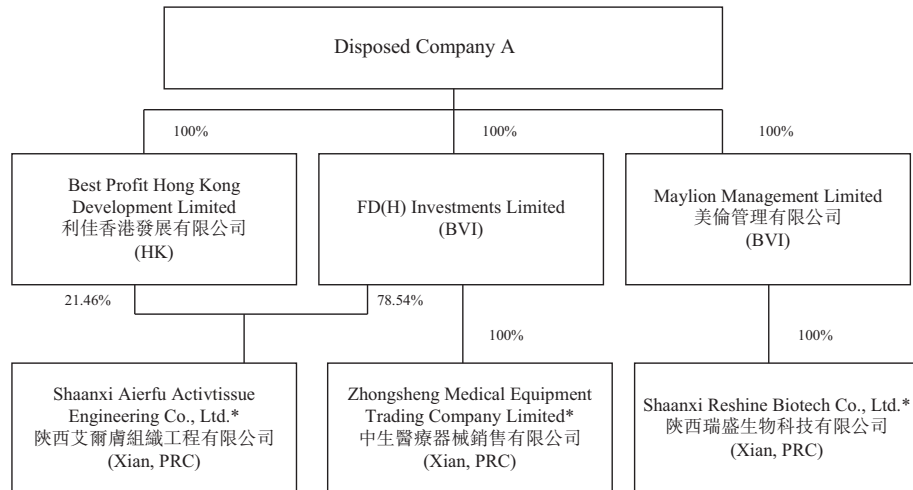
Upon fulfillment (or being effectively waived by the Purchaser or the Vendor) of all the conditions precedent as stated above, the Completion shall take place on the Completion Date.

### **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 the Disposal Agreement and prior to the Completion, the Disposed Company A is a direct wholly-owned subsidiary of the Vendor.

## LETTER FROM THE BOARD

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

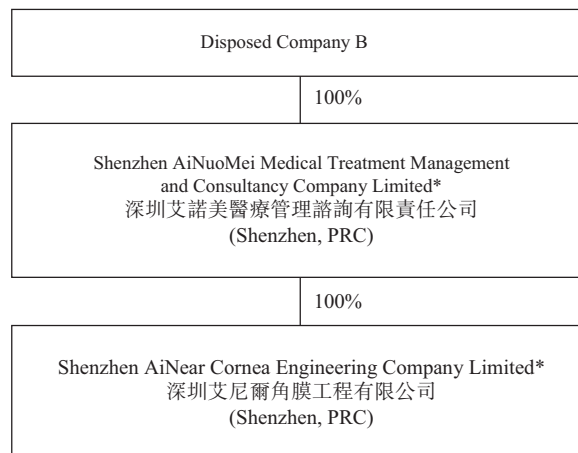


\* for identification purpose only

The Disposed Group A is principally engaged in production and sale of dermatology products and services; and trading of medical equipment since October 2008; and production and sale of stomatology products and others since December 2013.

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 the Disposal Agreement 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:



\* for identification purpose only

The Disposed Group B is principally engaged in production and sale of ophthalmology products since October 2008.

## LETTER FROM THE BOARD

### 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*

	<b>For the year ended 31 December 2018 HK\$'000 Approx.</b>	<b>For the year ended 31 December 2019 HK\$'000 Approx.</b>	<b>For the six months ended 30 June 2020 HK\$'000 Approx.</b>
Revenue	49,227	24,199	8,626
Loss before taxation	(545,991)	(223,974)	(93,614)
Loss after taxation	(545,991)	(223,974)	(93,614)

#### *Disposed Group B*

	<b>For the year ended 31 December 2018 HK\$'000 Approx.</b>	<b>For the year ended 31 December 2019 HK\$'000 Approx.</b>	<b>For the six months ended 30 June 2020 HK\$'000 Approx.</b>
Revenue	5,340	4,407	860
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.

### FINANCIAL IMPACT 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.

## LETTER FROM THE BOARD

After deducting the expenses relating to the Disposal, it is expected that there will be 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.

Save as disclosed herein, the Disposal will not have any material impact on the earnings, assets and liabilities of the Group.

### INFORMATION ON THE REMAINING GROUP

Upon the Completion, the Group will be principally engaged in the Healthcare Business, the Cosmetic Business and the Cell Business. Detailed business models of each business are disclosed in the following.

#### **The Healthcare Business**

The Group provides healthcare services to its customers in Hong Kong since December 2015 and expanded to the PRC in early 2020. There are currently two medical aesthetic centres in Hong Kong and the PRC. One of the centres, namely the Hong Kong International Regenerative Centre, is located in Tsim Sha Tsui, Hong Kong. The other centre is located in Jiangsu, the PRC and becomes fully operational in the second quarter of 2020. The centre in the PRC is operated by a designated service provider.

The objective of the Healthcare Business is to promote health management which is a trend over the world in recent years. The Group emphasises the concept of the co-relation between beauty and health.

In the centres, a series of health management services such as assessment of health situation, treatment for detox, balance of inner body, nourishing organs, enhancement of immune system will be provided. Beauty services are mainly non-surgical medical aesthetic services, basic skincare, solutions for youthful skin, hair revitalizing, lines firming, partial remodelling and intimate repairing.

