

ORIENTAL UNICORN AGRICULTURAL GROUP LIMITED

東麟農業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8120

INTERIM REPORT

2011 / 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 of the Stock Exchange 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 Oriental Unicorn Agricultural Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange Hong Kong Limited (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.*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Li Wing Chiu (*Chairman*)
(*appointed on 26 October 2011*)
Mr. Wang Zhiming
(*Chief Executive Officer*)
(*appointed on 26 October 2011*)
Mr. Zhang Xiaobin
(*appointed on 26 October 2011*)
Mr. Wong Sai Wa

NON-EXECUTIVE DIRECTORS

Mr. Qiao Long
(*appointed on 26 October 2011*)
Ms. Wong Moon Ha
(*re-designated on 26 October 2011*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Yan Ki, Angel
(*appointed on 26 October 2011*)
Ms. Liao Aimin
(*appointed on 26 October 2011*)
Mr. Li Jingxing
(*appointed on 26 October 2011*)

COMPANY SECRETARY

Mr. Leung Kin Lung

AUDITOR

PKF Hong Kong
Certified Public Accountants

PRINCIPAL BANKER

The Hongkong and Shanghai
Banking Corporation Limited

REGISTERED OFFICE

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5103, 51/F., Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Bufferfield Fulcrum Group Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queens' Road East
Wanchai
Hong Kong

STOCK CODE

8120

WEBSITE

www.irasia.com/listco/hk/orientalunicorn/index.htm

HIGHLIGHTS

- The Company reported a profit attributable to the equity shareholders of the Company of approximately HK\$63,504,000 for the six months ended 31 January 2012 (the “period”), of which, a sum of approximately HK\$69,534,000 was attributable to a gain on the Scheme of arrangement with the Company’s creditors. In addition, the professional fees for restructuring in the period were approximately HK\$8,085,000.
- The revenue of the Company together with its subsidiaries was approximately HK\$56,695,000 for the period, an increase of approximately HK\$13,598,000 when compared to the same period of the previous financial year.
- Gross profit for the period was approximately HK\$11,679,000 which corresponds to a gross margin of 21%.
- Other revenue, some HK\$2,990,000 higher when compared with the same period in the previous financial year, was mainly due to the receipt of non-refundable fee contributions of HK\$3,000,000 from the Former Investor to assist in completing the restructuring and resumption of trading in the shares of the Company on the GEM board.
- Operating expenses increased by approximately HK\$4,676,000 for the period.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the six months ended 31 January 2012.

	August 2011 to January 2012 <i>HK\$ million</i>	August 2010 to January 2011 <i>HK\$ million</i>
Revenue	<u><u>56.7</u></u>	<u><u>43.1</u></u>
Gross profit	11.7	8.7
– ratio to revenue	21%	20%
Other revenue	3.0	–
Operating expenditure*	(8.6)	(3.9)
Restructuring costs – professional fees for restructuring in the period	(8.1)	(0.8)
Finance costs	(0.8)	(0.1)
Gain on the Scheme	69.5	–
Gain on deconsolidation of subsidiaries	<u>0.4</u>	<u>2.4</u>
Profit before tax	67.1	6.3
Tax	<u>(2.1)</u>	<u>(1.7)</u>
Profit for the period	<u><u>65.0</u></u>	<u><u>4.6</u></u>
Profit for the period attributable to equity shareholders of the Company	<u><u>63.5</u></u>	<u><u>4.6</u></u>

* Being selling and distribution costs, and general and administrative expenses

INTERIM RESULTS (UNAUDITED)

The Board of Oriental Unicorn Agricultural Group Limited presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 January 2012 together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three and six months ended 31 January 2012

		For the three months ended 31 January 2012 HK\$'000 (Unaudited)	For the three months ended 31 January 2011 HK\$'000 (Unaudited)	For the six months ended 31 January 2012 HK\$'000 (Unaudited)	For the six months ended 31 January 2011 HK\$'000 (Unaudited)
Turnover		28,323	23,154	56,695	43,097
Cost of sales		(22,497)	(18,596)	(45,016)	(34,388)
Gross profit		5,826	4,558	11,679	8,709
Other revenue	5	7	23	3,014	24
Selling and distribution costs		(597)	(874)	(1,319)	(1,331)
General and administrative expenses		(5,353)	(1,627)	(7,213)	(2,525)
Restructuring costs		(7,114)	(162)	(8,085)	(882)
Profit/(loss) from operating activities		(7,231)	1,918	(1,924)	3,995
Finance costs	6	(607)	(80)	(821)	(125)
Gain on the Scheme	16	-	-	69,534	-
Gain on deconsolidation of subsidiaries	7	-	2,387	401	2,387
Profit/(loss) before tax		(7,838)	4,225	67,190	6,257
Tax	9	(1,076)	(776)	(2,182)	(1,652)
Profit/(loss) for the period		(8,914)	3,449	65,008	4,605
Other comprehensive income/(loss) for the period:					
– Release of exchange fluctuation reserve upon deconsolidation of subsidiaries		-	-	(20)	-
– Exchange differences arising on translation of financial statements of overseas subsidiaries		495	-	333	-
Total comprehensive income/(loss) for the period		(8,419)	3,449	65,321	4,605

