China Regenerative Medicine International Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8158)

(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; AND
(II) ISSUE OF CONVERTIBLE BONDS

Joint Placing Agents for the Placing

Independent Financial Adviser to the Independent Bond Committee
and the Independent Shareholders

THE PLACING

On 2 March 2020 (after trading hours), the Company entered into the Placing Agreement with SBI and Grand Partners, pursuant to which SBI and Grand Partners agree, as joint agents of the Company, to procure, on a best effort basis, not less than six placees, who and whose ultimate beneficial owners will be Independent Third Parties, to subscribe for up to 500,000,000 Placing Shares at the Placing Price of HK$0.20 per Placing Share.

The Placing Shares will be issued under the Placing Specific Mandate to be sought from the Shareholders at the EGM. The Placing is conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in, the Placing Shares and the passing of necessary resolution(s) by the Shareholders at the EGM to approve the Placing Agreement and the transactions contemplated thereunder.
ISSUE OF CONVERTIBLE BONDS

On 2 March 2020 (after trading hours), the Company entered into the Subscription and Settlement Agreement with the Subscriber, pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for or procure the subscription by its nominee(s) of the Convertible Bonds in the principal amount of HK$120 million at its face value and pay the subscription price at completion by setting off against the Shareholder’s Loan.

The Conversion Shares will be issued under the CB Specific Mandate to be sought from the Independent Shareholders at the EGM. The Subscription is conditional upon the Stock Exchange granting the Company the approval for the listing of, and the permission to deal in, the Conversion Shares and the passing of necessary resolution(s) by the Independent Shareholders at the EGM to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder.

GEM LISTING RULES IMPLICATIONS

The Placing and the Subscription will be subject to Shareholders’ approval (or Independent Shareholders’ approval, as the case may be). The EGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Placing, the Subscription, the Placing Specific Mandate to issue the Placing Shares and the CB Specific Mandate to issue the Conversion Shares.

The Subscriber, being a substantial Shareholder of the Company, is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Subscription and the transactions contemplated thereunder, and as to whether the Subscription is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.
An EGM will be convened and held for (i) the Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, the Placing and the transactions contemplated thereunder (including the grant of the Placing Specific Mandate for the allotment and issue of the Placing Shares); and (ii) the Independent Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, 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).

As at the date of this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Placing, and as such, none of the Shareholders is required to abstain from voting at the EGM in respect of the resolution(s) to approve the Placing and the transactions contemplated thereunder. The Subscriber and its associates, being interested in the transactions contemplated under the Subscription and Settlement Agreement, shall abstain from voting for the resolution to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further details of the Placing and the Subscription; (ii) a letter of recommendations from the Independent Board Committee to the Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Shareholders in respect of the Subscription and Settlement Agreement; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Monday, 23 March 2020.

Completion of the Placing and the Subscription are subject to the fulfillment of the conditions precedent under the Placing Agreement and the Subscription and Settlement Agreement respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

The Placing Agreement

Date: 2 March 2020 (after trading hours)

Issuer: the Company

Joint Placing Agents: SBI and Grand Partners
Each of SBI and Grand Partners is a corporation licensed under the SFO to carry out type 1 (dealing in securities) licensed activities. To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of SBI, Grand Partners and their respective ultimate beneficial owner(s) is an Independent Third Party.

Pursuant to the terms of the Placing Agreement, each of SBI and Grand Partners will receive a placing commission of 0.5% of the amount which is equal to the Placing Price of HK$0.20 multiplied by the respective number of the Placing Shares actually placed by SBI and Grand Partners respectively. The placing commission is arrived at after arm’s length negotiations between the Company, SBI and Grand Partners.

**Placees**

The Placing Shares will be placed on a best effort basis to not less than six placees who and whose ultimate beneficial owners will be Independent Third Parties. Each of the Placees shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.00% or more of the voting rights of the Company upon completion of the Placing, in order to ensure that the public float requirements under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company and none of the Placees shall be obliged to make a mandatory general offer to the other Shareholders under the Takeovers Code.

