CBMRT

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)

INTERIM RESULT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 OCTOBER 2012

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.

The board of Directors (the "Board") of China Bio-Med Regeneration Technology Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 31 October 2012, together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 31 October 2012

		Three months ended 31 October		**Six months ended 31 October**	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**29**	14	**822**	124
Cost of sales		**(30)**	(7)	**(1,054)**	(80)
Gross (loss)/profit		**(1)**	7	**(232)**	44
Other income/(expenses)		**23**	(1)	**254**	1,508
Administrative expenses		**(13,575)**	(15,556)	**(27,087)**	(27,722)
Operating loss		**(13,553)**	(15,550)	**(27,065)**	(26,170)
Finance costs	*5*	**(500)**	(256)	**(980)**	(884)
Loss before income tax	*6*	**(14,053)**	(15,806)	**(28,045)**	(27,054)
Income tax credit		**483**	483	**926**	968
Loss for the period		**(13,570)**	(15,323)	**(27,119)**	(26,086)
Other comprehensive income					
Exchange gain on translation of financial statements of foreign operations		**1,077**	1,021	**318**	1,230
Other comprehensive income for the period		**1,077**	1,021	**318**	1,230
Total comprehensive income for the period		**(12,493)**	(14,302)	**(26,801)**	(24,856)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

		Three months ended 31 October		Six months ended 31 October	
		2012	2011	**2012**	2011
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period attributable to:					
Owners of the Company		**(11,881)**	(13,120)	**(23,584)**	(23,117)
Non-controlling interests		**(1,689)**	(2,203)	**(3,535)**	(2,969)
		(13,570)	(15,323)	**(27,119)**	(26,086)
Total comprehensive income attributable to:					
Owners of the Company		**(10,887)**	(12,121)	**(23,404)**	(21,931)
Non-controlling interests		**(1,606)**	(2,181)	**(3,397)**	(2,925)
		(12,493)	(14,302)	**(26,801)**	(24,856)
Loss per share for loss attributable to the owners of the Company	*9*				
– basic (HK cents)		**(0.163)**	(0.186)	**(0.327)**	(0.328)
– diluted (HK cents)		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 31 October 2012 HK$'000	(Audited) 30 April 2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**122,055**	118,089
Land use rights and operating lease prepayments	*11*	**5,141**	5,157
Investment property		**1,023**	1,015
Available-for-sale financial assets		**4,800**	–
Goodwill	*12*	**141,310**	141,310
Other intangible assets		**171,692**	179,247
		446,021	444,818
Current assets			
Inventories		**1,304**	704
Trade receivables	*13*	**23**	23
Deposits, prepayments and other receivables		**15,636**	15,042
Cash and cash equivalents		**106,118**	39,700
		123,081	55,469
Current liabilities			
Trade payables	*14*	**3,196**	3,671
Accrued charges and other payables		**77,725**	76,921
Amounts due to non-controlling interests of subsidiaries		**7,840**	7,729
Bank borrowings		**37,410**	37,125
Provision for taxation		**–**	975
		126,171	126,421
Net current liabilities		**(3,090)**	(70,952)
Total assets less current liabilities		**442,931**	373,866
Non-current liabilities			
Deferred taxation		**20,242**	21,208
Net assets		**422,689**	352,658
EQUITY			
Share capital	*15*	**75,119**	70,569
Reserves		**336,157**	267,368
Equity attributable to owners of the Company		**411,276**	337,937
Non-controlling interests		**11,413**	14,721
Total equity		**422,689**	352,658

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 October 2012

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Net cash generated from/(used in) operating activities	**(19,542)**	15,512
Net cash used in investing activities	**(9,103)**	(4,170)
Net cash generated from/(used in) financing activities	**95,063**	(474)
Net increase in cash and cash equivalents	**66,418**	10,868
Cash and cash equivalents at beginning of the period	**39,700**	37,959
Cash and cash equivalents at end of the period	**106,118**	48,827
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**106,118**	48,827