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) (CONT'D)

For the three and six months ended 31 January 2012

	For the three months ended 31 January 2012 <i>HK\$'000</i> (Unaudited)	For the three months ended 31 January 2011 <i>HK\$'000</i> (Unaudited)	For the six months ended 31 January 2012 <i>HK\$'000</i> (Unaudited)	For the six months ended 31 January 2011 <i>HK\$'000</i> (Unaudited)
Profit/(loss) for the period attributable to:				
– Equity shareholders of the Company	(9,837)	3,489	63,504	4,645
– Non–controlling interests	923	(40)	1,504	(40)
	<u>(8,914)</u>	<u>3,449</u>	<u>65,008</u>	<u>4,605</u>
Total comprehensive income/(loss) for the period attributable to:				
– Equity shareholders of the Company	(9,342)	3,489	63,817	4,645
– Non–controlling interests	923	(40)	1,504	(40)
	<u>(8,419)</u>	<u>3,449</u>	<u>65,321</u>	<u>4,605</u>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Earnings/(loss) per share	<i>10</i>			
Basic	<u>(0.03)</u>	<u>0.10</u>	<u>0.36</u>	<u>0.14</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>0.27</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2012

	<i>Note</i>	31 January 2012 <i>HK\$'000</i> (Unaudited)	31 July 2011 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		24,244	12,989
Prepaid lease payments		1,053	1,064
		25,297	14,053
CURRENT ASSETS			
Inventories		5,497	1,458
Trade receivables	12	23,925	10,845
Deposits, prepayments and other receivables		2,349	2,536
Cash and bank balances		11,247	10,843
		43,018	25,682
		-----	-----
DEDUCT:			
CURRENT LIABILITIES			
Trade payables	13	3,781	464
Convertible bonds		-	106,600
Amounts due to deconsolidated subsidiaries		-	1,239
Other payables and accruals		2,111	21,252
Amount due to the Former Investor		-	16,538
Amount due to the Investor		-	8,399
Income tax payable		2,811	938
		8,703	155,430
		-----	-----
NET CURRENT ASSETS/(LIABILITIES)		34,315	(129,748)
TOTAL ASSETS LESS CURRENT LIABILITIES		59,612	(115,695)
NON-CURRENT LIABILITIES			
Convertible notes	15	14,001	-
NET ASSETS/(LIABILITIES)		45,611	(115,695)
		45,611	(115,695)
CAPITAL AND RESERVES			
Share capital	14	12,232	67,620
Reserves		33,379	(189,193)
		45,611	(121,573)
Equity/(capital deficiencies) attributable to equity shareholders of the Company		45,611	(121,573)
Non-controlling shareholders' interests		-	5,878
TOTAL EQUITY/(CAPITAL DEFICIENCIES)		45,611	(115,695)
		45,611	(115,695)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31 January 2012

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital reserve	Share Convertible		Warrants reserve	PRC Exchange		Accumulated losses	Total
				option reserve	bond equity reserve		statutory reserve	fluctuation reserve		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 August 2011	67,620	101,086	61,545	-	-	-	873	1,054	(353,751)	(121,573)
Capital restructuring (see (a) below)	(66,268)	(101,086)	-	-	-	-	-	-	167,354	-
Issuance of Subscription Shares (note 14(b))	9,600	38,400	-	-	-	-	-	-	-	48,000
Issuance of Creditors Shares (note 16)	1,280	45,440	-	-	-	-	-	-	-	46,720
Issuance of Conversion Shares (note 15)	-	-	8,647	-	-	-	-	-	-	8,647
Release of capital reserve upon:										
– deconsolidation of subsidiaries (note 7)	-	-	(27,104)	-	-	-	-	-	27,104	-
– discharge of convertible bonds under the Scheme (see (b) below)	-	-	(34,441)	-	-	-	-	-	34,441	-
Total comprehensive income for the period	-	-	-	-	-	-	-	313	63,504	63,817
At 31 January 2012	<u>12,232</u>	<u>83,840</u>	<u>8,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>873</u>	<u>1,367</u>	<u>(61,348)</u>	<u>45,611</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/ (loss) for the period	-	-	-	-	-	-	-	-	4,645	4,645
At 31 January 2011	<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>-</u>	<u>(2,279)</u>	<u>(398,936)</u>	<u>(156,600)</u>

