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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)

VERY SUBSTANTIAL DISPOSAL FURTHER SALE OF INTEREST IN A FUND

BACKGROUND

References are made to the Announcements in relation to the disposal of interest in the Investment.

References are also made to the Previous Announcements in relation to the Investment. The terms of the Investment are principally governed by the Limited Partnership Agreement, as amended from time to time, the material terms of which are set forth in the Previous Announcements.

FURTHER DISPOSAL OF THE INVESTMENT

On 21 February 2020 (after trading hours), the Parties entered into the Further Deed of Transfer, pursuant to which CRML was desirous of transferring to Mr. Xiong, and Mr. Xiong was desirous of acquiring from CRML, the Disposed Interest, together with the rights and obligations as a Class B Limited Partner under the Partnership Agreement at the Consideration of US\$32,900,000 (equivalent to HK\$256,620,000 at the Exchange Rate).

IMPLICATIONS UNDER THE GEM LISTING RULES

The Previous Disposal constituted a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in relation to the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules. In this regard, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, approve, among other things, the Further Deed of Transfer and the transaction contemplated thereunder. A circular containing, among other things, further details of the Disposal, notice of the EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 13 March 2020.

As the Completion is subject to, amongst others, fulfillment of the conditions precedent set out in the Further Deed of Transfer and Shareholders' approval at the EGM, the Disposal 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.

BACKGROUND

References are made to the Announcements in relation to the disposal of interest in the Investment.

References are also made to the Previous Announcements in relation to the Investment. The terms of the Investment are principally governed by the Limited Partnership Agreement, as amended from time to time, the material terms of which are set forth in the Previous Announcements.

FURTHER DISPOSAL OF THE INVESTMENT

As at the date of this announcement, CRML has made the Capital Contribution in the aggregate amount of US\$35,000,000 to the Fund. Assuming completion of the Previous Disposal, the Capital Contributions made by CRML will be reduced to US\$29,750,000. Under the terms of the Investment, CRML is obligated to fund the day-to-day operation of the Fund through additional capital contributions, of which none has been called upon or outstanding as at the date of this announcement. Based on the audited consolidated financial statements of the Company as at and for the year ended 31 December 2018, the fair value of the Investment, as supported by the appraisal report of an independent professional valuer, was HK\$298,296,000 (equivalent to approximately US\$38.24 million at the Exchange Rate) (the "**Appraised Value**").

On 21 February 2020 (after trading hours), the Parties entered into the Further Deed of Transfer, pursuant to which CRML was desirous of transferring to Mr. Xiong, and Mr. Xiong was desirous of acquiring from CRML, the Disposed Interest, together with the rights and obligations as a Class B Limited Partner under the Partnership Agreement at the Consideration of US\$32,900,000 (equivalent to HK\$256,620,000 at the Exchange Rate). Details of the Further Deed of Transfer are set forth below.

THE FURTHER DEED OF TRANSFER

Date

21 February 2020 (after trading hours)

Parties

- (i) CRML;
- (ii) Mr. Xiong; and
- (iii) the General Partner.

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

Assets to be disposed of

CRML agrees to sell, assign and transfer absolutely to Mr. Xiong, and Mr. Xiong agrees to purchase and accept from CRML, the CRML’s entire right, title and interest in and to the Disposed Interest, free and clear of any and all claims, pledges, liens or other encumbrances whatsoever, together with all the liabilities and obligations of CRML as a Class B Limited Partner under the Partnership Agreement, CRML’s Subscription Agreement, with effect on and from the Completion Date. Class B Limited Partners will be entitled to a lump-sum payment on its capital contributions at the rate of 8% per annum (the “**8% Lump-Sum Payment**”).

The 8% Lump-Sum Payment was a written non-guaranteed annual return stated in the Limited Partnership Agreement in determining the distribution of interests among different classes of partners.

