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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)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF INCREASED REGISTERED CAPITAL IN THE TARGET COMPANY

SUMMARY

The Board is pleased to announce that on 29 December 2023 (after trading hours), CRMI Health, Changzhou Xingkong and the Target Company entered into the Capital Increase and Subscription Agreement pursuant to which CRMI Health shall make the Capital Contribution of RMB10,250,000 (equivalent to approximately HK\$11,172,500) in cash to the Target Company, among which, RMB250,000 (equivalent to approximately HK\$272,500) will be contributed to the increase in the registered capital of the Target Company and RMB10,000,000 (equivalent to approximately HK\$10,900,000) will be contributed to its capital reserve. Upon Completion, the Target Company will be held as to approximately 33.3% by CRMI Health and approximately 66.7% by Changzhou Xingkong.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Capital Contribution under the Capital Increase and Subscription Agreement are more than 5% but less than 25%, the Capital Contribution constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

As the Completion is subject to the satisfaction and/or waiver (where applicable) of the conditions precedent set out in the Capital Increase and Subscription Agreement, the Capital Contribution may or may not proceed to completion. Shareholders and potential investors should therefore exercise caution when dealing in the Shares of the Company. The Company will make further announcement(s) with regard to the status of the abovementioned transaction as and when appropriate pursuant to the requirements under the GEM Listing Rules, as appropriate.

INTRODUCTION

The Board is pleased to announce that on 29 December 2023 (after trading hours), CRMI Health, Changzhou Xingkong and the Target Company entered into the Capital Increase and Subscription Agreement pursuant to which CRMI Health shall make the Capital Contribution of RMB10,250,000 (equivalent to approximately HK\$11,172,500) in cash to the Target Company, among which, RMB250,000 (equivalent to approximately HK\$272,500) will be contributed to the increase in the registered capital of the Target Company and RMB10,000,000 (equivalent to approximately HK\$10,900,000) will be contributed to its capital reserve. Upon Completion, the Target Company will be held as to approximately 33.3% by CRMI Health and approximately 66.7% by Changzhou Xingkong.

Upon Completion, the Target Company will be accounted for as an associate of the Company using the equity method in accordance with Hong Kong Financial Reporting Standards.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Changzhou Xingkong, the Target Company and their ultimate beneficial owners is an Independent Third Party.

CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

Date: 29 December 2023 (after trading hours)

Parties: (1) CRMI Health;
(2) Changzhou Xingkong; and
(3) Target Company.
(Each a Party, collectively as "**Parties**")

Capital Contribution

As of the date of this announcement, Changzhou Xingkong holds the entire registered capital in the Target Company of RMB500,000 (equivalent to approximately HK\$545,000).

The Parties agreed that the registered capital in the Target Company shall be increased by RMB250,000 (equivalent to approximately HK\$272,500). CRMI Health shall make the Capital Contribution of RMB10,250,000 (equivalent to approximately HK\$11,172,500) in cash to the Target Company among which, RMB250,000 (equivalent to approximately HK\$272,500) will be contributed to the increase in the registered capital of the Target Company and RMB10,000,000 (equivalent to approximately HK\$10,900,000) will be contributed to the capital reserve of the Target Company. Upon Completion, the registered capital of the Target Company will be increased to RMB750,000 (equivalent to approximately HK\$817,500), and the Target Company will be held as to approximately 33.3% by CRMI Health and approximately 66.7% by Changzhou Xingkong.

Consideration

The basis of the Consideration was determined after arm's length negotiations between the Company, the Target Company and Changzhou Xingkong with reference to, among others, (i) the prospects of the business of the Target Company in the long term; (ii) the potential future earning capacity of the Target Company and (iii) the factors set out in "Reasons for and Benefits of the Capital Contribution" below.