- (a) The credit balance arising from the Capital Reduction of HK\$66,268,000 was applied, as permitted by the Cayman Companies Law to set off part of the accumulated losses of the Company. With effect from the completion of the Restructuring Agreement (see note 14(b)), the whole amount standing to the credit of the share premium account of the Company amounting to HK\$101,086,000 was reduced and set off against the accumulated losses of the Company.
- (b) Under the Scheme, all outstanding convertible bonds issued on 2 November 2007 together with certain other claims and liabilities of the Company will be settled by cash and the Creditors Shares. As a result, the reserve applicable to the conversion option and warrant of the convertible bonds were released and set off against the accumulated losses of the Company during the period.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

For the six months ended 31 January 2012

	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Net cash (used in)/generated from operating activities	(19,159)	1,313
Net cash used in investing activities	(30,781)	(5,388)
Net cash generated from financing activities	50,261	7,751
	<hr/>	<hr/>
Net increase in cash and cash equivalents	321	3,676
Effect of foreign exchange rate changes	83	–
Cash and cash equivalents at the beginning of the period	10,843	4,218
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<u>11,247</u>	<u>7,894</u>

1. Corporate information

The Group is principally engaged in feedstock and related businesses, mainly involving in the manufacturing, development and distribution of feedstock products and related activities. 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 Suite 5103, 51/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. Basis of preparation

These unaudited condensed consolidated interim financial statements 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 the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Companies Ordinance. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 July 2011. The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 July 2011.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. For those which are effective for accounting periods beginning on 1 August 2011, the adoption has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group's results and financial position.

3. Segment Information

The Group is organized into two divisions which are the basis on which the Group reports its segment information. Segment information is presented by the following segments:

- (a) the feedstock products segment comprises the feedstock business; and

3. Segment Information (Cont'd)

- (b) the others segment comprises corporate activities and other non-feedstock business.

Since the Group's revenue from external customers and non-current assets are derived from and located in the PRC, no geographical information is disclosed.

	Feed Products		Others		Consolidated	
	For the six months ended 31 January		For the six months ended 31 January		For the six months ended 31 January	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:						
Sales to external customers	56,695	43,097	-	-	56,695	43,097
Other revenue	-	-	-	20	-	20
	<u>56,695</u>	<u>43,097</u>	<u>-</u>	<u>20</u>	<u>56,695</u>	<u>43,117</u>
Total revenue	<u>56,695</u>	<u>43,097</u>	<u>-</u>	<u>20</u>	<u>56,695</u>	<u>43,117</u>
Segment results	<u>6,548</u>	<u>6,499</u>	<u>-</u>	<u>801</u>	<u>6,548</u>	<u>7,260</u>
Interest income					14	4
Restructuring costs					(8,085)	(882)
Finance costs					(821)	(125)
Gain on the Scheme					69,534	-
					<u>67,190</u>	<u>6,257</u>
Profit before tax					<u>67,190</u>	<u>6,257</u>
Tax					(2,182)	(1,652)
					<u>65,008</u>	<u>4,605</u>
Profit for the period					<u>65,008</u>	<u>4,605</u>

Under HKFRS 8, segment is required to be disclosed on the basis that the Group's management regards and manages the Group, with amounts reported for each reportable segment being the measures reported to the Group's management for the purposes of assessing segment performance and making decisions about operating matters. Segment assets consists primarily of property, plants and equipment and trade receivables.

4. Turnover

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

5. Other revenue

	Six months ended 31 January	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-refundable fee contributions		
from Former Investor	3,000	–
Interest income	14	4
Other sundry income	–	20
	<u>3,014</u>	<u>24</u>

6. Finance costs

	Six months ended 31 January	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on advances from the Former Investor	66	125
Interest on advances from the Investor	105	–
Other interest	2	–
Interest on convertible notes	648	–
	<u>821</u>	<u>125</u>

7. Gain on deconsolidation of subsidiaries

By resolutions of the Company's direct wholly-owned subsidiary, namely, China Biotechnology Limited ("CBL") passed on 14 September 2011, CBL was placed into a voluntary liquidation pursuant to section 116(d) of the Companies Law (2010 Revision) of the Cayman Islands, as amended and revised (the "Cayman Companies Law"), Messrs. Robin Lee McMahon and Roy Bailey, both of Ernst & Young Limited, were appointed as voluntary liquidators of CBL.

On 11 October 2011, Mr. Liu Yiu Keung Stephen of Ernst & Young Transactions Limited and Mr. William Tacon of Messrs. Zolfo Cooper were appointed as liquidators of the Company's indirect wholly-owned subsidiary, JBC Bio Products Company Limited ("JBC Bio"). JBC Bio has two subsidiaries, namely, JBC Bio Products China Limited and Zhongshan JBC Bio-Technology Co. Ltd. (中山吉本生物科技有限公司).

7. Gain on deconsolidation of subsidiaries (Cont'd)

The Directors consider that the Group has lost control over CBL and JBC Bio together with its subsidiaries (collectively, “the Subsidiaries”) with effect from the respective dates of passing the resolutions and appointment of liquidators (the “Relevant Dates”). For the purpose of appropriate presentation and in order to allow the public to evaluate the performance of the Group, the Group has deconsolidated the Subsidiaries since the Relevant Dates.