Also, the 8% Lump-Sum Payment is payable upon the final distribution date following liquidation of the Partnership. There is no assurance that the investment of the Fund can eventually be realised at the appraised value of HK\$298,296,000 as the investment of the Fund is not marketable securities. In addition, the Fund is an illiquid closed fund, it may be difficult to search and identify other buyer and such transfer will also be subject to consent of the General Partner. As the Group is currently indebted to Mr. Xiong and the respective indebtedness carried an interest rate of 8% per annum, the Board considered that the Disposal

will provide a secure and immediate exit to the Group and reduce the interest expenses of the Group comparing to holding the interest in the Fund till the final distribution date.

Consideration and payment terms

In consideration for the Disposal, Mr. Xiong shall pay to CRML a total sum in cash equal to US\$32,900,000 (equivalent to HK\$256,620,000 at the Exchange Rate), representing 85% of the face value of the Capital Contributions being transferred. The Consideration has been agreed between CRML and Mr. Xiong on an arm's length basis and is subject to adjustment set out in the Further Deed of Transfer.

The Consideration shall be paid by Mr. Xiong to CRML in accordance with time and mode as set out below:

- (a) Mr. Xiong shall pay US\$3,900,000 (equivalent to HK\$30,420,000 at the Exchange Rate) to CRML for settlement of the Deposit, which Deposit shall be utilised for partial payment of the Consideration at the Completion, and the said sum of US\$3,900,000 (equivalent to HK\$30,420,000 at the Exchange Rate) shall be settled by:
 - (i) off-setting against monetary amounts due and owing by CRML and/or the Company to Mr. Xiong on dollar-to-dollar basis as soon as practicable after the satisfaction and/or fulfillment of the conditions precedent of the Further Deed of Transfer, and in case such amounts due and owing by CRML and/or the Company to Mr. Xiong exceeds or equals to US\$3,900,000 (equivalent to HK\$30,420,000 at the Exchange Rate), the Deposit shall have been fully settled in entirety upon the aforesaid off-setting;
 - (ii) in case such amounts due and owing by CRML and/or the Company to Mr. Xiong shall be less than the amount of the Deposit, the entire amount due and owing by CRML and/or the Company to Mr. Xiong shall first be utilised to off-set against Deposit on dollar-to-dollar basis for partial settlement thereof as soon as practicable after the satisfaction and/or fulfillment of the conditions precedent of the Further Deed of Transfer, and Mr. Xiong shall settle the balance of the Deposit in cash as soon as practicable thereafter but in any event before the Completion Date; and
 - (iii) in case no money is due and owing by CRML and/or the Company to Mr. Xiong, Mr. Xiong shall settle the entire amount of the Deposit in cash as soon as practicable after the satisfaction and/or fulfillment of the conditions precedent of the Further Deed of Transfer in any event before the Completion Date;

- (b) And the balance of the Consideration shall, regardless of the time of Completion, be settled and discharged as follows (collectively, the “**Further Payment**”):
- (i) US\$9,000,000 (equivalent to HK\$70,200,000 at the Exchange Rate) shall be paid by Mr. Xiong to CRML by 30 June 2020;
 - (ii) another US\$10,000,000 (equivalent to HK\$78,000,000 at the Exchange Rate) shall be paid by Mr. Xiong to CRML by 30 September 2020; and
 - (iii) the remainder of the Consideration of US\$10,000,000 (equivalent to HK\$78,000,000 at the Exchange Rate) shall be settled and discharged by 30 December 2020;
- (c) To protect the interest of CRML *vis-a-vis* any delay by and/or failure of Mr. Xiong in making the Further Payment or any part thereon, until the Further Payment is paid in full (the period between the Completion Date and 30 December 2020 or such later date when the entire amount of the Further Payment is received by CRML shall be referred to as the “**Option Period**”), CRML has the right to require the General Partner to unwind the transfer of any Class B Interest for which the Consideration is not received (the “**Retained Interest**”), such that CRML shall remain as a Class B Limited Partner with a Capital Contributions proportional to the Retained Interest (the “**Unwind Option**”);
- (d) The Unwind Option will be exercisable at any time and from time to time during the Option Period, and upon the exercising thereof by CRML, Mr. Xiong shall strictly comply therewith and surrender back to CRML the entire portfolio of the Retained Interest, and further, any payment received from Mr. Xiong during the Option Period shall be remitted to CRML in accordance with CRML’s written instructions, and in any event, CRML’s exercise of the Unwind Option shall not preclude its right to pursue other remedies against Mr. Xiong;
- (e) Upon the notification of CRML to the General Partner on exercising the Unwind Option, the General Partner shall further update the Register to reflect such Retained Interest held by CRML, and with respect to the Retained Interest, the Parties may further discuss the arrangement on assignment of side letters (as mentioned in the Further Deed of Transfer) and enter into other necessary documents;
- (f) Mr. Xiong will continue to have sole legal and beneficial ownership to the Disposed Interest and Capital Contributions to the extent that the Disposed Interest and Capital Contributions do not constitute any Retained Interest; and
- (g) In the case of there being any restructuring of or change in the Partnership and/or there being any revision of or supplement to the Partnership Agreement and/or the CRML’s Subscription Agreement and/or the Amendment thereto (collectively, the “**Revision**”), the Unwind Option and/or the exercising thereof by CRML shall have to be adjusted in light and/or on the basis of the Revision, and in any event, the Unwind Option and/or

