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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)

VOLUNTARY ANNOUNCEMENT
KEY FINDINGS OF INTERNAL CONTROL REVIEW

This announcement is made by China Regenerative Medicine International Limited (the "**Company**"), together with its subsidiaries, the "**Group**") on a voluntary basis.

BACKGROUND OF THE INTERNAL CONTROL REVIEW

Reference is made to the announcement of the Company dated 31 October 2025 (the "**Announcement**"), which includes, among others, certain proposed remedial measures in relation to the Company's non-compliance with the GEM Listing Rules. Please refer to the Announcement for details of the proposed remedial measures. Unless otherwise specified, terms used in this announcement shall have the meanings as defined in the Announcement.

In view of the aforesaid proposed remedial measures, the Board would like to announce and update that the Company has engaged an independent internal control consultant to conduct an internal control review and to make recommendations for the Company to improve its internal control system.

KEY FINDINGS OF THE INTERNAL CONTROL REVIEW

The Company has engaged HUA Zhun CPA Limited (the "**Internal Control Consultant**") as its independent internal control consultant to conduct a comprehensive review (the "**Internal Control Review**") of the internal control system, policies and procedures of the Group over including but not limited to the Group's internal procedures to ensure its compliance with the GEM Listing Rules, in particular, on Chapters 17, 19 and 20 of the GEM Listing Rules, and provide corresponding recommendations for rectification to the management of the Company (the "**Management**"). The Internal Control Consultant is an independent specialist advisory firm, and has extensive experience in reviewing and advising on the internal control and corporate governance environment of companies listed on the Stock Exchange.

The Internal Control Consultant conducted a review of the Company's financial procedures, systems and internal control elements with an aim to ensure that the Company has adequate internal controls and procedures in place to comply with its obligations under the GEM Listing Rules. The scope of work of the Internal Control Review covers the following aspects:

(i) Review the internal policies and procedures of the Group;

(ii) Review whether the Company retains a competent personnel with a proper understanding of the GEM Listing Rules;

(iii) Review the procedures of the Group's connected parties, connected transactions, continuing connected and notifiable transactions (the "**Transactions**");

(iv) Review the declaration of relationship in respect of the Group's connected parties;

(v) Review the maintenance of records by the Group;

(vi) Review the Group's compliance with disclosure and reporting requirements under the GEM Listing Rules;

(vii) Review whether the Transactions were handled in compliance with the Group's internal control policies and procedures and the GEM Listing Rules; and

(viii) Review the training record of the Group's directors.

The Internal Control Review has been conducted for the period from 1 January 2024 to 30 June 2025.

Major key internal control findings identified by the Internal Control Consultant throughout the Internal Control Review, corresponding recommendation for rectification (the "**Rectification Recommendation(s)**"), the Company's response and the remediation status as contained in the Internal Control Review report (the "**Internal Control Review Report**") prepared by the Internal Control Consultant are summarised as follows:

Key Findings	Rectification Recommendations	Company's response and the remediation status
Inadequate disclosure and failure to timely announce the progress of matters: (As at 31 December 2023, the subsidiary of the Group had an amount due from Changzhou Xingkong of HK$249,187,137.26. During the same period, the Group recognised an impairment loss of HK$92,965,444.36 against this item. The auditors issued a qualified opinion on this matter for the year 2023.)	**Compliance Procedures and Policies** The Management shall establish policies and procedures in compliance with Chapter 17 and Chapter 19 of the GEM Listing Rules, which shall be submitted to the Management for approval and disseminated to employees for implementation. A system shall be established to collect accounts receivable on a monthly basis. An accounts receivable management system shall be established for the purpose of regular impairment testing, and professional valuers are engaged to conduct impairment testing, who shall submit reports in a timely manner to the Management for continuous attention and monitoring.	The Management accepted the recommendation and the relevant systems will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Unclear approval authority, and absence of a written Board approval mechanism for significant matters	**Delegation of Authority and Approval Management** A unified policy on delegation of authority and approval shall be established, setting different levels of approval limits for various amounts and types of fund transfers, as well as for significant and general matters. Significant matters, including important service providers, customers involved in major accounts receivable/ current accounts receivable, important contracts, significant transactions, annual operating plans, annual budgets, annual investment and financing plans and adjustments, and the introduction of major projects, shall also be submitted to the Board for consideration. The aforementioned policy on delegation of authority and approval shall be reviewed and disseminated to employees and subsidiaries of the Group, who shall be required to strictly implement such policy.	The Management accepted the recommendation and the relevant policies will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
	Management of Subsidiaries	
	The Management shall formulate a policy on management of subsidiaries (the "**Policy**"), which includes, among others, the management responsibilities of subsidiaries, reporting and approval authority for significant matters, disclosure requirements, and audit and supervision. The relevant policies and procedures shall be approved by the Management and implemented, and disseminated to employees for compliance.	
	Pursuant to the Policy, the Management of such subsidiaries shall submit reports on monthly operating activities to the management of the Group in a timely manner, including financial information, significant transactions, and other important information. Subsidiaries shall timely report monthly financial information, significant transactions, and other important information to the management of the Group.	

Key Findings	Rectification Recommendations	Company's response and the remediation status
	Reporting of Significant Matters The Management shall establish a policy on reporting of significant matters, which includes the definition, identification, decision-making authority and procedures, disclosure procedures, and confidentiality procedures for significant matters. The aforementioned policy and procedures shall be submitted to the Management for approval and disseminated to employees.	
Inadequate and non-rigorous contract terms; and unsound contract documentation mechanism	**Contract Management** The Management shall establish a unified contract management policy for the Group, including but not limited to contract negotiation and drafting, contract approval and execution, performance management, contract variation and termination, the management of contract seals, regular training, and contract storage. This policy shall be approved by the Management and subsequently disseminated to employees and subsidiaries of the Group.	The Management accepted the recommendation and the relevant policies will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
	The Group shall establish a contract ledger to record contract information, including contract name, contract number, contracting parties, and contractual amounts. The Group's contracts shall be stored in locked filing cabinets and managed by designated personnel. When necessary, the Management shall also consider using electronic tools to store and back up contract files to ensure the integrity and traceability of the file records.	
	Records Management	
	The Management shall establish a records management policy, including but not limited to record types and records managing department, archiving management, record confidentiality management, record storage, usage and borrowing, and record destruction, which also includes the update and review of the record ledger. This policy shall be approved by the Management and disseminated to employees for compliance.	
	The Group shall compile a ledger for the created files, including the file name, type, file number, department competent in documentation, archiving date, and storage location. The Management shall inspect the records management on a quarterly basis to ensure the standardisation of records management.	