Conditions Precedent

Completion is conditional upon the fulfilment (or waiver by CRMI Health) of all of the following conditions on or before the Long Stop Date:

- (i) CRMI Health has completed the due diligence on the Target Company to the satisfaction of CRMI Health;
- (ii) the passing of all requisite resolution(s) by the directors and/or shareholders of the Target Company, as applicable, approving the Capital Increase and Subscription Agreement and the transactions contemplated thereunder in accordance with the Target Company's constitutional documents;
- (iii) all the properties (including but not limited to real estate, fixed assets, intellectual property rights, etc.) held by the Target Company and their encumbrances as of the date of the Capital Increase and Subscription Agreement have been fully disclosed by Changzhou Xingkong to CRMI Health;
- (iv) all the debts, liabilities and obligations of the Target Company and their corresponding guarantees as of the date of the Capital Increase and Subscription Agreement have been fully disclosed by Changzhou Xingkong to CRMI Health;
- (v) there is no PRC law, or judgment, decision, ruling or injunction of the PRC courts or relevant governmental authorities that restrict, prohibit, or have a material adverse effect on the transactions contemplated under the Capital Increase and Subscription Agreement, nor are there any litigations, arbitrations, judgments, rulings, decisions or injunctions which have had or will have a material adverse effect on the Capital Contribution to CRMI Health;

- (vi) all necessary statutory governmental and regulatory approvals, consents, waivers, authorisation, registration and filings in connection with the transactions contemplated under the Capital Increase and Subscription Agreement having been obtained, and each such approval, consent, waiver, authorization, registration and filing remaining entirely valid;
- (vii) all necessary third-party consents and waivers in connection with the transactions contemplated under the Capital Increase and Subscription Agreement having been obtained and such consents and waivers remaining entirely valid; and
- (viii) the representations and warranties articulated by Changzhou Xingkong and the Target Company within the Capital Increase and Subscription Agreement, along with any other transaction documents, are legally sound, accurate, and remain valid from date of the Capital Increase and Subscription Agreement until the completion date. Furthermore, any commitments and obligations stipulated in the Capital Increase and Subscription Agreement or any other related transaction documents, to be adhered to or completed by Changzhou Xingkong and/or the Target Company before or on the completion date, have been duly honoured or fulfilled to a substantial extent.

If any of the conditions precedent is not satisfied or waived before the Long Stop Date unless all Parties agree in writing to extend the time for fulfillment of the conditions precedent, the Capital Increase and Subscription Agreement shall automatically be terminated.

Payment of Consideration

CRMI Health shall satisfy the Consideration by making a cash payment in the amount of RMB10,250,000 (equivalent to approximately HK\$11,172,500) within 15 Working Days after the date on which the Conditions Precedent being fulfilled or waived (as the case may be).

The Consideration will be financed by the Group's internal resources.

Completion

The completion date of the Capital Contribution shall be the date on which the Target Company receives the entire payment of the Consideration.

Governance and Management of the Target Company

Pursuant to the Capital Increase and Subscription Agreement, CRMI Health shall nominate a supervisor of the Target Company, which shall be subject to the consideration and approval by the shareholders of the Target Company.

INFORMATION OF THE PARTIES

The Company is an investment holding company. The principal activities of its subsidiaries are the provision of healthcare products and services. CRMI Health is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Changzhou Xingkong is a company established under the laws of the PRC with limited liability. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of Changzhou Xingkong, which is in turn wholly owned by Jiangsu Star. Mr. Xu holds 99% equity interest in Jiangsu Star. The principal business of Changzhou Xingkong involves offering great health and medical services.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Changzhou Bomei, Changzhou Xingkong, Jiangsu Star and their ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is currently a direct wholly-owned subsidiary of Changzhou Xingkong. The Target Company is principally engaged in proprietary research and development as well as the sale of healthcare products, acting as an intermediary for the sale of third-party healthcare products.

The following major financial data is extracted from the unaudited financial information of the Target Company for the two financial years immediately preceding the date of the Capital Increase and Subscription Agreement and the ten months ended 30 October 2023, which were prepared in accordance with the PRC Accounting Standards for small businesses (中華人民共和國小企業會計準則):

	For the year ended 31 December 2021 (unaudited) RMB'000	For the year ended 31 December 2022 (unaudited) RMB'000	For the ten months ended 30 October 2023 (unaudited) RMB'000
Revenue	380	665	505
Net profit/(loss) before tax	(115)	194	(216)
Net profit/(loss) after tax	(115)	194	(216)

The unaudited net liabilities value of the Target Company as at 31 December 2021, 31 December 2022 and 30 October 2023 was approximately RMB1,232,000, RMB1,024,000 and RMB1,291,000, respectively.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target Company will be accounted for as an associate of the Company using the equity method in accordance with Hong Kong Financial Reporting Standards.

