

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

FIRST QUARTERLY REPORT

2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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 loss attributable to the equity shareholders of the Company of approximately HK\$4,363,000 for the three months ended 31 March 2013 (the “period”), representing an increase of approximately HK\$3,920,000 when compared to the same period of last year.
- The revenue of the Group was approximately HK\$7,121,000 for the period, representing a decrease of approximately 71% when compared to the same period of last year.
- Gross loss for the period was approximately HK\$1,504,000.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the three months ended 31 March 2013.

	1.1.2013 to 31.3.2013 <i>HK\$ million</i>	1.1.2012 to 31.3.2012 <i>HK\$ million</i>
Revenue	<u>7.1</u>	<u>24.5</u>
Gross (loss)/profit	(1.5)	5.3
– <i>ratio to revenue</i>	N/A	21.8%
Operating expenditure*	(2.6)	(3.5)
Restructuring cost – professional fees for restructuring in the period	–	(0.5)
Finance costs	<u>(0.3)</u>	<u>(0.6)</u>
Loss before tax	(4.4)	0.7
Tax	<u>–</u>	<u>(1.1)</u>
Loss for the period	<u>(4.4)</u>	<u>(0.4)</u>
Loss for the period attributable to equity shareholders of the Company	<u>(4.4)</u>	<u>(0.4)</u>

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

FIRST 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 three months ended 31 March 2013 together with the comparative figures for the corresponding period in 2012. The first quarterly results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2013

		For the three months ended 31 March	
		2013	2012
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Turnover	3	7,121	24,478
Cost of sales		(8,625)	(19,147)
		<hr/>	<hr/>
Gross (loss)/profit		(1,504)	5,331
Other revenue	4	39	–
Selling and distribution costs		(204)	(287)
General and administrative expenses		(2,381)	(3,268)
Restructuring costs		–	(500)
		<hr/>	<hr/>
(Loss)/profit from operating activities		(4,050)	1,276
Finance costs	5	(313)	(601)
		<hr/>	<hr/>
(Loss)/profit before tax		(4,363)	675
Tax	6	–	(1,118)
		<hr/>	<hr/>
Loss for the period		(4,363)	(443)
Other comprehensive income for the period:			
– Exchange differences arising on translation of financial statements of overseas subsidiaries		411	–
		<hr/>	<hr/>
Total comprehensive loss for the period		(3,952)	(443)
		<hr/> <hr/>	<hr/> <hr/>

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

For the three months ended 31 March 2013

		For the three months ended 31 March	
	<i>Note</i>	2013 <i>HK\$'000</i> <i>(Unaudited)</i>	2012 <i>HK\$'000</i> <i>(Unaudited)</i>
Loss for the period attributable to:			
– Equity shareholders of the Company		<u>(4,363)</u>	<u>(443)</u>
Total comprehensive loss for the period attributable to:			
– Equity shareholders of the Company		<u>(3,952)</u>	<u>(443)</u>
		<i>HK Cents</i> <i>(Unaudited)</i>	<i>HK Cents</i> <i>(Unaudited)</i>
Loss per share	7		
Basic		<u>1.15</u>	<u>0.14</u>
Diluted		<u>N/A</u>	<u>N/A</u>

NOTES

1. CORPORATE INFORMATION

During the period, the Group is principally engaged in feedstock and related businesses, mainly involving in the manufacturing, development, distribution of feedstock products, animal husbandry 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 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") 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 quarterly financial statements should be read in conjunction with the financial statements of the Group for the period ended 31 December 2012. 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 financial statements of the Group for the period ended 31 December 2012.

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 January 2013, 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.

NOTES (CONT'D)

3. TURNOVER

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

	For the three months ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Sales of feedstock products	6,767	23,630
Sales of animal husbandry products	354	848
	<u>7,121</u>	<u>24,478</u>

4. OTHER REVENUE

	For the three months ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest income	1	–
Sundry income	38	–
	<u>39</u>	<u>–</u>

5. FINANCE COSTS

	For the three months ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest on bank loan wholly repayable within five years	82	–
Imputed interest on convertible notes	231	601
	<u>313</u>	<u>601</u>

NOTES (CONT'D)

6. TAX

	For the three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax		
Provision for the period	—	1,118
	<u> </u>	<u> </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.

