

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

THIRD QUARTERLY REPORT

2011 / 2012

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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.*

HIGHLIGHTS

- The Company reported a profit attributable to the equity shareholders of the Company of approximately HK\$62,918,000 for the nine months ended 30 April 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\$8,585,000.
- The revenue of the Company together with its subsidiaries (collectively, the “Group”) was approximately HK\$81,862,000 for the period, an increase of approximately HK\$16,596,000 when compared to the same period of the previous financial year.
- Gross profit for the period was approximately HK\$16,836,000 which corresponds to a gross margin of 21%.
- Other revenue, some HK\$2,988,000 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.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the nine months ended 30 April 2012.

	August 2011 to April 2012 <i>HK\$ million</i>	August 2010 to April 2011 <i>HK\$ million</i>
Revenue	<u>81.9</u>	<u>65.3</u>
Gross profit	16.8	11.9
– ratio to revenue	21%	18%
Other revenue	3.0	–
Operating expenditure*	(12.4)	(5.9)
Restructuring cost – professional fees for restructuring in the period	(8.6)	(0.8)
Finance costs	(1.4)	(0.2)
Gain on the Scheme	69.5	–
Gain on deconsolidation of subsidiaries	<u>0.4</u>	<u>47.7</u>
Profit before tax	67.3	52.7
Tax	<u>(2.9)</u>	<u>(2.1)</u>
Profit for the period	<u>64.4</u>	<u>50.6</u>
Profit for the period attributable to equity shareholders of the Company	<u>62.9</u>	<u>50.6</u>

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

QUARTERLY RESULTS (UNAUDITED)

The Board of Oriental Unicorn Agricultural Group Limited presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended 30 April 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 months ended 30 April 2012 HK\$'000 (Unaudited)	For the three months ended 30 April 2011 HK\$'000 (Unaudited)	For the nine months ended 30 April 2012 HK\$'000 (Unaudited)	For the nine months ended 30 April 2011 HK\$'000 (Unaudited)
Turnover	3	25,167	22,169	81,862	65,266
Cost of sales		(20,010)	(18,949)	(65,026)	(53,337)
Gross profit		5,157	3,220	16,836	11,929
Other revenue	4	1	3	3,015	27
Selling and distribution costs		(693)	(941)	(2,012)	(2,272)
General and administrative expenses		(3,207)	(1,090)	(10,420)	(3,616)
Restructuring costs		(500)	–	(8,585)	(882)
Profit/(loss) from operating activities		758	1,192	(1,166)	5,186
Finance costs		(596)	(97)	(1,417)	(222)
Gain on the Scheme	11	–	–	69,534	–
Gain on deconsolidation of subsidiaries		–	45,350	401	47,737
Profit before tax		162	46,445	67,352	52,701
Tax	5	(748)	(486)	(2,930)	(2,137)
Profit/(loss) for the period		(586)	45,959	64,422	50,564
Other comprehensive income/(loss) for the period:					
– Release of exchange fluctuation reserve upon deconsolidation of subsidiaries		–	393	(20)	393
– Exchange differences arising on translation of financial statements of overseas subsidiaries		(249)	–	84	–
Total comprehensive income/(loss) for the period		(835)	46,352	64,486	50,957

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

	For the three months ended 30 April 2012 <i>HK\$'000</i> <i>(Unaudited)</i>	For the three months ended 30 April 2011 <i>HK\$'000</i> <i>(Unaudited)</i>	For the nine months ended 30 April 2012 <i>HK\$'000</i> <i>(Unaudited)</i>	For the nine months ended 30 April 2011 <i>HK\$'000</i> <i>(Unaudited)</i>
Profit/(loss) for the period attributable to:				
– Equity shareholders of the Company	(586)	45,982	62,918	50,628
– Non-controlling interests	–	(23)	1,504	(64)
	<u>(586)</u>	<u>45,959</u>	<u>64,422</u>	<u>50,564</u>
Total comprehensive income/(loss) for the period attributable to:				
– Equity shareholders of the Company	(835)	46,375	62,982	51,021
– Non-controlling interests	–	(23)	1,504	(64)
	<u>(835)</u>	<u>46,352</u>	<u>64,486</u>	<u>50,957</u>
	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Earnings/(loss) per share	6			
Basic	<u>(0.2)</u>	<u>136.0</u>	<u>28.5</u>	<u>149.7</u>
Diluted	<u>N/A</u>	<u>N/A</u>	<u>21.7</u>	<u>N/A</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

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 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

The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and in compliance with the disclosure requirements of the GEM Listing Rules. The principal accounting policies used in the quarterly financial statements are consistent with those adopted in the financial statements for the year ended 31 July 2011 and these unaudited quarterly financial statements should be read in conjunction with such financial statements.

