China Bio-Med Regeneration Technology Limited
中國生物醫學再生科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8158)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 APRIL 2011

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

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

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

This announcement, for which the directors of China Bio-Med Regeneration Technology Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to China Bio-Med Regeneration Technology Limited. The directors of China Bio-Med Regeneration Technology Limited, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINAL RESULTS

The board of directors (the "Board") of China Bio-Med Regeneration Technology Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2011, together with the comparative figures in 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2011

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
Continuing operations:			
Revenue	*3*	**2,621**	30
Cost of sales		**(933)**	(24)
Gross profit		**1,688**	6
Other income		**2,911**	940
Administrative expenses		**(54,528)**	(50,976)
Loss on financial assets at fair value through profit or loss		**–**	(20,433)
Operating loss		**(49,929)**	(70,463)
Finance costs	*5*	**(2,592)**	(10,782)
Loss on disposals of interests in associates		**–**	(32)
Loss before income tax	*6*	**(52,521)**	(81,277)
Income tax credit	*8*	**1,950**	3,958
Loss after income tax from continuing operations		**(50,571)**	(77,319)
Discontinued operations:			
Loss for the year from discontinued operations		**–**	(2,046)
Loss for the year		**(50,571)**	(79,365)
Other comprehensive income			
Exchange gain/(loss) on translation of financial statements of foreign operations		**6,040**	(51)
Release of translation reserve upon disposals of subsidiaries		**–**	235
Other comprehensive income for the year		**6,040**	184
Total comprehensive income for the year		**(44,531)**	(79,181)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(42,061)**	(64,569)
Non-controlling interests		**(8,510)**	(14,796)
		(50,571)	(79,365)
Total comprehensive income attributable to:			
Owners of the Company		**(36,500)**	(64,390)
Non-controlling interests		**(8,031)**	(14,791)
		(44,531)	(79,181)
Loss per share for loss attributable to owners of the Company	*10*		
– basic (HK cents)			
From continuing and discontinued operations		**(0.639)**	(1.891)
From continuing operations		**(0.639)**	(1.831)
– diluted (HK cents)			
From continuing and discontinued operations		**N/A**	N/A
From continuing operations		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 April 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**65,683**	37,139
Land use rights and operating lease prepayments		**5,132**	4,962
Goodwill	*11*	**141,310**	141,310
Other intangible assets	*12*	**192,723**	206,482
		404,848	389,893
Current assets			
Inventories		**221**	348
Trade receivables	*13*	**3,142**	23
Deposits, prepayments and other receivables	*13*	**71,615**	11,742
Cash and cash equivalents		**37,959**	162,499
		112,937	174,612
Current liabilities			
Trade payables	*14*	**1,602**	643
Accrued charges and other payables		**54,034**	62,373
Amounts due to non-controlling interests of subsidiaries		**20,344**	19,280
Convertible bonds		**–**	43,060
		75,980	125,356
Net current assets		**36,957**	49,256
Total assets less current liabilities		**441,805**	439,149
Non-current liabilities			
Deferred taxation		**23,143**	25,093
Net assets		**418,662**	414,056

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30 April 2011

	2011	2010
	HK$'000	*HK$'000*
EQUITY		
Share capital	**70,569**	54,769
Reserves	**322,419**	292,413
Equity attributable to owners of the Company	**392,988**	347,182
Non-controlling interests	**25,674**	66,874
Total equity	**418,662**	414,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2011

