CRMI
中國再生醫學

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 APRIL 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of China Regenerative Medicine International Limited (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to China Regenerative Medicine International Limited. 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.

FINAL RESULTS

The board of directors (the "Board") of China Regenerative Medicine International Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2016, together with the comparative figures in 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 April 2016

	Notes	2016 HK$'000	2015 HK$'000
Revenue	*4*	**27,751**	2,817
Cost of sales		**(9,410)**	(1,431)
Gross profit		**18,341**	1,386
Other income	*4*	**110,981**	2,101
Administrative and other expenses		**(303,249)**	(171,125)
Finance costs	*6*	**(25,827)**	(3,058)
Fair value gain on contingent consideration receivables		**8,556**	—
Impairment of goodwill		—	(60,400)
Impairment of other intangible assets		—	(41,432)
Loss before income tax	*7*	**(191,198)**	(272,528)
Income tax (expense)/credit	*8*	**(3,326)**	17,136
Loss for the year		**(194,524)**	(255,392)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(23,412)**	1,707
Total comprehensive income for the year		**(217,936)**	(253,685)

	Notes	2016 *HK$'000*	2015 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(190,902)**	(250,098)
Non-controlling interests		**(3,622)**	(5,294)
		(194,524)	(255,392)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(213,085)**	(248,351)
Non-controlling interests		**(4,851)**	(5,334)
		(217,936)	(253,685)
Loss per share for loss for the year attributable to owners of the Company	*10*		
— basic (HK cents)		**(1.103)**	(2.017)
— diluted (HK cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**172,753**	174,900
Land use rights		**4,584**	4,898
Goodwill		**196,983**	188,081
Contingent consideration receivable		**28,030**	15,088
Other intangible assets		**486,500**	483,989
Deposits for acquisition of property, plant and equipment		**17,934**	—
		906,784	866,956
Current assets			
Inventories		**8,967**	4,967
Trade receivables	11	**19,992**	665
Deposits, prepayments and other receivables		**105,836**	150,621
Pledged bank deposits		**558,873**	22,622
Cash and cash equivalents		**1,300,825**	1,008,984
		1,994,493	1,187,859
Current liabilities			
Trade payables	12	**1,570**	763
Accrued charges and other payables		**139,651**	57,899
Bank borrowings		**542,553**	59,032
Current tax liabilities		**8,997**	—
		692,771	117,694
Net current assets		**1,301,722**	1,070,165
Total assets less current liabilities		**2,208,506**	1,937,121
Non-current liabilities			
Other payables		—	6,280
Deferred taxation		**90,306**	86,626
		90,306	92,906
Net assets		**2,118,200**	1,844,215
EQUITY			
Share capital	13	**175,922**	164,422
Reserves		**1,890,442**	1,638,576
Equity attributable to owners of the Company		**2,066,364**	1,802,998
Non-controlling interests		**51,836**	41,217
Total equity		**2,118,200**	1,844,215

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2016

1. GENERAL INFORMATION

China Regenerative Medicine International Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of Cayman Islands on 20 April 2001. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is 10th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in the annual report. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

The financial statements for the year ended 30 April 2016 were approved for issue by the board of directors on 15 July 2016.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules").

3. ADOPTION OF NEW OR AMENDED HKFRSs

During the year, the Group has adopted all the amended HKFRSs which are first effective for the reporting year and relevant to the Group. The adoption of these amended HKFRSs did not result in material changes to the Group's accounting policies.

At the date of this results announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been early adopted by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

3. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKFRS 9 (2014) — Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

This standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

3. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKFRS 15 — Revenue from Contracts with Customers *(Continued)*

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 — Leases

From the perspective as a lessee, under the existing standard, leases are classified as either finance lease or operating lease, resulting in different accounting treatment. Finance leases are required to be accounted for "On Balance Sheet" (i.e. lease asset and corresponding liabilities are recognised in the statement of financial position); while operating lease is accounted for "Off Balance Sheet" where no asset or liabilities are recognised and the lease expenses are recognised on a straight-line basis along the lease period. Under the new standard, "On Balance Sheet" accounting treatment is required for all leases, except for certain short-term leases and leases of low-value assets. The statement of financial position will be "inflated" by their rights and obligations relating to their existing operating leases. In addition, the recognition of operating lease expenses will change from the existing straight-line model to a "front-loaded" model as finance lease, i.e. during the initial period of the lease term, the lease expenses (asset depreciation plus interest) under the new standard are higher compared to the operating lease expenses recognised under the existing standard.