The clients of the Healthcare Business are individual retail clients of Hong Kong and the PRC. The Group solicits clients primarily through referrals from existing clients, co-operated doctors and trained therapists in the medical aesthetic centres and word-of-mouth. For the six months ended 30 June 2020, the Group had about 1,500 active clients. The clients are individuals and would pay for the treatments, services or products upon each visit or by prepayment.

The major suppliers of the Healthcare Business are mainly distributors of medications and treatment products and devices to the Group. The Group reached its suppliers through referrals from agents and online platforms. As at the date hereof, the Group has about 20 suppliers in Hong Kong and over 100 suppliers in the PRC, which has cooperated with the Group for 1 to 3 years. Credit periods for these suppliers ranging from about 30 to 180 days in general.

## LETTER FROM THE BOARD

The co-operated doctors and therapists have been provided with training by the Group to understand the objective and services of the Healthcare Business. Tailor-made suggestions for health assessment and treatment solution will be offered to different clients to cater for their individual needs. Prime location, sound reputation, high hygiene standard, cozy environment of the medical aesthetic centres together with the advanced treatment devices are key factors to retain and attract new clients. Online marketing such as social media is also a way of promoting the Healthcare Business recently. The Group from time to time source better treatment devices to be provided to the clients so as to gain more positive feedbacks.

With the above competitive advantages and establishment of new and enhanced networks in the PRC of the Healthcare Business, the Group recorded a growth of 18 times in terms of revenue in this sector for the six months ended 30 June 2020. It is expected that the Group will devote more resources on this business to further expand the Healthcare Business and increase the market sharing by way of strengthening the client base.

Healthcare has become a popular topic around the world in recent years. The COVID-19 pandemic further arouses the pursuit for health maintenance to the public. The Healthcare Business started in the PRC early this year. At the material time, the COVID-19 pandemic was widely spread and lock down measures were imposed by the government. Intensive online enquiry services and talks for health promotion organized via social media brought popularity to the Healthcare Business. The Group was able to grasp the opportunity and laid the foundation for the promotion of its Healthcare Business. Upon relief of pandemic situation and uplift of the lock down measures in the second half of the year, increasing number of customers visited the centres for consuming various health and beauty services, hence led to a boost in the performance of the Healthcare Business.

The Directors considered that the Healthcare Business has great potential and it is the plan of the Company to further expand this business. However, in view of the recent slow down in the economy, the Company will keep an eye on the latest development of market conditions from time to time and adopt expansion measures in this segment which may include opening more centres and/or co-operating with additional quality service providers.

### **The Cosmetic Business**

The Group commenced its Cosmetic Business since April 2014. The Group has its own branded skincare and cosmetic products selling in the market of Hong Kong, Taiwan and the PRC. There is one brand owned by the Group, namely Ascara. The skincare and cosmetic products of the brand include facial and eye creams, serums, moisturizing spray, tonic water etc. The brand applied biomedical technology to achieve rejuvenating and anti-aging effect.

The Group, through the chain stores, distributors and duty-free shops in Hong Kong, Taiwan and the PRC, sells the products to individual customers. The chain stores include Sasa in Hong Kong, Cosmed in Taiwan as well as Sasa, Afiona, Colors and Yesa in the PRC. The Group also sells the products to distributors in 12 provinces in the PRC through duty-free shops. All of them have been the sales channels of the Group for at least 3 years.

## LETTER FROM THE BOARD

The suppliers of the Group are identified through senior management's network, experience and market resources. The exclusive supplier (production firm) of the products under the brand "Ascara" is a swiss beauty group with over 80 years of history. It has cooperated with the Group for 5 years.

A number of value-added services are provided to the customers by the Group. For examples, above the line (ATL) services such as online consultation which allows the customer to consult through the internet no matter the time and location, KOL livestreaming program, below the line (BTL) services such as sending emails to specific customers for special promotions, VIP points redemption scheme, marketing tools support such as grouping characteristics of the products for the customers' easy reference, providing supports for product research and development data and new product development in the skincare and cosmetic market.

Being the brand owner of "Ascara", the Group participates in the product development process. It acted as a hub to collect Asian women's skincare data and turn them to fit the customer needs with the help of the product manufacturing partner in Swiss. The products will then be launched in the Asia skincare and cosmetic market.

The competition of skincare and cosmetic market in the PRC market has been intensified especially due to the rapid growth of market sharing of the products from Korea. The Group still believes the high quality swiss made products with market penetration and brand awareness in Hong Kong and Taiwan demonstrates a good international brand image that enable the Group to expand in the PRC market. With the strength of long term relationship between the Group and the product manufacturing partner in Swiss, the Group has advantages over its similar competitors in the market.

### **The Cell Business**

The Group, through its group companies in the PRC and Hong Kong, is engaged in different cell related business by producing and selling cell products and services to its customers since August 2015.

