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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)**

### **SUPPLEMENTAL ANNOUNCEMENT**

#### **(I) MATERIAL DIFFERENCES BETWEEN THE FINANCIAL INFORMATION IN THE UNAUDITED RESULTS ANNOUNCEMENT AND AUDITED RESULTS ANNOUNCEMENT; AND (II) DESPATCH OF 2019 ANNUAL REPORT**

References are made to (i) the announcement of China Regenerative Medicine International Limited (the “**Company**”) dated 31 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019 (the “**Unaudited Results Announcement**”), the announcements dated 8 May 2020 and 12 June 2020 in relation to the delay in publication of the 2019 Annual Results (collectively referred to as the “**Announcements**”); (ii) an announcement of the Company dated 30 June 2020 in relation to the audited annual results of the Group for the year ended 31 December 2019 (the “**Audited Results Announcement**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Announcements.

## MATERIAL DIFFERENCES BETWEEN THE FINANCIAL INFORMATION IN THE UNAUDITED RESULTS ANNOUNCEMENT AND AUDITED RESULTS ANNOUNCEMENT

Since the financial information contained in the Unaudited Results Announcement was neither audited nor agreed with the Group's auditors, BDO Limited, as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the Unaudited Results Announcement and Audited Results Announcement.

Set forth below are principal details and reasons for the differences in such financial information in accordance with requirements of the GEM Listing Rules.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2019

	Per Audited Results Announcement HK\$'000	Per Unaudited Results Announcement HK\$'000	Difference HK\$'000	Note
Revenue	47,971	47,971	–	
Cost of sales	<u>(19,052)</u>	<u>(19,052)</u>	–	
<b>Gross profit</b>	<b>28,919</b>	28,919	–	
Other income, gain and loss	18,111	25,988	(7,877)	<i>a</i>
Selling and distribution expenses	(56,264)	(22,469)	(33,795)	<i>b</i>
Administrative and other expenses	(201,055)	(228,234)	27,179	<i>c</i>
Fair value loss on contingent consideration receivables	(4,587)	(4,587)	–	
Recognition of expected credit loss on trade receivables and other receivables	(20,785)	(20,789)	4	<i>d</i>
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,224	(30,521)	31,745	<i>e</i>
Impairment of goodwill	–	–	–	
Impairment of property, plant and equipment	(94,118)	(71,991)	(22,127)	<i>f</i>
Impairment of other intangible assets	(70,697)	(70,697)	–	
Impairment of right-of-use assets	(52,049)	(52,049)	–	
Finance costs	<u>(5,343)</u>	<u>(11,369)</u>	6,026	<i>g</i>

	<b>Per Audited Results Announcement HK\$'000</b>	Per Unaudited Results Announcement HK\$'000	<b>Difference HK\$'000</b>	<i>Note</i>
<b>Loss before income tax</b>	<b>(456,644)</b>	(457,799)	1,155	
Income tax credit	<b>8,901</b>	8,931	(30)	<i>h</i>
<b>Loss for the year</b>	<b><u>(447,743)</u></b>	<b><u>(448,868)</u></b>	1,125	
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange gain on translation of financial statements of foreign operations	<b>13,573</b>	19,702	(6,129)	<i>i</i>
Release of translation reserves upon disposal of a subsidiary	<b>(4,245)</b>	(4,245)	–	
Release of translation reserves upon deregistration of subsidiaries	–	(2,067)	2,067	<i>j</i>
Item that may not be reclassified subsequently to profit or loss:				
Financial assets at fair value through other comprehensive income	<b><u>(129,923)</u></b>	<b><u>(142,468)</u></b>	12,545	<i>k</i>
Other comprehensive income for the year	<b><u>(120,595)</u></b>	<b><u>(129,078)</u></b>	8,483	
<b>Total comprehensive income for the year</b>	<b><u>(568,338)</u></b>	<b><u>(577,946)</u></b>	9,608	

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Per Audited Results Announcement HK\$'000	Per Unaudited Results Announcement HK\$'000	Difference HK\$'000	Note
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,516	23,643	(22,127)	<i>f</i>
Land use rights	–	–	–	
Right-of-use assets	–	–	–	
Goodwill	–	–	–	
Other intangible assets	16,345	16,345	–	
Deposits for acquisition of subsidiaries	146,512	146,512	–	
Pledged bank deposits	–	–	–	
Financial assets at fair value through other comprehensive income	31,522	18,977	12,545	<i>k</i>
Non-current rental deposit	14,044	–	14,044	<i>l</i>
	<u>209,939</u>	<u>205,477</u>	4,462	
<b>Current assets</b>				
Contingent consideration receivables	–	–	–	
Inventories	6,738	6,738	–	
Trade receivables	4,012	3,988	24	<i>m</i>
Deposits, prepayments and other receivables	14,514	36,963	(22,449)	<i>n</i>
Financial assets at fair value through profit or loss	299,520	267,774	31,746	<i>o</i>
Pledged bank deposits	–	–	–	
Cash and bank balances	19,210	19,210	–	
	<u>343,994</u>	<u>334,673</u>	9,321	

