

CHINA MEDICAL AND BIO SCIENCE LIMITED

(PROVISIONAL LIQUIDATORS APPOINTED)

中華藥業生物科學有限公司*

(已委任臨時清盤人)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8120)

FIRST QUARTERLY REPORT

2010/2011

** For identification purposes only*

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.

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This report, for which the directors (the “Directors”) of China Medical and Bio Science Limited (Provisional Liquidators Appointed) (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- The turnover of the Group for the three months ended 31 October 2010 increased to approximately HK\$19,943,000 (2009: Nil).
- Profit attributable to the shareholders of the Company for the three months ended 31 October 2010 amounted to approximately HK\$1,156,000 (2009: loss of approximately HK\$3,887,000).
- Earnings per share amounted to approximately HK\$0.09 cents for the three months ended 31 October 2010 (2009: loss per share of approximately HK\$0.29 cents).
- The Directors do not recommend the payment of any interim dividend for the three months ended 31 October 2010 (2009: Nil).

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of China Medical and Bio Science Limited (Provisional Liquidators Appointed) (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 October 2010, together with the unaudited comparative figures for the corresponding period in 2009 as follows:

		For the three months ended 31 October	
	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Turnover	3	19,943	–
Cost of sales		(15,792)	–
Gross profit		4,151	–
Other revenue		1	275
Selling and distribution costs		(457)	–
General and administrative expenses		(898)	(3,305)
Restructuring costs		(720)	–
Loss on disposal of non-current assets held for sale		–	(134)
Profit/(loss) from operating activities		2,077	(3,164)
Finance costs		(45)	(723)
Profit/(loss) before tax		2,032	(3,887)
Tax	4	(876)	–
Profit/(loss) for the period attributable to shareholders of the Company		1,156	(3,887)
Other comprehensive income for the period: Exchange differences on translating foreign operations		19	–
Total comprehensive income/(loss) for the period attributable to shareholders of the Company		1,175	(3,887)
Earnings/(loss) per share attributable to shareholders of the Company (HK cents)	5		
Basic		0.09	(0.29)
Diluted		N/A	N/A

Notes:

1. Corporate information

The Group is principally engaged in feedstock distribution business, mainly involving the development and distribution of feedstock products.

The registered office of the Company is located at Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies.

The principal place of business of the Company is at 62/F, One Island East, 18 Westlands Road, Island East, Hong Kong.

The Company's shares are listed on the GEM of the Stock Exchange and have been suspended for trading since 28 October 2008.

2. Basis of presentation

(a) Principal accounting policies

The unaudited consolidated results for the three months ended 31 October 2010 of the Group have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and in compliance with the disclosure requirements of the GEM Listing Rules of the Stock Exchange.

The accounting policies adopted in the unaudited consolidated results for three months ended 31 October 2010 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 July 2010.

For the three months ended 31 October 2010, the Group has applied the new standards, amendments and interpretation (the "New HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 August 2010. The adoption of the New HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

3. Turnover

Turnover represents the net invoiced value of goods sold after allowances for returns and discounts, and net of relevant tax and duties.

4. Tax

Income tax expense for the three months ended 31 October 2010 represents provision for the People's Republic of China (the "PRC") enterprise income tax at 25% on the estimated assessable profit of a subsidiary operating in the PRC.

No provision for Hong Kong profits tax has been made as the Group did not have any estimated assessable profits arising in Hong Kong for the three months ended 31 October 2010.

5. Earnings/(loss) per share attributable to the shareholders of the Company

The calculation of basic earnings/(loss) per share attributable to shareholders of the Company for the three months ended 31 October 2010 is based on the profit attributable to shareholders of the Company of approximately HK\$1,156,000 (2009: loss of approximately HK\$3,887,000) and the number of shares in issue during the three months ended 31 October 2010 of 1,352,400,000 (2009: 1,352,400,000).

No diluted earnings/(loss) per share is presented for the three months ended 31 October 2010 and 2009 as the conversion of the outstanding convertible bonds, warrants and share options during the periods have an anti-dilutive effect on the basic earnings/(loss) per share.

