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 2013

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.

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 2013, together with the comparative figures in 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*2*	**1,377**	128
Cost of sales		**(1,615)**	(85)
Gross (loss)/profit		**(238)**	43
Other income		**6,788**	2,070
Administrative expenses		**(74,230)**	(69,685)
Operating loss		**(67,680)**	(67,572)
Finance costs	*4*	**(1,694)**	(1,540)
Loss before income tax	*5*	**(69,374)**	(69,112)
Income tax credit	*7*	**1,890**	970
Loss for the year		**(67,484)**	(68,142)
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		**3,605**	2,138
Total comprehensive income for the year		**(63,879)**	(66,004)
Loss for the year attributable to:			
Owners of the Company		**(61,320)**	(57,109)
Non-controlling interests		**(6,164)**	(11,033)
		(67,484)	(68,142)
Total comprehensive income attributable to:			
Owners of the Company		**(57,612)**	(55,051)
Non-controlling interests		**(6,267)**	(10,953)
		(63,879)	(66,004)
Loss per share for loss attributable to owners of the Company	*9*		
– basic (HK cents)		**(0.828)**	(0.809)
– diluted (HK cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**130,577**	118,089
Land use rights and operating lease prepayments		**5,162**	5,157
Investment property		**-**	1,015
Goodwill		**141,310**	141,310
Other intangible assets		**164,437**	179,247
Debt element of convertible bond		**4,261**	-
		445,747	444,818
Current assets			
Inventories		**509**	704
Trade receivables	*11*	**26**	23
Deposits, prepayments and other receivables	*11*	**34,574**	15,042
Options embedded in the convertible bond		**2**	-
Cash and cash equivalents		**272,327**	39,700
		307,438	55,469
Current liabilities			
Trade payables	*12*	**834**	3,671
Accrued charges and other payables	*13*	**57,286**	76,921
Amounts due to non-controlling interests of subsidiaries	*14*	**6,889**	7,729
Bank borrowings	*15*	**37,980**	37,125
Provision for taxation		**-**	975
		102,989	126,421
Net current assets/(liabilities)		**204,449**	(70,952)
Total assets less current liabilities		**650,196**	373,866
Non-current liabilities			
Deferred taxation		**19,278**	21,208
Net assets		**630,918**	352,658
EQUITY			
Share capital	*16*	**90,119**	70,569
Reserves		**532,313**	267,368
Equity attributable to owners of the Company		**622,432**	337,937
Non-controlling interests		**8,486**	14,721
Total equity		**630,918**	352,658

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2013

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Special reserve	Other reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2011	70,569	384,801	6,740	(200)	33,169	(102,091)	392,988	25,674	418,662
Loss for the year	–	–	–	–	–	(57,109)	(57,109)	(11,033)	(68,142)
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	–	–	2,058	–	–	–	2,058	80	2,138
Total comprehensive income for the year	–	–	2,058	–	–	(57,109)	(55,051)	(10,953)	(66,004)
At 30 April 2012 and 1 May 2012	70,569	384,801	8,798	(200)	33,169	(159,200)	337,937	14,721	352,658
Loss on deemed acquisition of non-controlling interests	–	–	–	–	(32)	–	(32)	32	–
Share issued at premium	19,550	328,050	–	–	–	–	347,600	–	347,600
Share issue expense	–	(5,461)	–	–	–	–	(5,461)	–	(5,461)
Transactions with owners	19,550	322,589	–	–	(32)	–	342,107	32	342,139
Loss for the year	–	–	–	–	–	(61,320)	(61,320)	(6,164)	(67,484)
Other comprehensive income									
Exchange gain on translation of financial statements of foreign operations	–	–	3,708	–	–	–	3,708	(103)	3,605
Total comprehensive income for the year	–	–	3,708	–	–	(61,320)	(57,612)	(6,267)	(63,879)
At 30 April 2013	90,119	707,390	12,506	(200)	33,137	(220,520)	622,432	8,486	630,918

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 Activtissue Engineering Company Limited, and the amount of adjustment to non-controlling interests during the years ended 30 April 2011 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2013

1. ADOPTION OF NEW OR AMENDED HKFRSs

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

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets
The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

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

The Directors 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 are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors 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.

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle
This standard is effective for accounting periods beginning on or after 1 January 2013. The improvements made amendments to several standards.