Key Findings	Rectification Recommendations	Company's response and the remediation status
Economic Sanctions, Anti-Bribery, and Anti-Money Laundering Guidelines The Group has not: (i) formulated anti-economic sanctions guidelines, including mechanisms for the identification, reporting, and handling of related transactions/dealings involving sanctioned countries or individuals; or (ii) established anti-bribery and anti-money laundering guidelines, or provided relevant training to employees to remind them to avoid committing related offences, and explain corresponding monitoring and follow-up procedures.	The Management shall consider formulating guidelines on preventing economic sanctions, including regular anti-economic sanctions risk assessments, notification procedures for sanctioned cases within the Group, procedures for identifying whether customers and suppliers are targets of economic sanctions, relevant notification procedures, and designating personnel or departments responsible for receiving information and conducting notifications, along with related handling procedures. The Management shall consider formulating comprehensive anti-bribery and anti-money laundering guidelines to clarify relevant definitions, monitoring, and follow-up processes, and should regularly circulate the relevant guidelines and provide appropriate training to employees. Concurrently, the Management shall also consider updating the guidelines regularly in accordance with relevant regulatory requirements and strengthening employees' compliance awareness through training.	The Management accepted the recommendation and the relevant guidelines will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Conflict of Interest and Succession Planning Despite the requirements related to conflicts of interest stipulated in employee employment contracts, the Group has not yet formulated a complete conflict of interest management policy, including a mechanism to declare the conflict of interest, regular declaration procedures, and standard declaration forms. Although the Group requires Directors and senior management to declare their interests in case of a conflict of interest, a regular declaration mechanism has not been established. Regarding succession arrangements for key positions, the Group has not yet established relevant management policies and planning schemes. Given that the Group's business development highly relies on the experience and professional judgment of senior management to formulate business direction, the absence of succession planning currently may affect the Group's daily operations in case of the departure of key personnel.	The Management shall consider establishing a management policy for handling conflicts of interest, including procedures for declaring conflicts of interest and declaration of interest forms, and requiring Directors and senior management to make declarations when necessary or annually, and maintain written records of their declarations of interest. The Management shall consider establishing written management policies and succession plans for senior management and Directors, specifying the successor for each position, their assessment, and the frequency of plan updates. Human resources and relevant departments shall also consider retaining employees through career development, training, and effective resources planning.	The Management accepted the recommendation and the relevant policies will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Risk Management Mechanism The Management closely monitors the Group's daily operations and holds meetings with heads of various departments periodically or when necessary to discuss risks faced or potentially faced by the Group and corresponding countermeasures. Although the Group has briefly introduced the definition and frequency of risk assessment, the Group has not yet established a comprehensive risk management mechanism to standardise the assessment, monitoring, and tracking processes for market, legal, operational, environmental, social, and governance risks.	The Management shall consider formulating a comprehensive risk management policy for the Group, which shall contain, including but not limited to, the risk management framework and scope, the process for setting business objectives, regularly assessing and monitoring corporate risks and the operating environment, risk reporting, the process for formulating risk mitigation plans and tracking the implementation of risk mitigation plans, risk identification and early warning mechanisms, the responsibilities and authority of risk management personnel, and the supervisory responsibilities of management and the Board. The Management shall also consider regularly reviewing and updating the risk management policy to align with the Group's business development.	The Management accepted the recommendation and the relevant policy will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Management of Reporting Significant Matters It is our understanding that employees report significant matters to the Management, while the Management, based on the significance of such matters, reports to senior management and the Board. However, upon review, it was found that the Group has not yet established a relevant management policy for the reporting of significant matters.	The Management shall consider establishing a management policy for the reporting procedures of significant matters, the content of which should include the definition, criteria for identification, decision-making authority and procedures and disclosure procedures for significant matters, and confidentiality mechanisms. The Management shall regularly review the policy to ensure that the content described in the policy remains consistent with actual operations. Proposals such as changes in the use of proceeds shall be considered as significant matters and submitted to the Management and the Board for approval. The aforementioned policy shall also incorporate a mechanism for monthly or quarterly reporting to the Board to ensure the Board stays fully informed of the Group's operating status and potential risks. The Management should require all relevant employees to strictly follow and implement the management policy and workflow, and the Management must conduct timely supervision and inspection to avoid deviations in execution.	The Management accepted the recommendation and the relevant policy will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Budget Management It is our understanding that the Management has not prepared financial budgets and cash flow budgets to forecast cash flows from sales, procurement, fixed assets, human resources expenditure, investment, and financing activities. Furthermore, the Management has not performed variance analysis on the aforementioned financial budgets and cash flow budgets.	The Management shall consider formulating financial budgets and cash flow budgets to forecast cash flows from sales, procurement, fixed assets, human resources expenditure, investment, and financing activities. Furthermore, the Management shall analyse the variances between the financial budget statements and actual amounts on a regular basis, clearly state the reasons for the variances, adopt appropriate rectification measures, which shall be submitted to the Management for review and signature. The Group shall prepare the financial budget for the following year at the end of each year, compare it with actual data on a regular basis, and conduct variance analysis to provide effective information and basis for corporate decision-making, control, and evaluation.	The Management admitted that during the period under review, the financial budgets and cash flow budgets were not prepared due to change of personnel and will be prepared on or before 31 December 2025.
Accounting Records Management Based on the samples obtained, several accounting vouchers are not accompanied by original supporting documents.	The Management shall consider requiring relevant personnel, upon obtaining original documents, to timely submit them to finance personnel, who shall promptly prepare corresponding accounting vouchers, archive the original documents, and submit them to the financial department and the Management for review.	The Management accepted the recommendation.