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. Turnover

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)

4. Other revenue

	Three months ended 30 April		Nine months ended 30 April	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-refundable fee contributions from Former Investor	–	–	3,000	–
Interest income	1	3	15	7
Other sundry income	–	–	–	20
	<u>1</u>	<u>3</u>	<u>3,015</u>	<u>27</u>

5. Tax

	Three months ended 30 April		Nine months ended 30 April	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for PRC enterprise income tax	748	486	2,930	2,137

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)

6. Earnings/(loss) per share

(a) Basic earnings per share

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

	Nine months ended 30 April	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to shareholders of the Company	<u>62,918</u>	<u>50,628</u>
	Weighted average number of ordinary shares at 30 April	
	2012	2011
	<i>'000 shares</i>	<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 9(a)</i>)	<u>(1,318,590)</u>	<u>(1,318,590)</u>
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 9(b)</i>)	164,672	–
Effect of issuance of Creditors Shares (<i>note 11</i>)	<u>21,956</u>	<u>–</u>
Weighted average number of ordinary shares at the end of the period	<u>220,438</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 nine months ended 30 April 2011 has been adjusted accordingly.

The calculation of basic earnings/(loss) per share attributable to shareholders of the Company for the three months ended 30 April 2012 is based on the loss attributable to shareholders of the Company of approximately HK\$586,000 (2011: profit of approximately HK\$45,982,000) and the weighted average number of shares in issue during the three months ended 30 April 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).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)

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

(b) Diluted earnings per share

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

	Nine months ended 30 April	
	2012	2011
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	62,918	50,628
Interest on convertible notes	1,244	–
	<u>64,162</u>	<u>50,628</u>
Profit attributable to shareholders of the Company (diluted)	<u><u>64,162</u></u>	<u><u>50,628</u></u>
	Weighted average number of ordinary shares for the nine months ended 30 April	
	2012	2011
	'000 shares	'000 shares
Weighted average number of ordinary shares at 30 April	220,438	33,810
Effect of issuance of Conversion Shares (note 10)	75,474	–
	<u>295,912</u>	<u>33,810</u>

No diluted earnings/(loss) per share is presented for the three months ended 30 April 2012 and 2011 as the conversion of the outstanding convertible notes (convertible bonds, warrants and share options for the period ended 30 April 2011) during the periods has an anti-dilutive effect on the basic earnings/(loss) per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)

7. Reserves

	Attributable to shareholders of the Company									
	Share capital	Share premium	Capital reserve	Share option reserve	Convertible bond reserve	Warrants reserve	PRC statutory 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	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 9(b))	9,600	38,400	-	-	-	-	-	-	-	48,000
Issuance of Creditors Shares (note 11)	1,280	45,440	-	-	-	-	-	-	-	46,720
Issuance of Conversion Shares (note 10)	-	-	8,647	-	-	-	-	-	-	8,647
Release of capital reserve upon:										
- deconsolidation of subsidiaries	-	-	(27,104)	-	-	-	-	-	27,104	-
- discharge of convertible bonds under the Scheme (see (b) below)	-	-	(34,441)	-	-	-	-	-	34,441	-
Total comprehensive income for the period	-	-	-	-	-	-	-	64	62,918	62,982
At 30 April 2012	12,232	83,840	8,647	-	-	-	873	1,118	(61,934)	44,776
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	-	-	-	-	-	-	-	393	50,628	51,021
Transfer of reserves	-	-	-	-	-	-	850	-	(850)	-
Convertible bond matured	-	-	-	-	(29,634)	(4,807)	-	-	34,441	-
Share options lapsed/expired	-	-	-	(14,364)	-	-	-	-	14,364	-
At 30 April 2011 (unaudited)	67,620	101,086	27,104	-	-	-	850	(1,886)	(304,998)	(110,224)

(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 9(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 were settled by cash and the Creditors Shares. As a result, the reserve applicable to the conversion rights of the convertible bonds and warrants were released and set off against the accumulated losses of the Company during the period.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)**

8. Interim dividend

The directors do not recommend the payment of any interim dividend for the nine months ended 30 April 2012 (nine months ended 30 April 2011: Nil).