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium*	Translation reserve*	Special reserve*	Other reserve*	Convertible bonds equity reserve*	Retained profits/ (Accu-mulated losses)*	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2009	24,809	139,676	1,000	(200)	–	43,910	4,539	213,734	81,665	295,399
Shares issued at premium	4,960	124,000	–	–	–	–	–	128,960	–	128,960
Shares issue expenses	–	(1,000)	–	–	–	–	–	(1,000)	–	(1,000)
Conversion of convertible bonds	25,000	72,322	–	–	–	(27,444)	–	69,878	–	69,878
Transactions with owners	29,960	195,322	–	–	–	(27,444)	–	197,838	–	197,838
Loss for the year	–	–	–	–	–	–	(64,569)	(64,569)	(14,796)	(79,365)
Other comprehensive income										
Exchange loss on translation of financial statements of foreign operations	–	–	(56)	–	–	–	–	(56)	5	(51)
Reclassification adjustment relating to release of translation reserve upon disposals of subsidiaries	–	–	235	–	–	–	–	235	–	235
Total comprehensive income for the year	–	–	179	–	–	–	(64,569)	(64,390)	(14,791)	(79,181)
At 30 April 2010 and 1 May 2010	54,769	334,998	1,179	(200)	–	16,466	(60,030)	347,182	66,874	414,056
Deemed acquisition of non-controlling interests	–	–	–	–	33,169	–	–	33,169	(33,169)	–
Exercise of share options	800	4,100	–	–	–	–	–	4,900	–	4,900
Conversion of convertible bonds	15,000	45,703	–	–	–	(16,466)	–	44,237	–	44,237
Transactions with owners	15,800	49,803	–	–	33,169	(16,466)	–	82,306	(33,169)	49,137
Loss for the year	–	–	–	–	–	–	(42,061)	(42,061)	(8,510)	(50,571)
Other comprehensive income										
Exchange gain on translation of financial statements of foreign operations	–	–	5,561	–	–	–	–	5,561	479	6,040
Total comprehensive income for the year	–	–	5,561	–	–	–	(42,061)	(36,500)	(8,031)	(44,531)
At 30 April 2011	70,569	384,801	6,740	(200)	33,169	–	(102,091)	392,988	25,674	418,662

* The aggregate amount of these balances of HK$322,419,000 (2010: HK$292,413,000) in surplus is included as reserves in the consolidated statement of financial position.

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for their acquisition at the time of the Group's reorganisation in 2001.

The other reserve represents the difference between the fair value of consideration paid to increase the shareholding in a subsidiary, Shaanxi Aierfu Activitissue Engineering Company Limited, and the amount of adjustment to non-controlling interests during the year ended 30 April 2011.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2011

1. GENERAL INFORMATION

China Bio-Med Regeneration Technology Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Revision 2001) of Cayman Islands on 20 April 2001. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is Suites 3101-5, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange.

The Company is an investment holding company. The principal activities of its subsidiaries are the provision of tissue engineering products.

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

2. ADOPTION OF NEW OR AMENDED HKFRSs

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

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and required that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of such leases as operating leases continues to be appropriate.

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the consolidated financial statements as there has been no business combination transaction during the year.

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

HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements *(Continued)*

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group increased its ownership interest in one of its subsidiaries without change of control during the year ended 30 April 2011. Under the previous standard, gain on deemed acquisition of non-controlling interests of HK$33,169,000 would have been recognised in profit or loss and loss per share would be HK0.135 cents.

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

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

HKFRS 9 – Financial Instruments

This standard is effective for accounting periods beginning on or after 1 January 2013. Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

3. REVENUE AND TURNOVER

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Corporate services	**–**	–	**–**	11,009	**–**	11,009
Sale of tissue engineering products	**2,621**	30	**–**	–	**2,621**	30
	2,621	30	**–**	11,009	**2,621**	11,039

4. SEGMENT INFORMATION

The executive directors have identified the Group's tissue engineering as operating segment.

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

	Tissue engineering	
	2011	2010
	HK$'000	*HK$'000*
Revenue		
– From external customers	**2,621**	30
Reportable segment revenue	**2,621**	30
Reportable segment loss (Continuing operations)	**(32,154)**	(31,513)
Amortisation of land use rights and operating lease prepayments	**107**	127
Amortisation of other intangible assets	**15,340**	15,336
Depreciation	**987**	178
Interest income	**2,899**	18
Reportable segment assets	**340,279**	413,266
Additions to non-current segment assets during the year	**27,983**	30,147
Reportable segment liabilities	**75,423**	80,524