**Placing Shares**

Assuming that there will be no change in the number of issued Shares between the date of this announcement and completion of the Placing, the 500,000,000 Placing Shares represent approximately 56.84% of the existing issued share capital of the Company as at the date of this announcement and approximately 36.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the 500,000,000 Placing Shares is HK$100,000,000.

The Placing Shares will be issued under the Placing Specific Mandate to be granted to the Directors by resolution of the Shareholders to be passed at the EGM.

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

The Company will apply to the GEM Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Placing Shares.
**Placing Price**

The Placing Price of HK$0.20 represents:

(i) a discount of approximately 5.66% to the closing price of HK$0.212 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and

(ii) a discount of approximately 16.81% to the average closing price per Share of approximately HK$0.2404 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price of HK$0.20 was determined with reference to the prevailing market prices of the Shares, the existing market condition, and was negotiated on an arm’s length basis between the Company, SBI and Grand Partners. The Directors consider that the Placing Price of HK$0.20 is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

**Conditions Precedent**

The Placing is conditional upon the fulfilment of the following conditions:

(a) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares;

(b) the passing of necessary resolution(s) at the EGM by the Shareholders who are entitled to vote and not required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations to approve the Placing Agreement and the transactions contemplated thereunder, including the grant of the Placing Specific Mandate for the allotment and issue of the Placing Shares; and

(c) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event the above conditions are not fulfilled on or before 31 May 2020 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

**Completion**

The Placing shall complete within two (2) Business Days after the day on which the conditions set out above are fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing).
Termination

The Placing Agents may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 6:00 p.m. on the Business Day immediately preceding the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agents, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

(i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agents’ absolute opinion would adversely affect the success of the Placing; or

(ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agents’ absolute opinion, would adversely affect the success of the Placing; or

(iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agents’ absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

(iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agents’ absolute opinion would adversely affect the success of the Placing; or

(v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
(vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the completion date of the Placing which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or

(vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agents would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

**Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the Placing 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 Placing Shares.

**(II) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

On 2 March 2020 (after trading hours), the Company entered into the Subscription and Settlement Agreement with the Subscriber, pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for or procure the subscription by its nominee(s) of the Convertible Bonds in the principal amount of HK$120 million at its face value.

According to the accounts of the Company as at 15 December 2019, there are certain amount of shareholder’s loan due by the Company to the Subscriber. The Company and the Subscriber had negotiated for the repayment and settlement of an amount of HK$120 million of the shareholder’s loan (the “Shareholder’s Loan”). Such Shareholder’s Loan is interest-free, without security and are repayable on demand. The Subscriber shall pay the subscription price of the Convertible Bonds at completion by setting off against the Shareholder’s Loan. Upon completion of the Subscription and issue of the Convertible Bonds, the repayment obligations of the Company for the Shareholder’s Loan shall be fully discharged. To the extent of the amount of the Shareholder’s Loan set-off by the Convertible Bonds, the Subscriber agrees to waive all its rights absolutely against the Company for any claim whatsoever.
Set out below are the principal terms of the Subscription and Settlement Agreement:

**The Subscription and Settlement Agreement**

Date: 2 March 2020

Parties: (i) the Company as issuer and

(ii) All Favour Holdings Limited as the Subscriber.

The Subscriber, being a substantial Shareholder of the Company, is a connected person of the Company under the GEM Listing Rules. The Subscriber is a company incorporated in the British Virgin Islands and principally engaged in investment holding. The Subscriber is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. and 20% by Honour Top Holdings Limited, of which Nat-Ace Wood Industry Ltd is ultimately and wholly-owned by Mr. Xu Yi and Honour Top Holdings Limited is ultimately and wholly-owned by Mr. Dai Yumin (“Mr. Dai”); and (ii) 40% by Mr. Dai.

**Principal terms of the Convertible Bonds**

Principal amount: HK$120 million

Interest rate: The Convertible Bonds bear no interest.

