CHINA MEDICAL AND BIO SCIENCE LIMITED

(PROVISIONAL LIQUIDATORS APPOINTED)

中華藥業生物科學有限公司 *

（已委任臨時清盤人）

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8120)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 JULY 2011

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

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

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

This announcement, for which the directors (the "Directors") of China Medical and Bio Science Limited (Provisional Liquidators Appointed) (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

* *For identification purpose only*

THE ANNUAL RESULTS FOR THE YEAR ENDED 31 JULY 2011

The board of directors (the "Board") of the Company announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 July 2011, together with the comparative figures in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Turnover	*5*	**86,304**	35,285
Cost of sales		**(71,276)**	(28,198)
Gross profit		**15,028**	7,087
Other revenue	*5*	**34**	278
Selling and distribution costs		**(3,022)**	(821)
General and administrative expenses		**(6,102)**	(2,436)
Restructuring costs		**(2,874)**	(4,287)
Profit/(loss) from operating activities	*6*	**3,064**	(179)
Finance costs	*7*	**(341)**	(1,347)
Gain on deconsolidation of subsidiaries	*17*	**36,191**	3,187
Profit before tax		**38,914**	1,661
Tax	*8(a)*	**(2,557)**	(1,461)
Profit for the year	*9*	**36,357**	200
Other comprehensive income/(loss) for the year			
– Release of exchange fluctuation reserve upon deconsolidation of subsidiaries		**2,368**	(484)
– Exchange differences arising on translation of financial statements of overseas subsidiaries		**1,093**	(369)
Total comprehensive income/(loss) for the year		**39,818**	(653)
Profit for the year attributable to:			
– Equity shareholders of the Company		**36,339**	200
– Non-controlling interests		**18**	–
		36,357	200
Total comprehensive income/(loss) for the year attributable to:			
– Equity shareholders of the Company		**39,672**	(653)
– Non-controlling interests		**146**	–
		39,818	(653)
Earnings per share	*10*		
Basic (HK cents)		**2.69**	0.01
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**12,989**	48
Prepaid lease payments		**1,064**	–
Goodwill		**–**	–
		14,053	48
CURRENT ASSETS			
Inventories		**1,458**	–
Trade receivables	*11*	**10,845**	7,188
Deposits, prepayments and other receivables	*12*	**2,536**	172
Cash, bank balances and time deposits		**10,843**	4,218
		25,682	11,578
DEDUCT:			
CURRENT LIABILITIES			
Bank and other borrowings	*13*	**–**	5,629
Trade payables	*14*	**464**	1,582
Convertible bonds		**106,600**	106,600
Amounts due to deconsolidated subsidiaries		**1,239**	2,928
Other payables and accruals		**21,252**	44,222
Amount due to the Former Investor	*15*	**16,538**	9,687
Amount due to the Investor	*16*	**8,399**	–
Income tax payable		**938**	2,223
		155,430	172,871
NET CURRENT LIABILITIES		**(129,748)**	(161,293)
NET LIABILITIES		**(115,695)**	(161,245)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 July 2011

	Note	2011 HK$'000	2010 HK$'000
CAPITAL AND RESERVES			
Share capital		**67,620**	67,620
Reserves		**(189,193)**	(228,865)
Capital deficiencies attributable to equity shareholders of the Company		**(121,573)**	(161,245)
Non-controlling interests		**5,878**	–
CAPITAL DEFICIENCIES		**(115,695)**	(161,245)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2011

	Attributable to equity shareholders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Share option reserve *HK$'000*	Convertible bond equity reserve *HK$'000*	Warrant reserve *HK$'000*	PRC statutory reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non–controlling interests *HK$'000*	Total *HK$'000*
At 1 August 2009	67,620	101,086	27,104	14,364	29,634	4,807	–	(1,426)	(403,781)	(160,592)	–	(160,592)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(853)	200	(653)	–	(653)
At 31 July 2010 and 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 shareholders 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	67,620	101,086	61,545	–	–	–	873	1,054	(353,751)	(121,573)	5,878	(115,695)

NOTES

1. CORPORATE INFORMATION

China Medical and Bio Science Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in feedstock business, mainly involving in the manufacturing, development and distribution of feedstock products.

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

The principal place of business of the Company is 62/F, One Island East, 18 Westlands Road, Island East, 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") and have been suspended for trading since 28 October 2008.

2. BASIS OF PREPARATION

(a) Winding-up petition and appointment of the provisional liquidators

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

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

By an order of the High Court of Hong Kong dated 18 August 2011, the hearing for the petition which was initially fixed on 12 November 2008 was further adjourned to 9 January 2012.

(b) Proposed restructuring of the Group

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

On 28 July 2009, an exclusivity agreement (the "Exclusivity Agreement") was entered into amongst NEUF Capital Limited (the "Former Investor"), the Company and the Provisional Liquidators to grant the Former Investor exclusivity for the preparation of a resumption proposal (the "Resumption Proposal") and negotiation in good faith of legally binding agreements for the implementation of the proposed restructuring and the Resumption Proposal. The restructuring proposal so submitted by the Former Investor was also accepted by the Provisional Liquidators, and in principle, supported by the major creditors of the Company as it was considered to be for the best interest of the Company and its stakeholders.

2. BASIS OF PREPARATION (CONT'D)

(b) Proposed restructuring of the Group (Cont'd)

Pursuant to the Exclusivity Agreement, on 24 September 2009, the Former Investor, as lender and Tony China Limited ("Tony China"), a wholly-owned subsidiary of the Company and as borrower, entered into a working capital facility agreement in relation to the provision of the working capital facility of up to HK$9,000,000 with an interest rate of 5% per annum by the Former Investor to meet the trading and operation expenses required to maintain a viable and continuing business of the Company during the course of the proposed restructuring and after the date of the Exclusivity Agreement. On the same day, Tony China and the Former Investor executed a debenture in favour of the Former Investor on, inter alia, a charge over all assets and receivables whether present and future of Tony China in relation to the said working capital facility provided by the Former Investor.

The Financial Adviser submitted the Resumption Proposal on behalf of the Company to the Stock Exchange on 30 November 2009. An updated Resumption Proposal was further submitted to the Stock Exchange on 19 May 2010.

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

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

(ii) all the creditors of the Company discharging and waiving their claims against the Company by way of schemes of arrangement in Hong Kong and the Cayman Islands (the "Schemes"), as appropriate; and

(iii) resumption of trading in the shares of the Company upon completion of the proposed restructuring subject to the restoration of sufficient public float.

Having received and considered the operations and affairs of the Group and the magnitude of the claims against the Company, the Company concluded that the proposed restructuring represents the best means available for the Company to be returned to solvency and to continue with the development and enhancement of its business.