(i) HKAS 1 Presentation of Financial Statements
The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment
The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

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

New/amended HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle *(Continued)*

(iii) HKAS 32 Financial Instruments: Presentation
The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting
The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) - Presentation of Items of Other Comprehensive Income

This standard is effective for accounting periods beginning on or after 1 July 2012. The amendments change the disclosure of items presented in other comprehensive income in the statement of comprehensive income and require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income". However, HKAS 1 permits entities to use other titles.

HKFRS 9 Financial instruments

This standard is effective for accounting periods beginning on or after 1 January 2015. 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, classification 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 de-recognition of financial assets and financial liabilities.

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

New/amended HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 10 Consolidated Financial Statements

This standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor.

An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 - Disclosure of Interests in Other Entities

This standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 - Fair Value Measurement

This standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be early adopted and is applied prospectively.

2. REVENUE

The Group's turnover, represents revenue from its principal activities, measured at the net invoiced value of goods sold, after allowances for returns and trade discounts during the years presented.

3. 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	
	2013	2012
	HK$'000	*HK$'000*
Revenue		
– From external customers	**1,377**	128
Reportable segment revenue	**1,377**	128
Reportable segment loss	**(48,108)**	(54,831)
Amortisation of land use rights and operating lease prepayments	**110**	108
Amortisation of other intangible assets	**15,395**	15,411
Depreciation	**3,132**	2,200
Interest income	**244**	1,598
Reportable segment assets	**496,617**	487,283
Additions to non-current segment assets during the year	**14,155**	53,441
Reportable segment liabilities	**63,631**	87,005

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:

	2013	2012
	HK$'000	*HK$'000*
Reportable segment revenue	**1,377**	128
Group revenue	**1,377**	128
Reportable segment loss	**(48,108)**	(54,831)
Unallocated corporate income	**200**	330
Unallocated corporate expenses	**(19,772)**	(13,071)
Finance costs	**(1,694)**	(1,540)
Loss before income tax	**(69,374)**	(69,112)
Reportable segment assets	**496,617**	487,283
Investment property	**-**	1,015
Debt element of convertible bond	**4,261**	-
Option embedded in the convertible bond	**2**	-
Cash and cash equivalents	**248,292**	8,805
Other corporate assets	**4,013**	3,184
Group assets	**753,185**	500,287
Reportable segment liabilities	**63,631**	87,005
Bank borrowings	**37,980**	37,125
Provision for taxation	**-**	975
Deferred taxation	**19,278**	21,208
Other corporate liabilities	**1,378**	1,316
Group liabilities	**122,267**	147,629

3. **SEGMENT INFORMATION *(Continued)***

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 (excluding debt element of convertible bond)	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**194**	1,165
The PRC (domicile)	**1,377**	128	**441,292**	443,653
	1,377	128	**441,486**	444,818

During the year, 98% (2012: 82%) of the Group's revenue depended on a single customer. As at 30 April 2013, 68% of the Group's trade receivables was due from this customer (2012: Nil).

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 (1) the physical location of the assets (for property, plant and equipment, land use rights and operating lease prepayments and investment property) and (2) location of operations (for goodwill and other intangible assets). 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".

4. **FINANCE COSTS**

	2013	2012
	HK$'000	*HK$'000*
Interest on bank borrowings, other payables and amounts due to non-controlling interests of subsidiaries wholly repayable within one year	**4,685**	3,433
Less: Amount capitalised *(note)*	**(2,991)**	(1,893)
	1,694	1,540

Note: Borrowing costs capitalised during the year arose from the bank borrowings specifically for the construction of the factory building in the PRC. Such amount was capitalised in the construction in progress during the year.

5. LOSS BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Loss before income tax has been arrived at after charging/(crediting) :		
Auditor's remuneration	**605**	602
Amortisation of land use rights and operating lease prepayments	**110**	108
Amortisation of other intangible assets, included in administrative expenses	**15,395**	15,411
Depreciation	**3,135**	2,203
Exchange difference, net	**1,125**	1
Operating lease rentals in respect of office premises	**4,423**	4,130
Research and development costs	**21,481**	14,668
Employee benefit expense (including directors' emoluments) (note 6)	**16,972**	15,687
Other receivables written off	**141**	138
Fair value loss/(gain) on investment property	**209**	(327)
Change in fair value of derivatives embedded in convertible bond	**730**	-
Rental income	**-**	(59)
Imputed interest income on convertible bond	**(193)**	-
Interest income	**(251)**	(1,633)
Loss on disposals of property, plant and equipment, net	**5**	-
Other payables and amounts due to non-controlling interests of subsidiaries waived (note 14)	**(5,873)**	-

6. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2013	2012
	HK$'000	*HK$'000*
Wages and salaries	**13,913**	12,988
Pension costs – defined contribution plans	**1,471**	1,284
Other staff benefits	**1,588**	1,415
	16,972	15,687

7. INCOME TAX CREDIT

No Hong Kong Profits Tax has been provided as the Group has no assessable profits for the year (2012: Nil). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2013	2012
	HK$'000	*HK$'000*
Profit Tax – the PRC		
Current year	**-**	965
Under provision in prior years	**40**	-
Deferred taxation	**(1,930)**	(1,935)
Total income tax credit	**(1,890)**	(970)

7. INCOME TAX CREDIT *(Continued)*

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

	2013	2012
	HK$'000	*HK$'000*
Loss before income tax	**(69,374)**	(69,112)
Tax at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**(11,446)**	(11,403)
Effect of different tax rates of subsidiaries operating in the PRC	**747**	850
Tax effect of expenses not deductible for tax purpose	**8,802**	9,584
Tax effect of income not taxable for tax purpose	**(33)**	(1)
Under provision in prior year	**40**	-
Income tax credit	**(1,890)**	(970)

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(61,320)**	(57,109)

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**7,409,579**	7,056,880

Diluted loss per share for the years ended 30 April 2013 and 30 April 2012 is not presented as there were no potential ordinary shares in issue during the years.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and equipment	Computer equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 May 2011						
Cost	670	12,216	457	4,373	50,632	68,348
Accumulated depreciation	-	(1,028)	(301)	(1,336)	-	(2,665)
Net book amount	670	11,188	156	3,037	50,632	65,683
Year ended 30 April 2012						
Opening net book amount	670	11,188	156	3,037	50,632	65,683
Exchange differences	18	277	3	37	1,330	1,665
Acquisition of a subsidiary	-	-	17	174	-	191
Additions	-	14,320	128	-	38,993	53,441
Transfer to investment property	(688)	-	-	-	-	(688)
Depreciation	-	(1,104)	(105)	(994)	-	(2,203)
Closing net book amount	-	24,681	199	2,254	90,955	118,089
At 30 April 2012						
Cost	-	26,876	615	4,611	90,955	123,057
Accumulated depreciation	-	(2,195)	(416)	(2,357)	-	(4,968)
Net book amount	-	24,681	199	2,254	90,955	118,089
Year ended 30 April 2013						
Opening net book amount	-	24,681	199	2,254	90,955	118,089
Exchange differences	(4)	512	1	24	1,464	1,997
Disposal	-	-	-	(529)	-	(529)
Additions	-	12,099	121	255	1,680	14,155
Transfers	94,099	-	-	-	(94,099)	-
Depreciation	(145)	(1,982)	(91)	(917)	-	(3,135)
Closing net book amount	93,950	35,310	230	1,087	-	130,577
At 30 April 2013						
Cost	94,099	39,613	743	2,951	-	137,406
Accumulated depreciation	(149)	(4,303)	(513)	(1,864)	-	(6,829)
Net book amount	**93,950**	**35,310**	**230**	**1,087**	**-**	**130,577**

As at 30 April 2013, certain of the Group's property, plant and equipment with net carrying amount of HK$93,950,000 (2012: HK$90,955,000) were pledged to secure the bank borrowings granted to the Group. Such bank borrowings have been fully repaid subsequent to the reporting date and the charge has been released accordingly.

11. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**26**	23
Deposits	**22,490**	13,642
Prepayments	**1,208**	292
Other receivables	**10,876**	1,108
	34,574	15,042

Ageing analysis of trade receivables, as at 30 April 2013, based on sales invoice date and net of provisions, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Over 90 days but less than 1 year	**18**	23
Over 1 year	**8**	-
	26	23

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

The carrying amount 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.

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:

	2013	2012
	HK$'000	*HK$'000*
Over 90 days past due but less than 1 year	**18**	23
Over 1 year	**8**	-
	26	23

Trade receivables that were past due but not impaired related to customers that had a good track record of credit with the Group. Based on past credit history, management believes 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.

