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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 2024**

**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 2024, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	90,617	69,487
Cost of sales		(32,963)	(50,064)
Gross profit		57,654	19,423
Other income and other loss		458	2,393
Selling and distribution expenses		(6,626)	(6,644)
Administrative and other expenses		(44,892)	(38,891)
Reversal of/(provision for) expected credit loss on other receivables		12,290	(83,001)
Operating profit/(loss)		18,884	(106,720)
Finance costs	5	(1,132)	(979)
Profit/(loss) before income tax	6	17,752	(107,699)
Income tax expense	7	–	–
Profit/(loss) for the year attributable to owners of the Company		17,752	(107,699)
Profit/(loss) per share attributable to owners of the Company			
Basic (<i>in HK\$ cents</i>)	9	5.83	(37.60)
Diluted (<i>in HK\$ cents</i>)	9	5.83	(37.60)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Profit/(loss) for the year	17,752	(107,699)
Other comprehensive loss		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange loss on translation of financial statements of foreign operations	<u>(4,348)</u>	<u>(424)</u>
Other comprehensive loss for the year, net of tax	<u>(4,348)</u>	<u>(424)</u>
Total comprehensive income/(loss) for the year attributable to owners of the Company	<u>13,404</u>	<u>(108,123)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		2,836	2,873
Right-of-use assets		4,150	14,445
Other receivables	10(b)	70,411	–
		<u>77,397</u>	<u>17,318</u>
Current assets			
Inventories		236	445
Trade receivables	10(a)	622	1,196
Deposits, prepayments and other receivables	10(b)	34,752	163,604
Cash and cash equivalents		22,702	3,334
		<u>58,312</u>	<u>168,579</u>
Total assets		<u>135,709</u>	<u>185,897</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		60,850	60,850
Reserves		(35,653)	(49,057)
Total equity		<u>25,197</u>	<u>11,793</u>
LIABILITIES			
Non-current liabilities			
Other payables		6,023	–
Lease liabilities		–	4,588
Shareholders' loans		45,473	21,579
Deferred tax liabilities		147	147
		<u>51,643</u>	<u>26,314</u>
Current liabilities			
Trade payables	11	3,841	2,473
Accruals and other payables		10,651	14,910
Contract liabilities		11,294	81,090
Lease liabilities		4,588	10,395
Shareholders' loans		3,629	13,629
Current tax liabilities		24,866	25,293
		<u>58,869</u>	<u>147,790</u>
Total liabilities		<u>110,512</u>	<u>174,104</u>
Total equity and liabilities		<u>135,709</u>	<u>185,897</u>
Net current (liabilities)/assets		<u>(557)</u>	<u>20,789</u>

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 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

Going concern basis

As at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately HK\$557,000. The Group had current liabilities due within one year amounted to approximately HK\$58,869,000 at 31 December 2024 while cash and bank balances included in current assets amounted to approximately HK\$22,702,000 at 31 December 2024. 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.

The directors of the Company have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2024. The directors of the Company are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024.

- (i) The Group is actively seeking the additional funds by equity financing to finance the Group’s working capital and the repayment of existing debts when they fall due; and

- (ii) The substantial shareholder of the Company, Mr. Wang Chuang, has confirmed to provide financial support to the Group for a period up to 30 June 2026 to enable the Group to meet its liabilities and obligations as and when they fall due and to carry on its business without a significant curtailment of operations.

In the opinion of the directors of the Company, in light of the above plans and measures, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainty exists as to whether management of the Group can achieve the plans and measures described in (i) and (ii) above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to obtain the additional funds by equity financing and to obtain the financial support from the substantial shareholder as and when needed.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable 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 effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current (amendments)
HKAS 1 (Amendments)	Non-current liabilities with Covenants (amendments)
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (amendments)

The adoption of these amendments has had no significant impact on the results and financial position of the Group. The Group has not changed significantly on its material accounting policies or make retrospective adjustments as a result of adopting these amendments.

2.3 New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Interpretation 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

HKFRS 18 Presentation and Disclosure in Financial Statements (new standard)

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, which a focus on information about financial performance present in the statement of profit or loss and other comprehensive income, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The Group will apply this new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards and interpretations. Apart from HKFRS 18, these standards, amendments and interpretation are not expected to have a material financial impact on the Group in the future reporting periods and foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements. The Group intends to adopt the above new standards, amendments to existing standards and interpretations when they become effective.

3. REVENUE

The Group's revenue represents the aggregate of services provided during the years, analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from:		
Provision of aesthetic medical and beauty services	82,004	57,834
Provision of medical services	5,263	8,308
Others (<i>Note</i>)	3,350	3,345
	<u>90,617</u>	<u>69,487</u>
	2024 HK\$'000	2023 HK\$'000
Revenue recognised:		
At a point in time	23,050	7,399
Over time	67,567	62,088
	<u>90,617</u>	<u>69,487</u>

Note: Others mainly represent licensing income from the provision of the administrative support, office supplies and access to space and facilities services to an independent medical practitioner who provides aesthetic medical and beauty services.