7. LOSS PER SHARE

Loss

	For the three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Loss for the period attributable to the equity holders of the Company for the purpose of basic earning per share	(4,363)	(443)
	<u> </u>	<u> </u>

Number of shares

	For the three months ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	380,807,778	305,810,000
	<u> </u>	<u> </u>

No diluted loss per share is presented for the three months ended 31 March 2013 and 2012 as the conversion of the outstanding convertible notes has an anti-dilutive effect on the basic loss per share.

NOTES (CONT'D)

8. RESERVES

	Attributable to equity shareholders of the Company												
	Share Capital	Share premium	Capital reserve	Share option reserve	Convertible notes equity reserve	Convertible bonds equity reserve	Warrant reserve	PRC statutory reserve	Exchange fluctuation reserve	Accumulated Loss	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2010	67,620	101,086	27,104	14,364	-	29,634	4,807	-	(2,279)	(403,581)	(161,245)	-	(161,245)
Capital contribution by non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	5,732	5,732
Transfer upon expiry of conversion option of convertible bonds	-	-	29,634	-	-	(29,634)	-	-	-	-	-	-	-
Transfer upon expiry of warrant	-	-	4,807	-	-	-	(4,807)	-	-	-	-	-	-
Transfer upon lapse of share options	-	-	-	(14,364)	-	-	-	-	-	14,364	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	3,333	36,339	39,672	146	39,818
Transfer to PRC statutory reserve	-	-	-	-	-	-	-	873	-	(873)	-	-	-
At 31 July 2011 and 1 August 2011	67,620	101,086	61,545	-	-	-	-	873	1,054	(353,751)	(121,573)	5,878	(115,695)
Capital restructuring	(66,268)	(101,086)	-	-	-	-	-	-	-	167,354	-	-	-
Issuance of subscription shares	9,600	38,400	-	-	-	-	-	-	-	-	48,000	-	48,000
Issuance of creditors shares	1,200	45,440	-	-	-	-	-	-	-	-	46,720	-	46,720
Issuance of convertible notes	-	-	-	-	8,647	-	-	-	-	-	8,647	-	8,647
Conversion of convertible notes	2,032	8,128	-	-	(2,335)	-	-	-	-	-	7,825	-	7,825
Deferred tax arising from issuance of convertible notes	-	-	-	-	(1,427)	-	-	-	-	-	(1,427)	-	(1,427)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	69	58,657	58,706	904	59,610
Capital contribution by non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,522	1,522
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(8,304)	(8,304)
At 31 December 2012 and 1 January 2013	14,264	91,968	61,545	-	4,885	-	-	873	1,123	(127,760)	46,898	-	46,898
Conversion of convertible notes	2,368	9,472	-	-	(4,885)	-	-	-	-	-	6,955	-	6,955
Total comprehensive income for the period	-	-	-	-	-	-	-	-	411	(4,363)	(3,952)	-	(3,952)
	<u>16,632</u>	<u>101,440</u>	<u>61,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>873</u>	<u>1,534</u>	<u>(132,123)</u>	<u>49,901</u>	<u>-</u>	<u>49,901</u>

NOTES (CONT'D)

9. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2013 (31 March 2012: Nil).

10. 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 December 2012 and 31 March 2013	0.040	5,000,000,000	200,000,000
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
Conversion Shares issued	0.040	50,800,000	2,032,000
At 31 December 2012 and 1 January 2013	0.040	356,610,000	14,264,400
Conversion Shares issued	0.040	59,200,000	2,368,000
At 31 March 2013		415,810,000	16,632,400

NOTES (CONT'D)

11. CONVERTIBLE NOTES

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.