From the perspective as a lessor, the accounting stays almost the same. However, the HKICPA has updated the guidance on the definition of a lease, sub-lease, as well as the guidance on the combination and separation of contracts, lessors will also be affected by the new standard.

HKFRS 16 will be effective for accounting period beginning on 1 January 2019. The directors of the Company anticipate that the application of HKFRS 16 in the future will have impact on the amounts reported in respect of the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 16 until the Group performs a detailed review.

Amendments to the Listing Rules

The Company has adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance, Cap. 622, during the current financial year.

There is no impact on the Group's financial position or financial performance, however, the amendments impact the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

4. REVENUE AND OTHER INCOME

The Group's turnover represents revenue from its principal activities, measured at the net invoiced value of goods sold, after allowances for returns and trade discounts during the years presented.

Other income recognised during the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**20,532**	695
Gain on disposals of property, plant and equipment	**77**	—
Government grant income	**768**	—
Imputed interest income on convertible bond	**—**	256
Interest income on loan receivables	**89,030**	781
Others	**574**	369
	110,981	2,101

5. SEGMENT INFORMATION

The executive directors have identified the Group's three business lines as operating segments.

The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Tissue engineering		Stem cell		Cosmetics and healthcare		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
— From external customers	**6,219**	2,781	**1,321**	36	**20,211**	—	**27,751**	2,817
Reportable segment revenue	**6,219**	2,781	**1,321**	36	**20,211**	—	**27,751**	2,817
Reportable segment loss	**(69,466)**	(130,162)	**(19,096)**	(58,755)	**(3,533)**	(15,903)	**(92,095)**	(204,820)
Amortisation of land use rights	**109**	112	—	—	—	—	**109**	112
Amortisation of other intangible assets	**34,450**	37,372	**4,115**	123	—	—	**38,565**	37,495
Depreciation	**9,008**	8,033	**417**	16	**224**	122	**9,649**	8,171
Impairment of goodwill	—	10,958	—	49,442	—	—	—	60,400
Impairment of other intangible assets	—	41,432	—	—	—	—	—	41,432
Interest income	**34,232**	90	**13**	10	**1,312**	557	**35,557**	657
Reportable segment assets	**779,548**	797,905	**209,171**	169,067	**59,329**	53,049	**1,048,048**	1,020,021
Additions to non-current segment assets during the year	**17,837**	47,641	**998**	—	**835**	831	**19,670**	48,472
Reportable segment liabilities	**107,794**	48,457	**8,869**	4,110	**6,743**	5,393	**123,406**	57,960

5. SEGMENT INFORMATION *(Continued)*

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2016	2015
	HK$'000	*HK$'000*
Reportable segment revenue	**27,751**	2,817
Group revenue	**27,751**	2,817
Reportable segment loss	**(92,095)**	(204,820)
Unallocated corporate income	**74,079**	1,075
Unallocated corporate expenses	**(155,911)**	(65,725)
Fair value gain on contingent consideration receivables	**8,556**	—
Finance costs	**(25,827)**	(3,058)
Loss before income tax	**(191,198)**	(272,528)
Reportable segment assets	**1,048,048**	1,020,021
Contingent consideration receivable	**28,030**	15,088
Cash and cash equivalents	**1,197,818**	954,358
Pledged bank deposits	**558,873**	—
Other corporate assets	**68,508**	65,348
Group assets	**2,901,277**	2,054,815
Reportable segment liabilities	**123,406**	57,960
Bank borrowings	**542,553**	59,032
Deferred taxation	**90,306**	86,626
Other corporate liabilities	**26,812**	6,982
Group liabilities	**783,077**	210,600

Unallocated corporate income mainly included interest income from pledged bank deposits and loan receivables. Unallocated corporate expenses mainly included staff costs, exchange loss, equity-settled share-based payments, rental and other expenses not directly attributable to the business activities of any operating segments.

Other corporate assets mainly included bank interest receivables and assets not directly attributable to the business activities of any operating segments.