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

	2011	2010
	HK$'000	*HK$'000*
Reportable segment revenue (Continuing operations)	**2,621**	30
Corporate services (Discontinued operations)	**–**	11,009
Group revenue	**2,621**	11,039
Reportable segment loss	**(32,154)**	(31,513)
Gain on disposals of subsidiaries	**–**	743
Loss on financial assets at fair value through profit or loss	**–**	(20,433)
Loss on disposals of interests in associates	**–**	(32)
Unallocated corporate income	**11**	109
Unallocated corporate expenses	**(17,786)**	(19,369)
Finance costs	**(2,592)**	(10,782)
Loss before income tax and discontinued operations	**(52,521)**	(81,277)

4. SEGMENT INFORMATION *(Continued)*

	2011	2010
	HK$'000	*HK$'000*
Reportable segment assets	**340,279**	413,266
Other corporate assets	**177,506**	151,239
Group assets	**517,785**	564,505
Reportable segment liabilities	**75,423**	80,524
Convertible bonds	**–**	43,060
Deferred taxation	**23,143**	25,093
Other corporate liabilities	**557**	1,772
Group liabilities	**99,123**	150,449

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

	Revenue from external customers		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**–**	9,976	**164,320**	164,410
The PRC (domicile)	**2,621**	1,063	**240,528**	225,483
	2,621	11,039	**404,848**	389,893

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset. The Company is an investment holding company where the Group has majority of its operation and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

5. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank loans and overdrafts, other payables and amounts due to non-controlling interests of subsidiaries:						
Wholly repayable within five years	**1,415**	2,740	**–**	–	**1,415**	2,740
Not wholly repayable within five years	**–**	–	**–**	51	**–**	51
Imputed interest on convertible bonds	**1,177**	8,042	**–**	–	**1,177**	8,042
	2,592	10,782	**–**	51	**2,592**	10,833

6. LOSS BEFORE INCOME TAX

	Continuing operations		Discontinued operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss before income tax has been arrived at after charging/(crediting):						
Auditor's remuneration						
Audit services	**527**	498	**–**	–	**527**	498
Other services	**–**	100	**–**	–	**–**	100
Amortisation of land use rights and operating lease prepayments	**107**	127	**–**	40	**107**	167
Amortisation of other intangible assets	**15,340**	15,336	**–**	–	**15,340**	15,336
Depreciation	**1,581**	2,804	**–**	178	**1,581**	2,982
Exchange difference, net	**1,252**	71	**–**	(83)	**1,252**	(12)
(Gain)/Loss on disposals of property, plant and equipment	**–**	(92)	**–**	7	**–**	(85)
Operating lease rentals in respect of office premises	**3,466**	4,486	**–**	545	**3,466**	5,031
Research and development costs	**6,971**	7,484	**–**	–	**6,971**	7,484
Employee benefit expense (including directors' emoluments) *(note 7)*	**12,820**	12,516	**–**	2,970	**12,820**	15,486
Other receivables written off	**5,081**	–	**–**	–	**5,081**	–
Dividend income from equity investments	**–**	(2)	**–**	(27)	**–**	(29)
Impairment of receivables written back	**–**	–	**–**	(69)	**–**	(69)
(Gain)/Loss on disposals of subsidiaries	**–**	(743)	**–**	2,697	**–**	1,954
Loss on disposals of available for sale financial assets	**–**	108	**–**	–	**–**	108
Interest income	**(2,909)**	(35)	**–**	(3)	**(2,909)**	(38)

7. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Continuing operations		Discontinued operations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Wages and salaries	**11,182**	11,644	**–**	2,647	**11,182**	14,291
Pension costs – defined contribution plans	**940**	308	**–**	242	**940**	550
Other staff benefits	**698**	564	**–**	81	**698**	645
	12,820	12,516	**–**	2,970	**12,820**	15,486

8. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the year. No taxation on overseas profits has been provided in the financial statements as the overseas subsidiaries did not generate any assessable profits for the year (2010: Nil).