4. SEGMENT REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive director, being the Chief Operating Decision Maker ("CODM") of the Group, for his decisions about resources allocation to the Group's business components and for his review of the performance of those components. The business components in the internal financial information reported to the executive director are determined based on the Group's major product and service lines.

The Group has identified the following operating and reportable segments:

- Aesthetic medical and beauty services, including the provision of medical beauty products and services
- Medical services, including the provision of medical products and services

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- certain finance costs
- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment, including bank interest income, interest expenses on shareholders' loans, interest on lease liabilities and depreciation of right-of-use assets of the leased properties and other income/expenses

are not included in arriving at the operating results of the operating segments.

Segment revenue and results

	Aesthetic medical and beauty services HK\$'000	Medical services HK\$'000	Total HK\$'000
Year ended 31 December 2024			
External sales and revenue	<u>85,354</u>	<u>5,263</u>	<u>90,617</u>
Segment profit/(loss)	41,154	(3,471)	37,683
Unallocated corporate income			120
Employee benefit expenses			(4,518)
Depreciation of right-of-use assets			(9,420)
Unallocated corporate expense			(5,003)
Finance costs			<u>(1,110)</u>
Profit before income tax			<u><u>17,752</u></u>
Material costs	(9,673)	(236)	(9,909)
Service fees included in cost of sales	(20,986)	(2,068)	(23,054)
Employee benefit expenses	(9,395)	(2,664)	(12,059)
Interest accretion on other receivables	17,577	–	17,577
Loss on modification of other receivables	(17,276)	–	(17,276)
Reversal of expected credit loss on other receivables	<u>12,290</u>	<u>–</u>	<u>12,290</u>
	Aesthetic medical and beauty services HK\$'000	Medical services HK\$'000	Total HK\$'000
Year ended 31 December 2023			
External sales and revenue	<u>61,179</u>	<u>8,308</u>	<u>69,487</u>
Segment losses	(87,733)	(2,633)	(90,366)
Unallocated corporate income			2,355
Employee benefit expenses			(4,271)
Depreciation of right-of-use assets			(8,873)
Unallocated corporate expense			(5,680)
Finance costs			<u>(864)</u>
Loss before income tax			<u><u>(107,699)</u></u>
Material costs	(6,204)	(398)	(6,602)
Service fees included in cost of sales	(40,886)	(2,576)	(43,462)
Employee benefit expenses	(8,901)	(2,818)	(11,719)
Provision for expected credit loss on other receivables	<u>(83,001)</u>	<u>–</u>	<u>(83,001)</u>

	2024 HK\$'000	2023 HK\$'000
Assets		
Reportable segment assets – aesthetic medical and beauty services	100,719	160,489
Reportable segment assets – medical services	2,010	3,694
Cash and bank balances	22,702	3,334
Other corporate assets	10,278	18,380
	<u>135,709</u>	<u>185,897</u>
Group assets	<u>135,709</u>	<u>185,897</u>
Liabilities		
Reportable segment liabilities – aesthetic medical and beauty services	35,504	106,509
Reportable segment liabilities – medical services	10,236	8,434
Shareholders' loans	49,102	35,208
Deferred tax liabilities	147	147
Lease liabilities	4,588	12,944
Other corporate liabilities	10,935	10,862
	<u>110,512</u>	<u>174,104</u>
Group liabilities	<u>110,512</u>	<u>174,104</u>

The geographical location of revenue from customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets other than other receivables is based on the physical location of the assets.

	Revenue from customers		Non-current assets	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	89,929	68,327	6,958	17,277
The PRC	688	1,160	28	41
	<u>90,617</u>	<u>69,487</u>	<u>6,986</u>	<u>17,318</u>
			2024	2023
			HK\$'000	HK\$'000
Additions to non-current assets				
Hong Kong			627	1,774
The PRC			–	43
			<u>627</u>	<u>1,817</u>

For the years ended 31 December 2024 and 2023, none of the Group's individual customer contributed more than 10% to the total revenue of the Group.

5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	485	979
Interest expenses on shareholders' loans	647	—
	<u>1,132</u>	<u>979</u>

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	840	850
Depreciation of property, plant and equipment	664	574
Depreciation of right-of-use assets	10,295	10,743
Advertising and marketing, included in selling and distribution expenses	1,041	1,364
Material costs	9,909	6,602
Service fees included in cost of sales	23,054	43,462
Employee benefit expenses (including directors' emoluments)	<u>16,577</u>	<u>15,990</u>

7. INCOME TAX EXPENSE

For the years ended 31 December 2024 and 2023, no provision for PRC Enterprise Income Tax ("EIT") and Hong Kong Profits Tax have been made as the Group had no estimated assessable profits for the years subject to these taxes.