Key Findings	Rectification Recommendations	Company's response and the remediation status
Management of Connected Persons It is our understanding that the Management requires the Group and each subsidiary to timely report changes in Directors, supervisors, and senior management to the Group, and the Group's company secretary is responsible for performing the verifications of connected persons and updating the list of connected persons. However, upon investigation, it was found that the Group fail to perform the verification of connected persons regularly, nor has it formulated a standardised connected persons investigation form in accordance with the requirements of Chapter 20 of the GEM Listing Rules for completion by the Directors, chief executives, or substantial shareholders of the Group and its subsidiaries to obtain relevant information and fully list all connected persons, associates, and connected subsidiaries. Furthermore, the Management does not regularly circulate the latest list of connected persons to the Group, making it difficult for personnel of the subsidiaries to effectively identify connected persons and connected transactions.	The Management shall consider establishing a connected persons investigation form. Responsible personnel shall conduct regular investigations, requiring the Directors, chief executives, or substantial shareholders of the Group and its subsidiaries to provide an exhaustive list of all connected persons, associates, and connected subsidiaries in accordance with the requirements of Chapter 20 of the GEM Listing Rules. The responsible person must update the list of connected persons based on the information obtained during the connected persons investigation period. The relevant investigation documents must be recorded in writing and properly archived. Furthermore, the Management shall regularly circulate the list of connected persons to the Group to enable personnel at the subsidiaries to effectively identify connected persons and connected transactions.	The Management accepted the recommendation and the connected persons management procedures will be implemented on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
As of June 2025, the Group has not consummated relevant samples of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the GEM Listing Rules, including: • Charters or policy documents, such as procedures for the Board to seek independent professional advice, Board diversity policy, shareholder communication policy, guidelines for employee dealing in company securities, and dividend policy. The Group has also not yet perfectly established a comprehensive corporate governance policy setting out the Company's purpose, strategy and governance, Board composition and nomination, Directors' terms of reference, delegation of authority and Board procedures, audit, internal control, and risk management; • Number of Directors: certain subsidiaries of the Group have only one Director; and • Contract documents, such as Directors' liability insurance agreements.	The Management shall comply with the code provisions of the CG Code and retain all relevant samples and timely improve the Company's corporate governance policies documents during the audit period. The Group shall also carefully review each code provision and provide prudent justification for any deviation from the code provisions in the Corporate Governance Report. The Board shall review the composition of directors of its subsidiaries to ensure compliance with the legal requirements regarding the number of directors for public companies.	The Management confirmed that it will complete the purchase of the Directors' liability insurance and the improvement of all corporate governance policies, including those related to the Company's purpose, strategy and governance, Board composition and nomination, Directors' terms of reference, delegation of authority and Board procedures, audit, internal control, and risk management, on or before 31 December 2025.

Key Findings	Rectification Recommendations	Company's response and the remediation status
The Group is required to comply with the relevant GEM Listing Rules and legal regulations, such as Chapter 17 and Chapter 19 of the GEM Listing Rules. However, it is our understanding that the Group has not established complete management policies and work procedures for the relevant rules, including reporting procedures, handling methods, and approval requirements. Furthermore, it is our understanding that the Group does not regularly provide training on the aforementioned GEM Listing Rules and relevant regulations to its Directors, the Management, and relevant responsible personnel to ensure that relevant personnel are aware of the aforementioned GEM Listing Rules, regulations, and related internal control requirements.	The Management shall consider establishing compliance processes and policies, and explaining the reporting, monitoring, and approval procedures, handling methods, and disclosure processes, among others. These processes and policies should be distributed to relevant executing departments for strict implementation and real-time monitoring. Furthermore, the Management shall regularly review the processes and policies to ensure that their descriptions of such processes and policies comply with the requirements of relevant regulations. The Management shall also regularly explain and update relevant information disclosure procedures and rules to employees. In addition, the Management shall formulate clear information disclosure guidelines, including standardised disclosure procedures and approval mechanisms, to ensure that information disclosure meets timing and content requirements and enhances the role of the Board in information disclosure.	The Management accepted the recommendation.