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong Profits Tax						
Over provision in prior years	**–**	(2,000)	**–**	–	**–**	(2,000)
	–	(2,000)	**–**	–	**–**	(2,000)
Deferred taxation	**(1,950)**	(1,958)	**–**	–	**(1,950)**	(1,958)
	(1,950)	(3,958)	**–**	–	**(1,950)**	(3,958)

Reconciliation between income tax credit and accounting loss at applicable tax rates:

	2011	2010
	HK$'000	*HK$'000*
Loss before income tax		
Continuing operations	**(52,521)**	(81,277)
Discontinued operations	**–**	(2,046)
	(52,521)	(83,323)
Tax at Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**(8,665)**	(13,748)
Effect of different tax rates of subsidiaries operating in the PRC	**505**	402
Tax effect of expenses not deductible for tax purpose	**6,229**	8,587
Tax effect of income not taxable for tax purpose	**(19)**	(596)
Tax effect of prior year unrecognised tax losses utilised	**–**	(431)
Tax effect of current year tax losses not recognised	**–**	3,505
Tax effect of temporary difference not recognised	**–**	323
Over provision in prior years	**–**	(2,000)
Income tax credit	**(1,950)**	(3,958)

9. DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2010: Nil).

10. LOSS PER SHARE

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

(a) From continuing and discontinued operations

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(42,061)**	(64,569)

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**6,578,579**	3,414,239

No diluted loss per share attributable to owners of the Company was presented for the years ended 30 April 2011 and 2010 as the potential ordinary shares had anti-dilutive effect.

(b) From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data and the denominators detailed in (a) above:

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(42,061)**	(64,569)
Less: Loss for the year attributable to owners of the Company from discontinued operations	**–**	(2,046)
Loss for the year attributable to owners of the Company for the purpose of basic loss per share from continuing operations	**(42,061)**	(62,523)

No diluted loss per share from continuing operations attributable to owners of the Company was presented for the years ended 30 April 2010 and 2011 as the potential ordinary shares had anti-dilutive effect.

(c) From discontinued operations

For the year ended 30 April 2010, basic loss per share from the discontinued operations attributable to owners of the Company was HK0.060 cents per share, based on the loss for the year ended 30 April 2010 attributable to owners of the Company from discontinued operations of HK$2,046,000 and the denominators detailed in (a) above.

No diluted loss per share from discontinued operations attributable to owners of the Company was presented for the year ended 30 April 2010 as the potential ordinary shares had anti-dilutive effect.

No basic and diluted loss per share from the discontinued operations attributable to owners of the Company was presented for the year ended 30 April 2011 as there was no discontinued operation for the year ended 30 April 2011.

11. GOODWILL

This arose from the acquisition of FD(H) Investments Limited and its subsidiaries, which are engaged in the production and sales of tissue engineering skin related products. The net carrying amount of goodwill can be analysed as follows:

	2011	2010
	HK$'000	*HK$'000*
At beginning of the year		
Gross carrying amount	**141,310**	141,310
Accumulated impairment	**–**	–
Net carrying amount	**141,310**	141,310
Net carrying amount at beginning of the year	**141,310**	141,310
Impairment losses	**–**	–
Net carrying amount at end of the year	**141,310**	141,310
At end of the year		
Gross carrying amount	**141,310**	141,310
Accumulated impairment	**–**	–
Net carrying amount	**141,310**	141,310

The recoverable amounts for the cash-generating unit of tissue engineering was determined based on fair value less costs to sell calculations using discounted cash flow technique, covering detailed five-year budget plans, followed by an extrapolation of expected cash flows with no growth. The pre-tax discount rate used for fair value less costs to sell calculation is 16%, which reflects specific risks relating to the relevant cash-generating unit.

Apart from the considerations described above in determining the fair value less costs to sell of the cash-generating unit, the Group's management is not currently aware of any other probable changes that would necessitate changes in their key assumptions. However, the estimate of recoverable amount of the Group's cash generating units is particularly sensitive to the discount rate applied.