The Subsidiaries did not contribute any turnover or profit to the Group’s results in both periods.

Details of the gain on deconsolidation of subsidiaries are as follow:

	Six months ended 31 January 2012 HK\$'000
Deposit, prepayment and other receivables	(47)
Cash and bank balances	(7)
Trade payables and accruals	189
Other payables and accruals	246
	<hr/>
Net liabilities deconsolidated	381
Release of exchange fluctuation reserve	20
	<hr/>
Gain on deconsolidation of subsidiaries	<u>401</u>

8. Profit before income tax

The Group’s profit before income tax is arrived at after charging:

	Six months ended 31 January	
	2012 HK\$'000	2011 HK\$'000
Depreciation of property, plant and equipment	<u>481</u>	<u>–</u>

9. Tax

	Six months ended 31 January	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for PRC enterprise income tax	<u>2,182</u>	<u>1,652</u>

No provision for Hong Kong profits tax has been made as the Group does not have any estimated assessable profits arising in Hong Kong for both periods.

The provision for PRC enterprise income tax is calculated at 25% on the estimated assessable profits of the subsidiaries operating in the PRC in accordance with the relevant income tax rules and regulations of the PRC for both periods.

10. Earnings/(loss) per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the following data:

	Six months ended 31 January	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to shareholders of the Company	<u>63,504</u>	<u>4,645</u>

10. Earnings/(loss) per share (Cont'd)

(a) Basic earnings per share (Cont'd)

	2012 <i>'000 shares</i>	2011 <i>'000 shares</i>
Issued ordinary shares at the beginning of the period	1,352,400	1,352,400
Effect of Capital Reduction (<i>note 14(a)</i>)	(1,318,590)	(1,318,590)
Ordinary shares deemed to be in issue at the beginning of the period	33,810	33,810
Effect of issuance of Subscription Shares (<i>note 14(b)</i>)	127,826	–
Effect of issuance of Creditors Shares (<i>note 16</i>)	17,044	–
Weighted average number of ordinary shares at the end of the period	<u>178,680</u>	<u>33,810</u>

33,810,000 ordinary shares are deemed to be in issue as at 1 August 2010 assuming that the Capital Reduction was effective on that date. The comparative figure for the six months ended 31 January 2011 has been adjusted accordingly.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the following data:

	Six months ended 31 January	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit attributable to shareholders of the Company	63,504	4,645
Interest on convertible notes	648	–
Profit attributable to shareholders of the Company (diluted)	<u>64,152</u>	<u>4,645</u>

10. Earnings/(loss) per share (Cont'd)

(b) *Diluted earnings per share (Cont'd)*

	Weighted average number of shares ordinary shares at 31 January	
	2012	2011
	'000 shares	'000 shares
Weighted average number of ordinary shares at 31 January	178,680	33,810
Effect of issuance of Conversion Shares (<i>note 15</i>)	58,587	—
	<u>237,267</u>	<u>33,810</u>

The calculation of basic earnings/(loss) per share attributable to shareholders of the Company for the three months ended 31 January 2012 is based on the loss attributable to shareholders of the Company of approximately HK\$9,837,000 (2011: profit approximately HK\$3,489,000) and the weighted average number of shares in issue during the three months ended 31 January 2012 of 305,810,000 (2011: 33,810,000 ordinary shares are deemed to be in issue as at 1 August 2010 assuming that the Capital Reduction was effective on that date).

No diluted earnings/(loss) per share is presented for the three months ended 31 January 2012 and 2011 as the conversion of the outstanding convertible notes (convertible bonds, warrants and share options for period ended 31 January 2011) during the periods have an anti-dilutive effect on the basic earnings/(loss) per share.

11. Interim dividend

The directors does not recommend the payment of any interim dividend for the six months ended 31 January 2012 (six months ended 31 January 2011: Nil).

12. Trade receivables

	31 January 2012 <i>HK\$'000</i> (Unaudited)	31 July 2011 <i>HK\$'000</i> (Audited)
Trade receivables	23,925	10,845
Provision for bad and doubtful debts	—	—
	<u>23,925</u>	<u>10,845</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

An aged analysis of the trade receivables as at the end of the interim financial reporting period, based on payment due date and net of provision, is as follows:

	31 January 2012 <i>HK\$'000</i> (Unaudited)	31 July 2011 <i>HK\$'000</i> (Audited)
Within 3 months	<u>23,925</u>	<u>10,845</u>

13. Trade payables

An aged analysis of the trade payables as at the end of interim financial reporting period, based on payment due date, is as follows:

	31 January 2012 <i>HK\$'000</i> (Unaudited)	31 July 2011 <i>HK\$'000</i> (Audited)
Within 3 months	3,502	275
3 to 6 months	279	—
Over 1 year	—	189
	<u>3,781</u>	<u>464</u>