5. SEGMENT INFORMATION *(Continued)*

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets (excluding contingent consideration receivable)	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**—**	—	**2,450**	4,244
The PRC (domicile)	**27,751**	2,817	**876,304**	847,624
	27,751	2,817	**878,754**	851,868

During the year ended 30 April 2016, 71.0% of the Group's revenue depended on one customer in cosmetics and healthcare segment. As at 30 April 2016, 97.0% of the Group's trade receivables were due from this one customer.

During the year ended 30 April 2015, 15.0%, 13.0% and 11.0% of the Group's revenue depended on three customers in tissue engineering segment respectively. As at 30 April 2015, none of the Group's trade receivables were due from these three customers.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on (1) the physical location of the assets (for property, plant and equipment and land use rights) and (2) location of operations (for goodwill and other intangible assets). The Company is an investment holding company where the Group has majority of its operation and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segment".

Certain comparative figures in the segment information for the year ended 30 April 2015 have been restated. Previously, executive directors identified tissue engineering, stem cell, cosmetic and health products and medical products and equipment as separate reportable segments. For the year ended 30 April 2016, the executive directors allocated the medical products and equipment segment to tissue engineering and stem cell segments of the Group as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been reclassified accordingly.

6. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on bank borrowings and other payables, wholly repayable within one year	**25,827**	3,058

7. LOSS BEFORE INCOME TAX

	2016	2015
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging:		
Amortisation of land use rights	**109**	112
Amortisation of other intangible assets, included in administrative expenses	**38,565**	37,495
Auditor's remuneration	**1,074**	880
Depreciation	**13,218**	11,369
Equity-settled share-based payments	**20,345**	—
Exchange difference, net	**21,996**	55
Operating lease rentals in respect of office premises	**23,968**	18,560
Provision for debt element of convertible bond	**—**	256
Research and development costs	**62,676**	38,383
Less: Capitalisation to other intangible assets	**(4,021)**	(7,293)
	58,655	31,090
Employee benefit expense (including directors' emoluments)	**95,110**	66,367
Less: Employee benefit expenses included in research and development costs	**(15,421)**	(14,748)
	79,689	51,619

8. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. For the year ended 30 April 2015, no Hong Kong Profits Tax had been provided as the Group had no assessable profits. The PRC enterprise income tax is 25% for the year (2015: 25%). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2016	2015
	HK$'000	*HK$'000*
Profits tax — for the year		
Hong Kong	**1,612**	—
The PRC	**8,487**	330
Deferred taxation	**(6,773)**	(17,466)
	3,326	(17,136)

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2015: Nil).

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(190,902)**	(250,098)

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**17,309,393**	12,402,512

For the years ended 30 April 2016 and 2015, diluted losses per share attributable to owners of the Company were not presented because the impact of the exercise of share options was anti-dilutive.

11. TRADE RECEIVABLES

As at 30 April 2016, ageing analysis of trade receivables based on sales invoice date and net of provisions, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 - 90 days	**13,767**	271
Over 90 days but less than 1 year	**6,105**	291
1 year or over 1 year	**120**	103
	19,992	665

The Group allows an average credit period of 60 - 180 days (2015: 60 - 90 days) to its customers.

The carrying amount of trade receivables is considered as reasonable approximation of their fair value. Impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade receivable is impaired. All of the Group's trade receivables have been reviewed for indicators of impairment.

12. TRADE PAYABLES

As at 30 April 2016, ageing analysis of trade payables based on invoice date is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 - 30 days	**245**	196
31 - 60 days	**120**	50
Over 60 days but less than 1 year	**827**	128
1 year or over 1 year	**378**	389
	1,570	763

General credit terms granted by suppliers are 30 days to 60 days.

13. SHARE CAPITAL

	2016 Number of shares	**2016** Amount *HK$'000*	2015 Number of shares	2015 Amount *HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning of the year and at end of the year	**100,000,000,000**	**1,000,000**	100,000,000,000	1,000,000
Issued and fully paid:				
At beginning of the year	**16,442,180,000**	**164,422**	11,762,880,000	117,629
Shares issued as consideration for the acquisition *(note (i))*	**—**	**—**	252,000,000	2,520
Shares issued in placing arrangement *(note (ii))*	**1,150,000,000**	**11,500**	4,427,300,000	44,273
At end of the year	**17,592,180,000**	**175,922**	16,442,180,000	164,422

13. **SHARE CAPITAL** *(Continued)*

Notes:

(i) On 21 April 2015, the Company allotted 252,000,000 new ordinary shares and cash consideration of HK$6,986,000 to the vendor for the settlement of the consideration of the acquisition of 70% equity interest of Passion Stream Limited. Details of the share allotment were contained in the Company's announcement dated 12 March 2015 and 21 April 2015.