12. TRADE PAYABLES

As at 30 April 2013, ageing analysis of trade payables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–30 days	**42**	95
31–60 days	**71**	277
Over 60 days but less than 1 year	**206**	3,299
Over 1 year	**515**	-
	834	3,671

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

13. ACCRUED CHARGES AND OTHER PAYABLES

	2013	2012
	HK$'000	HK$'000
Accrued charges	**2,883**	2,170
Other payables (note (a))	**15,124**	36,356
Government assistances (note (b))	**39,279**	38,395
	57,286	76,921

(a) As at 30 April 2012, other payables were unsecured, interest free and repayable on demand except for the amount of HK$7,314,000, which was interest bearing at the range of 5.5% to 36% per annum. In February 2013, the Group entered a debt restructuring agreement with certain non-controlling interests of subsidiaries and creditors. Details refer to note 14 to the results announcement.

As at 30 April 2013, other payables are unsecured, interest free and repayable on demand except for the amount of HK$2,976,000, which will be fully repayable on or before 15 October 2013 by six monthly instalments.

Included in other payables, there is an amount due to a director of HK$280,000 (2012: Nil). Amount due to a director is unsecured, interest-free and repayable on demand.

(b) Government assistances represent payments granted by the local governments in the PRC in relation to the research and development of tissue engineering projects carried out in the PRC. These payments will be recognized as income upon the approval from the local government on the output of the relevant projects.

14. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

As at 30 April 2012, the amounts due to non-controlling interests of subsidiaries were unsecured, interest-free and repayable on demand except for the amount of HK$1,423,000, which was interest bearing at the range of 5.5% to 7.47% per annum.

In February 2013, the Group entered a debt restructuring agreement with certain non-controlling interests of subsidiaries and other creditors. These creditors agreed to waive certain interest bearing payables of RMB3,964,000, included in other payables, and RMB855,000, included in amounts due to non-controlling interests of subsidiaries. The total amount of payables waived of RMB4,819,000 (equivalent to HK$5,873,000) was recognised in profit or loss for the year. The Group also agreed to settle part of the outstanding amounts of RMB1,070,000 (equivalent to HK$1,292,000) by transferring investment property with carrying amount of HK$806,000 and a motor vehicle with carrying amount of HK$415,000 to these creditors. The resulted gain on disposal of HK$71,000 was recognised in profit or loss for the year.

As at 30 April 2013, the amounts due to non-controlling interests of subsidiaries are unsecured, interest-free and repayable on demand except for (1) the amount of HK$823,000, which was interest bearing at the range of 5.5% to 7.47% per annum; and (2) the amount of HK$1,298,000 which will be fully repaid on or before 15 October 2013 by six monthly instalments.

15. BANK BORROWINGS

As at 30 April 2013, the Group's bank borrowings are repayable as follows:

	2013	2012
	HK$'000	*HK$'000*
Bank loans, secured – repayable within one year	**37,980**	37,125

The interest-bearing bank borrowings are carried at amortised cost.

As at 30 April 2013, the bank borrowings included bank loans with principal amounts of RMB30,000,000, which are repayable within one year. All bank borrowings are secured by the Group's property, plant and equipment and land use rights with carrying amounts of HK$93,950,000 (2012: HK$90,955,000) and HK$5,162,000 (2012: HK$5,157,000) respectively. The bank borrowings have been fully repaid subsequent to the reporting date and the charge has been released accordingly.

Interest rate of the bank borrowings ranged from 8.203% to 8.775% (2012: 8.203% to 8.523%) per annum for the year.

16. SHARE CAPITAL

	2013 Number of shares	**Amount *HK$'000***	2012 Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At beginning of the year	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Increase (note (i))	**90,000,000,000**	**900,000**	-	-
At end of the year	**100,000,000,000**	**1,000,000**	10,000,000,000	100,000
Issued and fully paid:				
At beginning of the year	**7,056,880,000**	**70,569**	7,056,880,000	70,569
Shares issued in placing arrangement (note (ii))	**1,955,000,000**	**19,550**	-	-
At end of the year	**9,011,880,000**	**90,119**	7,056,880,000	70,569

Notes :

(i) Pursuant to an ordinary resolution passed on 3 April 2013, the authorised share capital of the Company was increased from HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each to HK$1,000,000,000 divided into 100,000,000,000 ordinary shares of HK$0.01 each.