6. Share capital and reserves

	Share capital	Share premium	Capital reserve	Share option reserve	Convertible bond equity reserve	Warrants reserve	Exchange fluctuation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 August 2009	67,620	101,086	27,104	14,364	29,634	4,807	(1,426)	(403,781)	(160,592)
Total comprehensive loss for the period	-	-	-	-	-	-	-	(3,887)	(3,887)
At 31 October 2009	<u>67,620</u>	<u>101,086</u>	<u>27,104</u>	<u>14,364</u>	<u>29,634</u>	<u>4,807</u>	<u>(1,426)</u>	<u>(407,668)</u>	<u>(164,479)</u>
At 1 August 2010	67,620	101,086	27,104	14,364	29,634	4,807	(2,279)	(403,581)	(161,245)
Total comprehensive income for the period	-	-	-	-	-	-	-	1,175	1,175
At 31 October 2010	<u>67,620</u>	<u>101,086</u>	<u>27,104</u>	<u>14,364</u>	<u>29,634</u>	<u>4,807</u>	<u>(2,279)</u>	<u>(402,406)</u>	<u>(160,070)</u>

7. Dividend

The Directors do not recommend the payment of any interim dividend for the three months ended 31 October 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The turnover of the Group for the three months ended 31 October 2010 increased to approximately HK\$19,943,000 (2009: Nil). In addition, the Company turned around from a loss position of approximately HK\$3,887,000 recorded for the three months ended 31 October 2009 to a net profit after tax attributable to the Company's shareholders for the three months ended 31 October 2010 of approximately HK\$1,156,000. The turnaround was mainly due to the substantial increment in the Group's turnover resulting from the successful expansion of the Group's feedstock distribution business in the PRC, and the reduction in finance costs and administrative expenses.

For the three months ended 31 October 2010, the earnings per share was approximately HK0.09 cents (2009: loss per share of approximately HK0.29 cents).

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

On 13 May 2008, a winding-up petition was presented and filed in the High Court (the "High Court") of the Hong Kong Special Administrative Region ("Hong Kong") by Shantou Xinyuan Trading Company Limited, the petitioner of the Company. On 2 December 2008, an ex-parte application was filed and served onto the Company by Keywise Greater China Opportunities Master Fund, a supporting creditor of the Company, for the appointment of provisional liquidators of the Company. On 3 December 2008, the High Court appointed Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, both of Ernst & Young Transactions Limited, as the joint and several provisional liquidators (the "Provisional Liquidators") of the Company.

Pursuant to an order of the High Court, the Provisional Liquidators would, inter alia, take into their custody and protect all the assets of the Group and manage the Group until such times as further order is made. The Provisional Liquidators are independent third parties not connected with the Company or any of the directors, chief executive and substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the GEM Listing Rules.

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS (CONT'D)

By an order of the High Court dated 8 October 2010, the hearing for the petition which was initially fixed on 12 November 2008 was further adjourned to 11 April 2011.

Trading in the shares of the Company on the GEM has been suspended since 28 October 2008 and remained suspended as at the date of this report.

THE RESTRUCTURING

On 5 December 2008, the Provisional Liquidators appointed Asian Capital (Corporate Finance) Limited as financial adviser to the Company (the “Financial Adviser”). Since then, the Provisional Liquidators and the Financial Adviser had been in discussion and negotiation with various potential investors with a view to submit a viable resumption proposal to the Stock Exchange for restructuring of the Company.

On 28 July 2009, an exclusivity agreement (the “Exclusivity Agreement”) was entered into amongst NEUF Capital Limited (the “Investor”), the Company and the Provisional Liquidators to grant the Investor exclusivity for the preparation of a resumption proposal (the “Resumption Proposal”) and negotiation in good faith of legally binding agreements for the implementation of the proposed restructuring and the Resumption Proposal. The restructuring proposal so submitted by the Company was accepted by the Provisional Liquidators, and was supported by the major creditors of the Company.

On 24 September 2009, a subsidiary of the Company and the Investor entered into a working capital facility agreement, pursuant to which the Investor undertook that it would deposit sufficient funds of up to HK\$9 million as working capital to meet the trading and operating expenses to maintain a viable, continuing business of the Company during the course of proposed restructuring that are incurred after the date of the Exclusivity Agreement.

The proposed restructuring, if successfully implemented, will, amongst other things, result in:

- (i) a restructuring of the share capital of the Company through capital reduction, shares consolidation and the increase in share capital, and the issuance of new shares of the Company;

THE RESTRUCTURING (CONT'D)

- (ii) all the creditors of the Company discharging and waiving their claims against the Company by way of scheme of arrangement in Hong Kong and the Cayman Islands (the "Schemes"), as appropriate; and
- (iii) resumption of trading in the shares of the Company upon completion of the proposed restructuring subject to the restoration of sufficient public float.

