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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The board of Directors of the Company (the "**Board**") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000* (Restated)
Revenue	3	**69,487**	41,537
Cost of sales		**(50,064)**	(3,914)
Gross profit		**19,423**	37,623
Other income, gain and loss		**2,393**	4,518
Selling and distribution expenses		**(6,644)**	(3,604)
Administrative and other expenses		**(38,891)**	(22,213)
Impairment loss recognised for other receivables		**(83,001)**	(7,276)
Finance costs	5	**(979)**	(781)
(Loss)/profit before tax	6	**(107,699)**	8,267
Income tax expense	7	**–**	(3,712)
(Loss)/profit for the year attributable to equity holders of the Company		**(107,699)**	4,555
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(424)**	(12,367)
Other comprehensive expense for the year		**(424)**	(12,367)
Total comprehensive expense for the year attributable to equity holders of the Company		**(108,123)**	(7,812)
		HK cents	*HK cents* (Restated)
(Loss)/earnings per share:	9		
Basic		**(37.60)**	1.60
		HK cents	*HK cents*
Diluted		**N/A**	1.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Non-current assets			
Property, plant and equipment		**2,873**	3,173
Right-of-use assets		**14,445**	23,645
		17,318	26,818
Current assets			
Inventories		**445**	286
Trade receivables	10	**1,196**	71
Deposits, prepayments and other receivables	10	**163,604**	246,887
Cash and bank balances		**3,334**	1,849
		168,579	249,093
Current liabilities			
Trade payables	11	**2,473**	53
Accrued charges and other payables		**14,910**	13,472
Contract liabilities		**81,090**	60,743
Lease liabilities		**10,395**	9,916
Shareholder's loans		**13,629**	48,414
Current tax liabilities		**25,293**	25,568
		147,790	158,166
Net current assets		**20,789**	90,927
Total assets less current liabilities		**38,107**	117,745
Non-current liabilities			
Lease liabilities		**4,588**	13,682
Shareholder's loan		**21,579**	–
Deferred tax liabilities		**147**	147
		26,314	13,829
NET ASSETS		**11,793**	103,916
Capital and reserves			
Share capital		**60,850**	570,858
Reserves		**(49,057)**	(466,942)
TOTAL EQUITY		**11,793**	103,916

Notes:

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Suite 2310–2318, Miramar Tower, 132 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group is principally engaged in the provision of (i) aesthetic medical and beauty products and services and (ii) medical products and services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), and all values are rounded to the nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standard ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Going concern basis

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its loss incurred for the year. The Group incurred loss for the year amounted to approximately HK$107,699,000 for the year ended 31 December 2023 and the Group had current liabilities due within one year amounted to approximately HK$147,790,000 at 31 December 2023 while cash and bank balances included in current assets amounted to approximately HK$3,334,000 at 31 December 2023. The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In assessing the appropriateness of the adoption of the going concern basis in the preparation of the Group's consolidated financial statements, the directors of the Company prepared a cash flow forecast, covering a period of twelve months from the date of approval of these consolidated financial statements (the "**Cash Flow Forecast**") with careful consideration to the future liquidity and financial performance of the Group and its available sources of financing.

In preparing the Cash Flow Forecast, the directors of the Company have taken into account the following measures which the Group makes every effort to implement:

(i) the substantial shareholder has agreed to provide financial support to the Group;

(ii) to formulate and closely monitor business strategy for the Group to generate cash flows from its existing and new business operations;

(iii) to obtain additional funds by equity financing and long-term debt financing to finance the Group's working capital and the repayment of existing debts when they fall due.

Based on the Cash Flow Forecast, assuming the above measures can be successfully implemented as planned, the directors of the Company are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations to enable the Group to continue as a going concern. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the expected outcome of the implementation of the measures, the Group might not be able to continue to operate as a going concern and the adoption of the going concern basis for the preparation of the Group's consolidated financial statements might not be appropriate. Under these circumstances, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

2.2 Adoption of new/revised HKFRSs – effective on 1 January 2023

The Group has applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the consolidated financial statements.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies to the consolidated financial statements.