On 26 July 2010, the Stock Exchange had granted a conditional approval to the Company to resume the trading in the shares of the Company (the "Resumption") subject to the Company fulfills the stipulated conditions by 30 April 2011.

On 27 January 2011, the Exclusivity Agreement lapsed pursuant to the terms of the Exclusivity Agreement. Upon the lapse of the Exclusivity Agreement, the working capital facility under the working capital facility agreement dated 24 September 2009 became due and payable.

Subsequently, Thousand Jade International Limited (the "Investor") has indicated and confirmed its interest in taking up the role of an investor in the proposed restructuring of the Company after the lapse of the Exclusivity Agreement. After various discussions involving representatives of the Provisional Liquidators, the Investor and their respective advisors, the terms of the Formal Restructuring Agreement were formulated ("Restructuring Proposal").

On 29 April 2011, the Formal Restructuring Agreement was entered into among the Investor as investor, Mr. Li Wing Chiu, the sole and beneficial owner and a director of the Investor, as guarantor, the Company and the Provisional Liquidators, pursuant to which the parties agreed to the terms and conditions for the purpose of facilitating the Restructuring Proposal.

2. BASIS OF PREPARATION (CONT'D)

(b) Proposed restructuring of the Group (Cont'd)

As at the date of the Formal Restructuring Agreement, the amount due and payable to the Former Investor under the working capital facility agreement entered into between Tony China and the Former Investor on 24 September 2009 was approximately HK$8,239,000. In order to settle the said working capital loan due and payable to the Former Investor, Tony China entered into a working capital facility agreement with the Investor on 5 July 2011 pursuant to which Tony China shall apply such escrow amount as is equivalent to the principal and accrued interest due under the working capital facility agreement entered into between Tony China and the Former Investor on 24 September 2009 (the "Escrow Amount") to settle the outstanding amount due thereunder and to obtain a release of the debenture executed by Tony China in favour of the Former Investor on 24 September 2009.

Upon the signing of the Formal Restructuring Agreement, the Investor deposited an amount of HK$15,000,000 in escrow with the escrow agent who shall have custody of such amount and place the same in an interest-bearing account in the name of the escrow agent (the "Initial Escrow Arrangement").

On 24 May 2011, the Stock Exchange granted extension of time for completing the resumption conditions to 31 October 2011.

On 1 June 2011, the parties to the Formal Restructuring Agreement entered into a supplemental restructuring agreement to amend certain terms of the Formal Restructuring Agreement.

On 5 July 2011, a working capital facility agreement was entered into between Tony China and the Investor and a debenture was given by Tony China in favour of the Investor on the same date creating a floating charge over the assets of Tony China and which is subordinated to the floating charge created by Tony China in favour of the Former Investor.

On 29 August 2011, a second supplemental restructuring agreement was entered into between the parties to the Formal Restructuring Agreement to amend certain terms of the Formal Restructuring Agreement and which include, inter alia, the termination of the Initial Escrow Arrangement, the setting up of the escrow account for the repayment of the outstanding principal and accrued interest due under the working capital facility agreement entered into between Tony China and the Former Investor.

On 2 September 2011, the Company dispatched the circular in relation to the proposed restructuring of the Company. On 13 October 2011, the Company published an announcement setting out the progress of the proposed restructuring and the revised expected timetable for the Resumption.

The Company, the Provisional Liquidators and the Investor are now taking appropriate steps to implement the transactions contemplated in the Resumption Proposal and fulfil the conditions set by the Stock Exchange.

(c) Adoption of going concern basis

As at 31 July 2011, the Group had net current liabilities and net liabilities of approximately HK$129,748,000 and HK$115,695,000 respectively. The indebtedness of the Group mainly comprised of convertible bonds and amounts due to the Former Investor and the Investor, which represented a total of approximately HK$131,537,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the financial statements to reclassify the non-current assets as current assets, to adjust the value of the Group's assets to their recoverable amounts and to provide for any further liabilities which might arise.

2. BASIS OF PREPARATION (CONT'D)

(d) Compliance with Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations approved by the HKICPA, and are prepared under the historical cost convention. These consolidated financial statements also comply with the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(e) Deconsolidation of subsidiaries

(i) On 21 December 2010, Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the joint and several liquidators to the Company's three indirect wholly-owned subsidiaries, namely Asia Gain Investments Limited, Hong Kong Yang Yang Bio Products Company Limited and Hong Kong Bio Products Manufacturing Limited. The directors of the Company (the "Directors") considered that the Group's control over these subsidiaries has been lost since the date the respective liquidators were appointed.

(ii) On 9 February 2011, Mr. Andrew Koo Chi Ho of Ernst & Young (China) Advisory Limited and Mr. William Tacon of Zolfo Cooper were appointed as joint liquidators to the Company's indirect wholly-owned subsidiary, Glazier Limited ("Glazier"). The Directors considered the Group has lost control over Glazier and its subsidiaries, namely Seechain Investments Limited, Chengdu Concord Yuen Heng Industrial Company Limited, Chengdu Viking Yuen Heng Pharmaceutical Company Limited and Sichuan Liheng Bio-pharmaceutical Company Limited since the date the respective liquidators were appointed.

(iii) On 17 November 2009, the liquidation of Guangdong Yang Yang Bio Products Company Limited ("Guangdong Yang Yang"), an indirect wholly-owned subsidiary of the Company, was approved by the Bureau of Foreign Trade and Economic Cooperation of Guangzhou Municipality of the People's Republic of China (the "PRC"). Since then, the Group lost control on Guangdong Yang Yang and its two subsidiaries, Qingyuan Yang Yang Biotechnology Chumu Company Limited and Jilin Yang Yang Bio Products Company Limited.

The Directors considered the Group's control over the aforementioned subsidiaries (the "Excluded Subsidiaries") has been lost. Accordingly. The results, assets and liabilities and cash flows of the Excluded Subsidiaries have been deconsolidated from the consolidated financial statements of the Group since the respective dates of loss of control of these subsidiaries.