On 30 November 2009, the Company submitted the Resumption Proposal to the Stock Exchange (which was subsequently updated and submitted to the Stock Exchange on 19 May 2010). On 26 July 2010, the Company was informed by the Stock Exchange that trading in the shares of the Company will be resumed if the Company fulfills, among other things, the following conditions by 30 April 2011:

- (1) completion of the subscription of new shares and convertible bonds by the Investor, placing of new shares to independent third parties, scheme of arrangement, the capital restructuring and reorganisation and other transactions under the Resumption Proposal;
- (2) completion of formation of the JV (as defined below) to establish a manufacturing plant and commencement of production. The Company should provide a letter by a corporation licensed by the Securities and Futures Commission of Hong Kong to advise on corporate finance confirming this condition has been fulfilled;
- (3) inclusion in the circular to shareholders a statement from directors of the Company confirming working capital sufficiency for 12 months after resumption and a comfort letter from the auditors/financial adviser on the directors' statement;
- (4) inclusion in the circular to shareholders of the Company a profit forecast for each of the two years ending 31 July 2011 together with reports from the auditors and financial adviser under paragraph 29(2) of Appendix 1B of the GEM Listing Rules;
- (5) inclusion in the circular to shareholders a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from the auditors under Rule 7.31 under the GEM Listing Rules;
- (6) publication of circular relating to the proposal in prospectus standard; and
- (7) withdrawal of the winding-up petition and discharge of the Provisional Liquidators.

The Company, the Provisional Liquidators and the Investor are currently in the course of implementing the transactions contemplated in the Resumption Proposal with a view to fulfill the above conditions set out by the Stock Exchange, including a formal agreement incorporating the key features of the Resumption Proposal.

MATERIAL ACQUISITIONS AND DISPOSALS

Establishment of a joint venture in the PRC

On 16 March 2010, the Group entered into a joint venture agreement (as supplemented on June 2010, collectively refer to as the “JV Agreement”) with three other joint venture partners (the “JV Partners”) for the establishment of a joint venture (the “JV”), which will be principally engaged in the development and manufacturing of feedstock products in the PRC. On 3 November 2010, the Group entered into another supplemental agreement such that, among other things, one of the then JV Partners, would transfer all of its 24% equity interest in the JV to its associated company and the JV would acquire a land parcel in Fujian Province, the PRC, for the construction of the JV’s manufacturing plant.

On 23 October 2010, the JV and the Investment Promotion Bureau entered into an acquisition agreement, pursuant to which the JV will, among others, acquire a land parcel located at the Yanqian Industrial Zone of Wuping County, Fujian Province (the “Land Parcel”) with a site area of approximately 14,674 square meters at the consideration of RMB0.88 million (subject to the completion of the public tender process under the PRC relevant regulations) for the construction of the JV’s manufacturing plant. The tender process for the New Land Parcel is expected to be completed by December 2010.

Save as disclosed from the above, the Group had no material acquisition or disposal during the three months ended 31 October 2010 and up to the date of this report.

OPERATION REVIEW

The feedstock distribution business of the Group has been expanding rapidly since its commencement in November 2009. Such expansion had resulted in the substantial growth of both the turnover and the net profit of the Group.

PROSPECTS

As at the date of this report, the Group has expanded its products offerings from swine feedstock and feed additives to include fish and chicken feedstock products. The Board expects that such extension of product offerings will further enhance the sales of the Group whilst diversifying its source of income. As mentioned above, the Group entered into the JV Agreement to set up the JV, which will be principally engaged in the development and manufacturing of feedstock products. The JV was incorporated in the PRC in August 2010. It is expected that by participating in the manufacturing process, the Group will have more stable, diversified and quality supply of products to meet the market demand and development.

PROSPECTS (CONT'D)

Following the establishment of the research and development team of the JV, the Group intends to expand its product range and develop its own products brand for enhancement of its corporate image, customer loyalty and profitability.

The Group is currently taking steps to expedite the process of construction of its own production plant under the JV Agreement and believes that the formation of the JV will bring about synergies to the Group's existing customer base and network, and thus further accelerate its business development.

It is expected that as all liabilities arising from the creditors of the Company and the creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged by way of the Schemes as contemplated in the Resumption Proposal. The Company is confident that, with the Investor's strong support in the business and financial aspects, the business operations of the Group will expand continuously, and the Group will eventually gain a solid foothold in the feedstock industry in the PRC.