Maturity date: Unless previously converted or purchased and cancelled as provided therein, the Company shall redeem each Bond which remains outstanding by 4:00 p.m. on the date of the third anniversary after the first issue of the Bonds (or, if that is not a Business Day, the first Business Day thereafter) (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 (10) days’ prior written notice to the holder of the Convertible Bonds with the total amount proposed to be redeemed from the holder of the Convertible Bonds specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of such Convertible Bonds.

Ranking: The Convertible Bonds constitute direct, unconditional unsubordinated and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
Conversion:
The holder of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares from the date of the issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the day immediately prior to the Maturity Date.

Provided that at the time a conversion notice 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 holder(s) of the Convertible Bonds 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 holder(s) of the Convertible Bonds); 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.

Conversion Price:
The Conversion Price is initially HK$0.20 per Conversion Share, subject to adjustment as set out below.

Adjustment events:
The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events:

(i) consolidation or subdivision of the Shares;

(ii) capitalisation of profits or reserves;

(iii) capital distribution;

(iv) offer of Shares for subscription by way of rights, or a grant of options or warrants to subscribe for Shares, at a price which is less than 80% of the market price per Share to the Shareholders;
(v) issue wholly for cash or for reduction of liabilities of securities convertible into or exchangeable for or carrying rights of subscription for Shares, if in any case the total effective consideration per Share receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) is less than 80% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 80% of such market price;

(vi) issue of Shares being made wholly for cash or for reduction of liabilities at a price less than 80% of the market price per Share; and

(vii) issue of Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price.

Voting: The holder(s) of the Convertible Bonds will not be entitled to attend or vote at any general meeting of the Company by reason only it being the holder(s) of the Convertible Bonds.

Transfer: With the prior notification to the Company, the Convertible Bonds may be transferable provided that the Convertible Bonds may not be transferred to any connected person of the Company (as defined under the GEM Listing Rules) without prior written consent of the Company.

Based on the initial Conversion Price of HK$0.20 per Conversion Share, a maximum number of 600,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 68.24% of the issued shares of the Company as at the date of this announcement; and (ii) approximately 40.56% of the issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The maximum aggregate nominal value of the Conversion Shares is HK$120,000,000.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.
Conversion Price

The initial Conversion Price of HK$0.20 per Conversion Share represents:

(i) a discount of approximately 5.66% to the closing price of HK$0.212 per Share as quoted on the Stock Exchange on the date of the Subscription and Settlement Agreement; and

(ii) a discount of approximately 16.81% to the average closing prices of HK$0.2404 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$0.2 per Conversion Share.

The Conversion Price was arrived at after arm’s length negotiations between the Company and the Subscriber, taking into account of, among others, the recent 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 Gram Capital) 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.

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.

Conditions of the Subscription and Settlement Agreement

The Subscription is 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 (including the grant of the CB Specific Mandate for the allotment and issue of the Conversion Shares);

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

In the event that the conditions of the Subscription and Settlement Agreement are not fulfilled (or waived as the case may be) on or before the Long Stop Date, the Subscription and Settlement Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

The Subscription and Settlement Agreement shall complete within three (3) Business Days after the day on which the conditions set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the Subscriber in writing).

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, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.
EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion the Placing; (iii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price; and (v) immediately after completion of the Placing and upon full conversion of the Convertible Bonds at the initial Conversion Price are as follows:

<table>
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<tr>
<th>Shareholders</th>
<th>As at the date of this announcement</th>
<th>Immediately after completion of the Placing (without taking into account of the issuance of the Conversion Shares)</th>
<th>Upon full conversion of the Convertible Bonds at the initial Conversion Price (without taking into account of the issuance of the Placing Shares)</th>
<th>Immediately after completion of the Placing and assuming full conversion of the Convertible Bonds at the initial Conversion Price</th>
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<td>Substantial Shareholder</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>All Favour (Note 1)</td>
<td>262,907,765</td>
<td>29.90%</td>
<td>262,907,765</td>
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<td>Directors</td>
<td></td>
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<td></td>
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<td>Mr. Wang Chuang (Note 2)</td>
<td>25,140,000</td>
<td>2.86%</td>
<td>25,140,000</td>
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<td>Mr. Wu Weiliang (Note 3)</td>
<td>22,620,000</td>
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<td>Sub-total</td>
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<td>Public Shareholders</td>
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<td>Placees</td>
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<td>500,000,000</td>
<td>36.25%</td>
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<td>Other public Shareholders</td>
<td>568,621,735</td>
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<td>41.23%</td>
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<td>Total</td>
<td>879,289,500</td>
<td>100%</td>
<td>1,379,289,500</td>
<td>100%</td>
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</table>