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2012

	Equity attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Special reserve	Other reserve	Accumulated loss	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(note 1)*	*HK$'000* *(note 2)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2011 (Audited)	70,569	384,801	6,740	(200)	33,169	(102,091)	392,988	25,674	418,662
Loss for the period	–	–	–	–	–	(23,117)	(23,117)	(2,969)	(26,086)
Acquisition of subsidiary	–	–	–	–	–	–	–	(2,594)	(2,594)
Other comprehensive income:									
Exchange gain on translation of financial statements of foreign operations	–	–	1,186	–	–	–	1,186	44	1,230
At 31 October 2011 (Unaudited)	70,569	384,801	7,926	(200)	33,169	(125,208)	371,057	20,155	391,212
At 1 May 2012 (Audited)	70,569	384,801	8,798	(200)	33,169	(159,200)	337,937	14,721	352,658
Deemed acquisition of non-controlling interests	–	–	–	–	(89)	–	(89)	89	–
Share issued at premium	4,550	95,550	–	–	–	–	100,100	–	100,100
Share issue expenses	–	(3,268)	–	–	–	–	(3,268)	–	(3,268)
Loss for the period	–	–	–	–	–	(23,584)	(23,584)	(3,535)	(27,119)
Other comprehensive income:									
Exchange gain on translation of financial statements of foreign operations	–	–	180	–	–	–	180	138	318
At 31 October 2012 (Unaudited)	75,119	477,083	8,978	(200)	33,080	(182,784)	411,276	11,413	422,689

Notes:

(1) 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 reorganization in 2001.

(2) 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 and 30 October 2012.

Notes:

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, Grand Cayman, Cayman Islands, KY1-1104 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.

2. **BASIS OF PREPARATION**

The unaudited condensed consolidated interim financial statements for the six months ended 31 October 2012 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with applicable disclosure provisions of the Rules Governing The Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements for the six months ended 31 October 2012 have been prepared under historical cost convention and the principal accounting policies used in the preparation of the unaudited condensed consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 30 April 2012. In the current period, the Group had applied, for the first time, a number of new or revised Hong Kong Financial Reporting Standards and Interpretations ("HKFRSs") issued by the HKICPA that are relevant to the Group and effective from the current period. The new or revised HKFRSs did not have any significant effect on the financial position or performance of the Group.

The unaudited consolidated results have been reviewed by the audit committee of the Company.

3. **REVENUE**

The Group's revenue represents the net amounts received and receivable from sales of goods provided by the Group to outside customers and invoiced value during the six months ended 31 October 2012.

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Sales of tissue engineering products	**822**	124
	822	124

4. SEGMENT INFORMATION

The executive directors of the Group has identified tissue engineering – production and sale of tissue engineering products as an operating segment. The operating segment is monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Tissue engineering Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
– From external customers	**822**	124
Reportable segment revenue	**822**	124
Reportable segment loss	**(20,325)**	(19,510)
Amortisation of land use rights and operating lease prepayments	**55**	54
Amortisation of other intangible assets	**7,752**	7,670
Depreciation	**1,316**	567
Interest income	**164**	1,505
Reportable segment assets		
Additions to non-current segment assets during the period	**4,507**	15,218
Reportable segment liabilities	**124,702**	85,383

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:

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Reportable segment revenue	**822**	124
Group revenue	**822**	124
Reportable segment loss	**(20,325)**	(19,510)
Unallocated corporate income	**5**	2
Unallocated corporate expenses	**(6,745)**	(6,662)
Finance costs	**(980)**	(884)
Loss before income tax	**(28,045)**	(27,054)

4. SEGMENT INFORMATION *(Continued)*

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Reportable segment assets	**380,115**	320,994
Other corporate assets	**188,987**	178,906
Group assets	**569,102**	499,900
Reportable segment liabilities	**87,293**	66,945
Bank borrowings	**37,410**	18,438
Deferred taxation	**20,242**	22,175
Other corporate liabilities	**1,468**	1,130
Group liabilities	**146,413**	108,688

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	
	Six months ended 31 October		Six months ended 31 October	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**4,813**	164,676
The PRC (domicile)	**822**	124	**441,208**	254,107
	822	124	**446,021**	418,783