12. OTHER INTANGIBLE ASSETS

	Trademark *HK$'000*	Patents *HK$'000*	Total *HK$'000*
At 1 May 2009			
Cost	79,983	149,050	229,033
Accumulated amortisation	(2,665)	(4,694)	(7,359)
Net book amount	77,318	144,356	221,674
Year ended 30 April 2010			
Opening net book amount	77,318	144,356	221,674
Exchange differences	–	144	144
Amortisation	(5,333)	(10,003)	(15,336)
Closing net book amount	71,985	134,497	206,482
At 30 April 2010			
Cost	79,983	149,209	229,192
Accumulated amortisation	(7,998)	(14,712)	(22,710)
Net book amount	71,985	134,497	206,482
Year ended 30 April 2011			
Opening net book amount	71,985	134,497	206,482
Exchange differences	2	1,579	1,581
Amortisation	(5,337)	(10,003)	(15,340)
Closing net book amount	66,650	126,073	192,723
Cost	79,985	151,066	231,051
Accumulated amortisation	(13,335)	(24,993)	(38,328)
Net book amount	**66,650**	**126,073**	**192,723**

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**3,142**	23
Deposits	**18,347**	1,680
Prepayments	**256**	421
Loan receivable *(note)*	**39,068**	-
Other receivables	**13,944**	9,641
	71,615	11,742

Note : During the year, the Group granted a loan of RMB30 million to a third party with a maturity period of four months and interest bearing at 24% per annum. This loan receivable was fully repaid after the reporting date.

Ageing analysis of trade receivables, as at 30 April 2011, based on sales invoice date and net of provisions, is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 60 days	**3,118**	–
61 – 90 days	**–**	23
Over 90 days	**24**	–
	3,142	23

The Group allows an average credit period of 60 days to its customers.

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

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

In addition, some of the unimpaired trade receivables are past due as at the reporting date. Ageing analysis of trade receivables not impaired is as follows:

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**3,118**	23
1 – 60 days past due	**–**	–
61 – 90 days past due	**–**	–
Over 90 days past due but less than one year	**24**	–
	24	–
	3,142	23

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customer that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

14. TRADE PAYABLES

As at 30 April 2011, ageing analysis of trade payables based on invoice date is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**259**	41
31 – 60 days	**63**	55
Over 60 days but less than 1 year	**1,280**	547
	1,602	643

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

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 30 April 2011, the revenue of the Group was approximately HK$2,621,000, representing a decrease of 76%, compared to that of the last year (2010: approximately HK$11,039,000). The Group has recorded a loss attributable to owners of the Company approximately HK$42,061,000 (2010: approximately HK$64,569,000), which is mainly due to the tissue engineering product "ActivSkin" was produced in small batch and the revenue generated was not much when comparing to the operation expenses.

OPERATIONS REVIEW

Given that the tissue engineering is the most potential high-tech industry in 21st century, the Company contributed capital of RMB87.5 million to Shaanxi Aierfu Activtissue Engineering Company Limited (hereinafter referred to as "Shaanxi Aierfu Activtissue") in September 2010, and currently FD(H) Investments Limited, a wholly-owned subsidiary of the Group, held 87.68% shareholding and all the business of Shaanxi Aierfu Activtissue.

The capital contributions have been fully in place and will be used for infrastructure construction and equipment purchase of the new plant of Shaanxi Aierfu Activtissue and clinical research of the Company's products, as well as enhancing the development capacity of Shaanxi Aierfu Activtissue. The new plant of Shaanxi Aierfu Activtissue possesses pioneered and pro-active features in term of process design, and there is no precedent both at home and abroad. We have always been applying the method of "designing while constructing" during the construction process and thus repeated changes in design have adversely affected the production efficiency. Some of the equipments required for the plant were pioneered and unique, and therefore, delays occurred in the manufacturing process. Furthermore, we are required to conduct unified testing on the main general equipments of the plant after the installation, however, the delivery times of these equipments varied and we can only conduct the relevant testing after the delivery and installation of all equipments. Currently, in response to the industrialization of tissue engineering skin, a series of tissue engineering skin large-scale production equipments, including large collagen extraction tanks, production robots and skin plants, have been designed and developed, which ensured the equipment supply for mass production of the skin. Patent application of the production lines and equipments at the new plant will be made to protect the intellectual property of the Company. Our business involves the human health cause, as well as new medical technology. We strive to achieve 100% security of the new plant and zero-pollution of our products, even if the project has been delayed, we will still strive for perfection, so as to take an important position in stem cell engineering industry. After the said capital contributions are well received by Shaanxi Aierfu Activtissue, it has been actively dealing with plant related problems. All equipments of the plant have already been in place and the related technicians have been provided with professional training, anyway, proper preparations have been made for pilot production.