14. Share capital

	Par value <i>HK\$</i>	Number of ordinary shares	Amount <i>HK\$</i>
Authorised:			
At 1 August 2011	0.050	3,000,000,000	150,000,000
Reduction of par value and cancellation of shares		(1,647,600,000)	(148,647,600)
After reduction of par value and cancellation of shares	0.001	1,352,400,000	1,352,400
Consolidation of 40 shares into 1 share	0.001	(1,318,590,000)	–
After consolidation of shares	0.040	33,810,000	1,352,400
Increase in shares	0.040	4,966,190,000	198,647,600
At 31 January 2012	0.040	<u>5,000,000,000</u>	<u>200,000,000</u>
Issued and fully paid:			
At 1 August 2011	0.050	1,352,400,000	67,620,000
Reduction of par value	(0.049)	–	(66,267,600)
After reduction of par value	0.001	1,352,400,000	1,352,400
Consolidation of 40 shares into 1 share	0.001	(1,318,590,000)	–
After consolidation of shares	0.040	33,810,000	1,352,400
Subscription Shares issued	0.040	240,000,000	9,600,000
Creditors Shares issued	0.040	32,000,000	1,280,000
At 31 January 2012	0.040	<u>305,810,000</u>	<u>12,232,400</u>

14. Share capital (Cont'd)

- (a) With the sanction of the Grand Court of the Cayman Islands (the “Cayman Court”) on 18 October 2011 and by a special resolution of the shareholders passed at an extraordinary general meeting of the Company held on 26 September 2011 (the “EGM”), the par value of every issued share of the Company was reduced from HK\$0.05 to HK\$0.001 by the reduction of HK\$0.049 par value for each issued share (the “Capital Reduction”).

Immediately following the Capital Reduction, the then authorised but unissued share capital of the Company of HK\$148,647,600 was cancelled in its entirety resulting in the authorised and issued share capital of the Company remained at an amount of HK\$1,352,400; and every forty authorised and issued shares of HK\$0.001 each was consolidated into one new share of HK\$0.04 each (“New Shares”). As a result, 1,352,400,000 authorised and issued shares of the Company of HK\$0.001 each were consolidated into 33,810,000 authorised and issued New Shares of HK\$0.04 each (the “Share Consolidation”).

Immediately following the Share Consolidation, the authorised share capital of the Company was increased from HK\$1,352,400 to HK\$200,000,000 by the creation of 4,966,190,000 New Shares.

- (b) By an ordinary resolution of the shareholders passed at the EGM (the “Ordinary Resolution”), the restructuring agreement dated 29 April 2011 as amended and supplemented by a supplemental restructuring agreement dated 1 June 2011 and a second supplemental restructuring agreement dated 29 August 2011 (collectively, the “Restructuring Agreement”) entered into among the Company, the then Provisional Liquidators, Thousand Jade International Limited as investor (the “Investor”) and Mr. LI Wing Chiu as guarantor in relation to the restructuring of the Company and the transactions contemplated thereunder, the issuance and allotment of 240,000,000 New Shares (the “Subscription Shares”) at a subscription price of HK\$0.20 each for a total consideration of HK\$48,000,000, the creation and issue of the convertible notes (the “Convertible Notes”) with the principal amount of HK\$22,000,000 and the scheme of arrangement to be made between the Company and its creditors pursuant to section 166 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and section 86 of the Cayman Companies Law (the “Scheme”) and the performance thereof by the Company were approved, ratified and confirmed.

14. Share capital (Cont'd)

(b) (Cont'd)

The shareholders also approved as follows:

- (i) the allotment and issue of the Subscription Shares to the Investor at a subscription price of HK\$0.20 per Subscription Share pursuant to the Restructuring Agreement;
- (ii) the allotment and issue of 32,000,000 New Shares to partially settle claims against and liabilities of the Company with its creditors under the Scheme (the "Creditors Shares") on and subject to the terms and conditions of the Scheme.

Subsequently, the Subscription Shares and Creditors Shares were issued on 26 October 2011.

15. Convertible Notes

By the Ordinary resolution, the creation and issue by the Company of the Convertible Notes due on the date falling three years from the date of issue of the Convertible Notes, convertible into 110,000,000 New Shares (the "Conversion Shares") at the conversion price of HK\$0.20 per Conversion Share and the issue and allotment of the Conversion Shares on and subject to the terms and conditions contained in the Restructuring Agreement were approved.

The Convertible Notes shall not bear any interest and shall mature on the date falling three years from the date of issue of the Convertible Notes (the "Maturity Date"). All outstanding Convertible Notes will be redeemed on the Maturity Date at their outstanding principal amount. Subject to mutual agreement by the Company and the holders of the Convertible Notes, the Convertible Notes may be early redeemed at 100% of the outstanding principal amount of the Convertible Notes (in whole or in part) at any time and from time to time at the option of either party prior to the maturity date of the Convertible Notes with written notice.

Subsequently, the Convertible Notes were issued on 26 October 2011.