The Cell Business include (i) research and development and applications of cell culture equipment and cell products, as well as providing cell-related outsourcing technical services, (ii) human cell separation, purification, cultivation, amplification, storage and transportation, as well as the development and production of automated closed cell bioreactors, (iii) cellular therapy, cell storage, genetic testing, biological agents manufacturing, (iv) cell preparation processes for international biotechnology companies, international pharmaceutical plants, clinical application institutions and cell libraries in line with international and domestic cell preparation quality standards, as well as technology platforms for clinical application transformation for the improvement and development of the cellular therapy in the future, (v) developing cell culture devices, research and application of cell-based products as well as outsourcing cell-based services, (vi) the separation, isolation, expansion, cryo-storage and transportation of human cells, as well as the development and production of automated closed system cell expansion equipments, and (vii) cell therapy, cell storage, genetic testing, biological reagent manufacture and big medical data.



## LETTER FROM THE BOARD

The customers of the Group are mainly obtained through outpatient clinics, doctor recommendations, pregnant women's schools, confinement clubs and other channels. The Group's major customers are biotechnology companies, hospitals and agents, which mainly cooperated with the Group since 2018. As at the date hereof, the Group has about 200 customers. The Group offers a payment period of 60 days to these customers in general.

The suppliers of the Group are mainly reached through experiences and referrals of other companies of the cell related industry. The Group's major suppliers are biotechnology companies which cooperated with the Group since 2018 and 2019. As at the date hereof, the Group has about 30 suppliers. Credit periods for these suppliers ranging from about 60 to 90 days in general.

The Group has established close cooperative relationship with relevant research departments and academics, including the University of Hong Kong and the University of Oxford, laying a solid foundation for the clinical transformation and industrialization of stem cell and cellular therapy technology and for cell preparation platforms. It also contributes to the value of the Cell Business such that it is more trustable and attractive to the clients.

### REASONS FOR AND BENEFITS OF 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 businesses 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 Businesses, being the Cosmetic Business, the Cell Business, and the Healthcare Business and is of the opinion that the Cosmetic Business, the Cell Business, and the Healthcare Business 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. Apart from the keen competition, the businesses of the Disposed Groups required higher capital injection and expenditure in comparison with the Remaining Businesses, while ongoing research and development is necessary to maintain the competitiveness of the products and services of those businesses of the Disposed Groups in the relatively niche market, taking into account of the existing cash flow position of the Group, the Directors considered it is not cost effective to maintain the businesses of the Disposed Groups and it would be difficult for the Company to enjoy their return and benefit. Furthermore, as disclosed in note 25 to the audited financial statements of the Company for the year ended 31 December 2019, bank balances amounting to approximately HK\$9,912,000 in certain bank accounts of Shaanxi Aierfu Activtissue Engineering Co., Ltd. ("**Shaanxi Aierfu**"), a subsidiary of the Disposed Company A, were frozen by Shanghai Municipal Public Security Bureau (the "**Bureau**") in relation to the source of fund from an independent third party who involved in a criminal case. The Bureau also restricted the sales of properties of Shaanxi Aierfu. The



## LETTER FROM THE BOARD

management of the Company has obtained PRC legal advices and in the opinion of the Directors, the transactions and source of funds received by Shaanxi Aierfu were with commercial substance and the Group did not involve in the case and therefore the funds therein shall not be encumbered. Such funds in the said account was therefore accounted for as part of the net assets of Shaanxi Aierfu and has been taken into account when determining the Consideration. The Purchaser is aware of such incident in entering into the Disposal Agreement with the Vendor on 11 August 2020 and given the facts and reasons explained above, the Purchaser is willing to proceed with the acquisition of the Disposed Groups. Although the Group is in the process of applying to the Bureau to unfreeze these assets, the current encumbrance on the bank accounts and properties of Shaanxi Aierfu has adverse effect on the liquidity and usage of the relevant assets of the Disposed Groups. The Directors therefore consider that it is an opportunity to dispose of the Disposed Groups and to focus its resources for the development of the Remaining Businesses 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 that 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 Disposal has no material impact on the Remaining Businesses and instead will allow the Company to streamline its businesses and focus its resources for the development of the Remaining Businesses. The Company currently has no plan to dispose of/downsize the Remaining Businesses or introduce new businesses.

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.

### 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.

**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.**

## LETTER FROM THE BOARD

### EGM

In accordance with the GEM Listing Rules, any Shareholder who has a material interest in the Disposal shall abstain from voting on the resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder at the EGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has any material interest in the Disposal and will be required to abstain from voting on the relevant resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder at the EGM.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the EGM in accordance with the memorandum of association and the articles of associations of the Company and Union Registrars Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. The EGM will be held on Tuesday, 29 September 2020 at 2: 30 p.m. at Rooms 3006-10, 30/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong for the purpose of, considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and any adjournment thereof should you so wish.

### RECOMMENDATION

The Board is of the view that the terms of the Disposal Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution approving the Disposal Agreement and the transactions contemplated thereunder at the EGM.