Clinical R&D Programs of Shaanxi Aierfu Activtissue

The Tissue Engineering Skin "安體膚" (the "ActivSkin") is the major product of Shaanxi Aierfu Activtissue, as well as the main product manufactured by the new plant. Although the "ActivSkin" could be put into commercial production, in order to widen its indications, especially during the recover phase of diabetic foot treatment, as of the end of April 2011, we enrolled 55 cases with four hospitals, including Air Force General Hospital, PLA（中國人民解放軍空軍總醫院）for clinical trial. As the "ActivSkin" used for clinical trial was not sufficient at the earlier stage, the clinical progress was delayed. Currently, clinical department of Shaanxi Aierfu Activtissue is making efforts to complete 30 to 60 cases (total: 120 cases) by December 2011 and planning to end up the increasing indication trails of the "ActivSkin" in December 2012. Application materials will be submitted to the State Food and Drug Administration for registration in the first half of 2013.

"Acellular Cornea"（脫細胞眼角膜）researched and developed by Shaanxi AiNear Cornea Engineering Company Limited, a subsidiary of Shaanxi Aierfu Activtissue is fully access to clinical stage. As of the end of April 2011, it enrolled 71 cases, striving to complete the enrollment of all cases (total: 120 cases) in December 2011. It is expected to complete the clinical trial in June 2012. Application materials will be submitted to the State Food and Drug Administration for registration in 2012.

Selective Acellular Porcine Skin mainly used for large-area burns and ulcers researched and developed by 陝西艾博生生物工程有限公司 (Shaanxi AiBosin Bio-Engineering Company Limited*), another subsidiary of Aierfu Activtissue, is also access to the clinical stage, enrolling a total of 5 cases.

The Establishment of a Sales Company

The Group has also set up a sales company, 陝西中經豐德經貿發展有限公司(hereinafter referred to as "中經豐德"), in Xian in July 2010 through FD(H) Investments Limited. The establishment of 中經豐德 aims to satisfy the needs of sales immediately after the formal commencement of production of Shaanxi Aierfu Activtissue. 中經豐德 has successfully obtained the Medical Device Distribution Enterprise License(醫療器械經營企業許可證) and thus expanded its business scope. Apart from focusing on distributing the products of Shaanxi Aierfu Activtissue, the Group also actively seek to cooperate with other companies in the trading of medical devices to expand its business.

The Establishment of a Representative Office in Beijing

Besides, the Group has also set up a representative office in Beijing, which is a major city of the country and also is a concentration place of major hospitals. This representative office mainly acts as a communication centre, especially for the purpose of strengthening the communication and contacts with hospitals, and attracts a group of expert customers to build a solid base for selling our products and bring returns for the Group.

Business Outlook

Bio-technology is generally acknowledged as one of the technologies with the highest potential in the 21st century, which grows rapidly, particularly in tissue engineering. Currently, many countries are striving to conduct relevant research, expecting to be a leading country in biomedicine of next century. We also put "biomedicine tissue engineering" into key projects.

Currently, an overarching priority of the Group is to realize industrialization during the year, launch the research and development results undertook by Shaanxi Aierfu over the past years into market and also accelerate the clinical progress in respect of other products. This could not only bring revenue to the Group, but also made a breakthrough in traditional treatment, as well as create significant economic and social benefits.

In order to prepare for the marketing before commercial production of the new plant, the Group is also proactively seeking external appropriate customers through 陝西中經豐德經貿發展有限公司.