In the opinion of the Directors, the consolidated financial statements for the years ended 31 July 2011 and 2010 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid liquidation against the subsidiaries.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Initial application of HKFRSs

In the current year, the Group initially applied the following HKFRSs:

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK Int-5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clauses
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 32 (Amendments)	Classification of Right Issues
HKFRS (Amendments)	Improvements to HKFRSs 2009
HKFRS (Amendments)	Improvements to HKFRSs 2010

The initial application of these HKFRSs does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

(b) HKFRSs in issue but not yet effective

The following HKFRSs in issue at 31 July 2011 have not been applied in the preparation of the Group's financial statements for the year then ended since they were not yet effective for the annual periods beginning on 1 August 2010:–

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax-Recovery of Underlying Assets[4]
HKAS 19 (Revised)	Employee Benefit[6]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 27	Separate Financial Statements[6]
HKAS 28	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[3]
HKFRS 7 (Amendments)	Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
Amendments to HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement[2]
HKFRS (Amendments)	Improvements to HKFRSs 2010[1]

1 Effective for financial period commencing on or after 1 January 2011, as appropriate.
2 Effective for financial period commencing on or after 1 January 2011
3 Effective for financial period commencing on or after 1 July 2011
4 Effective for financial period commencing on or after 1 January 2012
5 Effective for financial period commencing on or after 1 July 2012
6 Effective for financial period commencing on or after 1 January 2013

4. SEGMENTS AND ENTITY-WIDE INFORMATION

Reportable segments

For management purposes, the Group is organised into two divisions which are the basis on which the Group reports its segment information.

Segment information is presented by the following segments:

– the feedstock products segment comprises the feedstock business; and

– the other segment comprises corporate activities.

For the purposes of assessing segment performance and allocating resources between segments, the Group's management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

(1) Segment assets consist primarily of property, plant and equipment and trade receivables. Segment liabilities comprise operating liabilities and mainly exclude items such as borrowings and income tax payable.

(2) Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before inter-segment transactions and balances and after transactions and balances between group entities within a single segment.

(3) Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(4) Unallocated items comprise of bank and other borrowings, convertible bonds, amounts due to the Former Investor and the Investor, and income tax payable.

4. SEGMENTS AND ENTITY-WIDE INFORMATION (CONT'D)

Reportable segments (Cont'd)

Segment information about the aforementioned businesses is set out as follows:

	Feedstock products		**Other**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**86,304**	35,285	**–**	–	**86,304**	35,285
Other revenue	**–**	266	**20**	7	**20**	273
Total revenue	**86,304**	35,551	**20**	7	**86,324**	35,558
Segment results	**10,120**	4,977	**31,995**	2,313	**42,115**	7,290
Interest income					**14**	5
Restructuring costs					**(2,874)**	(4,287)
Finance costs					**(341)**	(1,347)
Profit before tax					**38,914**	1,661
Tax	**(2,557)**	(1,461)	**–**	–	**(2,557)**	(1,461)
Profit for the year					**36,357**	200
ASSETS						
Segment assets	**36,710**	9,213	**4,127**	5,737	**40,837**	14,950
Elimination of inter-segment receivable					**(1,102)**	(3,324)
Consolidated total assets					**39,735**	11,626
LIABILITIES						
Segment liabilities	**5,447**	4,957	**18,610**	47,099	**24,057**	52,056
Elimination of inter-segment payable					**(1,102)**	(3,324)
					22,955	48,732
Unallocated liabilities						
– Bank and other borrowings					**–**	5,629
– Convertible bonds					**106,600**	106,600
– Amount due to the Former Investor					**16,538**	9,687
– Amount due to the Investor					**8,399**	–
– Income tax payable					**938**	2,223
Consolidated total liabilities					**155,430**	172,871

4. SEGMENTS AND ENTITY-WIDE INFORMATION (CONT'D)

Reportable segments (Cont'd)

Segment information about the aforementioned businesses is set out as follows: (Cont'd)

	Feedstock products		**Other**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
OTHER INFORMATION						
Capital expenditure	**13,723**	54	**–**	–	**13,723**	54
Depreciation	**104**	6	**–**	–	**104**	6
Amortisation	**17**	–	**–**	–	**17**	–

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

Entity-wide information

For the year ended 31 July 2011, revenues from one customer of the feedstock business had contributed to more than 10% of the Group's revenue amounting to approximately HK$8,631,000 (2010: HK$6,733,000).

5. TURNOVER AND OTHER REVENUE

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

An analysis of the Group's turnover and other revenue is as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover		
Sale of feedstock products	**86,304**	35,285
Other revenue		
Interest income	**14**	5
Gain on disposal of properly, plant and equipment	**20**	–
Sundry income	**–**	273
	34	278
Total revenue	**86,338**	35,563

6. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(loss) from operating activities is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Amortisation of prepaid lease payments	**17**	–
Auditors' remuneration	**350**	335
Cost of inventories sold	**71,276**	28,198
Depreciation	**104**	6
Sales proceeds	**–**	(10,976)
Less: Net book value	**–**	11,234
Loss on disposal of property, plant and equipment, leasehold land and non-current assets held for sales	**–**	258
Minimum operating lease payments for land and buildings	**288**	565
Staff costs (including directors' emoluments)		
Salaries, wages and other allowances	**3,791**	1,016
Pension scheme contributions	**76**	35
	3,867	1,051

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**–**	1,108
Interest on advances from the Former Investor	**322**	75
Interest on advances from the Investor	**19**	–
Interest on other loans	**–**	164
	341	1,347

8. TAX

(a) Income tax expense represents:–

	2011	2010
	HK$'000	*HK$'000*
PRC enterprise income tax		
Provision for the year	**2,534**	1,461
Under-provision in respect of prior year	**23**	–
	2,557	1,461

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

8. TAX (CONT'D)

(a) Income tax expense represents:– (Cont'd)

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

The taxation for the year can be reconciled to the profit before tax per consolidated statement of comprehensive income as follows:–

	2011	2010
	HK\$'000	*HK\$'000*
Profit before tax	**38,914**	1,661
Tax effect at the PRC statutory income tax rate of 25%	**9,728**	415
Tax effect of non-deductible expenses	**1,899**	1,918
Tax effect of tax-exempt revenue	**(9,052)**	(865)
Under-provision in prior year	**23**	–
Others	**(41)**	(7)
Tax expense	**2,557**	1,461

(b) As at 31 July 2010, the Group had unutilised tax losses of HK\$44,116,000 available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams. These tax losses were attributable from certain Excluded Subsidiaries and were not included in the current year's unrecognised temporary differences as they were deconsolidated during the year (Notes 2(e)(i) and 2(e)(ii)).

The Group has no significant temporary differences as at 31 July 2011.

9. PROFIT FOR THE YEAR

Profit for the year includes a loss of approximately HK\$7,073,000 (2010: HK\$5,259,000) which has been dealt with in the financial statements of the Company.

10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to shareholders of the Company is based on the profit for the year of approximately HK\$36,339,000 (2010: HK\$200,000) and the weighted average number of 1,352,400,000 (2010: 1,352,400,000) ordinary shares in issue during the year.

No diluted earnings per share is presented for the years ended 31 July 2011 and 2010 as the conversion of the outstanding convertible bonds, warrants and share options during the years had an anti-dilutive effect on the basic earnings per share.