2.3 New and amendments to HKFRSs that have been issued but are not yet effective

The Group has not applied any amendments to HKFRSs have been issued but are not yet effective for the financial year beginning 1 January 2023. These amendments to HKFRSs include the following which may be relevant to the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

Except as described below, the directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2023, the application of the 2020 Amendments will not result in reclassification of the Group's liabilities.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") – Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered that the impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

3. REVENUE

The Group's turnover represents revenue from its principal activities, measured at the net invoiced value of goods sold or service provided during the years presented.

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
At a point in time	**7,399**	13,609
Over time	**62,088**	27,928
	69,487	41,537

The Group's subsidiary in the PRC has engaged a PRC entity for the provision of aesthetic medical and beauty services during the year ended 31 December 2022 and has recognized the revenue generated from the provision of aesthetic medical and beauty services with the amount approximately to HK$231,612,000 for the year ended 31 December 2022. After review by the management, it is considered more appropriate for the Group to recognize the revenue according to the net basis as the Group's subsidiary played an agent role in the provision of the respective aesthetic medical and beauty services according to the HKFRS 15 Revenue Recognition. Accordingly, certain comparative figures presented in the consolidated statement of profit or loss have been restated to conform with the current year's presentation.

4. SEGMENT REPORTING

Segment revenue and results

For the year ended 31 December 2023	**Aesthetic medical and beauty services** *HK$'000*	**Medical services** *HK$'000*	**Total** *HK$'000*
External sales and revenue	**61,179**	**8,308**	**69,487**
Segment losses	**(87,733)**	**(2,633)**	**(90,366)**
Unallocated corporate income			**2,355**
Unallocated corporate expenses			**(18,824)**
Finance costs			**(864)**
Group's loss before tax			**(107,699)**

For the year ended 31 December 2022	Aesthetic medical and beauty services *HK$'000*	Medical services *HK$'000*	Total *HK$'000* (Restated)
External sales and revenue	41,537	–	41,537
Segment profit	20,934	–	20,934
Unallocated corporate income			1,483
Unallocated corporate expenses			(13,369)
Finance costs			(781)
Group's profit before tax			8,267

5. FINANCE COSTS

	2023 *HK$'000*	2022 *HK$'000*
Interest on lease liabilities	**979**	781

6. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	*HK$'000*
		(Restated)
Auditor's remuneration	**850**	1,000
Depreciation of property, plant and equipment	**574**	171
Depreciation of right-of-use assets	**10,743**	5,220
Advertising and marketing, included in selling and distribution expenses	**1,364**	1,072
Exchange difference, net	**(8)**	–
Cost of inventories sold	**6,602**	2,451
Wages and salaries	**15,124**	9,038
Pension costs – defined contribution plans	**538**	299
Other staff benefits	**328**	764
Employee benefit expenses (including directors' emoluments)	**15,990**	10,101

7. INCOME TAX EXPENSE

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

For the year ended 31 December 2023, no provision for PRC Enterprise Income Tax ("**EIT**") and Hong Kong profits tax have been made as the Group had no estimated assessable profit generated for the year. For the year ended 31 December 2022, the PRC EIT of 25% is applicable to the Group's PRC subsidiaries. No Hong Kong profits tax has been made as the Group had no estimated assessable profit generated for the year.