(ii) On 16 September 2014, pursuant to a subscription agreement dated 4 September 2014 between the Company and an independent party, the Company issued 150,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.26 per share. Details of the share subscription were contained in the Company's announcements dated 4 September 2014 and 16 September 2014.

On 5 March 2015, pursuant to a placing agreement dated 10 November 2014 between the Company and a placing agent, the Company issued an aggregate of 3,300,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.25 per share, together with 495,000,000 share options issued to All Favour Holdings Limited ("All Favour") and other independent parties. All Favour is a related company in which Mr. Dai Yumin, a director of the Company, indirectly held 60% equity interests. 2,400,000,000 shares of the Company and 360,000,000 share options were issued to All Favour on 5 March 2015. Details of the share placement were contained in the Company's announcements dated 10 November 2014 and 6 February 2015 and the circular of the Company dated 20 January 2015. The fair values of share options issued at 5 March 2015 are HK$24,678,000 and such amount is recognised as share option reserve in the equity.

On 22 April 2015, pursuant to a placing agreement dated 23 March 2015 between the Company and a placing agent, the Company issued an aggregate of 977,300,000 new ordinary shares of HK$0.01 each at a price of HK$0.285 per share to independent parties. Details of the share placement were contained in the Company's announcements dated 23 March 2015 and 22 April 2015.

On 30 July 2015, pursuant to a placing agreement dated 10 July 2015 between the Company and a placing agent, the Company issued an aggregate of 1,150,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.40 per share to independent parties. Details of the share placement were contained in the Company's announcements dated 10 July 2015 and 30 July 2015.

All these ordinary shares issued by the Company during the years rank pari passu with the then existing ordinary shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continues to commit to our R&D and commercialisation in three major areas of businesses, namely (A) tissue engineering; (B) stem cell, encompassing (i) cellular and stem cell therapy and (ii) medical equipment and other services; as well as (C) cosmetics and healthcare. In August 2015, the Group completed the acquisition of 70.0% of equity interest of Frame Sharp Limited, which effectively represents 70.0% equity interest of 奥凱（蘇州）生物技術有限公司 (AK (Suzhou) Biomedical Ltd.#) ("AK Suzhou") through contractual arrangements. AK Suzhou focuses on providing services in relation to clinical-grade human autologous cells and stem cell isolation, purification, expansion and cryopreservation. As part of the expansion program in regenerative medicine and the reason that cell and stem cell processing requires regional presence, this acquisition has provided the Group with an opportunity to setup a regional hub for human cell and stem cell processing businesses in the Huadong Region (Eastern China Region).

After completion of the acquisition of AK Suzhou, the Group now has five production plants with two located in Xian, Shaanxi Province; one located in Shenzhen, Guangdong Province; one in Suzhou, Jiangsu Province; one in Tianjin Municipality. These existing plants are strategically located to capture most of the better developed cities in the PRC so as to facilitate the Group's commercialisation of our existing and future products and services.

Being a high-tech pioneer company in regenerative medicine industry, the Group continues to develop and enrich our tissue engineering operations and to explore viable opportunities along the value-chain of cell and stem cell related businesses.

OPERATIONS REVIEW

A) Tissue Engineering

Tissue-Engineered Skin with Living Human Cells — ActivSkin®

ActivSkin® is a tissue-engineered skin and the first registered product of the Group. It can relieve pains, shorten healing time and reduce scarring for treating burns and scalds.

During the reporting period, we commenced sales of ActivSkin® which were applied to patients eventually. In addition, we signed a long term contract with a distributor for promoting ActivSkin® directly to hospitals. Some hospitals have applied them on patients gradually, while some doctors are performing trial use on the clinical efficacy. Negotiations with various hospitals are currently underway. We prefer to sell relatively small quantity per order initially because ActivSkin® demands special logistic arrangement to ensure clinical efficacy.

for identification only

Acellular Corneal Stroma — "Acornea"

Our acellular corneal stroma, Acornea, was approved by the China Food and Drug Administration ("CFDA") and its registration certificate for medical device ("Product Certificate") has been obtained in April 2015.