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 60 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and the management regularly reviews the overdue balances.

The trade receivables as at 31 July 2011 and 2010, based on payment due date were aged within two months.

Movements of the provision for bad and doubtful debts during the prior year were as follows:

	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**–**	28,279
Uncollectible amount written off	**–**	(28,279)
At end of the year	**–**	–

12. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Prepayments to suppliers	**2,400**	–
Deposits and other receivables	**114**	172
	2,514	172
Current portion of prepaid lease payments	**22**	–
	2,536	172

Movements of the provision for bad and doubtful debts during the prior year were as follows:-

	2011	2010
	HK$'000	*HK$'000*
At beginning of the year	**–**	17,682
Uncollectible amount written off	**–**	(17,682)
At end of the year	**–**	–

13. BANK AND OTHER BORROWINGS

	2011	2010
	HK$'000	*HK$'000*
Unsecured bank loans	–	4,775
Unsecured other loans	–	854
	–	5,629

Notes:–

(a) The Group's borrowings as at 31 July 2010 were denominated in the functional currency of the group entities to which they related. They carried variable interest rate at 8.97% per annum and fixed interest rate of 24% per annum respectively.

(b) The other loans were due to a family member of a former senior management personnel of the Group.

(c) The bank and other borrowings were derecognised during the year as a result of the deconsolidation of certain Excluded Subsidiaries as detailed in notes 2(e) and 17 to this announcement.

14. TRADE PAYABLES

An aged analysis of the trade payables as at 31 July 2011, based on payment due date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 3 months	**275**	298
Over 1 year	**189**	1,284
	464	1,582

15. AMOUNT DUE TO THE FORMER INVESTOR

The amount is due to NEUF Capital Limited, the Former Investor. On 24 September 2009, the Former Investor as lender and Tony China as borrower entered into a working capital facility agreement in relation to the provision of the working capital facility of up to HK$9,000,000 with an interest rate of 5% per annum by the Former Investor. On the same day, Tony China and the Former Investor executed a debenture in favour of the Former Investor on, inter alia, a charge over all assets and receivables whether present and future of Tony China in relation to the said working capital facility provided by the Former Investor.

An amount of approximately HK$8,198,000 (2010: HK$6,874,000) is interest-free and unsecured. If the legally binding agreement for the implementation of the Group's restructuring proposal and Resumption Proposal (the "Formal Agreement") proceeds with completion, the amount shall not be transferred or dealt with under any arrangement used to implement the Restructuring Proposal or any restructuring and will remain as a debt owed by the Group to the Former Investor, and upon the completion of the Formal Agreement, the Group shall apply the same towards the payment of the subscription money payable by the Former Investor for subscription of the shares of the Group under the Formal Agreement. The remaining amount of approximately HK$7,943,000 (2010: HK$2,813,000) carries interest at 5% per annum, is secured by way of first floating charge on all properties and assets of Tony China and repayable on the Maturity Date as defined below or within 5 business days after a demand is made by the Former Investor.

15. AMOUNT DUE TO THE FORMER INVESTOR (CONT'D)

Maturity Date represents the earliest of, (i) the date on which the completion of the Resumption Proposal has failed to take place; (ii) the date on which the Former Investor notifies the Group that it will not execute the Formal Agreement provided that the Former Investor shall not give such notification to the Group within 6 months from the date of the Exclusivity Agreement; and (iii) the expiry date of (a) the initial period of 9 months period commencing from the date of Exclusivity Agreement; (b) provided that the parties shall prior to the expiry of the initial period negotiate in good faith having regard to the progress of preparation of the Resumption Proposal to extend the initial period for an additional term of 3 months from the last day of the initial period (clauses (a) and (b) together shall be referred to as the "Exclusivity Period"); and (c) if the Resumption Proposal has been submitted to and accepted by the Stock Exchange before the expiry of the Exclusivity Period, the Exclusivity Period shall automatically be extended for a period of 6 months from the date of granting of the in-principal approval of the Resumption Proposal by the Stock Exchange.

On 27 January 2011, the Exclusivity Agreement lapsed pursuant to the terms of the Exclusivity Agreement. Upon the lapse of the Exclusivity Agreement, the working capital facility under the working capital facility agreement dated 24 September 2009 became due and payable.

The properties and assets of Tony China comprise mainly trade receivables, cash at banks and the investment in its wholly-owned subsidiary, Xiamen Dongyu Trading Company Limited ("Xiamen Dongyu"), which has a 63% equity interest in a joint venture company, Longyan Dongyu Bio-feedstock Company Limited. Details of the assets of Tony China and Xiamen Dongyu included in the Group's consolidated statement of financial position as at 31 July 2011 are as follows:–

	HK$'000
Property, plant and equipment	126
Investment in a joint venture company	9,275
Trade receivables	10,845
Deposits, prepayments and other receivables	1,959
Cash and bank balances	5,873
	28,078

16. AMOUNT DUE TO THE INVESTOR

On 5 July 2011, a working capital facility agreement was entered into between Tony China and the Investor and a debenture was given by Tony China in favour of the Investor on the same date creating a floating charge over the assets of Tony China and which is subordinated to the floating charge created by Tony China in favour of the Former Investor.

An amount of approximately HK$2,700,000 (2010: Nil) is interest-free and unsecured. If the legally binding agreement for the implementation of the Group's restructuring proposal and Resumption Proposal (the "Formal Restructuring Agreement") proceeds with completion, the amount shall not be transferred or dealt with under any arrangement used to implement the Restructuring Proposal or any restructuring and will remain as a debt owed by the Group to the Investor, and upon the completion of the Formal Restructuring Agreement, the Group shall apply the same towards the payment of the subscription money payable by the Investor for subscription of the shares of the Group under the Formal Restructuring Agreement. The remaining amount of approximately HK$5,680,000 (2010: Nil) carries interest at 5% per annum, is secured by way of floating charge on all properties and assets of Tony China and is subordinated to the floating charge created by Tony China in favour of the Former Investor, and repayable on the Maturity Date as defined below or within 5 business days after a demand is made by the Investor.

16. AMOUNT DUE TO THE INVESTOR (CONT'D)

Maturity Date represents the date on which the Formal Restructuring Agreement is terminated in accordance with the terms therein or completion of the Formal Restructuring Agreement has failed to take place in accordance with the terms of the Formal Restructuring Agreement.

Please refer to note 15 for details of the assets of Tony China and Xiamen Dongyu included in the Group's consolidated statement of financial position as at 31 July 2011.

17. DECONSOLIDATION OF SUBSIDIARIES

As disclosed in note 2(e) to this announcement, the Directors considered that the control over the Excluded Subsidiaries has been lost with effect from the dates the respective liquidators were appointed or the liquidation was approved.