the exercising thereof by CRML shall be, and shall be dealt with and completed, in such mode and manner which brings the same benefit and/or rights and interest to CRML, and under no circumstance shall it be, or become, necessary for the Parties to enter into any further agreement whatsoever on or with respect to the Unwind Option and/or the exercising thereof by CRML.

The Consideration was determined after arm's length negotiation among the Parties with reference to the Appraised Value of the Investment. Based on the audited consolidated financial statements of the Company as at and for the year ended 31 December 2018, the fair value of the Investment, as supported by the appraisal report of an independent professional valuer, was HK\$298,296,000 (equivalent to approximately US\$38.24 million at the Exchange Rate), the Disposed Interest has a carrying value of HK\$253,551,600 (equivalent to approximately US\$32.51 million at the Exchange Rate) as at the date of this announcement.

The payment schedule was arrived at after arms' length negotiation between the Parties. In view of the substantial amount of the Consideration, Mr. Xiong requested for payment installments and CRML agreed.

The Board has reviewed the financial background of Mr. Xiong. He has been a business associate to CRML since 2017 when both he and CRML were interested and invested in the Fund. Mr. Xiong has provided credit facilities to the Group of up to HK\$100,000,000 in early 2019. As at 15 December 2019, the total amount due from the Group to Mr. Xiong was approximately HK\$56.8 million. Mr. Xiong is also the Class C Limited Partner of the Fund.

To further protect the interest of CRML, CRML has the right to notify the General Partner to unwind the transfer of any Class B Interest for which the Consideration is not received. The Board considered that the credit risk is manageable.

Conditions Precedent

The Completion shall be subject to the satisfaction or fulfillment of the conditions precedent as enlisted under the Further Deed of Transfer:

- (a) All necessary consents, confirmations, permits, approvals (including approval of the Disposal by the Shareholders) (collectively, the "**Necessary Approval**") whether or not in accordance with the GEM Listing Rules having been obtained by the Company, which Necessary Approval shall remain valid and effective up to and including the time immediately prior to the Completion and not threatened with any suspension, cancellation, revocation or withdrawal at any juncture prior to the Completion; and
- (b) CRML remaining as a Class B Limited Partner with 85% Class B Interest free from any encumbrance.

None of the conditions precedent above can be waived. The Parties shall use their respective best endeavours to ensure that the conditions precedent above shall be fulfilled and/or satisfied as soon as possible after the execution of the Further Deed of Transfer, and in any event, no later than the Long Stop Date. If any conditions precedent above shall not have been fulfilled or satisfied by the Long Stop Date, the Further Deed of Transfer shall, unless the Parties agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect except for certain terms in the Further Deed of Transfer which shall remain valid, binding and effective, and none of the Parties shall have any claim of any nature or liabilities under the Further Deed of Transfer whatsoever against the other Parties save for any antecedent breaches of the terms of the Further Deed of Transfer.

Completion

Subject to the satisfaction or fulfillment of the conditions precedent set out above, the Completion shall take place on the Completion Date.