ADDITIONAL INFORMATION REQUIRED BY THE GEM LISTING RULES

AUDIT COMMITTEE

The main functions of an audit committee is to recommend to the Board on the appointment, reappointment and removal of the external auditors; to approve the remuneration and terms of engagement of the external auditors as well as any questions of resignation or dismissal of such auditors; to review the quarterly, interim and annual reports and accounts of the Group; and to oversee the Company's financial reporting and internal control procedures.

Since there are insufficient directors of the Company to be appointed members of an audit committee, there is no audit committee and the Company's interim financial results for the three months ended 31 October 2010 have not been reviewed by any audit committee. In addition, the interim financial results have neither been reviewed by an external auditor. However, the Directors will, as soon as practicable, establish an audit committee pursuant to the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the three months ended 31 October 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE COMPANY

As at 31 October 2010, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of directors	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital	Note
Ms. Wong Moon Ha	Through controlled corporation	Ordinary shares	400,000,000 shares	29.58%	(1)
Mr. Wong Sai Wa	Directly beneficially owned	Share options	3,200,000 share options	0.24%	(2)

Note:

- (1) The shares were held by Concord Pharmaceutical Technology (Holdings) Limited ("CPT"), which is a wholly-owned subsidiary of Concord Business Management Limited ("CBM"), the entire issued capital of which was owned by Ms. Wong Moon Ha, an executive director of the Company. According to the disclosure of interest forms dated 6 September 2007, Mr. Wong Sai Chung surrendered his rights to 400,000,000 shares to Ms. Wong Moon Ha on even date. Mr. Wong Sai Chung is the brother of Mr. Wong Sai Wa and Ms. Wong Moon Ha, both are the executive directors of the Company.
- (2) The options are exercisable at any time from 10 October 2001 up to and including 22 March 2011 at an exercise price of HK\$0.55 per share in accordance with the terms of the Pre-initial public offerings share option scheme (the "Pre-IPO Plan") adopted by the Company on 23 March 2001.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE COMPANY (CONT'D)

Save as disclosed herein, as at 31 October 2010, none of the directors or chief executives of the Company has short positions in the shares or underlying shares of equity derivatives of the Company and no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

SHARE OPTION SCHEMES

(a) Share option scheme

The Company had adopted the Pre-IPO Plan and a share option scheme (the "Option Scheme"), the principal terms of which were summarised in the section headed "Statutory and General Information Share Option Schemes" in Appendix 5 to the Company's prospectus dated 28 March 2001. The Option Scheme became effective on 23 March 2001 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

By ordinary shareholders' resolutions passed at the extraordinary general meeting held on 12 September 2007, the Company had made amendments to the Option Scheme. The exact terms of the amendments were detailed in the circular of the Company dated 27 August 2007. Save as set out in such amendment, all other provisions of the Option Scheme remained unchanged.

The following share options were outstanding under the Option Scheme during the period under review:

Name or category of of participant	At 1.8.2010	Granted during the year	Exercised during The year	Lapsed during the year	Cancelled during the year	At 31.10.2010	Date of grant of share options	Exercise period of share options	Exercise price of share options <i>HK\$</i>
Consultants	43,000,000	-	-	-	-	43,000,000	23.9.2007	23.9.2007 to 22.9.2017	0.43
Consultants	27,040,000	-	-	-	-	27,040,000	14.11.2007	14.11.2007 to 13.11.2017	0.59
	<u>70,040,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,040,000</u>			

SHARE OPTION SCHEMES (CONT'D)

(a) Share option scheme (cont'd)

The exercise of the above 70,040,000 outstanding share options of the Option Scheme as at 31 October 2010 would, under the present capital structure of the Company, would result in the issue of 70,040,000 additional ordinary shares of the Company and additional share capital of HK\$3,502,000 and share premium of HK\$30,941,600 (before issue expenses).

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

(b) Pre-IPO Plan

The following share options were outstanding under the Pre-IPO Plan during the period under review:

Name or category of participant	At 1.8.2010	Granted during the year	Exercised during The year	(Note a)		At 31.10.2010	(Note b)	(Note c)	Exercise price of share Options HK\$
				Lapsed during the year	Cancelled during the year		Date of grant of share Options	Exercise period of share options	
Director									
Mr. Wong Sai Wa	3,200,000	-	-	-	-	3,200,000	23.3.2001	10.10.2001 to 22.3.2011	0.55
	<u>3,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200,000</u>			

Notes:

- If the grantee is an employee of the Group, the share options shall lapse automatically upon the termination of his/her employment with the Group. The share options may be exercised up to the last actual working day of any employee of the Group.
- The vesting period of the share options is from the date of the grant until the date of the exercise period commences.
- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