15. Convertible Notes (Cont'd)

The Convertible Notes contain a liability component and an equity component. The equity component is credited to the Company's capital reserve. The annual effective interest rate of the liability component is 18.103% per annum. The movement of the liability component for the period is as follows:

	<i>HK\$'000</i>
Proceeds of issue	22,000
Equity component	(8,647)
	<hr/>
Liability component at date of issue	13,353
Interest charged	648
	<hr/>
Liability component at 31 January 2012	<u>14,001</u>

During the six months ended 31 January 2012, none of the Convertible Notes issued by the Company was converted into shares of the Company.

16. Scheme of arrangement

By orders of the High Court of the Hong Kong Special Administrative Region (the "Hong Kong Court") and the Cayman Court made on 9 August 2011 and 26 August 2011 respectively, the Hong Kong Court and Cayman Court have respectively directed that a meeting (the "Scheme Meeting") to be convened for the creditors of the Company for the purpose of considering and approving the Scheme.

On 26 September 2011, the Scheme including the following terms was approved by a resolution of the creditors of the Company:

- (i) the Company shall pay a sum of up to HK\$13,160,000 out of the proceeds from the issuance of the Subscription Shares as a cash settlement (including the settlement of the petition costs, the preferential claims, the issuance costs and the cost of the Scheme); and
- (ii) the Company shall issue a total of 32,000,000 New Shares as Creditors Shares to settle all claims against and liabilities of the Company in accordance with the terms of the Scheme.

Subsequently, the Scheme has become effective since 26 October 2011.

16. Scheme of arrangement (Cont'd)

Details of the gain on the Scheme are as follow:

	<i>HK\$'000</i>
Convertible bonds	106,600
Amounts due to deconsolidated subsidiaries	1,356
Other payables and accruals	16,222
Amount due to a Director	38
Amount due to the Former Investor	5,198
	<hr/>
Total liabilities settled	129,414
Consideration paid:	
Cash	(13,160)
Total fair value of Creditors Shares	(46,720)
	<hr/>
Gain on the Scheme	<u>69,534</u>

The total fair value less total par value of the Creditors Shares will be credited to the share premium account of the Company.

17. Material related party transactions

The Board is not aware of any material related party transactions during the six months ended 31 January 2012.

MANAGEMENT DISCUSS AND ANALYSIS

Business Review

Entering into the 2011/12 financial year, the Group recorded profit attributable to the equity shareholders of the Company of HK\$63,504,000 for the six months ended 31 January 2012, of which, a sum of HK\$69,534,000 was attributable to a gain on the Scheme of arrangement with the Company's creditors. In addition, the professional fees for restructuring in the period were approximately HK\$8,085,000.

Other revenue, some HK\$2,990,000 higher when compared with the same period in the previous financial year, was mainly due to the receipt of non-refundable fee contributions of HK\$3,000,000 from the Former Investor to assist in completing the restructuring and resumption of trading in the shares of the Company on the GEM board.

Operating expenses were HK\$8,532,000, an increase of approximately HK\$4,676,000 comparing with the same period in the previous financial year. The increase was mainly due to allocating additional resources to meet the business needs in line with the growth in revenue in the period.

For the six months period ended 31 January 2012, the total revenue of the Company was approximately HK\$56,695,000, representing an increase of approximately HK\$13,598,000 as compared to the previous financial year; while gross profit increased approximately HK\$2,970,000 with a stable gross profit margin. The growth of revenue and gross profit was attributable to our appropriate marketing strategy and outstanding internal management.

During the period, the Group acquired Wu Ping Jian Jun Ecology Breeding Co. Ltd (武平建軍生態養殖有限公司) ("Jian Jun"), which owns a farm, allowing the Group get access into breeding industry. We retained all existing breeding technical staff. Our next move is to make good use of our advantage in feed formulation and cooperate with farmers by introducing quality hogs. With this business model, cooperation between the Company, base and farmers, we aim at extending the scale of our breeding business to widen our income source.

During the period, the Group newly established 東華農業綜合開發有限公司 and leased a land of over 300 mus. Facilities construction work is under progress, which will be used for fruit tree plantation and fish ponds. It is expected that products under the brand "東麟" will be available for sale in the second half.

MANAGEMENT DISCUSS AND ANALYSIS (CONT'D)

Prospect

There is intense competition in feed industry. The Group's management has noted that there are other feed plants under construction near the plant of the Group in the Wuping area, which will lead to more severe competition for feed sales in the area after they commence operation. The management has taken a number of management initiatives to enhance the Company's risk-resistance ability and competitiveness.

The Group is planned to diversify its businesses into plantation, breeding, agricultural production and internet sales by various possible means so as to extend our industry chain and take advantage of our brand “東麟”. We dedicate to produce quality agricultural products by ourselves and diversification and try hard to build up a multi-level agricultural development model to gain long-term benefit for the Company.