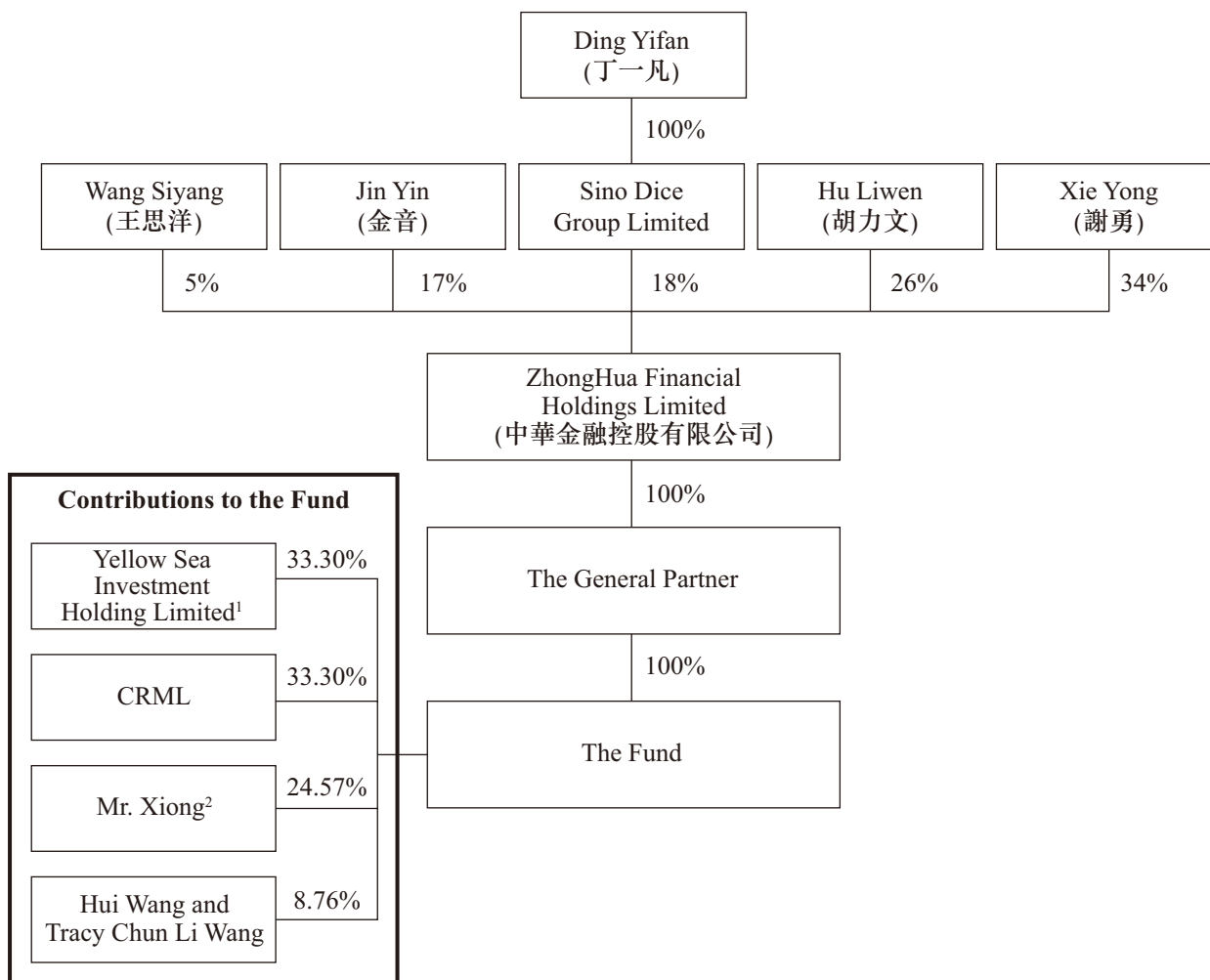
Upon the Completion, CRML shall notify the General Partner to effectuate the Disposal and update the Register to reflect that Mr. Xiong is the sole legal and beneficial owner of the Disposed Interest transferred under the Further Deed of Transfer, and thereupon, Mr. Xiong will be admitted as a Class B Limited Partner and bound by the Partnership Agreement and the CRML's Subscription Agreement and the Amendment in its capacity of a Class B Limited Partner.