Under the Hong Kong's 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%. The Group's subsidiaries operating in the PRC are subject to PRC EIT at the rate of 25% on the assessable profits of the subsidiaries.

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. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	2024 <i>HK cents</i>	2023 <i>HK cents</i>
Profit/(loss) attributable to owners of the Company used in calculating basic earnings/(loss) per share	17,752	(107,699)
Weighted average number of ordinary shares in issue ('000)	<u>304,252</u>	<u>286,409</u>
Basic earnings/(loss) per share attributable to owners of the Company (<i>HK\$ cents</i>)	<u><u>5.83</u></u>	<u><u>(37.60)</u></u>

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2024, the Group has one (2023: one) category of potential ordinary shares: share options (2023: share options).

For share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

Share options (2023: share options) were not assumed to be exercised as they would have an anti-dilutive impact to the profit/(loss) attributable to the owners of the Company for the years ended 31 December 2024 and 2023. Accordingly, diluted earnings/(loss) per share for the years ended 31 December 2024 and 2023 are same as that of basic earnings/(loss) per share.

10. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables	<u>622</u>	<u>1,196</u>

The Group's trade receivables are denominated in HK\$.

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

	2024 HK\$'000	2023 HK\$'000
0–90 days	597	646
91–180 days	13	235
181–270 days	3	310
Over 360 days	<u>9</u>	<u>5</u>
	<u>622</u>	<u>1,196</u>

The Group allows an average credit period of 0–180 days (2023: 0–180 days) to its customers.

(b) Deposits, prepayments and other receivables

	2024 HK\$'000	2023 HK\$'000
Rental deposits	5,657	5,657
Other deposits	922	1,328
Prepayments	158	189
Other receivables	<u>135,271</u>	<u>249,395</u>
	<u>142,008</u>	<u>256,569</u>
Less: Provision for loss allowance for other receivables	<u>(36,845)</u>	<u>(92,965)</u>
Total	<u>105,163</u>	<u>163,604</u>
Less: Non-current portion		
– Other receivables	97,818	–
– Provision for loss allowance for other receivables	<u>(27,407)</u>	<u>–</u>
	<u>70,411</u>	<u>–</u>
Current portion	<u>34,752</u>	<u>163,604</u>

Movements in the provision for loss allowance for other receivables during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	92,965	25,402
Net changes arising from modification of other receivables (Reversal of)/provision for impairment loss recognised for the year	(43,830) (12,290)	– 83,001
Eliminated on write-off of other receivables	<u>–</u>	<u>(15,438)</u>
At 31 December	<u>36,845</u>	<u>92,965</u>

Other receivables as at 31 December 2023 mainly represent (i) the payment in advance to the service provider in the PRC to offset future operating costs incurred for the consulting business in respect of aesthetic medical and beauty services, (ii) receipts from customers on behalf of the Group by the service provider in the PRC and (iii) the payable arising from the services provided by the service provider on behalf of the Group.

In March 2024, the Group entered into an agreement with the service provider under which the other receivables of approximately HK\$236,230,000 owed to the Group will be repaid by the service provider in five installments at interest-free over a period from March 2024 to December 2028. The terms of such original other receivables were modified, and such modification was considered as substantial modification of the original terms, resulting in derecognition of the original other receivables and recognition of a new financial asset. Loss on modification of original other receivables of approximately HK\$17,276,000 was recognised in the consolidated statement of profit or loss. The effective interest rate of such new other receivables is approximately 12% per annum for the year ended 31 December 2024.

11. TRADE PAYABLES

The aging analysis of the trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	3,369	2,099
31–60 days	<u>472</u>	<u>374</u>
	<u>3,841</u>	<u>2,473</u>

Average credit period granted by suppliers to the Group are 30–60 days (2023: 30–60 days).

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\$90.62 million for the year ended 31 December 2024, representing an increase of approximately 30.41% from last year (2023: approximately HK\$69.49 million). Gross profit increased by approximately 196.83% to approximately HK\$57.65 million from last year (2023: approximately HK\$19.42 million) was primarily driven by stricter control over service fees during the year, leading to improved cost efficiency.

The Group achieved a notable turnaround, recording a profit for the year of approximately HK\$17.75 million (2023: loss of approximately HK\$107.70 million). The turnaround mainly arising from reversal of expected credit loss on other receivables of approximately HK\$12.29 million (2023: provision for expected credit loss on other receivable of approximately HK\$83.00 million)

The overall increase in revenue was primarily attributable to more PRC visitors came to our Hong Kong clinic centre on service delivered during the year. The Group's total operating expenses for the year ended 31 December 2024 amounted to approximately HK\$51.52 million, representing an increase of approximately 13.14% as compared to last year (2023: approximately HK\$45.54 million).

