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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)

CONNECTED TRANSACTION ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

ISSUE OF CONVERTIBLE BONDS

On 20 October 2020 (after trading hours), the Company entered into the Subscription and Settlement Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe or procure the Subscription by its nominee(s) of, the Convertible Bonds in the principal amount of HK\$95 million, and the Subscriber shall pay the Subscription Price of HK\$100 million at Completion by setting off against the Shareholder's Loan. Upon Completion and issue of the Convertible Bonds, the repayment obligations of the Company for the Shareholder's Loan to the extent of HK\$100 million in aggregate shall be fully discharged. To the extent that the amount of the Shareholder's Loan being set-off by the Subscription Price for the Convertible Bonds, the Subscriber agreed to waive all its rights absolutely against the Company for any claim whatsoever.

Based on the initial Conversion Price of HK\$0.20 per Conversion Share, a maximum number of 475,000,000 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full, which represent (i) approximately 19.96% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in full. The maximum aggregate nominal value of the Conversion Shares is HK\$95,000,000.

The Conversion Shares will be allotted and issued under the CB Specific Mandate to be sought from the Independent Shareholders at the EGM. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the granting of the approval for the listing of, and the permission to deal in, the Conversion Shares.

No cash proceeds will be received by the Company from the issue of the Convertible Bonds. The issuance of the Convertible Bonds will settle the Shareholder's Loan in full.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is a substantial Shareholder holding 582,907,765 Shares, representing approximately 24.50% of the issued share capital of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 20 of the GEM Listing Rules, and the Subscription constitutes a connected transaction on the part of the Company and is subject to the announcement, circular, reporting and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders regarding the Subscription and Settlement Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder (including the grant of the CB Specific Mandate for the allotment and issue of the Conversion Shares) by way of poll.

The Subscriber and parties acting in concert with it and their respective associates which have material interest in the Subscription and Settlement Agreement and the transactions contemplated thereunder are required to abstain from voting on the resolution to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription and Settlement Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the CB Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Monday, 16 November 2020 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment and/or waiver (as the case maybe) of the conditions precedent under the Subscription and Settlement Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On 20 October 2020 (after trading hours), the Company entered into the Subscription and Settlement Agreement with the Subscriber, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe or procure the Subscription by its nominee(s) of, the Convertible Bonds in the principal amount of HK\$95 million.

Pursuant to the Shareholder's Loan Agreement, and according to the accounts of the Company as at 30 June 2020, the Company is indebted to the Subscriber in the aggregate amount of HK\$100 million, being shareholder's loan (the "**Shareholder's Loan**") previously advanced by the Subscriber to the Company. The Subscriber shall pay the Subscription Price at Completion by setting off against the Shareholder's Loan. Upon Completion and issue of the Convertible Bonds, the repayment obligations of the Company for the Shareholder's Loan to the extent of HK\$100 million in aggregate shall be fully discharged. To the extent that the amount of the Shareholder's Loan set-off by the Subscription Price for the Convertible Bonds, the Subscriber agreed to waive all its rights absolutely against the Company for any claim whatsoever in full.

THE SUBSCRIPTION AND SETTLEMENT AGREEMENT

Set out below are the principal terms of the Subscription and Settlement Agreement:

Date: 20 October 2020 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) All Favour Holdings Limited, as the Subscriber.

(each a “**Party**” and collectively, the “**Parties**”)

As at the date of this announcement, the Subscriber is a substantial Shareholder holding 582,907,765 Shares, representing approximately 24.50% of the issued share capital of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 20 of the GEM Listing Rules. The Subscriber is a company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Subscriber is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. which is ultimately and wholly-owned by Mr. Xu Yi (“**Mr. Xu**”); (ii) 20% by Honour Top Holdings Limited which is ultimately and wholly-owned by Mr. Dai Yumin (“**Mr. Dai**”); and (iii) 40% by Mr. Dai.