### FURTHER INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

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

**I. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for the financial year ended 30 April 2017, for the period from 1 May 2017 to 31 December 2017, for the financial years ended 31 December 2018 and 31 December 2019 have been set out in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.crmi.hk](http://www.crmi.hk):

- (i) for the year ended 30 April 2017, on pages 152 to 247 of the annual report of the Company for the year ended 30 April 2017 released on 27 July 2017 at <https://www1.hkexnews.hk/listedco/listconews/gem/2017/0727/gln20170727103.pdf>
- (ii) for the period from 1 May 2017 to 31 December 2017, on pages 145 to 255 of the annual report of the Company for the period from 1 May 2017 to 31 December 2017 released on 28 March 2018 at <https://www1.hkexnews.hk/listedco/listconews/gem/2018/0328/gln20180328019.pdf>
- (iii) for the year ended 31 December 2018, on pages 138 to 267 of the annual report of the Company for the year ended 31 December 2018 released on 12 April 2019 at <https://www1.hkexnews.hk/listedco/listconews/gem/2019/0412/gln20190412003.pdf>
- (iv) for the year ended 31 December 2019, on pages 123 to 243 of the annual report of the Company for the year ended 31 December 2019 released on 3 July 2020 at <https://www1.hkexnews.hk/listedco/listconews/gem/2020/0703/2020070302803.pdf>

**II. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 July 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group's indebtedness are set out below.

**Indebtedness**

The following table sets out the Group's indebtedness excluding contingent liabilities as at 31 July 2020:

	<b>As at 31 July 2020 HK\$'000</b>
<b>Current liabilities</b>	
Shareholder loans	106,801
Other borrowing	70,642
Lease liabilities	22,136
<b>Non-current liabilities</b>	
Lease liabilities	10,975
<b>Total</b>	<b>210,554</b>

## Shareholder loans

	<i>HK\$'000</i>
Due to All Favour Holdings Limited (“ <b>All Favour</b> ”)	97,285
Due to Mr. Wang Chuang (“ <b>Mr. Wang</b> ”)	9,516
	<hr/>
	106,801
	<hr/> <hr/>

The amount due to All Favour (HK\$100 million in nominal amount) as at 31 July 2020 was unsecured and interest-free and repayable on 19 December 2020. All Favour has undertaken to the Company not to demand repayment before 30 June 2021 or until the Company is in a position to pay.

The amount due to Mr. Wang, a Shareholder and an executive Director, chairman and chief executive officer of the Company, as at 31 July 2020 was unsecured, interest free and repayable within one year.

## Other borrowing

In 2019, Mr. Xiong Qiangen (“**Mr. Xiong**”) granted a facility of HK\$100 million to the Group. The borrowing was bearing 8% interest per annum and repayable on or before 31 March 2020. The Group provided a guarantee and indemnity for the account of Mr. Xiong in favour of a third party financial institution with financial exposure capped at HK\$8 million.

On 17 March 2020, the Group signed a supplementary agreement with Mr. Xiong to increase the facility amount from HK\$100 million to HK\$180 million and extend the repayment date from 31 March 2020 to 30 June 2021. The Group also entered into a deed of charge with Mr. Xiong to charge the Group’s remaining 85% interest of the Group’s investment in ZhongHua Finance Acquisition Fund I, LP (the “**Fund**”) of Mr. Xiong as the security for repayment and discharge of the other borrowing and all interest accrued and to be accrued thereon. On 2 April 2020, another supplementary agreement was signed to increase the facilities amount from HK\$180 million to HK\$200 million.

According to the supplementary agreement dated 2 April 2020, the considerations of the disposal the Group’s investment in the Fund shall first offset the amount due by the Group to Mr. Xiong on respective settlement dates (the “**Offsetting Arrangement**”). In case of delay by and/or failure of Mr. Xiong in settling the amount of US\$10 million (equivalent to HK\$78.0 million) due on 30 September 2020 and the US\$10 million (equivalent to HK\$78.0 million) due on 30 December 2020 (the “**Remaining Consideration**”), the Group has the right to unwind the transfer of the Group’s investment in the Fund for which the consideration is not received proportionately. Details please refer to the Company’s circular dated 20 April 2020.

After the offsetting, on 31 July 2020, the amount due to Mr. Xiong by the Group amounted to HK\$70.6 million and the Remaining Consideration was HK\$156.0 million. Taking into account the Offsetting Arrangement, the remaining consideration payable by Mr. Xiong amounted to HK\$85.4 million on 31 July 2020.

The Directors maintain close communication with Mr. Xiong and believe that Mr. Xiong will settle the Remaining Consideration timely in cash.

#### Lease liabilities

The Group entered into several lease agreements for leasing of factory, office and staff quarters located in the PRC and Hong Kong. As a result of adopting HKFRS 16 Leases which is effective for annual periods beginning on or after 1 January 2019, the Group recognised right-of-use assets and lease liabilities for the above-mentioned leases. Such lease liabilities amounted to approximately HK\$33,111,000 as at 31 July 2020, which were classified as to approximately HK\$22,136,000 as current liabilities and approximately HK\$10,975,000 as non-current liabilities.

#### Contingent liabilities

As at 31 July 2020, the Group provided a guarantee and indemnity for the account of Mr. Xiong in favour of a third party financial institution with financial exposure capped at HK\$8,000,000 and the Group did not have any significant contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 July 2020 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

### III. WORKING CAPITAL

The Directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of this circular. The Directors, after due and careful enquiry and after taking into account the proceeds to be received from the Disposal and the financial resources available to the Group, and on the assumptions that the financing plans and measures as set out below can be successfully executed, are of the opinion that the Group will have sufficient working capital for its present operating requirements and to pay its financial obligations as and when they fall due and for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

However, if any of the following financing plans and measures cannot be materialised, the Group may not have sufficient working capital for the next twelve months from the date of this circular and further fund raising activities may then be required. The Company may also need to raise further funding for marketing and promotion of its products and on research and development in the area of the Cell Business and in the Healthcare Business, when needed.