ACQUISITIONS DURING THE PERIOD

During the period, the Group acquired 37% of the equity interest of Longyan Dongyu Bio-feedstock Company Limited (龍岩市東岳生物飼料有限公司) (the “JV Company”), for a total consideration of RMB7,560,000. The acquisition was completed during the period and the JV Company has become an indirectly wholly-owned subsidiary of the Company.

During the period, the Group acquired 100% of the equity interest of Jian Jun, for a total consideration of RMB6,580,000. The acquisition was completed during the period and Jian Jun has become an indirectly wholly-owned subsidiary of the Company.

FINANCIAL RESOURCES, LIQUIDITY, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 January 2012, the Group had net current assets of approximately HK\$34,315,000 (31 July 2011: net current liabilities HK\$129,748,000), which mainly arose from the Scheme of arrangement with the Company's creditors.

As at 31 January 2012, the Group had no bank and other borrowings (31 July 2011: nil) no guarantee commitment.

FINANCIAL RESOURCES, LIQUIDITY, CAPITAL STRUCTURE AND GEARING RATIO (CONT'D)

The Group had convertible notes of approximately HK\$22,000,000 as at 31 January 2012 (31 July 2011: convertible bonds of approximately HK\$106,600,000). The Group's gearing ratio, which is calculated on the basis of the Group's total liabilities less cash and cash equivalents to the total assets, as at 31 January 2012 is approximately 15.8% (31 July 2011: 364%). The Group's operations are financed principally by revenues generated from its principal businesses. As at 31 January 2012, the Group had cash, bank balances and time deposits of approximately HK\$11,247,000 (31 July 2011 approximately: HK\$10,843,000).

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the period ended 31 January 2012, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies used by the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure should the need arise.

When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including swaps and forwards will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations.

CHARGES ON GROUP ASSETS

The Group did not have any charges on its assets as at 31 January 2012.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 January 2012.

CAPITAL COMMITMENT

The Group did not have any capital commitment as at 31 January 2012.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 January 2012 (for the six months ended 31 January 2011: nil).

EMPLOYEE INFORMATION

As at 31 January 2012, the Group had approximately 72 employees (including Directors) (31 July 2011: 59) in Hong Kong and the PRC. Remuneration to employees and directors are based on performance, qualification, experience and the prevailing industry practice. The staff costs, including Directors' remuneration, amounts to approximately HK\$3,281,000 for the six months ended 31 January 2012. Other benefits to its employees in Hong Kong include contributions to statutory mandatory provident fund scheme and medical coverage and the employees in the PRC will be included in the statutory central pension schemes and additional requirement in the PRC.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 January 2012.

AUDIT COMMITTEE

The audit committee of the Company consists of three independent non-executive Directors, namely, Ms. Wong Yan Ki Angel, Ms. Liao Aimin and Mr. Li Jingxing with written terms of reference in compliance with the Rule 5.28 to 5.33 to the GEM Listing Rules. The audit committee has reviewed the interim results for the six months ended 31 January 2012.

DISMISSAL OF THE PETITION AND DISCHARGE OF THE PROVISIONAL LIQUIDATORS

On 28 October 2011, the Hong Kong Court granted an order to dismiss the Petition and discharge the Provisional Liquidators with immediate effect.

RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY

Trading of the shares of the Company on the GEM board has been resumed with effect from 9:00 a.m. on Tuesday, 1 November 2011.

PROPOSED CHANGE OF NAME OF THE COMPANY

At an extraordinary general meeting of the Company held on 13 December 2011, the shareholders of the Company had, by a special resolution, approved to change the name of the Company from “China Medical and Bio Science Limited” to “Oriental Unicorn Agricultural Group Limited 東麟農業集團有限公司”.

With effect from 16 January 2012, the shares of the Company are traded under new stock short names on the Stock Exchange. The English stock short name of the Company is changed from “China Medical” to “Ori Unicorn” and “東麟農業” is adopted as the Chinese stock short name.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SECURITIES OF THE COMPANY

As at 31 January 2012, 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:

Long positions in ordinary shares and underlying shares of the Company

Name of director	Capacity and nature of interest	Share/equity derivatives	Number of shares/ equity derivatives held	Percentage of the Company’s issued share capital	Note
Mr. Li Wing Chiu	Through controlled corporation	Ordinary shares	219,356,000 shares	71.73%	(1)
Ms. Wong Moon Ha	Through controlled corporations	Ordinary shares	10,000,000 shares	3.27%	(2)

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

Long positions in ordinary shares and underlying shares of the Company (cont'd)

Note:

- (1) *The shares were held by Thousand Jade International Limited, which is wholly-owned by Mr. Li Wing Chiu, an executive director and Chairman of the board of Directors of the Company.*
- (2) *The shares were held by Concord Pharmaceutical Technology (Holdings) Limited, which is a wholly-owned subsidiary of Concord Management Limited, the entire issued capital of which was owned by Ms. Wong Moon Ha, a non-executive director of the Company.*

Save as disclosed herein, as at 31 January 2012, none of the Directors had 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

The Company had no share option scheme in effect during the period.