(ii) On 26 September 2012, pursuant to a placing agreement dated 14 August 2012 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 a connected party.

On 11 April 2013, pursuant to a placing agreement dated 24 January 2013 between the Company and a placing agent, the Company issued an aggregate of 1,500,000,000 new ordinary shares of HK$0.01 each at a price of HK$0.165 per share to a connected party and an independent party.

Details of the share placement were contained in the Company's circular dated 4 September 2012 and 12 March 2013.

All these ordinary shares issued by the Company during the year rank pari passu with the then existing ordinary shares in all respects.

17. OPERATING LEASE COMMITMENTS

As lessor

The Group leased out its investment property under operating lease arrangements with a term of four years.

At the reporting date, the total future minimum lease receivables under non-cancellable operating leases are as follows:

	The Group	
	2013	*2012*
	HK$'000	*HK$'000*
Within one year	**-**	59
In the second to fifth years	**-**	109
	-	168

The Company did not have any lease arrangements as at 30 April 2013.

As lessee

The Group leases a number of properties under operating leases. The leases run for an initial period of one to five years. None of the leases include contingent rentals.

At the reporting date, the total future minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**9,561**	4,131	3,531	3,819
In the second to fifth year inclusive	**18,819**	3,473	-	3,473
	28,380	7,604	3,531	7,292

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW

With the completion of the capital expansion on 30 October 2012, the Group further injected RMB60 million as the registered capital of Shaanxi Aierfu Activtissue Engineering Company Limited ("Shaanxi Aierfu"), a subsidiary of the Group, and the equity interest held by the Group increased from approximately 87.68% to approximately 91.85%. This increase secured sufficient working capital for Shaanxi Aierfu to execute the progress of clinical trials as well as the trial production, inspection and examination of the production base (the "New Plant") in Xian, the Shaanxi Province.

The New Plant in Xian has completed the installation of all equipment for the production of ActivSkin which is under the trial production phase. We successfully acquired the premises permit of the New Plant in May 2013. Commercial production of ActivSkin is expected to commence towards the end of the fourth quarter of 2013, upon obtaining all necessary certifications and approvals from the relevant regulatory bodies in the PRC.

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

Clinical R&D Projects of Shaanxi Aierfu

Our regenerative skin, "ActivSkin" is the principal product of Shaanxi Aierfu at the present time. ActivSkin can relieve pains, shorten healing time and reduce scarring for treating of burns and scalds. To broaden the applications of ActivSkin, we have continuously worked with major hospitals for clinical trials on chronic refractory diabetes foot ulcers. These clinical trials have achieved good curative results, and we have finished approximately 78% of the required trials by the end of May 2013. We expect these clinical trials will be completed in the second half of 2013 or early 2014, although the response and reception from each individual trial sample/patient vary from case to case. Upon satisfactory completion of the required clinical trials, the Group will then apply to 國家食品藥品監督管理局 (State Food and Drug Administration) of the PRC for authorization of this additional application on diabetes ulcers.

For another product that mainly targeted on second degree burns, the recombinant human acellular dermal matrix, an economic version of ActivSkin, we have also entered into clinical trials and have completed approximately 35% of the required trials by the end of May 2013. We expect these clinical trials will be completed by the end of 2014, although the response and reception from each individual trial sample/patient vary from case to case.

For the acellular cornea taken care by the subsidiary of our Shaanxi AiNear Cornea Engineering Company Limited in Shenzhen, we have finished over 85% of the required trials by the end of May 2013. We expect these clinical trials will be completed by the end of 2013, although the response and reception from each individual trial sample/patient vary from case to case. The Directors intend to apply for the production license in respect of the acellular cornea upon the completion of the required clinical trials, expecting to be in the first half of 2014. Thereafter, the acellular cornea is expected to go into commercial production. Sales and marketing activities of the cornea products, which are expected to begin in the second half quarter of year 2014.

For the selective acellular porcine skin, which is developed by our subsidiary Shaanxi AiBosin Bioengineering Company Limited, we have completed approximately 20% of the required clinical trials by the end of May 2013. We expect these clinical trials will be completed by the end of 2014, although the response and reception from each individual trial sample/patient varies from case to case.