- (a) Obtaining a shareholder's loan of approximately HK\$60 million from the beneficial controlling party of All Favour ("**Beneficial Controlling Party**"):
- The Company has prepared a cash flow projection on amount of cash requested for a period up to 30 September 2021 on the basis that the Beneficial Controlling Party will provide financing for not less than HK\$60 million to the Group during the projection. The Beneficial Controlling Party has confirmed that it intended to provide sufficient financial resources to the Company so as to enable the Company both to meet its liabilities (including the amount due to All Favour being HK\$100 million in nominal amount as at 31 July 2020) as they fall due and to carry on its business without a significant curtailment of operations.
- (b) Obtaining available cash by way of funding raising activities and disposal of financial assets:
- On 2 March 2020, the Company entered into the placing agreement with joint placing agents to procure not less than six places to subscribe for up to 500 million ordinary shares of the Company at the placing price of HK\$0.20 per share. The placing was approved by the shareholders on 15 April 2020 and completed on 15 May 2020. The net proceeds from the placing of HK\$98 million was received in cash on 15 May 2020. Details of the placing are included in the Company's circular dated 27 March 2020.
  - The Group has entered into two agreements with Mr. Xiong in January and February 2020 respectively to dispose of the Group's investment in the Fund to Mr. Xiong in the total consideration of US\$38.7 million (equivalent to approximately HK\$301.86 million). The Company will closely communicate with Mr. Xiong to ensure the remaining consideration will be settled by Mr. Xiong in September 2020 and December 2020 as scheduled.
  - The Company will also consider alternative means of fund raising which may or may not involve issuance of shares or convertible bonds of the Company and/or the realisation of assets, financial assets or otherwise.

- (c) Other measures to improve the Group's operational performance and financial position:
- As disclosed in note 37(b) to the consolidated financial statements for the year ended 31 December 2019, a deposit in the amount of HK\$46,512,000 has been paid by the Group for a proposed acquisition which is refundable if the proposed acquisition does not proceed. In June 2020, the proposed acquisition was cancelled and the deposit has been and will be returned to the Group by stages with last portion thereof be returned by December 2020.
  - The Company has made its best effort to improve the Group's operational performance and to extend the Group's sale network in the PRC, especially in the Cell Business and the Healthcare Business and has improved the revenue of these segments. As disclosed in the interim report of the Company dated 31 July 2020, the performance of the Healthcare Business has substantially improved and generated operating profit and improved the liquidity of the Group. The extended sale network is expected to improve the profitability of the business of the Group for the years coming.
  - The Company will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs and soliciting more potential customers. The Company may also consider disposing of non-profit making businesses in order to reduce the operation costs and improve the working capital.



**IV. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 December 2019, being the date to which the latest audited consolidated accounts of the Group were made up.

**V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company. The principal activities of its subsidiaries are 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.

As stated in the interim report for the six months ended 30 June 2020 of the Company, the Group continues to strive for opportunity to widen its business scope in the medicine industries and reallocate its resources when appropriate, to strengthen and maintain as one of the leading pioneer in the medical and related industries. The Chinese government has committed to provide support towards hi-tech industries, including regenerative medicine, a sub-division of the bio-medical industries. The Group will continuously strive for more assistance from the Chinese government to provide additional resources for broadening the Group's R&D coverage in regenerative medicine and related medical device spectrum. Stem cell therapy and research and development of stem cell pharmaceutical products, precision disease detection and prevention in massive health as well as precision treatment have continued to develop.

The Company has made its best effort to improve the Group's operational performance and to extend the Group's sale network in the PRC, especially in the Healthcare Business and as a result, the performance of the Healthcare Business in the second quarter of 2020 has substantially improved and generated operating profit and improved the liquidity of the Group. The extended sale network is expected to improve the profitability of the business of the Group for the years coming. The Group will continue to make effort to implement measures to improve the Group's operational performance and financial position. The Board will continuously evaluate the business environment, the existing business portfolio and income streams of the Group and improve the profitability of the Group.

The Company will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs and soliciting more potential customers.



## 1. RESPONSIBILITY STATEMENT

This circular, 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 circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Directors' and chief executives' interests in Shares

As at the Latest Practicable Date, the following Directors and chief executives of the Company had or were deemed to have interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules related to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

Name of Director	Long/short position	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding
Mr. Wang Chuang	Long position	Beneficial owner	25,140,000	1.27%
Mr. Wu Weiliang	Long position	Beneficial owner	22,620,000	1.14%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(ii) **Substantial shareholders' and other persons' interests in Shares and underlying Shares**

So far as known to the Directors, as at the Latest Practicable Date, the following parties (not being the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