Conditions precedent

The obligations of the Parties to effect the Completion shall be conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules at the EGM of the necessary resolution(s) to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder;

- (c) the representations, warranties and undertakings by the Company remaining true, accurate and complete in all material respects; and
- (d) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription and Settlement Agreement and the transactions contemplated thereby having been obtained.

The Company shall use its best endeavours to procure the fulfilment of the abovementioned conditions precedent (a), (b), (c) and (d), and the Subscriber shall use its best endeavours to procure the fulfillment of the abovementioned condition precedent (d), as soon as practicable and in any event on or before 31 December 2020 or such other date as may be agreed by the Parties in writing (the “**Long Stop Date**”). The Subscriber may at any time by notice in writing to the Company waive the abovementioned condition precedent (c). All other conditions precedent above are incapable of being waived by the Parties.

If the abovementioned conditions precedent are not fulfilled (or waived as the case may be) on or before the Long Stop Date, the Subscription and Settlement Agreement (save and except certain provisions as set out in the Subscription and Settlement Agreement) shall lapse and become null and void and the Parties shall be released from all obligations thereunder (save and except certain provisions as set out in the Subscription and Settlement Agreement), save for any liability arising out of any antecedent breaches thereof.

Completion

Subject to the conditions precedent as set out in the Subscription and Settlement Agreement, Completion shall take place on the Completion Date (or such other date as the Parties may agree in writing). Upon Completion, the Subscriber will also execute a deed of set-off to set-off the Subscription Price against the Shareholder’s Loan in full.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	HK\$95 million
Interest:	The Convertible Bonds shall bear no interest.
Maturity date:	Being the date of the third anniversary after the first issue of the Convertible Bonds (or, if that is not a Business Day, the first Business Day thereafter) (the “ Maturity Date ”).
Conversion Price:	The initial Conversion Price shall be HK\$0.20 per Conversion Share, subject to adjustments as set out in the paragraph headed “Adjustments to the Conversion Price” below.

The initial Conversion Price represents:

- (i) a discount of approximately 1.48% to the closing price of HK\$0.203 per Share as quoted on the Stock Exchange on the date of the Subscription and Settlement Agreement; and
- (ii) a premium of approximately 0.50% to the average closing prices of HK\$0.199 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription and Settlement Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.198 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Parties, taking into account of, among others, the prevailing trading performance of the Shares and the financial position of the Group. The Directors (excluding the members of the Independent Board Committee whose views are to be included in the circular to be despatched by the Company, after being advised by the Independent Financial Adviser) consider that the Conversion Price and the terms and conditions of the Subscription and Settlement Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustments to the
Conversion Price:

The Conversion Price shall from time to time be adjusted in accordance with the following events:

- (i) if and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount;
- (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) if and whenever the Company shall make any capital distribution (as defined in the CB Instrument) to holders (in their capacity as such) of Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries;

- (iv) if and whenever the Company shall offer to the Shareholders new Shares for subscription by way of rights, or shall grant to the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price on the date of the announcement of the terms of the offer or grant;
- (v) (a) if and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the CB Instrument) initially receivable for such securities is less than 80% of the market price on the date of the announcement of the terms of issue of such securities;
(b) if and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (a) of this sub-paragraph (v) are modified so that the total effective consideration per Share (as defined in the CB Instrument) initially receivable for such securities shall be less than 80% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (vi) if and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price on the date of the announcement of the terms of such issue; and
- (vii) if and whenever the Company shall issue Shares for the acquisition of asset at a total effective consideration per Share (as defined in the CB Instrument) which is less than 80% the market price (as defined in the CB Instrument) at the date of the announcement of the terms of such issue.

Conversion Shares: Based on the initial Conversion Price of HK\$0.20 per Conversion Share, a maximum number of 475,000,000 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full, which represent:

- (i) approximately 19.96% of the issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in full.

The maximum aggregate nominal value of the Conversion Shares is HK\$95,000,000. The Shares upon conversion of the Convertible Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant conversion date of the Convertible Bonds.

Conversion period: The period from the date of the issue of the Convertible Bond up to the day immediately prior to the Maturity Date (the “**Conversion Period**”).