	2023	2022
	HK$'000	*HK$'000*
Profit tax		
– current year	**–**	3,665
Deferred taxation		
– Income tax expense	**–**	47
	–	3,712

8. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
	HK cents	*HK cents*
		(Restated)
Basic (loss)/earnings per share attributable to equity owners of the Company	**(37.60)**	1.60
Diluted (loss)/earnings per share attributable to equity holders of the Company	**N/A**	1.60
	HK$'000	*HK$'000*
(Loss)/profits attributable to equity holders of the Company used in calculating basic (loss)/earnings per share	**(107,699)**	4,555
Weighted average number of ordinary share *('000)*	**286,409**	285,429

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2023 and 2022. Accordingly, the diluted loss per share for the year ended 31 December 2023 is not presented as there were no other potential dilutive shares in issue during the year ended 31 December 2023. The diluted numbers of ordinary shares used as denominators in calculating the basic and diluted earnings per share are the same as there were no potential dilutive ordinary shares during the year ended 31 December 2022.

On 6 September 2023, every ten issued and unissued ordinary shares of the Company were consolidated into one share of the Company. Comparative figures of the weighted average number of shares for calculating basic (loss)/earnings per share and diluted (loss)/earnings per share have been restated on the assumption that the share consolidation had been effective in the prior year.

On 13 December 2023, a total of 18,823,530 ordinary shares were allotted and issued by the Company to the substantial shareholder as partial shareholder's loan capitalization.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
(a) Trade receivables		
Trade receivables	**1,196**	71
(b) Deposits, prepayments and other receivables		
Rental deposit	**5,657**	5,657
Other deposits	**1,328**	962
Prepayments	**189**	2,557
Other receivables	**249,395**	263,113
	256,569	272,289
Less: Impairment losses recognised for other receivables	**(92,965)**	(25,402)
	163,604	246,887

The following is an aged analysis of trade receivables net of impairment losses recognised presented based on the invoice date:

	2023	2022
	HK$'000	*HK$'000*
0–90 days	**646**	71
91–180 days	**235**	–
181–270 days	**310**	–
Over 360 days	**5**	–
	1,196	71

The Group allows an average credit period of 60–180 days (2022: 60–180 days) to its customers.

11. TRADE PAYABLES

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**2,099**	53
31–60 days	**374**	–
	2,473	53

Average credit period granted by suppliers to the Group are 30–60 days (2022: 30–60 days).

12. EVENT AFTER REPORTING PERIOD

On 29 December 2023, CRMI HK Health Technology Limited ("**CRMI Heath**"), a wholly owned subsidiary ("**Subsidiary**"), a third party, Changzhou Xingkong Medical Beauty Clinic Co., Ltd ("**Changzhou Xingkong** ") and Changzhou Bomei Biotechnology Co., Ltd* (常州博美生物科技有限公司) ("**Target Company**") entered into the Capital Increase and Subscription Agreement, pursuant to which the Subsidiary 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.

The auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2023 includes the following paragraphs regarding qualified opinion (the "**Qualified Opinion**") and material uncertainty regarding going concern:

QUALIFIED OPINION

We have audited the consolidated financial statements of China Regenerative Medicine International Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the effects on the matter as described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Deposits, prepayments and other receivables

As disclosed in note 17(b) to the consolidated financial statements, included in the Group's deposits, prepayments and other receivables at 31 December 2023 is the receivable from a third party with the carrying amount of approximately HK$249,244,000 (31 December 2022: HK$251,457,000) and impairment loss on the receivable amounted to approximately HK$83,001,000 was recognised in profit and loss of the Group in respect of the current year then ended (prior year ended 31 December 2022: HK$7,273,000). We were appointed as the auditor in respect of the Group's consolidated financial statements for the year ended 31 December 2023 in January 2024 and we were unable to obtain sufficient appropriate audit evidence to assess that the basis and assumption adopted for the estimation of the impairment losses recognised against this receivable at 31 December 2022 is reasonable and appropriate, accordingly we are unable to satisfy ourselves whether the amount of the impairment losses on the receivable was properly recognised in the consolidated financial statements for the prior year ended 31 December 2022. Any adjustments, if required, to be made to increase/decrease the amounts of impairment losses recognised for the receivable for the prior year ended 31 December 2022 or before and to decrease/increase the carrying amount of the other receivables as at 31 December 2022, might have a corresponding decrease/increase in the amount of impairment loss recognised for the receivable in profit and loss in respect of the year ended 31 December 2023. Our opinion on the Group's consolidated financial statements in respect of this matter is also qualified because of the possible effect of the matter on the comparability of the current year's figures and the corresponding figures for the prior year ended 31 December 2022.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the section headed "Going Concern Basis" set out in note 2 to the consolidated financial statements, that the Group incurred loss for the year amounted to approximately HK$107,699,000 for the year ended 31 December 2023 and the Group had current liabilities due within one year amounted to approximately HK$147,790,000 at 31 December 2023 while cash and bank balances included in current assets amounted to approximately HK$3,334,000 at 31 December 2023. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to continue as a going concern. Our opinion is not further modified in respect of this matter.