The Group has always been actively investigating and developing new technologies and keeping eyes on the business market in order to achieve a better financial performance.

GROUP CAPITAL RESOURCES AND LIQUIDITY

Shareholders' Funds

The shareholder's equity of the Group as at 30 April 2011 is approximately HK$418,662,000 which was increased compared to approximately HK$414,056,000 in the previous year.

Liquidity and Financial Resources

As at 30 April 2011, the Group had net current assets of approximately HK$36,957,000 (2010: approximately HK$49,256,000). The current assets mainly comprised inventories of approximately HK$221,000 (2010: approximately HK$348,000), trade receivables of approximately HK$3,142,000 (2010: approximately HK$23,000), deposits, prepayments and other receivables of approximately HK$71,615,000 (2010: approximately HK$11,742,000), and cash and cash equivalents of approximately HK$37,959,000 (2010: approximately HK$162,499,000). The Company intends to finance the Group's future operations, capital expenditure and other capital requirements with the bank balances available. The current liabilities mainly comprised trade payable of approximately HK$1,602,000 (2010: approximately HK$643,000), accrued charges and other payables of approximately HK$54,034,000 (2010: approximately HK$62,373,000), amounts due to non-controlling interests of subsidiaries of approximately HK$20,344,000 (2010: approximately HK$19,280,000), and convertible bonds of nil (2010: approximately HK$43,060,000).

Capital Structure

On 29 September 2010, 80,000,000 shares of the Company were issued upon exercise of share options at an exercise price of HK$0.06125 per share under the share option scheme adopted on 29 August 2002.

On 6 May 2010 and 8 October 2010, a total of HK$45,000,000 principal amount of the zero coupon convertible bonds issued on 29 October 2008 was converted into 500,000,000 and 1,000,000,000 ordinary shares of the Company respectively at a price of HK$0.03 per share by All Favour Holdings Limited ("All Favour"). The respective shares were allotted to All Favour on 6 May 2010 and 8 October 2010 respectively. As at 30 April 2011, there were no outstanding convertible bonds.

As a result, the number of issued shares of the Company is 7,056,880,000 as at 30 April 2011 and the date of this announcement.

Working Capital and Gearing Ratio

As at 30 April 2011, the Group had current assets of approximately HK$112,937,000 (2010: approximately HK$174,612,000), while its current liabilities stood at approximately HK$75,980,000 (2010: approximately HK$125,356,000). Other than convertible bonds of nil (2010: approximately HK$43,060,000), the Group did not have any outstanding indebtedness as at 30 April 2011, and its shareholders' funds amounted to approximately HK$418,662,000 (2010: approximately HK$414,056,000). In this respect, the Group had a net cash position, its working capital ratio (current assets to current liabilities) was 1.49 (2010: 1.39); and its gearing ratio (net debt to shareholders' funds) was nil (2010: 0.104).

SIGNIFICANT INVESTMENT

As at 30 April 2011, the Group has no financial assets at fair value through profit or loss (2010: Nil).

CAPITAL COMMITMENTS

Capital commitment of the Group as at 30 April 2011 is approximately HK$34,662,000 (2010: approximately HK$30,570,000). It is related to the purchase of property, plant and equipment contracted but not provided for net of deposit paid amount.

MATERIAL ACQUISITIONS/DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as the capital contribution of RMB87.50 million to increase its holding of equity interest in Shaanxi Aierfu Activtissue from 51% to 87.68% which was passed on the EGM held on 24 August 2010 and all the condition precedent stipulated under the capital increase agreement has been fulfilled and the capital increase was completed on 17 September 2010, there were no acquisitions or disposals of subsidiaries and affiliated companies during the year ended 30 April 2011.

On 31 May 2011, Shaanxi AiNear Cornea Engineering Company Limited entered into the share transfer agreements with an independent third party and the close relative of Mr. Yang Zhengguo, an executive Director of the Company, to acquire 100% of equity interest of Shenzhen AiNear Cornea Engineering Company Limited at the total consideration of HK$2,380,000.