BUSINESS OUTLOOK

With the increasing prevalence of stem cell related research and development, scientists from all over the world are stampeding to explore the possibility of transforming the results of these research and development into meaningful applications and products on human beings. The Group's first tissue engineering product, the ActivSkin, is the first regenerative product that was recognized with a registered certificate in the PRC. In addition, our tissue engineering production base in Xian, the Shaanxi Province was also the first of its kind in the PRC. The Group will continuously devote our effort on research and development of other tissue engineering products, and will seek cooperation opportunities to build research and development centers in Hong Kong as well as in the PRC. At the same time, we will speed up the clinical trials endeavor on our existing acellular cornea and acellular porcine skin.

The Group's sales arm, 陝西中經豐德經貿發展有限公司, has been seeking the opportunity to acquire suitable medical products and equipment for sales in order to enhance our business development venture. Medical products and equipment we are currently selling include gastroscopic lubricant, digestive tract stent, cardiac stents and negative pressure drainage. Sales of these products are expected to contribute to our revenue in the second half of year 2013. At the same time, we are building up a sales team to take care of the sales of third parties' medical products and equipment. We have already built our present in a number of major cities in China, including Yinchuan, Lanzhou, Shenyang, Harbin, Nanning and Shaoguan. In addition, our sales team has penetrated 11 hospitals in Shaanxi Province as of June 2013, and we plan to continue this penetration and reach out to approximately 60 hospitals and clinics of second class and above by the end of year 2013. With these actions in place, our sales team can be well prepared and our sales network established. When our own products are ready to roll out, we expect the sales and marketing infrastructure to be there for us to promote our products.

In January 2013, we sponsored the University of Hong Kong on a research project in the advanced stage that focuses on the understanding of the molecular mechanisms of aging and on the developing of stem cell based anti-aging strategy. We will continuously seek collaboration opportunity with the University of Hong Kong and/or other leading institutions, in particular, in the area of longevity and anti-aging strategies. We branched out from this collaboration and in June 2013, we set up a company in Hong Kong to develop supplements and Traditional Chinese Medicine products which are intended to provide remedies for osteoporosis. Their related registrations in Hong Kong are expected to begin in the third quarter of 2013. Trial production, marketing, and clinical testing if necessary of these products are expected to follow thereafter.

Our production plant in Shenzhen Zhonghai Technology Park (深圳中海信科技園) for our acellular cornea has been under renovation and installation of equipment, which are expected to complete by the end of 2013. On the other hand, our new Beijing head office is in the progress of setting up, which is expected to complete in second half of 2013. This Beijing Head Office is intended to centralize our operations in the PRC, from monitoring of our production facilities, clinical trials and product registrations, to assisting in sales and marketing activities as well as coordinating efforts in present and future research and development investments.

The PRC government has been committing to provide supports towards hi-tech industries, including tissue engineering sector, a sub-division of the bio-medical industries. We will continuously strive for more assistance from the Chinese government to provide additional resources for broadening our R&D coverage on tissue engineering spectrum.

As the Group continues to identify and invest in suitable business opportunities and expand and improve in its research and development capability. We may also consider acquiring the minority interests in the Group's non-wholly owned subsidiaries, the Board may consider further fund raising activities if viable fund raising options, which are in the best interest of the Group and the Shareholders, are available.

FINANCIAL REVIEW

Result

During the year under review, the Group's main operation Shaanxi Aierfu is still under trial production and accordingly, limited revenue was generated during the year.

Revenue of approximately HK$1.38 million was generated for the year ended 30 April 2013, an increase of approximately HK$1.25 million as compared to HK$0.13 million for the corresponding year in 2012. This increase was mainly the result of the increase of sales of our principal product, ActivSkin. Loss for the year was approximately HK$67.48 million, a slightly decrease of approximately HK$0.66 million as compared to HK$68.14 million for the year ended 30 April 2012. The decrease was the net results of the increase in research and development cost of approximately HK$6.81 million and the gain of HK$5.87 million arose from the waiver granted by the non-controlling interests of subsidiaries and certain creditors upon the debt restructuring arrangement and decrease in other general operation expenses during the year. However, as a result of the Group's increased equity interest in Shaanxi Aierfu from approximately 87.68% to approximately 91.85%, the loss attributable to owners of the Company was increased by approximately HK$4.21 million to HK$61.32 million.