The geographical location of customers are 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

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans, other payables and amounts due to non-controlling interests of subsidiaries wholly repayable within one year	**2,720**	884
Total borrowing costs	**2,720**	884
Less: Amount capitalised	**(1,740)**	–
	980	884

6. LOSS BEFORE INCOME TAX

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging/(crediting):		
Amortisation of land use rights and operating lease prepayments	**55**	54
Amortisation of other intangible assets	**7,752**	7,670
Depreciation	**1,317**	959
Operating lease rentals in respect of office premises	**1,974**	2,039
Employee benefit expenses (including directors' emoluments)		
Salaries, wages and other benefit	**5,677**	7251
Retirement benefit scheme contributions	**725**	579
Interest income	**(169)**	(1,507)

7. INCOME TAX EXPENSES

	Six months ended 31 October	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong Profits tax		
Current period	**–**	–
Over provision in prior periods	**–**	–
	–	–
Income tax credit	**926**	968
	926	968

No provision for profits tax has been made in the financial statements for the current period as companies comprising the Group had no assessable profits.

8. DIVIDENDS

The Board does not recommend the payment of dividend for the six months ended 31 October 2012 (2011: Nil).

9. 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:

	Three months ended 31 October		Six months ended 31 October	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period attributable to owners of the Company	**11,881**	13,120	**23,584**	23,117

	Three months ended 31 October		Six months ended 31 October	
	2012	2011	**2012**	2011
	'000	*'000*	***'000***	*'000*
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic loss per share	**7,297,967**	7,056,880	**7,217,534**	7,056,880

Diluted loss per share for the period ended 31 October 2012 and 31 October 2011 were not presented as there were no potential ordinary shares in issue during the period.

10. PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment of the Group were as follows:

	At 31 October 2012	At 30 April 2012
	HK$'000	*HK$'000*
Net book value, beginning of period/year	**118,089**	65,683
Exchange realignment	**885**	1,665
Additions	**4,508**	53,441
Acquisition of subsidiary	**–**	191
Transfer to investment property	**–**	(688)
Depreciation	**(1,317)**	(2,203)
Disposal	**(110)**	–
Net book value, end of period/year	**122,055**	118,089

11. LAND USE RIGHTS AND OPERATING LEASE PREPAYMENTS

	At 31 October 2012	At 30 April 2012
	HK$'000	*HK$'000*
Opening net carrying amount	**5,157**	5,132
Exchange differences	**39**	133
Annual charges of prepaid lease payment	**(55)**	(108)
Net book value, end of period/year	**5,141**	5,157

12. GOODWILL

The net carrying amount of goodwill is analyzed as follows:

	At 31 October 2012 *HK$'000*	At 30 April 2012 *HK$'000*
Net carrying amount at beginning of the period/year	**141,310**	141,310
Accumulated impairment	**–**	–
Net carrying amount at end of the period/year	**141,310**	141,310

13. TRADE RECEIVABLES

The Group allows an average credit period of 60 days to its customers. The following is an aged analysis of trade receivable at the balance sheet date:

	At 31 October 2012 *HK$'000*	At 30 April 2012 *HK$'000*
0-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**23**	23
	23	23

14. TRADE PAYABLES

As at 31 October 2012, aging analysis of trade payables based on invoice date is as follows:

	At 31 October 2012 *HK$'000*	At 30 April 2012 *HK$'000*
0-30 days	**126**	95
31-60 days	**37**	277
Over 60 days but less than 1 year	**3,033**	3,299
	3,196	3,671

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

15. SHARE CAPITAL

	At 31 October 2012		At 30 April 2012	
	No. of shares	**Amount**	No. of shares	Amount
		HK$'000		*HK$'000*
Authorised capital:				
Ordinary shares of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid capital:				
At beginning of the period	**7,056,880,000**	**70,569**	7,056,880,000	70,569
Shares issued in placing arrangement *(note)*	**455,000,000**	**4,550**	–	–
At the end of period	**7,511,880,000**	**75,119**	7,056,880,000	70,569

Note:

On 14 August 2012, pursuant to a placing agreement between the Company and a placing agent, the Company issued an aggregate of 455,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.22 per share to connected parties. The placement was completed on 26 September 2012.