In November 2015, the Group entered into respective distribution agreements and relevant schedule agreements (collectively referred as "Distribution Agreements") with provincial distributors, who are independent third parties, to develop the sale of the Group's Acornea. The signing of the Distribution Agreements signifies a major step forward towards the commercialisation of Acornea. Pursuant to the Distribution Agreements, the sale distributors shall be responsible for developing sales in hospitals, marketing and distribution of Acornea.

The Group has formed an ophthalmology expert committee with key opinion leaders from various leading hospitals to provide surgical technique training for junior ophthalmic surgeons to better understand the applications of Acornea. This training caters for more suitable ophthalmologists, thus allowing the applications to be widely and extensively used in therapeutic lamellar keratoplasty and paving possible future product upgrades and development.

Calcined Bovine Bone — "Gegreen"

Gegreen is a protein-detracted bone substitute material for inducing natural bone regeneration. It is intended to be used by dental professionals for the application of jawbone defect restoration, particularly in dental implantation and treatment of periodontal defects.

The production of Gegreen is under the management of our subsidiary, Shaanxi Reshine Biotech Co., Ltd ("Reshine"). Due mainly to the previous landlord's building planning adjustment, Reshine relocated its production facilities to the northeastern corner of Xian and resumed production in early 2016. The distribution of Gegreen has taken off since then.

Acellular Anal Fistula Repair Stroma — "Asiunin" (formerly known as Acellular Small Intestinal Submucosa, namely Resunin)

The Group has obtained the Product Certificate of Asiunin in October 2015. Starting from early 2016, the Group has established provincial dealership for Asiunin and sales are taking off gradually.

Asiunin is applied to simple anal fistula disease without going through fistulotomy operation which is traditionally used to cure anal fistula in western medicine. Fistulotomy operation has a chance to harm the sphincter muscle and causes relapses. It is believed that the relapse rate when using Asiunin for simple anal fistula is comparatively lower.

Medical Technique — Cell Sheet-Autologous Chondrocyte Implantation ("CS-ACI")

In addition to medical device products, the Group also participates in research and development of technological advanced medical techniques for enhancing curative results.

At present, the sales and marketing team is negotiating with various provincial agents. The role of the agents is to connect and negotiate with hospitals for obtaining their willingness to participate in the performance of CS-ACI procedure. It may also involve the collaboration of rehabilitation hospitals to ensure post-surgical cartilage growth and recovery of movement.

In addition to the above, the Group is also in the process of conducting research and development of other medical techniques.

B) Stem Cell

(i) Cellular and Stem Cell Therapy

With the guidance, knowledge, and know-how of Professor Zhanfeng Cui ("Prof. Cui") of the University of Oxford ("Oxford University") who is one of our main advisors, the Company has paved our path and leveraged on his years of experience to the development of cellular and stem cell therapy related businesses.

In May 2015, the Company formed a special vehicle company ("Special Vehicle") with Prof. Cui, in which Prof. Cui holds a minority interest, to capture all future development of the Group's stem cell related operations, including the development of a stem cell clinical applications centre in Hong Kong, China Stem Cell Clinical Applications Centre, as the research and development base to support the Group's stem cell initiatives in Hong Kong and in the region, as well as concentrating in research and development projects.

The Group is building our China Stem Cell Clinical Applications Centre at Phase 3 of Hong Kong Science Park in Shatin. The 2,000 sq. metres premise will be a world class facility that aims to comply with domestic and international standards. The tenancy has begun and the Group engages a main consultant company from the United Kingdom to participate and manage from concept designs to detailed designs. Construction of this GMP facility is expected to be completed and to start operation during the first half of 2017. Our stem cell clinical application facility in Hong Kong will comply with GMP and PIC/S cleanroom standard for our future cellular-therapy fabrication and development. Similar pre-installation regulatory screening will also be done for the Hong Kong Department of Heath for GMP and PIC/S compliance.