Net Assets

The net assets of the Group as at 30 April 2013 is approximately HK$630.92 million, an increase of approximately HK$278.26 million, as compared to approximately HK$352.66 million as at 30 April 2012. This increase was primarily the net results of net proceeds of approximately HK$342 million from two fund raisings and loss for the year of approximately HK$67.48 million recorded during this financial year.

Liquidity and Financial Resources

As aforementioned, in order to maintain a strong and healthy financial position for our current and future development, in September 2012 and April 2013, we successfully raised a total of approximately HK$342 million. Of which approximately HK$100 million has been applied in operation, acquisition and settlement of payables related to the construction of the property, plant and equipment of Shaanxi Aierfu.

As at 30 April 2013, cash and bank balances of the Group amounted to approximately HK$272.33 million (2012: approximately HK$39.70 million) which were denominated in Hong Kong dollars and Renminbi.

Working Capital and Gearing Ratio

As at 30 April 2013, the Group had current assets of approximately HK$307.44 million (2012: approximately HK$55.47 million), while its current liabilities stood at approximately HK$102.99 million (2012: approximately HK$126.42 million), representing a net current asset position (2012: net current liabilities position) with a working capital ratio (current assets to current liabilities) of 2.99 (2012: 0.44).

As at 30 April 2013, the Group's total borrowings amounted to approximately HK$47.85 million (2012: HK$52.17 million). The Group's borrowings included bank loans of approximately HK$37.98 million (2012: HK$37.13 million), amounts due to non-controlling interests of subsidiaries of approximately HK$6.89 million (2012: HK$7.73 million), and interest-free payable to independent third party of approximately HK$2.98 million (2012: HK$7.31 million, interest bearing ranging from 5.5% to 36% per annum). The gearing ratio of the Group as at 30 April 2013, calculated as net debt to equity was 0.08 (2012: 0.15).

Capital Structure

During the year, the issued shares of the Company increased by 1,955,000,000 shares to 9,011,880,000 shares as results of the two fund raising activities of the Company during this financial year.

FOREIGN EXCHANGE EXPOSURE

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Directors consider the impact of foreign exchange exposure of the Group is minimal.

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 its registered capital from RMB116,90 million to RMB176,90 million. The full amount of the capital increase was solely contributed by the Group, being RMB60 million in cash. The capital increase was completed on 30 October 2012, and the Group's equity interest in Shaanxi Aierfu increased from approximately 87.68% to approximately 91.85%.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year.

CAPITAL COMMITMENTS

Capital commitment of the Group as at 30 April 2013 is approximately HK$4.19 million (2012: approximately HK$2.59 million). It is related to the purchase of property, plant and equipment contracted but not provided for net of deposit paid amount.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

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$93.95 million (2012: HK$90.96 million) and HK$5.16 million (2012: HK$5.16 million) respectively. The bank loan has been fully repaid subsequent to reporting date, and the charge has been released accordingly.

As at 30 April 2013, the Group had no material contingent liabilities (2012: Nil).

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed above, the directors do not have any plans for material investment or capital assets in the near future.

EMPLOYEE INFORMATION AND REMUNERATION POLICIES

As at 30 April 2013, the Group had 243 (2012: 199) 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$16.97 million (2012: approximately HK$15.69 million).

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

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 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 to the Appendix 15 of the GEM Listing Rules (the "CG Code") from 1 May 2012 to 30 April 2013 except that after the resignation of Mr. Sze Chin Hung, an independent non-executive Director, on 6 August 12, 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.

Following the appointment of Mr. Chiu Chi Kong and Mr. Pang Chung Fai Benny as independent non-executive directors, members of audit committee, nomination committee and remuneration committee of the Company on 20 September 2012, the Company has fully complied with the requirement of Rules 5.05(1), 5.05A and 5.28 of the GEM Listing Rules.

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 and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 30 April 2013.

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 throughout the year ended 30 April 2013.

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
China Bio-Med Regeneration Technology Limited
Dai Yumin
Executive Director

Hong Kong, 19 July 2013

As at the date of this announcement, the executive Directors are Mr. Dai Yumin and Ms. Wang Yurong; the non-executive Directors are Professor Deng Shaoping, Mr. Wong Sai Hung, Mr. Yang Zhengguo, Mr. Ma Long and Mr. Wang Jianjun; and 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 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.