SHARE OPTION SCHEMES (CONT'D)

(b) Pre-IPO Plan (cont'd)

The exercise of the above 3,200,000 outstanding share options of the Pre-IPO as at 31 October 2010 would, under the present capital structure of the Company, result in the issue of 3,200,000 additional ordinary shares of the Company and additional share capital amounted to HK\$160,000 and share premium amounted to HK\$1,600,000 (before issue expenses). During the three months ended 31 October 2010, none of the directors or employees of the Company had exercised any share options and no allotment or issue of shares was made pursuant to the Pre-IPO Plan. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 October 2010, so far as was known to the directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of SFO the following persons (not being the directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity and nature of interest	Shares	Number/ amount of shares/equity derivatives held (Long position)	Percentage of the Company's issued share capital	Note
JBC Bio Technology Company Limited ("JBC Bio Tech")	Corporation	Ordinary shares	432,000,000 shares	31.94%	(1)
Ms Liu Yang	Through controlled corporation	Ordinary shares	432,000,000 shares	31.94%	(1)
CPT	Corporation	Ordinary shares	400,000,000 shares	29.58%	(2)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY (CONT'D)

Name	Capacity and nature of interest	Shares	Number/ amount of shares/equity held (Long position)	Percentage of the Company's issued share capital	Note
CBM	Through controlled corporation	Ordinary shares	400,000,000 shares	29.58%	(2)
Keywise Capital Management (HK) Limited	Investment Manager	Ordinary shares	442,599,386 shares	32.70%	(3)
Keywise Greater China Opportunities Master Fund ("Keywise")	Investment Manager	Ordinary shares	442,599,286 shares	32.70%	(3)

Notes:

- (1) The shares were held by Ms. Liu Yang (the former director of the Company) through JBC Bio Tech. Prior to the unauthorized sale of 48,000,000 shares as mentioned in the report of the Company dated 29 May 2007, JBC Bio Tech held 480,000,000 shares, representing 35.94% of the total issued share capital of the Company.
- (2) CPT is a wholly-owned subsidiary of CBM and CBM is wholly owned by Ms. Wong Moon Ha, an executive director of the Company. Accordingly, CBM and Ms. Wong Moon Ha are deemed to have an interest in the 400,000,000 shares of the Company held by CPT.
- (3) Keywise is an investment fund managed by Keywise Capital Management (HK) Limited. These shares comprise (i) 220,496,000 shares of the Company and (ii) 151,515,151 and 70,588,235 underlying shares which would be issued upon conversion of convertible bonds and exercise of subscription rights attaching to warrants respectively.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OF THE COMPANY (CONT'D)

Save as disclosed above, as at 31 October 2010, the directors and/or chief executives of the Company were not aware of any other person (other than directors and/or chief executives of the Company) who had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

CODE ON CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

As at 31 October 2010, the Directors have not yet adopted a code of conduct governing regarding directors' securities transactions for directors. However, the Directors will, as soon as practicable, adopt such code of conduct on terms no less stringent than those in the required standard set out in the GEM Listing Rules 5.48 to 5.67 to be complied by all Directors.

For the three months ended 31 October 2010, the Company was not aware of any noncompliance of securities transactions by the Directors as set out in the GEM Listing Rules.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the three months ended 31 October 2010, with the exception of the situations listed below, the Company complied with the principles of good governance and code provision (the "Code Provision"). Appendix 15 sets out the "Code on Corporate Governance Practices" of the GEM Listing Rules.

1. Non-executive Directors were not appointed for a specific term but were subject to retirement by rotation at the Company's annual general meeting in accordance with the bye-law of the Company (Code Provision A.4.1); and
2. No remuneration committee was established to review the directors' remuneration policy and other remuneration related matters. The Directors will, as soon as practicable, establish a remuneration committee with specific written reference which deals clearly with its authorities and duties (Code Provision B.1.1).

SUSPENSION OF TRADING

Trading in the shares of the Company has been suspended since 9:30 a.m. on 28 October 2008 at the request of the Company and will remain suspended until further notice.

By Order of the Board
China Medical and Bio Science Limited
(Provisional Liquidators Appointed)
Wong Sai Wa
Executive Director

Hong Kong, 24 November 2010

As at the date of this report, the Board of the Company comprises two executive Directors, namely Ms. Wong Moon Ha and Mr. Wong Sai Wa; and one independent non-executive Director, namely Mr. Chan Kin Hang.