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION

The Group currently provides services to high-end customers directly through its own medical centre in Hong Kong after borders between China and Hong Kong have been fully opened early 2023. The Group plans to enhance its operational capabilities to broaden market reach and diversify its customer base.

In order to provide better quality products and services to the Group's high-end customers, the Group decides to expand into the health care products business. The Directors believe that the healthcare products business can fortify loyalty among high-end customers within our medical and healthcare brand, augment customer retention, and stimulate growth in the healthcare product market. This initiative will introduce high-quality customer resources to its medical centre, fostering a reciprocal flow of products and services to create business synergy. The Group aims to offer healthcare products complementing existing medical services, fostering greater customer loyalty, and strengthening brand recognition. Developing new healthcare products also serves as a conduit to attract more high-quality customer resources to our medical centre.

The Target Company aims to use the Capital Contribution to be made by CRMI Health for the purposes of (i) strengthening its research and development capacities; (ii) expanding of Target Company's existing business sales channels; and (iii) fulfilling its working capital and general corporate needs.

The Directors believe that the terms and conditions of the Capital Increase and Subscription Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Capital Contribution under the Capital Increase and Subscription Agreement are more than 5% but less than 25%, the Capital Contribution constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES

As the Completion is subject to the satisfaction and/or waiver (where applicable) of the conditions precedent set out in the Capital Increase and Subscription Agreement, the Capital Contribution may or may not proceed to completion. Shareholders and potential investors should therefore exercise caution when dealing in the Shares of the Company. The Company will make further announcement(s) with regard to the status of the abovementioned transaction as and when appropriate pursuant to the requirements under the GEM Listing Rules, as appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Board”	the board of Directors
“Capital Contribution”	subscription of the increased registered capital in the Target Company in accordance with the terms and conditions of the Capital Increase and Subscription Agreement
“Capital Increase and Subscription Agreement”	the capital increase and subscription agreement dated 29 December 2023 entered into between CRMI Health, Changzhou Xingkong and the Target Company
“Changzhou Xingkong”	Changzhou Xingkong Medical Beauty Clinic Co., Ltd* (常州市星空醫療美容門診有限公司), a company established under the laws of the PRC with limited liability on 7 July 2015, and is a direct wholly-owned subsidiary of the Jiangsu Star
“Company”	China Regenerative Medicine International Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8158)
“Completion”	completion of the Capital Contribution in accordance with the terms and conditions of the Capital Increase and Subscription Agreement
“connected person(s)”	has the meaning thereto under the GEM Listing Rules
“Consideration”	the consideration of RMB10,250,000 payable by CRMI Health for the Capital Contribution in accordance with the terms and conditions of the Capital Increase and Subscription Agreement

“CRMI Health”	CRMI HK Health Technology Limited, a company incorporated in Hong Kong with limited liability on 7 July 2021, a direct wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Jiangsu Star”	Jiangsu Star Health Management Consulting Co., Ltd* (江蘇星空健康管理諮詢有限公司), a company established under the laws of the PRC with limited liability on 26 January 2015, and is owned as to 99% by Mr. Xu
“Long Stop Date”	on the expiry of three (3) months after the date of the Capital Increase and Subscription Agreement or such other date as the Parties hereto may agree in writing
“Mr. Xu”	Xu Bing* (許兵), a PRC citizen and a merchant
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of a par value of HK\$0.20 each in the share capital of the Company
“Shareholders”	holders of the Share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Changzhou Bomei Biotechnology Co., Ltd* (常州博美生物科技有限公司), a company established under the laws of the PRC with limited liability on 23 September 2014, and is a direct wholly-owned subsidiary of Changzhou Xingkong
“Working Day(s)”	any day on which a company in the PRC is generally open for business, including any Saturday or Sunday that has declared by the PRC government as temporary working day (“Temporary Working Day”), but excluding statutory holidays and Saturdays or Sundays other than Temporary Working Days
“%”	per cent.

* For identification purposes only

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

Hong Kong, 29 December 2023

As at the date of this announcement, the executive Director is Mr. Wang Chuang (Chairman and Chief Executive Officer); the non-executive Director is Mr. Tsang Ho Yin; and the independent non-executive Directors are Ms. Huo Chunyu, Dr. Liu Ming and Mr. Leung Man Fai.

For the purposes of this announcement and illustration only, conversions of RMB and HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.09. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or any other rates.

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.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.