For the purpose of appropriate presentation and in order to allow the public to evaluate the performance of the Group, the aforementioned subsidiaries were excluded from the Group's consolidation with effect from the respective dates of the approval of liquidation or appointment of the liquidators.

The details of gain on deconsolidation of subsidiaries are as follows:

	2011	2010
	HK$'000	*HK$'000*
Net liabilities deconsolidated:		
Deposit, prepayments and other receivables	**(45)**	–
Cash and bank balances	**(71)**	(64)
Amount due from the Group	**–**	(1,934)
Bank and other borrowings	**5,629**	–
Trade payables	**1,096**	–
Amounts due to deconsolidated subsidiaries	**1,905**	–
Other payables and accruals	**28,940**	4,701
Income tax payable	**1,105**	–
Net liabilities	**38,559**	2,703
Release of exchange fluctuation reserve	**(2,368)**	484
Gain on deconsolidation of subsidiaries	**36,191**	3,187

DIVIDEND

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 July 2011 (2010: Nil)

QUALIFIED INDEPENDENT AUDITOR'S REPORT

The directors of the Company would like to draw your attention to the fact that the disclaimer of opinion in respect of the material uncertainty relating to the going concern basis is expressed by the independent auditor in the Company's consolidated financial statements on the financial statements for the year ended 31 July 2011. An extract of the independent auditor's report that deals with the qualifications is as follows:

BASIS FOR DISCLAIMER OF OPINION

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 to the consolidated financial statements which explains that on 29 April 2011, a formal restructuring agreement was entered into among an investor, the Company and the Provisional Liquidators pursuant to which the parties agreed to the terms and conditions for the purpose of facilitating the Company's Restructuring Proposal and The Stock Exchange of Hong Kong Limited has granted a conditional approval to the Company to resume the trading in the shares of the Company subject to the Company fulfilling the resuming conditions by 31 October 2011.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring will be successfully implemented and that, following the proposed restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to implement the restructuring proposal. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the implementation of the restructuring proposal, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's turnover for the year ended 31 July 2011 has increased substantially by approximately 1.45 times to approximately HK$86,304,000, as compared with the recorded turnover of approximately HK$35,285,000 recorded in the previous year. In addition, the Company's net profit after tax attributable to the equity shareholders of the Company for the year ended 31 July 2011 is approximately HK$36,339,000, representing an increase of approximately 181 times from its previous year's figure of approximately HK$200,000 as a result of the continuous expansion of the Group's feedstock business in the People's Republic of China ("PRC"), the gain from deconsolidation of subsidiaries and reduction in finance costs and restructuring cost.

For the year ended 31 July 2011, the earnings per share was approximately HK2.69 cents (2010: approximately HK0.01 cent).

WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

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

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

By an order of the High Court dated 18 August 2011, the hearing for the Petition which was originally fixed on 12 November 2008 was further adjourned to 9 January 2012.

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

THE RESTRUCTURING

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

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

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

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

(1) completion of the subscription of new shares and convertible bonds by the Investor, placing of new shares to independent third parties, scheme of arrangement, the capital restructuring and reorganisation and other transactions under the Resumption Proposal;

(2) completion of formation of the joint venture to establish a manufacturing plant and commencement of production. The Company should provide a letter by a corporation licensed by the Securities and Futures Commission of Hong Kong to advise on corporate finance confirming this condition has been fulfilled;

(3) inclusion in the circular to shareholders a statement from directors of the Company confirming working capital sufficiency for 12 months after resumption and a comfort letter from the auditors/financial adviser on the directors' statement;

(4) inclusion in the circular to shareholders of the Company a profit forecast for each of the two years ending 31 July 2011 together with reports from the auditors and financial adviser under paragraph 29(2) of Appendix 1B of GEM Listing Rules;

(5) inclusion in the circular to shareholders a pro forma balance sheet upon completion of the Resumption Proposal and a comfort letter from the auditors under Rule 7.31 under the GEM Listing Rules;

(6) publication of circular relating to the proposal in prospectus standard; and

(7) withdrawal of the winding-up petition and discharge of the Provisional Liquidators.

By 27 January 2011, the Company, the Provisional Liquidators and the Former Investor were unable to enter into a restructuring agreement. The exclusivity period provided in the Exclusivity Agreement was also lapsed.

Following the expiry of the Exclusivity Agreement, Thousand Jade International Limited (the "Investor") expressed its interest in taking up the role as an investor and to continue the proposed restructuring by implementing the Resumption Proposal. On 29 April 2011, the Company, the Provisional Liquidators and the Investor entered into a restructuring agreement (as supplemented by supplemental agreements dated 1 June 2011 and 29 August 2011) (collectively, the "Formal Restructuring Agreement"). Pursuant to the Formal Restructuring Agreement, subject to certain conditions, the Investor also agreed to provide up to HK$30 million as a working capital of the Company.

As the Company had not been able to fulfill all resumption conditions imposed by the Stock Exchange by 30 April 2011, the Company made an application to the Stock Exchange, which has subsequently granted additional time for the Company to fulfill the resumption conditions to on or before 31 October 2011.

Please refer to the circular of the Company dated 2 September 2011 for further details.

MATERIAL ACQUISITIONS AND DISPOSALS

On 21 December 2010, Messrs. Stephen Liu Yiu Keung and David Yen Ching Wai, both of Ernst & Young Transactions Limited, were appointed as the joint and several liquidators to the Company's three indirect wholly-owned subsidiaries, namely Asia Gain Investments Limited, Hong Kong Yang Yang Bio Products Company Limited and Hong Kong Bio Products Manufacturing Limited. The Directors considered that the Group's control over these subsidiaries has been lost since the date the respective liquidators were appointed.

On 9 February 2011, Mr. Andrew Koo Chi Ho of Ernst & Young (China) Advisory Limited and Mr William Tacon of Zolfo Cooper, were appointed as joint liquidators to the Company's indirect wholly-owned subsidiary, namely Glazier Limited ("Glazier"). Since then, the Directors considered the Group has lost control over Glazier and its subsidiaries, Seechain Investments Limited, Chengdu Concord Yuen Heng Industrial Company Limited, Chengdu Viking Yuen Heng Pharmaceutical Company Limited and Sichuan Liheng Bio-pharmaceutical Company Limited.

Save as disclosed from the above, the Group had no material acquisition or disposal during the year ended 31 July 2011.

SECURITIES INVESTMENT

The Group had no securities investment during the year ended 31 July 2011 (2010: none).