SEGMENTAL INFORMATION

Segmental information of the Group is set out in note 4 to the financial statements.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 30 April 2011, the Group had 165 (2010: 135) employees located in Hong Kong and Mainland China. As an equal opportunity employer, the Group's remuneration and bonus policies are determined with reference to the performance and experience of individual employees. The total amount of employee remuneration (including that of the directors and retirement benefits scheme contributions) of the Group for the year was approximately HK$12,820,000 (2010: approximately HK$15,486,000).

In addition, the Group may offer options to reward employees who exhibit that they have offered significant contributions to the Group.

CHARGES ON GROUP'S ASSETS

No assets of the Group were pledged as at 30 April 2011.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The directors do not have any plans for material investment or capital assets in the near future.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs cost in Hong Kong dollars and Renminbi. The Directors consider the impact of foreign exchange exposure of the Group is minimal.

CONTINGENT LIABILITIES

As at 30 April 2011, the Group did not have any contingent liabilities (2010: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") to the Appendix 15 of the GEM Listing Rules throughout the year ended 30 April 2011 except the code provisions E.1.2 and A.5.4 of the CG Code as disclosed below:

(i) Code provision E.1.2 specifies that the chairman of the board should attend the annual general meeting of the Company. Dr. Gao Gunter, the chairman of the Board has been heavily involved in the business operations of the Group. Despite his utmost intention to be present at the Company's 2010 annual general meeting held on 13 September 2010 (the "AGM"), Dr. Gao was unable to attend the AGM due to other urgent business commitments of the Group. While Mr. Wong Sai Hung, Oscar, non-executive Director and the vice chairman of the Company, has taken the chair of that meeting thereat to be available to answer question to ensure effective communication with the shareholders of the Company.

(ii) Code provision A.5.4 specifies that the directors must comply with their obligations under the required standard of dealing set out in rules 5.48 to 5.67 of the GEM Listing Rules. While Mr. Dai Yumin, the executive director of the Company, has breached rule 5.56 of the GEM Listing Rules as to the spouse of Mr. Dai has acquired a total of 52,620,000 shares of the Company during the blackout periods from 17 February 2011 to 23 February 2011 and from 21 June 2011 to 28 June 2011 for the purpose of fulfilling the migration requirements but she has not notified Mr. Dai or the chairman of the Company. When Mr. Dai was aware of the above acquisitions of shares, he has notified the Company and the Stock Exchange immediately.

(iii) Following the resignation of Mr. Cheung Siu Chung on 11 May 2011, the Company only have two independent non-executive Directors and two audit committee members, the number of which falls below the minimum number required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. The Board will appoint an appropriate person to fill the vacancy as soon as possible within three months from 11 May 2011 pursuant to Rule 5.06 and Rule 5.33 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company set up an audit committee on 4 July 2001 with written terms of reference for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. Following the resignation of Mr. Cheung Siu Chung on 11 May 2011, the audit committee currently comprises of Mr. Lui Tin Nang and Mr. Sze Chin Hung. The audit committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 30 April 2011.

SECURITIES DEALING CODE

The Company has adopted a code of conduct regarding Directors' securities transactions as set out in GEM Listing Rules as the required standard for securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors, except Mr. Dai Yumin as disclosed under the section of "Corporate Governance Practice", has confirmed that they have fully complied with the required standards of dealings regarding securities transaction by the Directors as set out on GEM Listing Rules throughout the year ended 30 April 2011.

APPRECIATION

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

By order of the Board
Gao Gunter
Chairman

As at the date of this announcement, the executive directors of the Company are Dr. Gao Gunter, Mr. Luo Xian Ping, Mr. Dai Yumin and Mr. Yang Zheng Guo; the non-executive directors of the Company are Mr. Wong Sai Hung, Oscar, Mr. Sze Cheung Pang and Mr. Ma Long; and the independent non-executive directors of the Company are Mr. Lui Tin Nang and Mr. Sze Chin Hung.

Hong Kong, 22 July 2011

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of this announcement and the Company's website at www.bmregeneration.com.