	<b>Per Audited Results Announcement HK\$'000</b>	Per Unaudited Results Announcement HK\$'000	<b>Difference HK\$'000</b>	<i>Note</i>
<b>Current liabilities</b>				
Trade payables	19,638	19,638	–	
Accrued charges and other payables	181,153	176,924	4,229	<i>p</i>
Contract liabilities	21,169	21,169	–	
Lease liabilities	24,094	24,094	–	
Shareholder loans	–	–	–	
Bank borrowings	–	–	–	
Other borrowing	55,172	55,172	–	
Current tax liabilities	–	–	–	
	<u>301,226</u>	<u>296,997</u>	4,229	
<b>Net current assets</b>	<u>42,768</u>	<u>37,676</u>	5,092	
<b>Total assets less current liabilities</b>	<b>252,707</b>	243,153	9,554	
<b>Non-current liabilities</b>				
Shareholder loans	207,298	220,639	(13,341)	<i>q</i>
Bank borrowings	–	–	–	
Lease liabilities	25,425	25,425	–	
Deferred taxation	2,351	2,405	(54)	<i>r</i>
	<u>235,074</u>	<u>248,469</u>	(13,395)	
<b>NET ASSETS/(LIABILITIES)</b>	<u>17,633</u>	<u>(5,316)</u>	22,949	
<b>CAPITAL AND RESERVES</b>				
Share capital	175,858	175,858	–	
Reserves	(83,032)	(121,251)	38,219	<i>s</i>
Equity attributable to owners of the Company	92,826	54,607	38,219	
<b>Non-controlling interests</b>	<u>(75,193)</u>	<u>(59,923)</u>	(15,270)	<i>t</i>
<b>Total equity/(Capital deficiency)</b>	<u>17,633</u>	<u>(5,316)</u>	22,949	

*Notes:*

- (a) The difference in other income, gain and loss of HK\$7,877,000 was mainly due to adjustments in relation to certain late adjustments on recognition of government grants.
- (b) The difference in selling and distribution expenses of HK\$33,795,000 was mainly due to certain late adjustments on classification of selling and distribution expenses.
- (c) The difference in administrative and other expenses of HK\$27,179,000 was mainly due to certain late adjustments on classification of administrative expenses.
- (d) The difference in recognition of expected credit loss on trade receivables and other receivables of HK\$4,000 was mainly due to certain late adjustments on recognition of expected credit loss on trade receivables and other receivables.
- (e) The difference on fair value gain/(loss) on financial assets at fair value through profit or loss of HK\$31,745,000 was mainly due to late adjustments on valuation of financial assets of fair value through profit or loss.
- (f) The difference in impairment of property, plant and equipment of HK\$22,127,000 was mainly due to late adjustments on valuation of property, plant and equipment.
- (g) The difference in finance costs of HK\$6,026,000 was mainly due to late adjustments on interest on borrowings.
- (h) The difference in income tax credit of HK\$30,000 was mainly due to the tax effect of the abovementioned adjustment in note (a) to (g).
- (i) The difference in exchange gain on translation of financial statements of foreign operations of HK\$6,129,000 was mainly due to late adjustments on financial statements of foreign operation.
- (j) The difference in release of translation reserves upon deregistration of subsidiaries of HK\$2,067,000 was mainly due to late adjustments on financial information of subsidiaries deregistered.
- (k) The difference in financial assets at fair value through other comprehensive income of HK\$12,545,000 was mainly due to late adjustments on valuation of financial assets at fair value through other comprehensive income.
- (l) The difference in non-current rental deposit of HK\$14,044,000 was mainly due to late adjustments in classification of rental deposit.
- (m) The difference in trade receivables of HK\$24,000 was mainly due to certain late adjustments in relation to valuation of trade receivables.
- (n) The difference in deposits, prepayments and other receivables of HK\$22,449,000 was mainly due to certain late adjustments on classification of rental deposit and valuation of other receivables.
- (o) The difference in financial assets at fair value through profit or loss was mainly due to late adjustment in valuation of financial assets at fair value through profit or loss.

- (p) The difference in accrued, charges and other payables of HK\$4,229,000 was mainly due to certain late adjustments on recognition of government grants.
- (q) The difference in shareholder loans of HK\$13,341,000 was mainly due to certain late adjustments on accrued interest.
- (r) The difference in deferred taxation of HK\$54,000 was mainly due to abovementioned adjustments in relation to deferred tax expenses.
- (s) The difference in reserves of HK\$38,219,000 was mainly due to abovementioned adjustments in relation to profit or loss and other comprehensive income.
- (t) The difference in non-controlling interests of HK\$15,270,000 was mainly due to late adjustments on financial information of certain subsidiaries.

## **DESPATCH OF ANNUAL REPORT**

The Company will despatch the annual report for the year ended 31 December 2019 on 3 July 2020.

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

Hong Kong, 30 June 2020

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

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

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