FINANCIAL RESOURCES, LIQUIDITY, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 July 2011, the Group had net current liabilities and net liabilities of approximately HK$129,748,000 and HK$115,695,000 respectively (2010: approximately HK$161,293,000 and HK$161,245,000 respectively).

The capital structure of the Group consists of cash and cash equivalents and equity (comprising issued share capital and reserves) attributable to owners of the Company. The Group monitors its short and medium term liquidity requirements and arranges refinancing of the Group's borrowings when appropriate.

As at 31 July 2011, the Group's had no bank and other borrowings (2010: approximately HK$5,629,000, of which, approximately HK$4,775,000 was unsecured bank loan and approximately HK$854,000 was unsecured other loans).

As at 31 July 2011, the Group had convertible bonds of approximately HK$106,600,000 (2010: approximately HK$106,600,000).

As at 31 July 2011, the Group had amounts due to the Former Investor and the Investor of approximately HK$16,538,000 and HK$8,399,000 respectively (2010: approximately HK$9,687,000 and HK$Nil respectively).

As at 31 July 2011, the Group's gearing ratio, which is calculated on the basis of the Group's total borrowings less cash and cash equivalents to the total assets in relation to its total capital, was approximately 304% (2010: approximately 1,012%).

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

For the year ended 31 July 2011, 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.

EMPLOYEE INFORMATION

As at 31 July 2011, the Group had approximately 59 employees in Hong Kong and the PRC (2010: 30). Remuneration to employees and directors of the Company are based on performance, qualification, experience and the prevailing industry practice. Other benefits to its employees in Hong Kong include share option scheme, contributions to statutory mandatory provident fund scheme and medical coverage and the employees in the PRC are included in the statutory central pension schemes and additional requirement in the PRC.

OPERATIONS REVIEW

The Group recommenced its feedstock business in November 2009 through its indirect wholly-owned subsidiary, Xiamen Dongyu Trading Company Limited ("Dongyu") by the distribution of swine feedstock products. Since then, swine compound feedstock has been the major feedstock product provided by the Group. The Group has also distributed other types of feedstock products such as swine additive premix, fish compound feedstock and chicken compound feedstock, which account for relatively small portion of products provided by the Group.

On 16 March 2010, Dongyu entered into a joint venture agreement with 3 other JV Partners to establish a joint venture company (the "JV"). The establishment of the JV was completed in August 2010.

As announced in the Company's announcement dated 8 November 2010, on 23 October 2010, the JV acquired a land parcel at the Yanqian Industrial Zone of Wuping County, Fujian Province, PRC for building its own feedstock manufacturing plant.

In April 2011, the major construction work of the building together with the installation and testing of the manufacturing plant and equipment was completed and the JV has duly obtained the production licence from Fujian Agriculture Department. The JV has commenced production since June 2011.

At present, the JV mainly produces swine compound feedstock under its own brands, namely, "Dong Lin" and "Hong Hai". It is expected that with the JV's manufacturing capacity, the Group will be in a better position to capture the growing demand for feedstock products in the PRC.

At present, the customers of the Group are mainly farms or farmers located at the areas around Longyan and Xiamen of the Fujian Province in the PRC. As at 31 July 2011, the Group has developed and maintained business relationship with around 70 swine farms/farmers.

PROSPECTS

As the JV is located at Wuping County, Longyan, Fujian Province, the juncture of the borders of Fujian, Jiangxi and Guangdong Provinces, taking advantage of the geographic location, the Group intends to become one of the leading feedstock products providers in this area over time, which is able to give confidence to the breeders in using its feedstock products.

In order to achieve the business objectives, the Group will continue its strategy to emphasise the provision of after-sale services to its customers by further expanding the Group's sales team and enhancing the scope of its after-sale services. The Group has started and will continue to launch marketing activities and events such as distributing products brochure to farms/farmers, setting up the advertising walls and swine weight demonstration, etc. in local market towns to introduce and promote its own brand products. In addition, the Group intends to set up direct sale stations in areas that are in proximity to farms in order to offer more direct, prompt and comprehensive sale services to its customers.

The management of the Group ceased sourcing from the external suppliers in September 2011 and has deployed all the Group's resources in marketing its own feedstock products and build its own brand names, so that the Group will benefit from better margin and enhance the Group's financial position.

To further achieve economies of scale, the Group intends to invest in building its second production line in the beginning of 2012. Moreover, the Group also intends to gradually expand its production line to include chicken compound feedstock products.

The management of the Group will keep seeking and appraising opportunities arising from the feedstock industry. After the resumption of trading in the shares of the Company, the Group may consider extending its business operations to feedstock related industries such as feedstock raw materials trading, the breeding and farming industry, meat processing industry, etc., which can economically benefit the Group and the Company's shareholders in the long run.

SIGNIFICANT SUBSEQUENT EVENTS

A winding up petition (the "Petition") was served on the Company on 13 May 2008 by 汕頭市欣源貿易有限公司 (Shantou Xinyuan Trading Company Limited) (the "Petitioner'). The Petitioner claimed that the Company was indebted to it in the amount of approximately RMB4,426,000 (the "Alleged Indebtedness") pursuant to an order of the China International Economic and Trade Arbitration Commission (the "Commission") dated 15 February 2008. The Company has made an application to the Second Immediate People's Court of Beijing (the "Beijing Court") to dismiss the order of the Commission on 14 April 2008, which has been accepted by the Beijing Court. As the order which sanctioned the Alleged Indebtedness is subject to further ruling of the Beijing Court, the Company intends to take vigorous action to defend the Petition while at the same time continue to pursue the action to dismiss the order of the Commission.

By an order of the High Court of Hong Kong dated 18 August 2011, the hearing for the petition which was initially fixed on 12 November 2008 was further adjourned to 9 January 2012.

On 30 September 2009, the Company and another defendant were purportedly served with a writ of summons (without leave of Court). The plaintiff alleged that various officers and highranking employees of the Company had allegedly made certain representations in respect of the Company's financial position and business prospects to him for the purpose of soliciting him to purchase the Company's shares in the market. It was alleged by the plaintiff that he had been induced by such alleged representations to purchase shares in the Company and had suffered serious financial losses due to a plunge in the share price of the Company. The plaintiff claimed against the Company and another defendant for damages for loss and damage suffered by him in the sum of approximately HK$10,335,000 together with interest and costs.

As no leave was granted by the Court to the plaintiff to commence legal proceedings against the Company, the proceedings commenced by the plaintiff against the Company are considered stayed. Based on a legal advice obtained, the Company is of the view that the plaintiff's claim is not a genuine or bona fide claim against the Company and is unmeritorious.