16. COMMITMENT

(a) Operating lease commitment

At the reporting date, the total future minimum lease payments under non-cancellable operating lease in respect of its office premises are payable by the Group as follows:

	At 31 October 2012	At 30 April 2012
	HK$'000	*HK$'000*
Within one year	**3,932**	4,131
In the second to fifth year inclusive	**1,591**	3,473
	5,523	7,604

(b) Capital commitment

At the balance sheet date, the Group had capital expenditure commitments in relation to the purchase of property, plant and equipment contracted but not provided for, net of deposit paid, amounted to approximately HK$2,353,000 (2011: approximately HK$10,728,000).

17. PLEDGE OF ASSETS

At 31 October 2012, a bank loan with principal amounts of RMB30 million are secured by the Group's property, plant and equipment and land use rights with carrying amounts of approximately HK$94,368,000.

18. CAPITAL INCREASE IN JV COMPANY

On 24 October 2012, FD(H) Investments Limited, a wholly owned subsidiary of the Company, entered into a capital increase agreement with non-controlling interests of Shaanxi Aierfu Activitissue Engineering Company Limited ("Shaanxi Aierfu"), in which Shaanxi Aierfu increased the share capital from RMB116,900,000 to RMB176,900,000. The full amount of the capital increase was contributed by the Group, being RMB60,000,000 in cash. Upon the completion of the capital increase, the equity interest of the Group increased from approximately 87.68% to approximately 91.85%. The capital increase was completed on 30 October 2012. These transactions resulted in an adjustment on deemed acquisition of non-controlling interests of approximately HK$89,000, which is included in "other reserve" in the equity and attributed to owners of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 31 October 2012, the Group recorded a total revenue of approximately HK$822,000 and a loss attributable to owners of the Company approximately HK$23,584,000, as compared to a revenue of approximately HK$124,000 and a loss attributable to owners of the Company approximately HK$23,117,000 for the corresponding period last year. As the factory in Xian was under trial production and the production scales was small, the cost of production was higher and resulted gross losses.

OPERATIONS REVIEW

With the completion of the capital increase and equity expansion on 30 October 2012, the Group further injected RMB60 million as the registered capital of the Shaanxi Aierfu Activtissue Engineering Company Limited ("Shaanxi Aierfu"), a subsidiary, and the equity held increased from 87.68% to 91.85%. Such increase has ensured sufficient working capital for Shaanxi Aierfu to accelerate the progress of clinical experiments as well as the trial production as well as inspection and examination of the industrial base.

The newly established industrial base has been carrying out trial production over the past few months. Most of the products have passed the muster and the pass percentage reached the benchmark. The inspection and examination are pending to be conducted by relevant government authorities before massive production is put into operation.

Progress of the Clinical R&D Projects of Shaanxi Aierfu and its Subsidiaries

Clinical R&D Projects of Shaanxi Aierfu

The tissue engineering skin "ActivSkin" is the principal product of Shaanxi Aierfu at the present time. We have continuously worked with 4 large hospitals to expand the applications of the product. A total of 98 clinical trials on diabetic feet repair were completed by the end of October 2012. We aim to complete all the required clinical tests (144 instead of the 120 minimum required) before the end of 2012 and are planning to apply for authorization by National Food and Medicine Administrators in the first half of 2013.

Another skin product used on Second Degree Burns has also entered clinical trials and has so far completed 53 tests.

The cornea product developed by our Shaanxi AiNear Cornea Engineering Company Limited subsidiary in Shenzhen has completed 113 clinical tests by the end of October 2012. We are planning to finish 150 tests (from the required 120 tests) before the beginning of the 2013 and start applying for the production license in middle of 2013.

The "Selective Acellular Porcine Skin" which is developed by our subsidiary AiBosin Bio-Engineering Company Limited, mainly used on large-area burns and ulcers has also conducted 19 clinical tests.