**Long positions in Shares**

Name	Capacity	Number of Shares	Percentage of shareholding
<b>Substantial Shareholders</b>			
All Favour	Beneficial owner	582,907,765	29.45%
Mr. Dai Yumin ("Mr. Dai") (Note 1)	Interest in a controlled corporation	582,907,765	29.45%
	Beneficial owner	875,000	0.04%
Mr. Xu Yi ("Mr. Xu") (Note 1)	Interest in a controlled corporation	582,907,765	29.45%
Mr. Mao Xiao Kai	Beneficial owner	280,000,000	14.15%
Mr. Wang Xiaogang	Beneficial owner	209,450,000	10.58%
Ms. Wu Yawei	Beneficial owner	205,000,000	10.36%
<b>Parties other than substantial Shareholders</b>			
China Orient Asset Management Co., Ltd (Note 2)	Held by controlled corporation	157,744,659	7.97%
China Orient Alternative Investment Fund (Note 2)	Held by controlled corporation	157,744,659	7.97%

*Notes:*

- All Favour is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. ("Nat Ace Wood Industry") and 20% by Honour Top Holdings Limited, of which Nat-Ace Wood Industry is ultimately and wholly-owned by Mr. Xu and Honour Top Holdings Limited is ultimately and wholly owned by Mr. Dai, and (ii) 40% by Mr. Dai. By virtue of the SFO, Mr. Dai, Mr. Xu and NatAce Wood Industry are deemed to be interested in 582,907,765 Shares in which All Favour is interested in.

On 16 September 2015, Mr. Dai was granted 17,500,000 share options by the Company under the share option scheme adopted by the Company on 14 September 2011 entitling him to subscribe for 17,500,000 Shares at the exercise price of HK\$0.45 per Share, subject to the terms and conditions of the share option scheme of the Company. The number of Shares to be issued upon full exercise of the said share options and the exercise price per Share were adjusted to 875,000 Shares and HK\$9.00 per Share with effect from 16 May 2019 as a result of the share consolidation of the Company, details of which were disclosed in the announcement of the Company dated 15 May 2019. Assuming the share options granted to Mr. Dai has been exercised in full, Mr. Dai shall hold an aggregate of 875,000 Shares as beneficial owner. By virtue of the SFO, Mr. Dai, together with his deemed interests in All Favour, was deemed to be interested in an aggregate of 583,782,765 shares of the Company.

2. All Favour has pledged its interests in 157,744,659 Shares in favour of Optimus Prime Management Ltd. ("**Optimus**"). Based on the disclosure of interests forms both filed on 28 July 2020 by China Orient Asset Management Co., Ltd ("**COAMC**") and China Orient Alternative Investment Fund ("**COAIF**"). Optimus is wholly-owned by COAIF. COAIF is wholly-owned by China Orient Asset Management (International) Holding Limited ("**COAMI**"). COAMI is owned as to (i) 50% by Wise Leader Assets Ltd. ("**Wise Leader**") which is wholly-owned by Dong Yin Development (Holdings) Limited ("**Dong Yin**"); and (ii) 50% by Dong Yin which is wholly-owned by COAMC. By virtue of the SFO, COAIF, COAMI, Wise Leader, Dong Yin and COAMC are deemed to be interested in 157,744,659 Shares held by Optimus as security interest.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware that there is any other party (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares, underlying shares and debentures of the Company (i) which would fall to be disclosed to the Company and Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

### 3. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (i) the placing agreement dated 26 April 2019 entered into between the Company and Chung Lee Securities Company Limited in relation to the placing of up to 3,517,158,000 Shares under general mandate at the placing price of HK\$0.025 per placing share (the "**Previous Placing**");
- (ii) the mutual termination agreement of the placing agreement effective on 20 May 2019 and entered into between Chung Lee Securities Company Limited, the placing agent and the Company to terminate the Previous Placing;
- (iii) the co-operation agreement dated 21 August 2019 entered into between BioCell Technology Limited, a wholly-owned subsidiary of the Company and Miskawaan Biotech Limited ("**Miskawaan**") in relation to the lab assets of BioCell Technology Limited at a consideration of rental amount of HK\$1 per annum, the put option for an exercise price of HK\$30 million, 15% of Miskawaan's issued share capital, having value of HK\$1 and rental amount of the premises of HK\$700,000, which has lapsed on 17 December 2019;

- (iv) the deed of transfer dated 6 January 2020 entered into among China Regenerative Medicine Limited (“CRML”), a wholly-owned subsidiary of the Company, Mr. Xiong and ZhongHua Finance GP Ltd. (the “General Partner”) in respect of the disposal of 15% of the Group’s investment in the Fund;
- (v) the underwriting agreement dated 27 November 2019 entered into between SBI China Capital Financial Services Limited (“SBI”), a company incorporated in Hong Kong with limited liability as an underwriter and the Company in relation to the open offer for 1,758,579,000 offer shares on the basis of two offer shares for every one share held on the record date (the “Open Offer”), pursuant to which the underwriter agreed to underwrite the maximum of 1,245,318,670 offer shares at a subscription price of HK\$0.2 per offer shares at a total amount of HK\$249,063,734, and this agreement was terminated on 18 February 2020;
- (vi) the placing agreement dated 27 November 2019 entered into between Chung Lee Securities Company Limited as a placing agent and the Company in relation to the Open Offer, pursuant to which the placing agent agreed to place the Company’s shares to the places at HK\$0.2 per Share, and this agreement was terminated on 18 February 2020;
- (vii) the deed of transfer dated 21 February 2020 entered into among CRML, Mr. Xiong and the General Partner in respect of the disposal of the remaining 85% of the Group’s investment in the Fund;
- (viii) the placing agreement dated 2 March 2020 entered into between SBI and Grand Partners Securities Limited as joint placing agents and the Company in relation to the placing of up to 500,000,000 Shares under specific mandate at the placing price of HK\$0.2 per placing share;
- (ix) the subscription and settlement agreement dated 2 March 2020 entered into between All Favour as subscriber and the Company in relation to subscription of convertible bonds in the principal amount of HK\$120 million under specific mandate, which upon conversion, a maximum number of 600,000,000 conversion shares with of HK\$0.20 each will be allotted and issued by the Company;
- (x) the subscription and settlement agreement dated 28 August 2020 and entered into among the Company, China Bio-Med Regeneration Technology Limited (a wholly-owned subsidiary of the Company) and Changzhou Yaoguang Enterprise Management Consulting Limited Liability Partnership\* (常州市耀光企業管理諮詢合夥企業(有限合夥)) for the settlement of amount payable in the sum of HK\$18,000,000 due by the subsidiary by way of allotment and issue of 90,000,000 Shares by the Company under the general mandate;