INFORMATION OF THE FUND

The Fund will, directly or indirectly via one or more holding companies or special purpose vehicles, acquire, hold and dispose of securities of certain portfolio companies in the skin care and medical products industries, in accordance with and subject to the other provisions of the Limited Partnership Agreement.

The Fund is interested in 100% of Obagi Holdings Company Limited ("**Obagi Holdings**"). Obagi Holdings is a company incorporated in the Cayman Islands with limited liabilities and is the holding company of its wholly-owned subsidiaries of Obagi Cosmeceuticals LLC (a company incorporated in the United States with limited liabilities) and Obagi Hong Kong Limited ("**Obagi HK**") (a company incorporated in Hong Kong with limited liabilities). Obagi HK is the holding company of its wholly-owned subsidiaries of Obagi (Shanghai) Cosmeceuticals Co. Ltd (a company incorporated in the PRC with limited liabilities). Obagi Holdings together with its subsidiaries are (collectively, the "**Obagi Group**") principally engaged in developing, marketing and selling proprietary-topical aesthetic and therapeutic prescription-strength skincare systems and related products in the physician-dispensed market, which is primarily in the United States of America. As at the date of this announcement, the Obagi Group is the sole investment made by the Fund, and such investment was established in June 2017.

Shareholding structure of the Fund



¹ Yellow Sea Investment Holding Limited is a company incorporated in the British Virgin Islands with limited liabilities. It is beneficially wholly-owned by China Huarong International Holdings Limited (中國華融國際控股有限公司) (“**Huarong International**”), a company incorporated in Hong Kong with limited liabilities. Huarong International is beneficially owned by Huarong Real Estate Co., Ltd (華融置業有限責任公司) (“**Huarong Real Estate**”) and Huarong Zhiyuan Investment & Management Co., Ltd (華融致遠投資管理有限責任公司) (“**Huarong Zhiyuan**”) with 88.1% and 11.9% respectively. Both Huarong Real Estate and Huarong Zhiyuan are companies incorporated in the PRC with limited liabilities. Huarong Real Estate and Huarong Zhiyuan are both beneficially wholly-owned by China Huarong Asset Management Co., Ltd (中國華融資產管理控股有限公司), a company incorporated in the PRC with limited liabilities and a company listed on the Main Board of the Stock Exchange (stock code: 2799).

² Save as the disclosed, Mr. Xiong does not have any relationship (business or otherwise) with the General Partner, the Limited Partners and their ultimate beneficial owners.

Financial Information of the Fund

| | For the year ended 31 December 2017 | For the year ended 31 December 2018 |
|---|--|--|
| | (Unaudited) | (Unaudited) |
| | (US\$) | (US\$) |
| | (Approx.) | (Approx.) |
| Total Assets | 197,374,413 | 190,018,157 |
| Total Liabilities | 104,757,616 | 110,686,336 |
| Net Asset Value | 92,616,797 | 79,331,821 |
| Income | 55 | 6,000,100 |
| Expenses | (12,383,258) | (21,135,076) |
| Net Increase/(Decrease) in Capital Result from Operation | (12,383,203) | (15,134,976) |

Financial information of the Obagi Group

| | For the period from 1 June 2017 (date of incorporation) to 31 December 2017 | For the year ended 31 December 2018 |
|---|--|--|
| | (Audited) | (Audited) |
| | (US\$'000) | (US\$'000) |
| | (Approx.) | (Approx.) |
| Total Assets | 200,555 | 208,805 |
| Total Liabilities | 108,064 | 114,508 |
| Net Asset Value | 92,491 | 94,297 |
| Revenue | 13,137 | 94,329 |
| Income/(Loss) before income tax expense | (3,601) | 3,167 |
| Net income/(loss) | (3,993) | 3,669 |