As the Group has devoted all its efforts focusing on the procedure of the inspection of the building on the new industrial base and testing the stability of the trial production of the production lines, the progress of various clinical experiments slowed down. Upon completion of inspection of the industrial base and on receipt of production license, the progress of clinical experiment could definitely be enhanced, so as to put other products into industrialization as soon as possible.

BUSINESS OUTLOOK

With the increasing prevalence of stem-cell tissue engineering, scientists from various countries are stampeding to investigate stem-cell related products to seek utmost benefits for the wellness of all mankind. "Activeskin," the Group's first product, is the first tissue engineering product with which a registered certificate has been obtained. The Group's industrial base in Xian is also the first industrial base for tissue engineering products in the PRC. Other than the R&D of tissue engineering skin, the Group is also devoted to the R&D of other tissue engineering products, such as "Acellularized porcine cornea." At the same time, the Group speeds up the clinical progress to further widen the spectrum of the industrialized products. The Group has been closely watching the trend of the tissue engineering industry, seeking more related researchable products.

The State has shown its tremendous support to the hi-tech industries in the respect of the stem cell tissue engineering. The Group will strive for more support from the Chinese government for more resources for the Group's R&D business so as to expand the scale of its R&D in an attempt to accelerate the R&D progress and broaden its R&D coverage to establish the Group as a stem cell engineering industry leader in the PRC market.

In addition, 陝西中經豐德經貿發展有限公司, the Group's sales company, other than being the external sales channel of the Group's self-produced products, has been seeking suitable opportunities for the cooperation for the sales of medical equipment to enhance the Group's business development. Meanwhile, the building up of a sales team and provision of training are also the important elements at this moment. At present, as the industrial base is pending for the GB acceptance and the grant of the production license, the sales team shall be best prepared itself to establish a sales network to commence sales activities immediately after the acceptance is completed, and achieve a good sales performance for the Group as soon as possible.

GROUP CAPITAL RESOURCES AND LIQUIDITY

Shareholders' funds

The shareholders' equity of the Group as at 31 October 2012 increased to approximately HK$422,689,000 (30 April 2012: approximately HK$352,658,000).

Liquidity, financial resources and capital structure

As at 31 October 2012, the Group had net current liabilities of approximately HK$3,090,000. The current assets mainly comprised inventories of approximately HK$1,304,000, trade receivables of approximately HK$23,000, deposits, prepayments and other receivables of approximately HK$15,636,000 and cash and cash equivalents of approximately HK$106,118,000. The current liabilities comprised trade payables of approximately HK$3,196,000, accrued charges and other payables of approximately HK$77,725,000, amounts due to non-controlling interest of the subsidiaries of approximately HK$7,840,000 and secured bank loan of approximately HK$37,410,000.

Working capital and gearing ratio

As at 31 October 2012, the Group's working capital ratio (current assets to current liabilities) was 0.98 (30 April 2012: 0.44); and its gearing ratio (net debt to shareholders's funds) was 0.089 (30 April 2012: 0.105).

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 24 October 2012, FD(H) Investments Limited, a wholly owned subsidiary of the Company, entered into a capital increase agreement with non-controlling interests of Shaanxi Aierfu, in which Shaanxi Aierfu increased the share capital from RMB116,900,000 to RMB176,900,000. The full amount of the capital increase was contributed by the Group, being RMB60,000,000 in cash. Upon the completion of the capital increase, the equity interest of the Group increased from approximately 87.68% to approximately 91.85%. The capital increase was completed on 30 October 2012.

SEGMENTAL INFORMATION

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

EMPLOYEE INFORMATION

As at 31 October 2012, the Group had 164 (2011: 183) 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 period was reviewed and approved by the Board, which was approximately HK$6,402,000 (2011: approximately HK$7,830,000).

CHARGES ON GROUP'S ASSETS

A bank loan with principal amounts of RMB30 million are secured by the Group's property, plant and equipment and land use rights with carrying amounts of approximately HK$94,368,000.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Management Discussion and Analysis, the Directors do not have any future plans for material investment or capital assets.