As mentioned in note 2(b) to this announcement, the working capital facility under the working capital facility agreement dated 24 September 2009 became due and payable to the Former Investor. On 30 August 2011, Tony China issued letters to the Former Investor and its advisors informing them that a sum of approximately HK$8.4 million (the "Escrow Amount") has been deposited in an escrow account opened with Messrs. P.C. Woo & Co. solely for the repayment to the Former Investor. As at the date of this announcement, the Company is still awaiting the Former Investor to provide the required documents for the release of the Escrow Amount.

Pursuant to the conditions for resumption issued by the Stock Exchange to the Company on 26 July 2010, the Company is required to publish a circular relating to the restructuring of the Group (the "Restructuring Circular") in prospectus standard. The Company was granted approval by the Stock Exchange and the Securities and Futures Commission (the "SFC") in relation to the publication of the Circular and on 2 September 2011, the Company has dispatched the Restructuring Circular, together with the notice of extraordinary general meeting to be held on 26 September 2011 (the "EGM") to the members of the Company.

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

On 23 September 2011, the Company and the Investor obtained consent from the Executive (as defined in the Restructuring Circular) of the SFC in relation to the approval of the Special Deals and the Whitewash Wavier respectively.

On 26 September 2011, a meeting of creditors of the Company (the "Scheme Meeting") was convened pursuant to an order of the High Court of Hong Kong dated 9 August 2011 and summoned by a Notice of Scheme Meeting dated 2 September 2011 for the purpose of consideration and, if thought fit, approving (with or without modification) the scheme of arrangement dated 2 September 2011 (the "Scheme of Arrangement") proposed to be entered into between the Company and the Creditors (as defined in the Scheme of Arrangement). The Scheme of Arrangement was approved and adopted by the requisite majority of the creditors attending and voting at the Scheme Meeting. The Scheme of Arrangement is part of the proposed restructuring of the Company. The Company has made application to the High Court of Hong Kong and the Grand Court of the Cayman Islands for the sanctioning of the Scheme of Arrangement. The High Court of Hong Kong and the Grand Court of the Cayman Islands have respectively fixed the hearing for the sanction of the Scheme of Arrangement on 14 October 2011 and 18 October 2011 (Cayman Islands time).

The EGM was also held on 26 September 2011, to approve, among others, the special and ordinary resolutions in relation to the capital restructuring of the Company, the Formal Restructuring Agreement, the Share Subscription, the CN Subscription, the Whitewash Waiver, the Special Deals, and the transactions contemplated thereunder. Except for one ordinary resolution which relates to the approval of the director's remuneration payable to Wong Sai Wa and required to be approved by shareholders in accordance with the Code on Takeovers and Mergers in Hong Kong (the "Resolution"), all other resolutions proposed in the EGM were duly passed. Accordingly, the Company has obtained consent from the Investor under the Formal Restructuring Agreement to waive, among other things, the passing of the Resolution as part of the conditions precedent to completion of the Restructuring Proposal. As such, the non-passing of the Resolution does not affect the completion of the Restructuring Proposal.

On 16 September 2011, the Company had filed applications to the Grand Court of the Cayman Islands to apply for sanction of the court to approve the capital restructuring and that the said hearing for the sanction of the capital restructuring be joined with the hearing for the sanction of the Scheme of Arrangement which was previously fixed on 18 October 2011 ("the CR Application"). On 7 October 2011 (Cayman Islands time), the CR Application was heard and the Grand Court of the Cayman Islands granted the CR Application. As such, the sanction of the capital restructuring was fixed for hearing on 18 October 2011.

On 11 October 2011, Stephen Liu Yiu Keung of Ernst & Young Transactions Limited and William Tacon of Zolfo Cooper were appointed as Joint Liquidators to the Company's indirect wholly-owned subsidiary, JBC Bio Products Company Limited ("JBC Bio"). Since then, the Directors considered the Group has lost control over JBC Bio and its subsidiaries, JBC Bio Products China Limited and Zhongshan JBC Bio-Technology Co. Ltd. (中山吉本生物科技有限公司) since the date the respective liquidators were appointed.

On 14 October 2011, the High Court of Hong Kong has sanctioned the Scheme of Arrangement.

On 17 October 2011, the High Court of Hong Kong ordered for the hearing for dismissal of the Petition be heard on 28 October 2011, on the condition that the proposed restructuring is completed and all the conditions are satisfied save as to the requirement for there to be a withdrawal/dismissal of the Petition and the discharge of Provisional Liquidators.

At the hearing on 18 October 2011, the Grand Court of the Cayman Islands ordered the following: (i) the Scheme of Arrangement between the Company and the Creditors (as defined in the Scheme of Arrangement) is sanctioned; and (ii) (a) the par value of every issued share of the Company be reduced from HK$0.05 to HK$0.001 by the reduction of HK$0.049 on each issued share of the Company of HK$0.05 each (the "Capital Reduction"), (b) following such Capital Reduction, the relevant amount of issued share capital thereby cancelled together with all remaining amounts of the authorised but unissued share capital of the Company be cancelled so that the authorised share capital of the Company following such Capital Reduction and cancellation be an amount of HK$1,352,400 divided into 1,352,400,000 shares of par value HK$0.001 each, (c) upon the Capital Reduction becoming effective, every 40 share of par value HK$0.001 each be consolidated into 1 share of par value HK$0.04 each (the "New Shares"), such that following such consolidation, the issued share capital of the Company shall be HK$1,352,400 divided into 33,810,000 New Shares (the "Consolidation"); and (d) upon the Consolidation becoming effective, the Company's authorised share capital be increased to HK$200,000,000 divided into 5,000,000,000 New Shares of par value HK$0.04 each.

CAPITAL COMMITMENTS

On 16 March 2010 (as supplemented by supplemental joint venture agreements dated 30 June 2010, 3 November 2010 and 13 December 2010), the Group entered into the joint venture agreement (the "JV Agreement") with the joint venture partners (the "JV Partners"), 台科加丹生物科技(廈門)有限公司 (Taike Jiadan Biotechnology Company Limited) ("Jiadan"), a company established in the PRC, 廈門市弘海生物技術有限公司 (Xiamen Honghai Biotechnology Company Limited) ("Honghai"), a company established in the PRC and Mega Timber Enterprise ("Mega Timber"), a company incorporated in Malaysia to set up the joint venture company (the "JV") in the PRC. The establishment of the JV was completed in August 2010. The JV will be principally engaged in the development and manufacturing of feedstock products.

Pursuant to the JV Agreement, the Group, Jiadan, Honghai and Mega Timber shall contribute RMB11.34 million, RMB4.32 million, RMB1.62 million and RMB0.72 million (equivalent to approximately HK$13.80 million, HK$5.26 million, HK$1.97 million and HK$0.88 million) in cash respectively, representing 63%, 24%, 9% and 4% equity interest of the JV respectively. The JV parties will complete their contribution to JV's registered capital of RMB18 million (equivalent to HK$21.91 million) within two years after the JV obtaining its business license.