- (xi) the subscription and settlement agreement dated 28 August 2020 and entered into among the Company, China Bio-Med Regeneration Technology Limited (a wholly-owned subsidiary of the Company) and Changzhou Minoxing Enterprise Management Consulting Services Limited Liability Partnership\* (常州市中民星空企業管理諮詢服務合夥企業(有限合夥)), for the settlement of amount payable in the sum of HK\$16,000,000 due by the subsidiary by way of allotment and issue of 80,000,000 Shares by the Company under the general mandate; and
- (xii) the Disposal Agreement.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### 5. LITIGATION

As at the Latest Practicable Date, save for the followings, no member of the Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to the Directors to be pending or threatened by or against any member of the Group:

- (i) On 29 November 2019, a final judgement was made by the District Court of the Hong Kong (DCCJ 4597 of 2019) in favour of Moore Stephens CPA Limited ("**Moore Stephens**") against the Company for the payment of: (1) the sum of HK\$1,675,000.00, being professional fees due and owing by the Company to Moore Stephens for services rendered; (2) interest accrued thereon at the rate of 8.125% per annum from 26 August 2019 to 29 November 2019 and thereafter at judgement rate until payment; and (3) fixed costs of HK\$7,130.00.
- (ii) On 14 August 2020, Xi'an Alfi Biotechnology Co., Ltd.\* (西安艾爾菲生物科技股份有限公司) ("**Xi'an Alfi**") as tenant, issued a summons in People's Court of Yanta District, Xi'an against Shaanxi Aierfu Activtissue Engineering Company Limited (陝西艾爾膚組織工程有限公司) ("**Shaanxi Aierfu**"), a wholly-owned subsidiary of the Company as landlord in relation to a claim by Xi'an Alfi against Shaanxi Aierfu for (a) termination of the tenancy agreement dated 27 December 2018, (b) refund of rents and rental deposit paid by Xi'an Alfi in the amount of RMB187,663.76, (c) damages in the amount of RMB2,036,000 due to the early termination of the tenancy agreement by Shaanxi Aierfu; and (d) costs.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective associates has any interest in business that competes or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

## 7. COMPLIANCE ADVISER

In accordance with Rule 6A.20 of the GEM Listing Rules, the Company has appointed Octal Capital Limited (“**Octal Capital**”) as its compliance adviser, which provides advices and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to Directors’ duties. As notified by Octal Capital, except for the compliance adviser agreement entered into between the Company and Octal Capital on 12 August 2019, neither Octal Capital nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the Latest Practicable Date.

## 8. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely, Dr. Fang Jun, Ms. Huo Chunyu and Ms. Yang Ying. The audit committee of the Board is chaired by Ms. Yang Ying. The primary duties of the audit committee are to act independently from the executive of the Company to ensure that the interests of the Shareholders are properly protected in relation to financial reporting, risk management and internal control and to act as the key representative body for overseeing the Company’s relations with the external auditors. The background, directorship and past directorship (if any) of each of the members of the audit committee of the Board are set out below:

- (a) Dr. Fang Jun (“**Dr. Fang**”), aged 58, is an independent non-executive Director. He is also the chairman of each of the nomination committee and the remuneration committee of the Company and a member of the audit committee. Dr. Fang joined the Group in December 2017. He served as an executive member and the executive vice-chairman of the Cross-straits Medicine Exchange Association\* (海峽兩岸醫藥衛生交流協會), an executive member and the vice-chairman of China Sexology Association\* (中國性學會), the publisher and the executive chief editor of the China Sexology Journal\* (《中國性科學》) and the deputy head of the Sexology Research Center of Peking University Health Science Center\* (北京大學醫學部性學研究中心). Dr. Fang also assumed various positions such as the executive member and the secretary general of Wu Jieping Medical Foundation\* (吳階平醫學基金會). Dr. Fang graduated from Peking University Health Science Center with a master’s degree in Social Medicine and Health Service Management and a doctorate degree in Epidemiology and Health



Statistics. Dr. Fang also served as an independent non-executive director of HongDa Financial Holding Limited, a company listed on the Stock Exchange (1822.HK) from July 2014 to May 2018.