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 31 October 2012, the Group did not have any contingent liabilities (2011: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 October 2012, the interests and short positions of the Directors, the chief executive of the Company and their respective associates in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long Positions – Interests in the shares and underlying shares of the Company

Name of Directors	Capacity	Aggregate long position in the shares	Approximate percentage of the issued share capital	Aggregate underlying shares
Dai Yumin	Held by controlled corporation *(Note 1)*	1,685,320,319	22.44%	–
Wong Sai Hung	Beneficial owner	30,000,000	0.40%	–

Note:

(1) All Favour Holdings Limited ("All Favour") is beneficially owned as to 40% by Forerunner Technology Limited which is wholly owned by Mr. Dai Yumin; as to 40% by Mr. Hu Yonggang; and as to 20% by Honour Top Holdings Limited which is beneficially owned as to 66.67% by Forerunner Technology Limited and as to 33.33% by Mr. Liu Chunping, respectively. By virtue of the SFO, Mr. Dai Yumin, an executive Director and the chief executive officer of the Company, and Mr. Hu Yonggang are deemed to be interested in 1,685,320,319 shares of the Company held by All Favour.

Save as disclosed above, as at 31 October 2012, none of the Directors or chief executive of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS" above and the following section headed "SHARE OPTIONS", at no time during the six months ended 31 October 2012 were rights to acquire benefits by means of the acquisition of shares in the Company or any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE OPTIONS

On 14 September 2011, the share option scheme which was adopted by the Company on 29 August 2002 (the "2002 Share Option Scheme") was terminated and a new share option scheme (the "2011 Share Option Scheme") was adopted for the primary purpose of providing incentives to directors and eligible employees of the Company.

No share options under the 2002 Share Option Scheme and 2011 Share Option Scheme were granted, outstanding, lapsed, cancelled or exercised at any time during the six months ended 31 October 2012.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 October 2012, other than the interests and short positions of the Directors or chief executive of the Company disclosed above, persons or companies who had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long positions – Interests in the shares and underlying shares of the Company

Name of Shareholders	Capacity	Aggregate long position in the shares	Approximate percentage of the issued share capital	Aggregate underlying shares
All Favour *(Note 1 above)*	Corporate	1,685,320,319	22.44%	–
Vital-Gain Global Limited *(Note a)*	Corporate	420,000,000	5.59%	–

Note:

(a) Vital-Gain Global Limited is beneficially owned as to 71.43% by Good Favour Limited. Good Favour Limited is wholly owned by Big Global Holdings Limited which in turn is wholly owned by Dr. Gao Gunter.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any party who, as at 31 October 2012, had interests or short positions in the shares and underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

On 14 August 2012, the Company and CCB International Capital Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement") pursuant to which the Placing Agent has conditionally agreed to procure on a best-effort basis place(s) to subscribe for an aggregate of up to 455,000,000 placing shares at a placing price of HK$0.22 per placing share (the "Placing").

On the same date, the Placing Agent has agreed to place and All Favour has agreed to subscribe for 455,000,000 placing shares at a placing price of HK$0.22 per placing share, subject only to the Placing Agreement becoming unconditional in accordance with the terms thereof.

As at 14 August 2012, All Favour was indirectly owned as to 53.33% by Mr. Dai Yumin, an executive Director and the chief executive officer of the Company, and a substantial shareholder of the Company, and was therefore a connected person of the Company under the GEM Listing Rules. The Placing constituted a connected transaction for the Company under the GEM Listing Rules and was subject to the approval of the independent shareholders of the Company.

On 26 September 2012, the Placing Agreement has become unconditional and the Placing was completed.

Details of the transaction are published in the Company's announcements dated 14 August 2012 and 26 September 2012, and in the Company's circular dated 4 September 2012.

COMPETING INTERESTS

None of the Directors or the management shareholders or the substantial shareholders of the Company, or any of their respective associates, (as defined under the GEM Listing Rules) had any interest in a business that competes or may compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices. The Group believes that high standard of corporate governance provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all shareholders of the company and also meeting the expectations of the Group's various stakeholders.