Conversion rights: The Bondholder shall, subject to the provisions of the CB Instrument, have the right at any time during the Conversion Period to convert the whole or part (not less than a whole multiple of HK\$5,000,000) of the outstanding principal amount of the Convertible Bonds into Shares at the Conversion Price (the “**Conversion Rights**”).

- Conversion restrictions: The Conversion Rights shall only be exercised on the condition that at the time a notice of conversion is issued (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code or such mandatory offer obligation has been waived on the part of the Bondholder(s) which exercised the Conversion Rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholder(s)); and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules for the minimum percentage of Shares being held by the public as per Rule 11.23 of the GEM Listing Rules) of the issued Shares of the Company at the time in compliance with the GEM Listing Rules (the “**Conversion Restrictions**”).
- Redemption at maturity: Unless previously converted or purchased and cancelled as provided in the CB Instrument, the Company shall redeem each Convertible Bond which remains outstanding on the Maturity Date at 100% of the principal amount of such Convertible Bonds.
- Early redemption: The Company may at any time before the Maturity Date and from time to time by serving at least ten days’ prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of such Convertible Bonds.
- Voting: The Bondholder shall not be entitled to attend or vote at any general meeting of the Company by reason only it being the Bondholder.

Transferability:

The Bondholder may assign or transfer the Convertible Bonds to the transferee subject to the prior notification to the Company. The Convertible Bonds may not be assigned or transferred, in whole or in part, to any connected person of the Company without prior written consent of the Company. The Convertible Bonds may be assigned or transferred in whole or in part (provided that the principal amount to be assigned or transferred shall be at least HK\$5,000,000 and in integral multiples of HK\$5,000,000 unless the outstanding principal amount of the Convertible Bonds is less than HK\$5,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred) of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Convertible Bonds, including making any necessary applications to the Stock Exchange for the said approval (if required).

Ranking:

The Convertible Bonds constitute direct, unconditional unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the CB Specific Mandate to be sought from the Shareholders at the EGM.

Application for listing

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement up to the full conversion of the Convertible Bonds) are as follows for illustration purposes only:

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement up to the full conversion of the Convertible Bonds)	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholders				
All Favour (<i>Note 1</i>)	582,907,765	24.50%	1,057,907,765	37.06%
				(<i>Note 4</i>)
Mr. Mao Xiao Kai	280,000,000	11.77%	280,000,000	9.81%
Sub-total	<u>862,907,765</u>	<u>36.27%</u>	<u>1,337,907,765</u>	<u>46.87%</u>
Directors				
Mr. Wang Chuang (<i>Note 2</i>)	25,140,000	1.06%	25,140,000	0.88%
Mr. Wu Weiliang (<i>Note 3</i>)	22,620,000	0.95%	22,620,000	0.79%
Sub-total	<u>47,760,000</u>	<u>2.01%</u>	<u>47,760,000</u>	<u>1.67%</u>
Public Shareholders	<u>1,468,621,735</u>	<u>61.72%</u>	<u>1,468,621,735</u>	<u>51.46%</u>
Total	<u>2,379,289,500</u>	<u>100.00%</u>	<u>2,854,289,500</u>	<u>100.00%</u>

Notes:

- All Favour is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. which is ultimately and wholly-owned by Mr. Xu; (ii) 20% by Honour Top Holdings Limited which is ultimately and wholly-owned by Mr. Dai; and (iii) 40% by Mr. Dai. Moreover, All Favour has interests in 582,907,765 Shares. Hence, Mr. Dai, Mr. Xu and Nat-Ace Wood Industry Ltd. are deemed to be interested in 582,907,765 Shares.