INFORMATION AND RELATIONSHIP WITH MR. XIONG

Mr. Xiong is a Class C Limited Partner of the Fund and a veteran in the investments in the skincare and medical products industries. He is also the purchaser of the Previous Disposed Interest. As at 31 October 2019, Mr. Xiong had advanced approximately HK\$14,831,000 to the Company under an interim loan facility. The facility allows the Company to borrow up to HK\$100,000,000 principal amount of loans in the aggregate. Interest accrues on the principal amount of each loan at the rate of 8.0% per annum, beginning from the date of drawdown. All outstanding principal amounts, plus accrued and unpaid interest, under the facility are due on 31 March 2020. The outstanding amount due from the Group to Mr. Xiong was HK\$56,825,000 as at 15 December 2019. In consideration of Mr. Xiong's grant of the facility to the Company, the Company has provided a guarantee and indemnity for the account of Mr. Xiong in favor of a third party financial institution. The Company's financial exposure under the guarantee and indemnity is capped at HK\$8,000,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the disclosed, Mr. Xiong is a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules) as at the date of this announcement.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the Consideration less the transaction costs and the carrying value of the Disposed Interest, the Disposal will record a gain of approximately HK\$1.67 million, subject to audit.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Company is principally engaged in research and development of biomedical and healthcare products and medical techniques; the provision of the production and sales of tissue engineering products and its related derivatives; as well as sales and distribution of medical products and equipment.

The Consideration is US\$32,900,000 (equivalent to approximately HK\$256.6 million at the Exchange Rate). It is expected that transaction costs involved are approximately HK\$1.4 million. Pursuant to the Further Deed of Transfer, US\$3,900,000 (equivalent to approximately HK\$30.4 million at the Exchange Rate) shall be utilised for off-setting monetary amounts due and owing by CRML and/or the Group to Mr. Xiong on dollar-to-dollar basis. The net cash proceeds from the Disposal shall be approximately HK\$224.8 million (the "**Net Cash Proceeds**"). The Net Cash Proceeds are used as (i) approximately HK\$26.4 million for further off-setting the monetary amounts due and owing by CRML and/or the Group to Mr. Xiong on dollar-to-dollar basis; (ii) approximately HK\$19.5 million for repayment of trade payables; (iii) approximately HK\$50.5 million for repayment of accrued charges and other payables; (iv) approximately HK\$62.5 million for staff costs; (v) approximately HK\$5.5 million for rent and rates; (vi) approximately HK\$11.7 million for utilities and other expenses; (vii) approximately HK\$15.5 million for professional fees and corporate expenses; and (viii) approximately HK\$33.2 million for advertising, marketing and promotion expenses.

In response to the changes in general economic conditions and competition within the industry, the Company has decided to sell the Disposed Interest, which constitutes the remaining portion of the Investment owned by CRML, so that the Company could use the cash available to focus on other investments, acquisitions and organic growth opportunities in the market.

The Directors consider that the terms of the Further Deed of Transfer (including the Consideration) are on normal commercial terms and the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

The Previous Disposal constituted a discloseable transaction of the Company pursuant to Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

As one of the applicable percentage ratios calculated in accordance with Chapter 19 of the GEM Listing Rules in relation to the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules. In this regard, the Disposal is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

The EGM will be convened to consider and, if thought fit, approve, among other things, the Further Deed of Transfer and the transaction contemplated thereunder. A circular containing, among other things, further details of the Disposal, notice of the EGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders on or before 13 March 2020.

As the Completion is subject to, amongst others, fulfillment of the conditions precedent set out in the Further Deed of Transfer and Shareholders' approval at the EGM, the Disposal 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 words and expressions shall have the following meanings when used herein:

| | |
|------------------------|---|
| “Amendment” | the amendment to the CRML's Subscription Agreement |
| “Announcements” | the announcements of the Company dated 6 January 2020, 20 January 2020 and 29 January 2020 in relation to the disposal of interest in the Investment |
| “Board” | board of Directors |
| “Business Day(s)” | a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) |
| “Capital Contribution” | being the capital contribution of US\$35,000,000 |