Notes:

1. All Favour is beneficially owned as to (i) 40% by Nat-Ace Wood Industry Ltd. and 20% by Honour Top Holdings Limited, of which Nat-Ace Wood Industry Ltd is ultimately and wholly-owned by Mr. Xu Yi (“Mr. Xu”) and Honour Top Holdings Limited is ultimately and wholly-owned by Mr. Dai Yumin (“Mr. Dai”); and (ii) 40% by Mr. Dai. Moreover, All Favour has interests in 262,907,765 Shares. Hence, Mr. Dai, Mr. Xu and Nat-Ace Wood Industry Ltd. are deemed to be interested in 262,907,765 Shares.

2. Mr. Wang Chuang beneficially owns 25,140,000 Shares. Mr. Wang is an executive Director and the chairman of the Board.

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 restriction that no conversion shall trigger mandatory offer obligations under the Takeovers Code.
FUND RAISING DURING THE PAST TWELVE MONTHS

As announced by the Company on 26 April 2019, the Company proposed to place up to 3,517,158,000 Shares with the net proceeds amounting to approximately HK$86.6 million under general mandate (the “Proposed Placing”). The Proposed Placing was subsequently terminated on 20 May 2019 as disclosed in the announcement of the Company dated 20 May 2019.

Pursuant to the prospectus issued by the Company on 6 February 2020, the Company proposed to raise approximately HK$351.72 million, before expenses, by issuing 1,758,579,000 offer shares to the qualifying Shareholders by way of open offer (the “Proposed Open Offer”) at the subscription price of HK$0.2 per offer share on the basis of two (2) offer shares for every one (1) Share held on the record date. The Proposed Open Offer was subsequently terminated on 18 February 2020 as disclosed in the announcement of the Company dated 18 February 2020.

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

REASONS FOR THE PLACING, 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; sale and distribution of medical equipment; and provision of healthcare services.

The gross proceeds from the Placing are approximately HK$100,000,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK$98 million, representing a net issue price of approximately HK$0.196 per Placing Share. It is currently intended that the net proceeds of the Placing will be used as follows: (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.

The Directors consider that the net proceeds will strengthen the Group’s financial position for future development of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and are on normal commercial terms and the Placing in the interest of the Company and the Shareholders as a whole.
According to the accounts of the Company as at 15 December 2019, there are certain amount of shareholder’s loan due by the Company to the Subscriber. The Shareholder’s Loan is interest-free, without security and is repayable on demand. The Subscriber had requested for the repayment of the Shareholder’s Loan and had negotiated with the Company for the repayment and settlement of the Shareholder’s Loan, and it is the intention of the parties that the Shareholder’s Loan shall be settled by the Company issuing the Convertible Bonds to the Subscriber. No net proceeds will be received by the Company from the issue of the Convertible Bonds. The issuance of the Convertible Bonds would settle the Shareholder’s Loan and fix a maturity date for the liability instead of repayable on demand. 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 holder of the Convertible Bonds. As such, it provides more flexibility to the Company in its future cash management. Subject to the terms and conditions of the Convertible Bonds, the Convertible Bonds may further been settled upon conversion and issuance of the Conversion Shares, hence 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 Gram Capital) 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**

The Placing and the Subscription will be subject to Shareholders’ approval (or Independent Shareholders’ approval, as the case may be). The EGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Placing, the Subscription, the Placing Specific Mandate to issue the Placing Shares and the CB Specific Mandate to issue the Conversion Shares.