2. Mr. Wang Chuang beneficially owns 25,140,000 Shares. Mr. Wang is an executive Director, the chairman and the chief executive officer of the Company.
3. Mr. Wu Weiliang beneficially owns 22,620,000 Shares. Mr. Wu is a non-executive Director.
4. This is for illustrative purpose only and conversion of the Convertible Bonds is subject to the Conversion Restrictions that no conversion shall trigger mandatory offer obligations under the Takeovers Code.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the past twelve months immediately preceding the date of this announcement:

Date of initial announcement	Description	Net proceeds	Intended use of proceeds	Actual use of net proceeds
27 November 2019	Proposed open offer of not less than 1,758,579,000 offer shares and not more than 1,771,134,200 offer shares on the basis of two (2) offer shares for every one (1) share held on the record date	Approximately HK\$349 million	(i) approximately HK\$150 million for repayment of the outstanding liabilities of the Group; and (ii) approximately HK\$199 million as general working capital of the Group.	The open offer was terminated on 18 February 2020.
2 March 2020	Placing of 500,000,000 new Shares under specific mandate	Approximately HK\$98 million	(i) approximately HK\$30.0 million for repayment of accrued charges and other payables; (ii) approximately HK\$30.0 million for staff costs; (iii) approximately HK\$5.0 million for rent and rates; (iv) approximately HK\$5.0 million for utilities and other expenses; (v) approximately HK\$9.0 million for professional fees and corporate expenses; and (vi) approximately HK\$19.0 million for advertising, marketing and promotion expenses	Utilised as intended

Date of initial announcement	Description	Net proceeds	Intended use of proceeds	Actual use of net proceeds
2 March 2020	Issue of convertible bonds under specific mandate	No cash proceeds would be received by the Company (Maximum aggregate nominal value of the conversion Shares is HK\$120 million)	Settlement of shareholder's loan due by the Company to the Subscriber	No actual fund was raised and the subscription money of the convertible bonds were set off by the loan due to the Subscriber
28 August 2020	Issue of new shares under general mandate	No cash proceeds would be received by the Company (The aggregate nominal value of the subscription Shares is HK\$34 million)	Settlement of accounts payable to service providers	No actual fund was raised and the subscription money of the Shares were set off by the accounts payable due to service providers
8 October 2020	Issue of new shares under general mandate	No cash proceeds would be received by the Company (The aggregate nominal value of the subscription Shares is HK\$46 million)	Settlement of accounts payable to service providers	No actual fund was raised and the subscription money of the Shares were set off by the accounts payable due to service providers

Saved as disclosed above, the Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

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; and provision of healthcare services.

Pursuant to the Shareholder's Loan Agreement, the Shareholder's Loan is interest-free, without security and will fall due on the third anniversary from the date of the Shareholder's Loan Agreement, which is 20 December 2020. Such Shareholder's Loan was provided to the Company for payment of non-refundable deposit to a potential vendor of certain target assets (the "**Target Assets**") in 2017. For details of such proposed acquisition of the Target Assets, please refer to the announcement of the Company dated 10 December 2017. The Directors recently reviewed the financial position of the Company, and decided that it would not be feasible for the Company to proceed with the proposed transaction and the Company requested (the "**Request**") All Favour to be nominated as purchaser to acquire the Target Assets. The Request was rejected by All Favour and All Favour requested for the repayment of the Shareholder's Loan by 20 December 2020. As part of the efforts by the Company to assess the legal position, the Company has obtained an independent legal counsel advice which indicated that the Company would not be able to compel the Subscriber to accept the nomination and the Company's liabilities to repay the Shareholder's Loan could not be discharged. After negotiation and assessment of the Company's position, the Company and All Favour agreed that the Shareholder's Loan shall be settled in full by the Company issuing the Convertible Bonds in the principal amount of HK\$95 million representing a discount of 5% to the Subscription Price and upon Completion the liability of the Company under the Shareholder's loan in the amount of HK\$100 million shall be settled and discharged absolutely. Such discount is meant to compensate the Company for the early settlement of the shareholder's loan and to further improve the debt position of the Company.

No cash proceeds will be received by the Company from the issue of the Convertible Bonds. The issuance of the Convertibles Bonds would settle the Shareholder's Loan. Under the terms of the Convertible Bonds, the Company may request for early redemption subject to terms and conditions of the Convertible Bonds, while such right is not provided to the Bondholder. The rights of conversion given under the Convertible Bonds may also help to ease the cashflow pressure of the Company in case the Subscriber or any holders thereof are willing to exercise the Conversion Rights. As such, it provides more flexibility to the Company in its future cash management, and may be able to strengthen the capital base and reduce the liability of the Company, and thus improve the financial position of the Company.