By fostering our competitive edge and looking to create value in cellular and stem cell related industry, in September 2015, a subsidiary of the Special Vehicle signed a joint-venture agreement with Versitech Limited, the technology transfer company and commercial arm of the University of Hong Kong ("Hong Kong University"), and Professor Chi-Fung Chan, the Head of the Department of Paediatrics & Adolescent Medicine of Hong Kong University, to carry out cellular therapy related business using various adult stem cells and immune cells.

Elsewhere, the Group has taken proactive steps in exploring and identifying business opportunities in cellular and stem cell therapy application in the PRC. Prof. Cui has brought to us acquisition opportunities in two stem cell related companies in the PRC, one focuses in clinical application operations and the other one in pre-clinical trial operations. The acquisition of the clinical application operations of AK Suzhou was completed in August 2015.

Prof. Cui also provided us with the opportunity to acquire 天津衛凱生物工程有限公司 (Tianjin Weikai Bioeng Ltd.[#]) ("Tianjin Weikai"). This acquisition was completed in April 2015. Tianjin Weikai focuses on providing services and equipment for pre-clinical trial applications of stem cell as well as contract researches. Over the years, Tianjin Weikai has stored up stem cell samples for research and development, and human liver cells extracted through its own unique techniques for contract research organisation ("CRO") testing particularly on toxicity.

[#] *for identification only*

(ii) Medical Equipment and Other Services

The Group, through Tianjin Weikai, offers CRO services of drug screening, drug efficacy and toxicity assays in the pre-clinical drug development services. In addition to the traditional cell culture, we have established the three-dimensional (3D) cell culture drug screening and toxicity assays models based on the international advanced technology of 3D perfusion cell culture system.

TissueFlex® and 3DFlo® are 3D perfusion cell culture systems for pre-clinical applications which enable the study of cellular behavior and function in a more in-vivo-like environment. Such environment can provide responses that closely replicate human responses. The 3D perfusion cell culture system can reduce late stage clinical trials failures by first identifying unsafe drugs and through selection of the most efficacious candidates earlier in the drug development process. Tianjin Weikai is developing the second generation of its 3D perfusion cell culture system, the 3DFlo® so as to enhance additional automatic control system.

C) Cosmetics and Healthcare

The Group will give attention to products with growth factors, collagen, and anti-aging elements. The derivatives resided during our production processes of the tissue-engineered skin have been developed into a bioregenerative skincare product under the brand AmyBio Skincare series, targeting for the professional skincare cosmetic market through the application in beauty salons of PRC. The product was trial-used by beauty salons of Shannxi province and received very positive market response. The product is expected to be launched by August and various provincial distributors are under development.

Another skincare brand Ascara, which is manufactured in Switzerland, was launched within PRC in November 2015. Ascara is a high-end foreign skincare product line targeting for the mass market, through the marketing channel of e-commerce platforms, like 聚美優品 (www.jumei.com) 京東商城 (www.jd.com) and high-end shopping malls in over 12 major cities of PRC.

BUSINESS OUTLOOK

The Group is continuously building sales and marketing team for various product lines. A number of marketing actions have been taken. Firstly, an ophthalmology committee comprised of key opinion leaders and a training institute have been formed so that ophthalmologists can be trained to use our Acornea safely and effectively. Secondly, the signing of Distribution Agreements for tissue engineering products, like Acornea, Gegreen, Asiunin with sale distributors. The Group expects that such Distribution Agreements may have a positive impact on the Group's performance in the coming financial year.

With additional products enlisted gradually moving into clinical trials and regulatory approval stages, our product pipeline will be further enhanced to meet diversified clinical needs.

China Stem Cell Clinical Applications Centre at Hong Kong Science Park is currently under design and construction for which we intend to bridge the long unresolved gap between basic research scientists and clinicians by providing various kinds of clinical graded cells and stem cells. By positioning as a regional world class hub of its kind, we aim to serve domestic clients as well as clients from Asia Pacific.

The Group envisions itself to be the leading pioneer of regenerative medicine in Asia and in the region. The Group's current production facilities in Xi'an, Shenzhen, Tianjin and Suzhou in the PRC, are designated to the development of both tissue engineering products and techniques as well as cellular and stem cell therapy related businesses.