The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") to the Appendix 15 of the GEM Listing Rules throughout the six months ended 31 October 2012 except that, following the resignation of Mr. Sze Chin Hung, an independent non-executive Director, on 6 August 2012, the Company had only two independent non-executive Directors and two audit committee members, the number of which fell below the minimum number required under Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules until the Company appointed Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny to fill in the vacancy on 20 September 2012.

AUDIT COMMITTEE

The Company set up an audit committee (the "Audit Committee") on 4 July 2001 with written terms of reference which was revised on 15 March 2012 in compliance with the CG Code, for the purpose of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Audit Committee is currently chaired by Mr. Lui Tin Nang and comprises three other members, namely Mr. Chan Wing Hang, Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny. All the Audit Committee members are independent non-executive Directors.

The Audit Committee has reviewed with the management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 31 October 2012. The terms of reference of the Audit Committee are available on the Company's website.

NOMINATION COMMITTEE

The Company set up a nomination committee (the "Nomination Committee") on 22 July 2005 with terms of reference which was revised on 15 March 2012 in compliance with the CG Code. The primary role of the Nomination Committee is to ensure that there is a formal and transparent procedure adopted by the Company for the nomination of the Directors. The Nomination Committee comprises a majority of independent non-executive Directors and schedules to meet at least once a year. The Nomination Committee is currently chaired by Mr. Lui Tin Nang and comprises three other members, namely Mr. Chan Wing Hang, Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny. The terms of reference of the Nomination Committee are available on the Company's website.

REMUNERATION COMMITTEE

The Company set up a remuneration committee (the "Remuneration Committee") on 22 July 2005 with terms of reference which was revised on 15 March 2012 in compliance with the CG Code, The primary role of the Remuneration Committee is to ensure that there is a formal and transparent procedure adopted by the Company for developing policies on, and for overseeing, the remuneration packages of all the Directors. The Remuneration Committee comprises a majority of independent non-executive Directors and schedules to meet at least once a year. It is currently chaired by Mr. Chan Wing Hang and comprises three other members, namely Mr. Lui Tin Nang, Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny. The terms of reference of the Remuneration Committee are available on the Company's website.

DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the changes in information of Directors subsequent to the date of the 2012 Annual Report of the Company are set out below:

Name of Directors	**Details of Changes**
Wong Sai Hung	Re-designated as the chairman of the Board, an executive Director and an authorized representative of the Company in August 2012
	His monthly emolument increased to HK$100,000 in October 2012
Dai Yumin	Appointed as the chief executive officer of the Company in August 2012
	His interest in Shaanxi Aierfu was changed from 0.74% to 0.49%
Yang Zheng Guo	His monthly emolument increased to HK$100,000 in October 2012
	His interest in Shaanxi Aierfu was changed from 4.91% to 3.24%
Ma Long	His monthly director's fee increased to HK$100,000 in October 2012
Lui Tin Nang	Re-designated as the chairman of the nomination committee of the Company in August 2012
	His monthly director's fee increased to HK$10,000 in October 2012
Chan Wing Hang	His monthly director's fee increased to HK$10,000 in October 2012

SECURITIES DEALING CODE

The Company has adopted a code of conduct regarding Directors' securities transactions as set out in the GEM Listing Rules as the required standard for securities transactions by the Directors. Having made specific enquiry of all Directors, each of the Directors has confirmed that they have fully complied with the required standards of dealings regarding securities transaction by the Directors as set out on the GEM Listing Rules at any time during the six months ended 31 October 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 31 October 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board of
China Bio-Med Regeneration Technology Limited
Wong Sai Hung
Chairman

Hong Kong, 13 December 2012

As at the date of this announcement, the executive Directors are Mr. Wong Sai Hung, Mr. Dai Yumin and Mr. Yang Zheng Guo; the non-executive Directors are Mr. Ma Long and Dr. Jin Yan; the independent non-executive Directors are Mr. Lui Tin Nang, Mr. Chan Wing Hang, Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny.

This announcement will remain on the "Latest Company Announcement" 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.