9. Share capital

	Par value HK\$	Number of ordinary shares	Amount HK\$
Authorised:			
At 1 August 2011	0.050	3,000,000,000	150,000,000
Reduction of par value and cancellation of shares		<u>(1,647,600,000)</u>	<u>(148,647,600)</u>
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	<u>(1,318,590,000)</u>	<u>–</u>
After consolidation of shares	0.040	33,810,000	1,352,400
Increase in shares	0.040	<u>4,966,190,000</u>	<u>198,647,600</u>
At 30 April 2012	0.040	<u><u>5,000,000,000</u></u>	<u><u>200,000,000</u></u>
Issued and fully paid:			
At 1 August 2011	0.050	1,352,400,000	67,620,000
Reduction of par value	(0.049)	<u>–</u>	<u>(66,267,600)</u>
After reduction of par value	0.001	1,352,400,000	1,352,400
Consolidation of 40 shares into 1 share	0.001	<u>(1,318,590,000)</u>	<u>–</u>
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	<u>32,000,000</u>	<u>1,280,000</u>
At 30 April 2012	0.040	<u><u>305,810,000</u></u>	<u><u>12,232,400</u></u>

- (a) 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, every forty (40) then authorised and issued shares of the Company of HK\$0.001 each was consolidated into one new share of HK\$0.04 each (the “Share Consolidation”).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS (CONT'D)

9. Share capital (Cont'd)

- (b) By an ordinary resolution of the shareholders passed at the EGM (the “Ordinary Resolution”).
 - (i) the allotment and issue of 240,000,000 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.

10. 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS (CONT'D)

10. 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	<u>(8,647)</u>
Liability component at date of issue	13,353
Imputed Interest charged	<u>1,244</u>
Liability component at 30 April 2012	<u><u>14,597</u></u>

During the nine months ended 30 April 2012, none of the Convertible Notes issued by the Company was converted into shares of the Company.

11. 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 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 from 26 October 2011.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS
(CONT'D)**

11. 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.

12. Reclassification of comparative figures

Certain comparative figures in the condensed consolidated statement of comprehensive income have been re-classified in order to conform with the current financial period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded profit attributable to the equity shareholders of the Company of HK\$62,918,000 for the nine months ended 30 April 2012 (the “period”), 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\$8,585,000.

Other revenue, some HK\$2,988,000 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\$12,432,000, an increase of approximately HK\$6,544,000 as compared 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 nine months period ended 30 April 2012, the total revenue of the Company was approximately HK\$81,862,000, representing an increase of approximately HK\$16,596,000 as compared to the same period in the previous financial year; while gross profit increased approximately HK\$4,907,000 with a stable gross profit margin. The growth in revenue and gross profit was attributable to our appropriate marketing strategy and outstanding internal management.

During the period, faced with intense market competition as there were other feed plants near our production facilities, the Group strived to stabilize our basic production and sale of feed stocks, and achieved slight increases in revenue and gross profit. Wu Ping Jian Jun Ecology Breeding Co. Ltd (“Jian Jun”), which the Group acquired during the year, has been already under normal operation. Hog output commenced in April 2012 and has resulted in unaudited profit before tax. Besides its own breeding, Jian Jun also entrusted other companies and farmers for breeding, so as to increase productivity and help to increase the hog output, thereby improving the operating results in the second half of the year. Facilities construction work of the Group’s subsidiary 東華農業綜合開發有限公司 is under progress, and at the same time it has proceeded to the phase of fish fry plantation and fruit seedling vegetation.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Prospect

The production and marketing system for the Group's agricultural products under the brand “東麟” is gradually progressed on schedule, among them, the preliminary design of our online sales platform has been completed, as we target to launch some of the self-produced agricultural products by the end of the year, so as to gradually achieve an “integrated system”, which consists of the production and sale of agricultural products under a self-owned brand, that will bring new development opportunities to the Group.

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.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 30 April 2012 (for the nine months ended 30 April 2011: nil).

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 nine months ended 30 April 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 third quarterly results for the nine months ended 30 April 2012.

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

As at 30 April 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)
Mr. Wong Sai Wa	Personal interests	Ordinary shares	96,185 shares	0.03%	

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 is owned by Ms. Wong Moon Ha, a non-executive director of the Company.

Save as disclosed herein, as at 30 April 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 30 April 2012, no person had any interest in option under any share option scheme to subscribe for shares of the Company.

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

As at 30 April 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	Note
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 underlying 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 underlying 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 underlying 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 30 April 2012, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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 30 April 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the period ended 30 April 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 Ms. Wong Moon Ha, former executive director who was re-designated as non-executive director on the same date. Such appointments were not appointed for a specific term;
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; 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 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, 13 June 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.