The Group continues to look for viable fund raising activities to finance its existing businesses and future and potential developments. In July 2015, the Group entered into a placing agreement with a placing agent to place, on a best-effort basis, an aggregate of up to 1,150,000,000 new shares at a placing price of HK$0.40 per share. This placing was completed on 30 July 2015, and net proceeds from the placing of these 1,150,000,000 new shares were approximately HK$456.0 million.

FUTURE PROSPECT

The Group continues to strive for opportunity to widen its business scope in the bio-medical area, as well as strengthening and maintaining as one of the leading pioneers in the medical and related industries. The Group is negotiating with renowned scientists, clinicians, hospitals and medical groups, and/or leading institutions for long-term collaborations to seek new development in the bio-medical and/or medical related industries.

The Chinese government has committed to provide support towards hi-tech industries, including regenerative medicine, a sub-division of the bio-medical industries. We will continuously strive for more assistance from the Chinese government to provide additional resources for broadening our R&D coverage on regenerative medicine spectrum. If we can access more support from local government, for example high-technology subsidies and relatively lower land cost, we may consider building additional plants as well as research centres in other suitable locations for our current and/or new products.

As the Group continues to identify and invest in suitable business opportunities, expand and improve in its research and development capability, facilitate the development of the existing business plan as well as implementation of the sale and marketing strategy, the Board may consider fund raising activities if viable fund raising options, which are in the best interest of the Group and the shareholders of the Company, are available.

FINANCIAL REVIEW

Result

The Group's revenue for the year ended 30 April 2016 was approximately HK$27.8 million, representing an increase of approximately HK$25.0 million, or 892.8%, compared to revenue of approximately HK$2.8 million for last year. The overall increase in revenue was attributable to an increase in revenue across different segments, including tissue engineering, stem cell and cosmetics and healthcare.

During the year under review, the Group incurred a loss of approximately HK$194.5 million, as compared to a loss of approximately HK$255.4 million for last year. The loss was mainly attributable to (i) the amortisation of intangible assets of approximately HK$38.6 million (2015: HK$37.5 million); (ii) research and development costs of HK$58.7 million (2015: HK$31.0 million); (iii) finance costs of HK$25.8 million (2015: HK$3.1 million); (iv) exchange loss of HK$22.0 million (2015: HK$0.1 million) mainly driven by RMB depreciation; and (v) the increase in general administrative expenses, namely staff cost and office rental.

Net Assets

Net assets of the Group amounted to approximately HK$2,118.2 million as at 30 April 2016, as compared to approximately HK$1,844.2 million at 30 April 2015, representing an increase of 14.9%. The increase was mainly attributable to the share placement concluded in July 2015.

Liquidity and Financial Resources

Cash and Cash Equivalents

As at 30 April 2016, the Group had cash and cash equivalents of approximately HK$1,300.8 million (2015: HK$1,009.0 million). The increase in cash and cash equivalent of approximately HK$291.8 million was mainly due to proceeds obtained from share placement.

As at 30 April 2016, the bank borrowings of approximately HK$542.6 million (2015: HK$59.0 million) were secured by property and land use rights, or pledged bank deposits.

Working Capital and Gearing Ratio

As at 30 April 2016, the Group had current assets of approximately HK$1,994.5 million (2015: HK$1,187.9 million), while its current liabilities stood at approximately HK$692.8 million (2015: HK$117.7 million), representing a net current asset position with a working capital ratio (current assets to current liabilities) of 2.88 (2015: 10.09).

The gearing ratio of the Group as at 30 April 2016, calculated as bank borrowings to total equity was 0.26 (2015: 0.03).

As at 30 April 2016, the Group's aggregate balance of cash and cash equivalents and pledged bank deposits far exceeded its bank borrowings. Given such net cash position, the gearing ratio of the Group would not be applicable if calculated as net debt to equity.

Capital Structure

During the year, the issued shares of the Company were increased by 1,150,000,000 shares to 17,592,180,000 shares as result of share placement during the year.

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Directors consider the risk of foreign exchange exposure of the Group is manageable. The management will continue to monitor the foreign exchange exposure of the Group and is prepared to take prudent measures such as hedging when appropriate actions are required.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 9 January 2015, the Group entered into a sale and purchase agreement ("Sale and Purchase Agreement") to acquire up to 82.353% equity interest of Frame Sharp Limited, which effectively represents 70% equity interest of 奧凱(蘇州)生物技術有限公司 (AK (Suzhou) Biomedical Ltd.#") ("AK Suzhou") through contractual arrangements ("AK Acquisition"), at the consideration of HK$42.5 million.