The Directors (excluding the members of the Independent Board Committee whose views are to be included in the circular to be despatched by the Company, after being advised by the Independent Financial Adviser) consider that the terms and conditions of the Subscription and Settlement Agreement and the Convertible Bonds are fair and reasonable based on the current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Subscriber is a substantial Shareholder holding 582,907,765 Shares, representing approximately 24.50% of the issued share capital of the Company. Accordingly, the Subscriber is a connected person of the Company under Chapter 20 of the GEM Listing Rules, and the Subscription constitutes a connected transaction on the part of the Company and is subject to the announcement, circular, reporting and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders regarding the Subscription and Settlement Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder (including the grant of the CB Specific Mandate for the allotment and issue of the Conversion Shares) by way of poll.

The Subscriber and parties acting in concert with it and their respective associates which have material interest in the Subscription and Settlement Agreement and the transactions contemplated thereunder are required to abstain from voting on the resolution to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription and Settlement Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the CB Specific Mandate; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Monday, 16 November 2020 so as to allow sufficient time for preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment and/or waiver (as the case maybe) of the conditions precedent under the Subscription and Settlement Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	a person or persons in whose name a Convertible Bond is registered in the register of bondholders
“Business Day”	a day (other than a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“CB Instrument”	the instrument to be executed by the Company by way of a deed poll constituting the Convertible Bonds substantially
“CB Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the EGM for the allotment and issue of the Conversion Shares
“Company”	China Regenerative Medicine International Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	the completion of the Subscription
“Completion Date”	the date on which the Completion occurs, which shall be no later than three Business Days after the date on which the conditions precedent as set out in the Subscription and Settlement Agreement are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Parties in writing)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Price”	the conversion price per Share shall be HK\$0.20 per Conversion Share, subject to adjustments in accordance with the CB Instrument
“Conversion Share(s)”	475,000,000 Share(s) to be allotted and issued upon exercise of the Conversion Rights
“Convertible Bond(s)”	the convertible bonds in the aggregate principal amount of HK\$95 million to be issued by the Company pursuant to the Subscription and Settlement Agreement
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held by the Company to consider and, if thought fit, approve, among other things, the Subscription and Settlement Agreement and the transactions contemplated thereunder, including but not limited to, the issue of the Convertible Bonds, the issue and allotment of the Conversion Shares upon the exercise of the Conversion Rights or otherwise, pursuant to the CB Instrument
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“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 People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising Dr. Fang Jun, Ms. Huo Chunyu and Ms. Yang Ying, established to give recommendations to the Independent Shareholders on the Subscription and Settlement Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares
“Independent Financial Adviser”	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong), being the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Subscription and Settlement Agreement and the transactions contemplated thereunder including the allotment and issue of the Conversion Shares

“Independent Shareholders”	the Shareholders other than the Subscriber and parties acting in concert with it and their respective associates (as defined under the GEM Listing Rules) and all other Shareholders (if any) who are involved or interested in the Subscription and Settlement Agreement and the transactions contemplated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loan Agreement”	a loan agreement dated 10 December 2017 and entered into between the Company as borrower and the Subscriber as lender
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “All Favour”	All Favour Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial Shareholder interested in 582,907,765 Shares as at the date of this announcement
“Subscription”	the subscription of the Convertible Bonds in the principal amount of HK\$95 million by the Subscriber pursuant to the terms of the Subscription and Settlement Agreement
“Subscription Price”	HK\$100 million, being the subscription price of the Convertible Bonds
“Subscription and Settlement Agreement”	the subscription and settlement agreement dated 20 October 2020 entered into between the Company and the Subscriber in relation to the Subscription
“substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 October 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. Tsang Ho Yin and Mr. Wu Weiliang; 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.