Key Findings	Rectification Recommendations	Company's response and the remediation status
	Following the establishment of the relevant processes and policies, the Management shall consider regularly circulating and providing training on the aforementioned GEM Listing Rules and related policies (including information disclosure policies) to Directors, the Management, and relevant responsible personnel to mitigate the risks of errors and non-compliance.	

OPINIONS OF THE BOARD

As at the date of this announcement, the Group has adopted and implemented the relevant remediation work in accordance with the Rectification Recommendations as detailed above.

In addition, the following remedial measures have been carried out by the Group:

(i) A 2-hour internal training session has been conducted by a Hong Kong-qualified lawyer with all the Directors and senior management of the Group on 25 August 2025 to explain the relevant GEM Listing Rules requirements in relation to the continuing disclosure obligation of a listed issuer under Chapters 17, 19 and 20 of the GEM Listing Rules, in order to strengthen their knowledge relating to their ability to identify potential compliance issues at early stage;

(ii) The Group has established a list of internal control policies and procedures in relation to Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, business process and compliance procedures, in order to ensure the Group fulfilled with the compliance requirement of the GEM Listing Rules; and

(iii) Maintain an ongoing engagement of an independent internal control consultant to provide continuous review on the compliance issues related to the Outstanding Payment Agreement.

In relation to other receivables, the Management has closely monitored the repayment schedules and continuously discussed with the counterparty, in order to make sure the repayment will be repaid on time; and the Internal Control Consultant shall actively review and monitor the status on a regular basis. If it has come to the attention of the Internal Control Consultant that there are circumstances giving rise to serious doubt as to the counterparty's ability to fulfil the relevant commitments in accordance with the Outstanding Payment Agreement, the Internal Control Consultant shall promptly inform the Board for the Board to assess whether and when to demand refund in full of the other receivables.

Both the Internal Control Consultant and the Board (including the independent non-executive Directors) are of the view that the enhanced internal control measures implemented by the Group based on the Rectification Recommendations are adequate and sufficient to address the key findings of the Internal Control Review Report in order to prevent, monitor and detect occurrence of similar incidents as those non-compliance issues as contained in the Announcement, and to meet the Company's obligations under the GEM Listing Rules.

The Company has adopted all advice and recommendations suggested by the Internal Control Consultant, and has adopted, revised and/or strengthened (as applicable) relevant policies and procedures of the Company. The Internal Control Consultant has conducted a follow-up review after the implementation of relevant remedial measures on the Rectification Recommendations by the Group. After considering the Internal Control Review Report and the remedial measures taken by the Company, the Board and the Internal Control Consultant are of the view that: (a) all internal control deficiencies identified in the Internal Control Review Report have been adequately addressed through appropriate Recommended Rectifications; (b) the remedial measures taken by the Company are sufficient and adequate; and (c) the Company has established sufficient and reliable governance, internal control, and reporting systems to perform its obligations under the GEM Listing Rules.

The Board and the Internal Control Consultant will continue to monitor the effectiveness of the Company's internal control system and procedures to perform its obligations under the GEM Listing Rules, and ensure the Group's internal control policies and procedures are reasonable and adequate, and integrate them into our operations.

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

Hong Kong, 4 November 2025

As at the date of this announcement, the executive Director is Mr. Wang Chuang (Chairman and Chief Executive Officer); the non-executive Director is Ms. Luo Min, and the independent non-executive Directors are Ms. Huo Chunyu, Mr. Zhou Xudong 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 GEM website at www.hkexnews.hk for at least seven days from the date of the publication and will be published on the website of the Company at www.crmi.hk.