FUTURE PROSPECT

The Group continues to strive for opportunity to widen its business scope in the healthcare industry and reallocate its resources when appropriate, to strengthen and maintain as one of the leading pioneers in the healthcare products and services sector.

FINANCIAL REVIEW

Result

The Group recorded a revenue of approximately HK$69.49 million for the year ended 31 December 2023, representing a increase of 67.29% from last year (2022: HK$41.54 million). Gross profit decreased by 48.37% to approximately HK$19.42 million from last year (2022: HK$37.62 million). The Group recorded a loss for the year ended 31 December 2023 of approximately HK$107.70 million (2022: profit of HK$4.56 million).

The overall increase in revenue was primarily attributable to (i) aesthetic medical and beauty service: the reopening of the border which allowed more mainland customers visited our centre to consume our various aesthetic medical and beauty products and services since March 2023; and (ii) medical services: the commencement of operation of the Day Procedure Centre since November 2022.

The Group's total operating expenses for the year amounted to approximately HK$46.51 million, representing an increase of 74.88% as compared to last year (2022: HK$26.60 million), which mainly attributed to (i) the commencement of promotion activities in the PRC since July 2023; (ii) the depreciation of right-of-use assets started to incur in June 2022; and (iii) the commencement of operation of the Day Procedure Centre since November 2022.

Net Current Assets and Net Assets

As at 31 December 2023, the Group recorded net current assets of HK$20.79 million (2022: HK$90.93 million) and net assets of HK$11.79 million (2022: HK$103.92 million). The decrease in net current assets and net assets were mainly attributable to the operating loss for the year (including recognition of expected credit loss of approximately HK$83.00 million (2022: HK$7.28 million)). The Board will closely monitor the development and operation of the businesses and improve the financial position of the Group.

Liquidity and Financial Resources

Cash and Bank Balances

As at 31 December 2023, the Group had cash and bank balances of approximately HK$3.33 million (2022: HK$1.85 million).

Working Capital and Gearing Ratio

As at 31 December 2023, the Group had current assets of approximately HK$168.58 million (2022: HK$249.09 million), while its current liabilities stood at approximately HK$147.79 million (2022: HK$158.17 million), representing a net current assets position with a working capital ratio (current assets to current liabilities) of 1.14 (2022: 1.57).

As at 31 December 2023, the Group had no bank borrowings but shareholder's loans of approximately HK$35.21 million (2022: HK$48.41 million) which were unsecured and interest-free.

The gearing ratio of the Group as at 31 December 2023, calculated as shareholder's loan to total equity was 2.99 (2022: 0.47).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. To manage the liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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.

MATERIALS ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group has no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year.

CAPITAL AND OTHER COMMITMENTS

As at 31 December 2023, the Group had no capital and other commitments.

SIGNIFICANT INVESTMENT HELD

Save for the Company's investment in various subsidiaries, the Group did not hold any significant investments as at 31 December 2023.