The Subscriber, being a substantial Shareholder of the Company, is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Subscription constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

**GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Subscription and the transactions contemplated thereunder, and as to whether the Subscription is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.
An EGM will be convened and held for (i) the Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, the Placing and the transactions contemplated thereunder (including the grant of the Placing Specific Mandate for the allotment and issue of the Placing Shares); and (ii) the Independent Shareholders to consider and, if thought fit, to approve by way of poll, among other matters, 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).

As at the date of this announcement, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Placing, and as such, none of the Shareholders is required to abstain from voting at the EGM in respect of the resolution(s) to approve the Placing and the transactions contemplated thereunder. The Subscriber and its associates, being interested in the transactions contemplated under the Subscription and Settlement Agreement, shall abstain from voting for the resolution to approve the Subscription and Settlement Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further details of the Placing and the Subscription; (ii) a letter of recommendations from the Independent Board Committee to the Shareholders; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Shareholders in respect of the Subscription and Settlement Agreement; and (iv) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Monday, 23 March 2020.

Completion of the Placing and the Subscription are subject to the fulfillment of the conditions precedent under the Placing Agreement and the Subscription and Settlement Agreement respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

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

“acting in concert” has the meaning ascribed to this term under the Takeovers Code

“associate(s)” has the meaning ascribed to this term under the GEM Listing Rules

“Board” the board of Directors
“Business Day(s)” any day (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“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

“connected person(s)” has the meaning ascribed to this term under the GEM Listing Rules

“Conversion Price” the conversion price per Conversion Share and initially at HK$0.20 per Conversion Share (subject to adjustments)

“Conversion Shares” the Shares to be allotted and issued upon conversion of the Convertible Bonds

“Convertible Bonds” the three-year zero coupon unsecured unlisted convertible bonds in principal amount of HK$120 million to be issued by the Company in accordance with the terms of the Subscription and Settlement Agreement

“Director(s)” director(s) of the Company for the time being

“EGM” the extraordinary general meeting of the Company to be convened and held to consider and approve the Placing Agreement, the Subscription and Settlement Agreement and the transactions respectively contemplated thereunder including the allotment and issue of the Placing Shares and the Conversion Shares

“GEM” GEM operated by the Stock Exchange

“GEM Listing Committee” has the meaning as defined in the GEM Listing Rules

“GEM Listing Rules” the Rules Governing the Listing of Securities on GEM
“Grand Partners” Grand Partners Securities Limited, one of the placing agents appointed by the Company which is a licensed corporation to carry out type 1 (dealing in securities) licensed activity under the SFO

“Group” the Company and its subsidiaries

“Hong Kong” 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” or “Gram Capital” Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and Settlement Agreement

“Independent Shareholders” Shareholders other than the Subscriber and its 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

“Independent Third Parties” third parties independent of and not connected with the Company and its connected persons

“Placing” the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement

“Placing Agreement” the conditional placing agreement dated 2 March 2020 entered into between the Company and the Placing Agents

“Placing Agent(s)” SBI and Grand Partners, the joint placing agents appointed by the Company for the Placing

“Placing Shares” a total of up to 500,000,000 new Shares to be placed pursuant to the Placing Agreement
“Placing Specific Mandate” the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Placing Shares

“SBI” SBI China Capital Financial Services Limited, one of the placing agents appointed by the Company, which is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities

“SFC” the Securities and Futures Commission of Hong Kong

“SFO” the Securities and Futures Ordinance (Chapter 571 of the Law 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)

“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 and a substantial Shareholder of the Company interested in 262,907,765 Shares representing approximately 29.9% of the issued share capital of the Company as at the date of this announcement

“Subscription” the subscription of the Convertible Bonds in the principal amount of HK$120 million by the Subscriber pursuant to the terms of the Subscription and Settlement Agreement

“Subscription and Settlement Agreement” the conditional subscription and settlement agreement dated 2 March 2020 and entered into between the Company and the Subscriber in relation to the Subscription

“substantial Shareholder(s)” has the meaning ascribed thereto 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 and Executive Director

Hong Kong, 2 March 2020

As at the date of this announcement, the executive Directors are Mr. Wang Chuang (Chairman) and Mr. Wang Xuejun (Chief Executive Officer); 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.