Net Current (Liabilities)/Assets and Net Assets

As at 31 December 2024, the Group recorded net current liabilities of approximately HK\$0.56 million (2023: net current assets of approximately HK\$20.79 million) and net assets of approximately HK\$25.20 million (2023: approximately HK\$11.79 million). The net current liabilities position as at 31 December 2024 was mainly arisen from the reclassification of certain other receivables from current assets to non-current assets in accordance with the repayment schedule in the agreement signed in March 2024 (2023: such other receivables was wholly classified as current assets). The increase in net assets was mainly attributable to the profit for the year of approximately HK\$17.75 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 2024, the Group had cash and bank balances of approximately HK\$22.70 million (2023: HK\$3.33 million).

Working Capital and Gearing Ratio

As at 31 December 2024, the Group had current assets of approximately HK\$58.31 million (2023: HK\$168.58 million), while its current liabilities stood at approximately HK\$58.87 million (2023: HK\$147.79 million), representing a net current liabilities position with a working capital ratio (current assets to current liabilities) of 0.99 (2023: a net current assets position with a working capital ratio of 1.14).

As at 31 December 2024, the Group had no bank borrowings but shareholders' loans of approximately HK\$49.10 million (2023: HK\$35.21 million).

The gearing ratio of the Group as at 31 December 2024, calculated as shareholders' loans to total equity was 1.95 (2023: 2.99).

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 2024, the Group had no significant 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 2024.

CHARGES OF ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material charge of assets or contingent liabilities (2023: 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 Changzhou Bomei Biotechnology Co., Ltd. (“**Target Company**”) entered into a 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, subject 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’s announcements dated 29 December 2023, 15 January 2024 and 2 February 2024. As at date of this announcement, the above proposed transaction is under negotiation between CRMI Health and Changzhou Xingkong, and the Company will make further announcement as and when necessary.

Save as disclosed in this announcement, the Group did not have any concrete plans for material investment or capital assets as at 31 December 2024.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 34 (2023: 46) 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\$16.58 million (2023: HK\$15.99 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 2024.

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 2024 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 2024.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s Auditor, Linksfield CPA Limited (“**Linksfield**”), to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2024. The work performed by Linksfield in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Linksfield on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

Linksfield has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2024, an extract of which is as follows:

QUALIFIED OPINION

In our opinion, except for the possible effects on the comparability of the current year’s figures and the corresponding figures of the matter 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 2024, 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

We were appointed as the auditor of the Company in respect of the Group’s consolidated financial statements for the year ended 31 December 2024 on 6 January 2025.

Comparability of the current year’s figures and the corresponding figures for the year ended 31 December 2023 in the consolidated statement of profit or loss and the consolidated statement of changes in equity

The Group has the deposits, prepayments and other receivables which are further described in Note 16(b) to the consolidated financial statements for the year ended 31 December 2024. As set out in predecessor auditor’s report dated 28 March 2024 on the Group’s consolidated financial statements for the year ended 31 December 2023, the predecessor auditor, who were newly appointed as the auditor in respect of the Group’s consolidated financial statements for the year ended 31 December 2023 in January 2024, have qualified their opinion due to a limitation on the scope of their audit in relation to the carrying amount of the opening balance of the other receivable from a third party as at 1 January 2023, as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether any adjustments were necessary to the carrying amount as at 31 December 2022 in respect of this other receivable carried at approximately HK\$251,457,000 and the corresponding impairment loss on this other receivable of approximately HK\$7,273,000 recognised for the year ended 31 December 2022. During the year ended 31 December 2023, the Group has made further impairment loss on this other receivable of approximately HK\$83,001,000. Accordingly, their audit opinion on the consolidated financial statements for the year ended 31 December 2023 was qualified because of the limitation in scope on the opening balance of this other receivable as at 1 January 2023, which could have a significant consequential impact to the impairment loss on this other receivable included in the Group’s consolidated losses for the year ended 31 December 2023.

Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2023 in the consolidated statement of profit or loss and the consolidated statement of changes in equity and the related notes disclosures, our opinion on the consolidated financial statements for the year ended 31 December 2024 is therefore qualified in respect of this matter.

Material Uncertainty Related to Going Concern

As set out in Note 2.1(c) to the consolidated financial statements, as at 31 December 2024, the Group's current liabilities exceeded its current assets by approximately HK\$557,000. The Group had current liabilities due within one year amounted to approximately HK\$58,869,000 at 31 December 2024 while cash and bank balances included in current assets amounted to approximately HK\$22,702,000 at 31 December 2024. The above conditions, along with other matters as described in Note 2.1(c) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2025

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

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

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its publication. This announcement will also be published on the Company's website at www.crimi.hk.