CHARGES OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material charge of assets or contingent liabilities (2022: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

On 29 December 2023, CRMI HK Health Technology Limited ("**CRMI Health**") (a wholly-owned subsidiary of the Company), Changzhou Xingkong Medical Beauty Clinic Co., Ltd. ("**Changzhou Xingkong**") and the Changzhou Bomei Biotechnology Co., Ltd. ("**Target Company**") entered into 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, subjected to the satisfaction and/or waiver of the conditions precedent set out in the capital increase and subscription agreement, the Target Company will be held as to approximately 33.3% by CRMI Health and approximately 66.7% by Changzhou Xingkong. For details, please refer to the Company announcement dated on 29 December 2023, 15 January 2024 and 2 February 2024.

Save as disclosed in this announcement, the Group did not have any concrete plans for material investment or capital assets as at 31 December 2023.

CAPITAL REORGANISATION

On 14 July 2023, the Board proposed to implement the capital reorganisation which comprises the following (collectively, "**Capital Reorganisation**"):

(i) Proposed share consolidation (the "**Share Consolidation**"): Share Consolidation on the basis that every ten issued and unissued existing shares will be consolidated into one consolidated share;

(ii) Proposed capital reduction (the "**Capital Reduction**"): immediately following the Share Consolidation becoming effective, implement the Capital Reduction, pursuant to which (a) any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation being cancelled and (b) the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK$1.80 on each of the then issued consolidated shares such that the par value of each issued consolidated share will be reduced from HK$2.00 to HK$0.20; and

(iii) Proposed share sub-division: immediately following the Capital Reduction, each of authorised but unissued consolidated shares of par value of HK$2.00 each will be sub-divided into ten new shares of par value of HK$0.20 each.

On 14 July 2023, the Company as the issuer and Mr. Wang Chuang (a substantial shareholder of the Company, the chairman of the Board, the chief executive officer and an executive Director of the Company), as the subscriber (the "**Subscriber**") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 18,823,530 subscription shares at the subscription price of HK$0.85 per subscription share (after taking into account the effect of the Capital Reorganisation and equivalent to the theoretical share price of HK$0.085 prior to the Capital Reorganisation). The subscription amount payable by the Subscriber of approximately HK$16.0 million under the subscription agreement shall be satisfied by capitalising the partial amount of shareholder's loans due to the Subscriber in the amount of HK$16,000,000.05.

Share Consolidation, Capital Reduction and Loan capitalisation took effect on 6 December 2023, 7 December 2023 and 13 December 2023 respectively. For details of the Capital Reorganisation and the Loan Capitalisation, please refer to the announcements of the Company dated 14 July 2023, 4 August 2023, 18 August 2023 and 4 September 2023, 25 October 2023, 7 December 2023, 13 December 2023 and circular dated 18 August 2023.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 46 (2022: 23) employees 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$15.99 million (2022: HK$11.06 million).

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

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 C1 of the GEM Listing Rules (the "**CG Code**") throughout the Reporting Period, except for the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As Mr. Wang Chuang was appointed as both the chairman and the chief executive officer of the Company, such practice deviates from code provision C.2.1 of the CG Code. The Board believes that vesting the roles for both the chairman and the chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. However, the Board will keep reviewing the current structure from time to time and appoint candidate with suitable knowledge, skill and experience as chairman or chief executive of the Company, if identified, to ensure compliance with the CG Code and align with the latest development.

AUDIT COMMITTEE

The Audit Committee, comprising all the independent non-executive directors of the Company, has reviewed the results of the Group for the year ended 31 December 2023 and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and related notes in this annual results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, CCTH CPA Limited, that they were consistent with to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with the Hong Kong Standards on Auditing, the Hong Kong Standards on Review Engagements, or the Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by CCTH CPA Limited on this annual results announcement.

ANNUAL GENERAL MEETING (THE "AGM")

The notice of the AGM will be published on the Company's website and the Stock Exchange's website and sent to the Shareholders in due course once the date of the forthcoming AGM has been determined.

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

Hong Kong, 28 March 2024

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.