| | |
|-------------------------------------|--|
| “Class B Interest” | an Interest bearing the rights accorded to a Class B Limited Partner |
| “Class B Limited Partner” | a Limited Partner denoted as such on the Register that subscribed for a Class B Interest |
| “Company” | China Regenerative Medicine International Limited, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8158) |
| “Completion” | the completion of the Disposal which shall take place on the Completion Date |
| “Completion Date” | the date of Completion, which shall be any Business Day within a period of 5 Business Days after the satisfaction and/or fulfillment of conditions precedent of the Further Deed of Transfer |
| “Consideration” | consideration of US\$32,900,000 (equivalent to HK\$256,620,000 at the Exchange Rate) to be paid by Mr. Xiong to CRML for the Disposed Interest |
| “CRML” or “Initial Limited Partner” | China Regenerative Medicine Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company |
| “CRML’s Subscription Agreement” | the subscription agreement dated 14 July 2017 (as revised and supplemented by the Amendment to the Subscription Agreement dated 6 November 2017) in relation to the Capital Contribution |
| “Deed of Transfer” | the deed of transfer dated 6 January 2020 in respect of disposal of the Previous Disposed Interest entered into among the Parties |
| “Deposit” | the sum of US\$3,900,000 (equivalent to HK\$30,420,000 at the Exchange Rate) to be paid by Mr. Xiong to CRML in such mode and schedule as set out in the Further Deed of Transfer |
| “Director(s)” | director(s) of the Company |

| | |
|---------------------------------|--|
| “Disposal” | the disposal of the Disposed Interest, together with the rights and obligations as a Class B Limited Partner under the Partnership Agreement by CRML to Mr. Xiong pursuant to the Further Deed of Transfer |
| “Disposed Interest” | the remaining 85% of the Investment of CRML’s Class B Interest |
| “EGM” | the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Further Deed of Transfer and the transaction contemplated thereunder |
| “Exchange Rate” | the exchange rate of US\$1 to HK\$7.8 |
| “Fund” | Haitong International ZhongHua Finance Acquisition Fund I, L.P., a Cayman Islands exempted limited partnership |
| “Further Deed of Transfer” | the deed of transfer dated 21 February 2020 in respect of disposal of the Disposed Interest entered into among the Parties |
| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “General Partner” | ZhongHua Finance GP Ltd., a Cayman Islands exempted company incorporated with limited liability |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Interest” | interest in the Fund as the Limited Partner |
| “Investment” | the participation of CRML in the Fund as a Class B Limited Partner with the Capital Contribution |
| “Limited Partner(s)” | the limited partner(s) of the Fund, including CRML |
| “Limited Partnership Agreement” | the amended and restated exempted limited partnership agreement dated 15 July 2017 entered into among the General Partner, the Initial Limited Partner and the Limited Partners, together with any ancillary documents entered into by the parties in connection therewith |

| | |
|------------------------------|--|
| “Long Stop Date” | 31 May 2020 or such later date as the Parties may agree in writing |
| “Mr. Xiong” | Mr. Xiong Qiangen |
| “Partnership” | a Cayman Islands exempted limited partnership acting through the General Partner executed and unconditionally delivered as a deed by and among the General Partner and each of the other persons listed in the books and records of the partnership from time to time as Limited Partners |
| “Partnership Agreement” | the Second Amended and Restated Agreement of Exempted Limited Partnership dated 6 November 2017 (as amended by the first amendment to the Second Amended and Restated Agreement of Exempted Limited Partnership dated 20 August 2018) to govern the Partnership |
| “PRC” | The People’s Republic of China |
| “Previous Announcements” | the announcements of the Company dated 31 March 2017, 17 July 2017, 18 July 2017 and 7 November 2017 in relation to the Investment |
| “Previous Disposal” | the disposal of the Previous Disposed Interest by CRML to Mr. Xiong pursuant to the Deed of Transfer |
| “Previous Disposed Interest” | the 15% of the Investment of CRML’s Class B Interest |
| “Register” | the register setting forth the name, address and Capital Contribution of each general partner and Limited Partners, the date on which each Limited Partner became a limited partner of the Partnership, the date on which any former Limited Partner ceased to be a limited partner of the Partnership and such other information as the general partner may deem necessary or desirable |
| “Share(s)” | ordinary share(s) of HK\$0.2 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 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 21 February 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.

* *For illustration purposes only*