No new share option was granted under any option scheme of the Company to any person during the period.

At 31 January 2012, no person had any interest in option under any share option scheme to subscribe for any share of the Company.

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

As at 31 January 2012, in so far as known to the directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (not being 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:

Substantial Shareholders

Name	Capacity and nature of interest	Share/equity derivatives	Number of shares/ equity derivatives held (long position)	Percentage of the Company's issued share capital	<i>Note</i>
Thousand Jade International Limited	Corporation	Ordinary shares	219,356,000 shares	71.73%	(1)
Mr. Li Wing Chiu	Through controlled corporation	Ordinary shares	219,356,000 shares	71.73%	(1)
Precise Idea Investments Limited	Corporation	Convertible note	25,000,000 ordinary shares	8.18%	(2)
Mr. Wong Leung Chi	Through controlled corporation	Convertible note	25,000,000 ordinary shares	8.18%	(2)
Will Summit Limited	Corporation	Convertible note	22,750,000 ordinary shares	7.44%	(3)
Ms. Chen Shu Huan	Through controlled corporation	Convertible note	22,750,000 ordinary shares	7.44%	(3)
Power Soar Limited	Corporation	Convertible note	20,000,000 ordinary shares	6.54%	(4)
Mr. Hung Cho Chiu	Through controlled corporation	Convertible note	20,000,000 ordinary shares	6.54%	(4)

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

Substantial Shareholders (cont'd)

Note:

- (1) *The shares were held by Thousand Jade International Limited for which its entire share capital is wholly-owned by Mr. Li Wing Chiu, an executive director and Chairman of the board of Directors of the Company.*
- (2) *The deemed shares were held by Precise Idea Investments Limited for which its entire share capital is wholly-owned by Mr. Wong Leung Chi, a holder of the Convertible Note (the "CN") issued by the Company on 26 October 2011. Of which, the holder is entitled to the right attaching to the CN to subscribe for 25,000,000 shares of the Company.*
- (3) *The deemed shares were held by Will Summit Limited for which its entire share capital is wholly-owned by Ms. Chen Shu Huan, a holder of the CN issued by the Company on 26 October 2011. Of which, the holder is entitled to the right attaching to the CN to subscribe for 22,750,000 shares of the Company.*
- (4) *The deemed shares were held by Power Soar Limited for which its share capital is wholly-owned by Mr. Hung Cho Chiu, a holder of the CN issued by the Company on 26 October 2011. Of which, the holder is entitled to the right attaching to the CN to subscribe for 20,000,000 shares of the Company.*

Save as disclosed above, as at 31 January 2012, the directors of the Company were not aware of any person (other than directors of the Company) who had an interest or short position in the shares or 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 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 meetings of any other member of the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

The Company has made specific enquiry to all Directors and the Directors have confirmed that they have complied with all the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the period ended 31 January 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the period ended 31 January 2012, with the exception of the matters listed below, the Company complied with the principles of good governance (the “Principles”) and code provision (the “Code Provision”) as set out in the “Code on Corporate Governance Practices” contained in Appendix 15 of the GEM Listing Rules.

1. Two non-executive Directors were appointed on 26 October 2011, namely, Mr. Qiao Long and the former executive director, Ms. Wong Moon Ha was re-designated as non-executive director on the same date. Such appointment 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);
2. Remuneration committee of the board of Directors was established on 26 October 2011. Written terms of reference were adopted in compliance with the GEM Listing Rules. The remuneration committee consists of two independent non-executive directors, namely Ms. Wong Yan Ki, Angel and Ms. Liao Aimin and an executive director, Mr. Wang Zhiming. During the period, the Remuneration Committee reviewed the remuneration package of the Directors and the senior management of the Group and proposed bonus policy to Executive Directors to reflect their contributions to the Group and to link their remuneration to the Group’s performance; and
3. Nomination committee of the board of Directors was established on 26 October 2011. Written terms of reference were adopted in compliance with the GEM Listing Rules. The nomination committee consists of two independent non-executive directors, namely Mr. Li Jingxing and Ms. Liao Aimin and an executive director, Mr. Li Wing Chiu.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors or their respective associates had any interest in any business, which competes with or may compete with the business of the Group during the period.

On behalf of the Board

Li Wing Chiu

Chairman

Hong Kong, 14 March 2012

As at the date of this report, the Board comprises four executive Directors, namely, Mr. Li Wing Chiu, Mr. Wang Zhiming, Mr. Zhang Xiaobin and Mr. Wong Sai Wa; two non-executive Directors, namely Mr. Qiao Long and Ms. Wong Moon Ha, and three independent non-executive Directors, namely Ms. Wong Yan Ki Angel, Ms. Liao Aimin and Mr. Li Jingxing.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of publication and on the Company's website at www.irasia.com/listcol/hk/orientalunicorn/index.htm.