As at 31 July 2011, the Group, Jiadan and Mega Timber were committed to contribute RMB3.72 million, RMB1.23 million and RMB0.61 million (equivalent to approximately HK$4.53 million, HK$1.50 million and HK$0.75 million) in cash respectively.

CONNECTED TRANSACTIONS

Continued connected transactions under Chapter 20 of the GEM Listing Rules were as follows:

During the year, the Group incurred a cost of approximately HK$12,874,000, determined on an arm's length basis by reference to market rates, for the supply of feedstock products from Taike Jiadan (Fujian) Swine Nutrition Company Limited ("Taike Jiadan"). Since the controlling shareholder of Taike Jiadan has been a substantial shareholder of the JV on 5 August 2010, the relevant transaction has been classified as a related party transaction and feedstock products amounting to approximately HK$12,874,000 has been provided. Detail of terms of the continuing connected transactions are set out in the circular of the company dated 21 July 2010.

CHARGES OF GROUP ASSETS

Save for the charging of the Group's assets to the Former Investor and the Investor as detailed in notes 15 and 16 to this announcement, the Group had no other assets of significance which were charged as at 31 July 2011.

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

As at 31 July 2011, 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	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital	Note
Ms. Wong Moon Ha	Through controlled corporations	Ordinary shares	400,000,000 shares	29.58%	*(1)*

Note:

(1) The shares were held by Concord Pharmaceutical Technology (Holdings) Limited, which is a wholly-owned subsidiary of Concord Business Management Limited, the entire issued capital of which was owned by Ms. Wong Moon Ha, an executive director of the Company.

Save as disclosed herein, as at 31 July 2011, 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.

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

Name or category of participant	As at 1 August 2010	Exercised during the year	Lapsed during the year *(Note a)*	Expired/ Cancelled during the year	As at 31 July 2011	Date of grant of share options *(Note a)*	Exercise period of share options *(Note b)*	Exercise price of share options *(Note c)*
Director								
Mr. Wong Sai Wa ("Mr. Wong")	3,200,000	–	–	(3,200,000)	–	23 March 2001	10 October 2001 to 22 March 2011	HK$0.55

Notes:

(a) *If the grantee is an employee of the Group, the share options shall lapse automatically upon the termination of his/her employment with the Group. The share options may be exercised up to the last actual working day of any employee of the Group.*

(b) *The vesting period of the share options is from the date of the grant until the date of the exercise period commences.*

(c) *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

As the 3,200,000 share options granted to Mr. Wong under the Pre-IPO Plan were not exercised within the exercise period from 10 October 2001 to 22 March 2011, the share options had expired pursuant to the terms of the Pre-IPO Plan. During the year ended 31 July 2011, none of the Directors or employees of the Company had exercised any share options and no allotment or issue of shares was made pursuant to the Pre-IPO Plan.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executives' Interests in Securities of the Company" above, at no time during the year was the Company or any of its holding companies or subsidiaries a party to any arrangements which enabled the Company's Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 31 July 2011, 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 of director	Capacity and nature of interest	Shares/equity derivatives	Number of shares/equity derivatives held	Percentage of the Company's issued share capital	*Note*
JBC Bio Technology Company Limited ("JBC Bio Tech")	Corporation	Ordinary shares	432,000,000 shares	31.94%	*(1)*
Ms. Liu Yang	Through controlled corporation	Ordinary shares	432,000,000 shares	31.94%	*(1)*
Concord Pharmaceutical Technology (Holdings) Limited ("CPT")	Corporation	Ordinary shares	400,000,000 shares	29.58%	*(2)*
Concord Business Management Limited ("CBM")	Through controlled corporation	Ordinary shares	400,000,000 shares	29.58%	*(2)*
Keywise Capital Management (HK) Limited	Investment manager	Ordinary shares	220,496,000 shares	16.30%	*(3)*
Keywise Greater China Opportunities Master Fund ("Keywise")	Investment manager	Ordinary shares	220,496,000 shares	16.30%	*(3)*

Notes:

(1) The shares were held by Ms. Liu Yang, the former executive director and Chairman of the Company, through JBC Bio Tech. Prior to the unauthorised sale of 48,000,000 shares as mentioned in the announcement of the Company dated 29 May 2007, JBC Bio Tech held 480,000,000 shares, representing 35.94% of the total issued share capital of the Company.

(2) CPT is wholly-owned by CBM, and CBM is in turned wholly-owned by Ms. Wong Moon Ha, an executive director of the Company. Accordingly, CBM and Ms. Wong Moon Ha are deemed to have an interest in the 400,000,000 shares of the Company held by CPT.

(3) Keywise is an investment fund managed by Keywise Capital Management (HK) Limited. Keywise entered into a bond transfer agreement dated 30 March 2011 to sell Victory Unicorn Limited, an independent third party, all its right, title and interest in the defaulted convertible bonds issued by the Company on 2 November 2007 with the principal amount of HK$100 million (the Defaulted CB). Subject to adjudication, the Defaulted CB will be settled under the Schemes.

Save as disclosed above, as at 31 July 2011, 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 ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 July 2011, 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. Non-executive Directors were not appointed for a specific term but were subject to retirement by rotation at the Company's annual general meeting in accordance with the bye-law of the Company (Code Provision A.4.1); and

2. No remuneration committee was established to review the directors' remuneration policy and other remuneration related matters. The Directors will, as soon as practicable, establish a remuneration committee with specific written reference which deals clearly with its authorities and duties (Code Provision B.1.1).

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.

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

During the year ended 31 July 2011, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities or the securities of the Company's subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 July 2011.

AUDIT COMMITTEE

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

Since there are insufficient Directors to be appointed as members of an audit committee, there has been no audit committee meeting and the Company's audited financial results for the year ended 31 July 2011 have not been reviewed by an audit committee. However, the directors of the Company will, as soon as practicable, establish an audit committee pursuant to the GEM Listing Rules.

SUSPENSION OF TRADING

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

For and on behalf of
CHINA MEDICAL AND BIO SCIENCE LIMITED
(Provisional Liquidators Appointed)
Wong Sai Wa
Executive Director

Hong Kong, 21 October 2011

As at the date of this announcement, the Board comprises two executive directors, namely Ms. Wong Moon Ha and Mr. Wong Sai Wa.

This announcement will appear on the GEM website (www.hkgem.com) for at least seven days after the date of publication and on the website of the Company at www.irasia.com/listco/hk/chinamedical.