During the three months ended 31 March 2013, a principal sum of HK\$11,840,000 of the Convertible Notes issued by the Company was converted into 59,200,000 shares of the Company. As at 31 March 2013, all the Convertible Notes had been converted into Conversion Shares.

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 loss attributable to the equity shareholders of the Company of HK\$4,363,000 for the three months ended 31 March 2013 (the “period”), of which, representing an increase of approximately HK\$3,920,000 as compared with the corresponding period in 2012, mainly due to the decrease in turnover of the Group for the period as compared with that for the corresponding period in 2012.

Operating expenses for the period were approximately HK\$2,585,000, a decrease of 27% or approximately HK\$970,000 as compared with the same period in the previous year. The decrease was mainly due to allocating less resources to meet the business needs in line with the decrease in revenue in the period.

The total revenue of the Group for the period was approximately HK\$7,121,000, representing an decrease of 71% or approximately HK\$17,357,000 as compared to the same period in the previous year; while gross loss approximately HK\$1,504,000. The reasons were that as the swine price remained low, together with the declined breeding area of farmers around the plants, farmers generally recorded loss with tight liquidity, which posed a great challenge to the operation of feed plants, reflected by decreases in sales volume, sales price and operation loss. Jian Jun breeding farm has ceased outsourcing breeding business since last year, resulting in a decrease in breeding stock inventory and a significant drop in risk. Though a slight loss was recorded, larger potential loss was avoided.

Prospect

As the breeding area declining trend has been turning flat and the government has been increasing the swine inventory and enhancing the price control, it is expected in the second half that swine price will rise and the feed business will recover. The Group, through reinforcing marketing management and raising the service standard for farmers, will adjust the strategy and corresponding measure during the challenging period in order to strive together with the farmers. The Group will again engage in outsourcing breeding business in the second half of the year and increase efforts to attract talented persons and looking for agricultural related opportunities. The Group will also strive to achieve the adjustment of products structure and develop new markets in order to break through the bottleneck and turn loss into profit.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the three months ended 31 March 2013 (31 March 2012: 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 three months ended 31 March 2013.

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 first quarterly results for the three months ended 31 March 2013.

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

As at 31 March 2013, 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:

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

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	52.75%	(1)

Note:

- (1) The shares were held by Thousand Jade International Limited, the entire issued capital of which is owned by Mr. Li Wing Chiu, an executive director and Chairman of the board of Directors of the Company.

Save as disclosed herein, as at 31 March 2013, 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 March 2013, 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 31 March 2013, 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 ordinary shares	52.75%	(1)
Mr. Li Wing Chiu	Through controlled corporation	Ordinary shares	219,356,000 ordinary shares	52.75%	(1)
Mr. Peng Guomin	Personal interests	Ordinary shares	24,500,000 ordinary shares	5.89%	
Mr. Lee Wai Lok, Ignatious	Personal interests	Ordinary shares	22,750,000 ordinary shares	5.47%	

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.

Save as disclosed above, as at 31 March 2013, 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 31 March 2013.

CORPORATE GOVERNANCE CODE

During the period ended 31 March 2013, with the exception of the matter listed below, the Company complied with the principles of good governance (the “Principles”) and code provision (the “Code Provision”) as set out in the “Corporate Governance Code” contained in Appendix 15 of the GEM Listing Rules.

Code Provision A.4.1 provides that non-executive directors should be appointed for specific term, subject to re-election. The independent non-executive directors of the Company are not appointed for specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company. Pursuant to clause 116 of the Company’s Articles of Association, each director shall be subject to retirement by rotation at least once every three years at the annual general meeting. This means that the term of appointment of the directors, including non-executive directors, cannot exceed three years. As such, the Company considers that sufficient measure have been taken to ensure that the Company’s corporate governance are no less exacting than those in the Code.

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 May 2013

As at the date of this report, the Board comprises three executive Directors, namely, Mr. Li Wing Chiu, Mr. Wang Zhiming and Mr. Zhang Xiaobin; 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.