- (b) Ms. Yang Ying (“**Ms. Yang**”), aged 48, has been a member of the Beijing Institute of Certified Public Accountants since 1999 and is a certified public accountant of the People’s Republic of China. Since August 2014, Ms. Yang has served as the managing partner of the Beijing branch of Shanghai Certified Public Accountants (Special General Partnership)\* (上海會計師事務所(特殊普通合夥)). Between September 2005 and September 2011, Ms. Yang was a shareholder, the chairlady and the chief accountant of Beijing Jiuzhou Haotian Accounting Firm Co., Ltd.\* (北京九州昊天會計師事務所有限責任公司). Ms. Yang obtained a master’s degree in business administration from Asia International Open University (Macau) in December 2010.
- (c) Ms. Huo Chunyu (“**Ms. Huo**”), aged 45, obtained a bachelor degree from Hebei University of Economics and Business (河北經貿大學). She has over 20 years of commercial and professional experience with companies including the Industrial and Commercial Bank of China Hebei Branch (中國工商銀行河北省分行), Shijiazhuang Haowei Optoelectronic Thin Film Technology Co., Ltd\* (石家莊豪威光電子薄膜技術有限公司) and Hebei Youyuan Certified Public Accountants\* (河北有源會計師事務所). Since September 2012, she has been a Partner of Ruihua Certified Public Accountants\* (瑞華會計師事務所).

\* for identification purpose only

## 9. MISCELLANEOUS

- (a) Save for disclosed in this circular, there is no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.
- (b) As at the Latest Practicable Date, no Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.
- (c) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the head office and principal place of business in Hong Kong is at Suite 2310-2318, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong.

- (e) The company secretary of the Company is Mr. Lee Pak Chung, who is a member of the Hong Kong Institute of Certified Public Accountants, the American Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Chinese Institute of Certified Public Accountants.
- (f) The compliance officer of the Company is Mr. Qiu Bin, who is an executive Director.
- (g) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

#### 10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Suite 2310-2318, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours on any Business Day for the period of 14 days from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the annual reports of the Company for each of the two financial years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (d) the circular of the Company dated 20 April 2020, which is the circular issued by the Company since the date of the Company’s latest published audited accounts, which was issued pursuant to the relevant requirements set out under Chapter 19 and/or 20 of the GEM Listing Rules; and
- (e) this circular.





**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)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of China Regenerative Medicine International Limited (“**Company**”) will be held at Rooms 3006-10, 30/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Tuesday, 29 September 2020 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution of the Company with or without amendment:

**ORDINARY RESOLUTION**

1. “**THAT**

- (a) the conditional sale and purchase agreement dated 11 August 2020 (the “**Disposal Agreement**”, details of which are disclosed in the circular of the Company dated 12 September 2020 (the “**Circular**”)) entered into between China Bio-Med Regeneration Technology Limited, a direct wholly-owned subsidiary of the Company, as vendor (the “**Vendor**”) and Osibao Cosmetics International Limited, as purchaser (the “**Purchaser**”) in relation to, among other matters, the sale and purchase of the entire issued share capital of (i) China Regenerative Medicine Tissue Engineering Limited and (ii) China Regenerative Hospital Investment Management Limited, for a total consideration of HK\$35 million (a copy of the Disposal Agreement is marked “A” and produced to the meeting and signed by the chairman of the meeting (the “**Chairman**”) for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and

## NOTICE OF EGM

- (b) any director of the Company (“**Director**”) be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company by hand, or in the case of execution of documents under seal, to do so jointly with another Director, a duly authorised representative of the Directors or the secretary of the Company, and to take such steps as he/she may in his/her absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or in connection with the Disposal Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 12 September 2020

*Registered office:*  
P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
Suite 2310-2318,  
Miramar Tower  
132 Nathan Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the above meeting may appoint one or, if he is the holder of two or more Shares, more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. In order to determine the entitlement of shareholders of the Company to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's Hong Kong branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 23 September 2020.

## NOTICE OF EGM

5. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.
6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong any time after 11:30 a.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at [www.crmf.hk](http://www.crmf.hk) and on the GEM website of the Stock Exchange at [www.hkgem.com.hk](http://www.hkgem.com.hk) to notify Shareholders of the date, time and venue of the rescheduled meeting.
7. In light of the ongoing outbreak of coronavirus (“COVID-19”) and in the best interest of protecting the health of Shareholders and other attendees who will attend the meeting, special precautionary measures will be implemented by the Company, the details of which are as follows:
  - (i) All attendees are required to wear self-prepared surgical mask at all times during their attendance of the meeting;
  - (ii) All attendees are required to use hand sanitizer gel before entry and compulsory body temperature checks will be conducted before being given access to the meeting venue;
  - (iii) Seat arrangement will be given at the meeting venue to maintain an appropriate social distance and the number of attendees at the meeting will be limited according to the latest regulations announced by the government;
  - (iv) There will be no corporate gift or souvenir distributed and no refreshment will be served at the meeting; and
  - (v) Should any attendee refuse to comply with any of the abovementioned measures, the Company reserves the right to deny access of such attendee to the meeting venue.

**Shareholders are strongly encouraged to appoint the chairman of the extraordinary general meeting of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the extraordinary general meeting of the Company in person.**

**Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement(s) on such measures as appropriate.**

*As at the date of this notice, 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.*