The completion of the AK Acquisition took place on 14 August 2015 in accordance with the terms of the Sale and Purchase Agreement. Following the completion of the AK Acquisition, Frame Sharp Limited and its subsidiaries (including AK Suzhou) have become indirect 70% owned subsidiaries of the Company.

Details of AK Acquisition was disclosed in the Company's announcements dated 9 January 2015, 12 March 2015 and 14 August 2015.

OTHER COMMITMENTS

The Company signed two sponsorship agreements with the University of Oxford for the research of stem cell therapy and tissue engineering. The Company agreed to provide GBP9.0 million (equivalent to HK$102.6 million) to the University of Oxford by instalments over the period covered by the agreements. Up to 30 April 2016, the Company has paid GBP2.5 million (equivalent to HK$28.4 million) to the University of Oxford.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

As at 30 April 2016, bank loans of HK$542.6 million were secured by the Group's property and land use rights, or pledged bank deposits with carrying amounts of approximately HK$84.5 million (2015: HK$90.0 million), HK$4.6 million (2015: HK$4.9 million) and HK$558.9 million (2015: HK$22.6 million) respectively.

As at 30 April 2016, the Group had no material contingent liabilities (2015: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed above, the Directors do not have any plans for material investment or capital assets at this point in time.

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EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 30 April 2016, the Group had 520 (2015: 414) employees located in Hong Kong and Mainland China. As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance and experience of individual employees. The total amount of employee remuneration (including that of the Directors and retirement benefits scheme contributions) of the Group for the year was approximately HK$95.1 million (2015: HK$66.4 million).

In addition, the Group may offer options to employees as a recognition of and reward for their efforts and contributions to the Group.

CORPORATE GOVERNANCE PRACTICE

The Board is committed to maintaining a high standard of corporate governance practices. The Group believes that high standard of corporate governance provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all shareholders of the Company ("Shareholders") and also meeting the expectations of the Group's various stakeholders.

The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in the Appendix 15 of the GEM Listing Rules (the "Corporate Governance Code") throughout the year ended 30 April 2016, with the exception of code provision A.6.7 of the Corporate Governance Code.

Under code provision A.6.7 of the Corporate Governance Code, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Two non-executive Directors, Prof. Deng Shaoping and Mr. Cao Fushun, did not attend the Company's annual general meeting held on 15 October 2015 (the "AGM") due to their engagements in other business commitments. Other Board members, including members of the audit, remuneration and nomination committees, attended the AGM and made themselves available to answer questions to ensure effective communication with the shareholders of the Company.

SECURITIES DEALING CODE

The Company has adopted a code of conduct regarding Directors' securities transactions as set out in the GEM Listing Rules as the required standard for securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors, has confirmed that they have fully complied with the required standards of dealings regarding securities transaction by the Directors as set out on the GEM Listing Rules throughout the year ended 30 April 2016.

CONNECTED TRANSACTION

The Company had not entered into any connected transaction during the year which is required to be disclosed under the GEM Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has four members, comprising all independent non-executive Directors, namely Mr. Lui Tin Nang (the chairman of Audit Committee), Mr. Pang Chung Fai Benny, Mr. Chan Bing Woon and Mr. Wang Hui. The Audit Committee has reviewed the Company's annual results for the year ended 30 April 2016.

APPRECIATION

On behalf of the Board, I wish to extend my appreciation to our valuable shareholders, clients, business partners and alliances for their ongoing support, and to every staff and management for their hard work and dedication throughout the year.

By order of the Board
China Regenerative Medicine International Limited
Wong Sai Hung
Executive Director

Hong Kong, 15 July 2016

As at the date of this announcement, the executive Directors are Mr. Wong Sai Hung and Mr. Shao Zhengkang; the non-executive Directors are Professor Deng Shaoping, Mr. Cao Fushun, Mr. Yang Zhengguo and Mr. Wang Jianjun; and the independent non-executive Directors are Mr. Lui Tin Nang, Mr. Pang Chung Fai Benny, Mr. Chan Bing Woon, SBS, JP and Mr. Wang Hui.

This announcement will remain on the "Latest Company Announcement" 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.