

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)

SECOND INTERIM RESULTS ANNOUNCEMENT FOR THE TWELVE MONTHS ENDED 31 JULY 2012

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*This announcement, 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 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.

HIGHLIGHTS

- The Company reported a profit attributable to the equity shareholders of the Company of approximately HK\$64,079,000 for the twelve months ended 31 July 2012 (the “period”), of which, a sum of approximately HK\$67,494,000 was attributable to a gain on the Scheme of arrangement with the Company’s creditors. In addition, the professional fees for restructuring in the period were approximately HK\$9,867,000.
- The revenue of the Company together with its subsidiaries was approximately HK\$112,399,000 for the period, an increase of 30% or approximately HK\$26,095,000 when compared to the same period of the previous financial year.
- Gross profit for the period was approximately HK\$22,789,000 which corresponds to a gross margin of 20%.
- Other revenue, some HK\$3,886,000 higher when compared with the same period in the previous financial year, was mainly due to the receipt of non-refundable fee contributions of HK\$3,000,000 from the Former Investor to assist in completing the restructuring and resumption of trading in the shares of the Company on the GEM board.
- The board of Directors (the “Board”) does not recommend the payment of any interim dividend for the twelve months ended 31 July 2012.

	August 2011 to July 2012 HK\$ million	August 2010 to July 2011 HK\$ million
Revenue	112.4	86.3
Gross profit	22.8	15.0
– <i>ratio to revenue</i>	20%	17%
Other revenue	3.9	–
Operating expenditure*	(13.7)	(9.1)
Restructuring cost – professional fees for restructuring in the period	(9.9)	(2.9)
Finance costs	(2.0)	(0.3)
Gain on the Scheme	67.5	–
Gain on deconsolidation of subsidiaries	0.4	36.2
Profit before tax	69.0	38.9
Tax	(3.4)	(2.5)
Profit for the period	65.6	36.4
Profit for the period attributable to equity shareholders of the Company	64.1	36.3

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

SECOND INTERIM RESULTS (UNAUDITED)

The Board of Oriental Unicorn Agricultural Group Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and twelve months ended 31 July 2012 together with the comparative figures for the corresponding period in 2011. The second interim results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and twelve months ended 31 July 2012

	<i>Note</i>	For the three months ended 31 July		For the twelve months ended 31 July	
		2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Audited)
Turnover		30,537	21,038	112,399	86,304
Cost of sales		(24,584)	(17,939)	(89,610)	(71,276)
Gross profit		5,953	3,099	22,789	15,028
Other revenue	5	905	7	3,920	34
Selling and distribution costs		(263)	(750)	(2,275)	(3,022)
General and administrative expenses		(989)	(2,486)	(11,409)	(6,102)
Restructuring costs		(1,282)	(1,992)	(9,867)	(2,874)
Profit/(loss) from operating activities		4,324	(2,122)	3,158	3,064
Finance costs	6	(612)	(119)	(2,029)	(341)
Gain on the Scheme	16	(2,040)	–	67,494	–
Gain/(loss) on deconsolidation of subsidiaries	7	–	(11,546)	401	36,191
Profit/(loss) before tax		1,672	(13,787)	69,024	38,914
Tax	9	(511)	(420)	(3,441)	(2,557)
Profit/(loss) for the period		1,161	(14,207)	65,583	36,357
Other comprehensive income/(loss) for the period:					
– Release of exchange fluctuation reserve upon deconsolidation of subsidiaries		–	1,975	(20)	2,368
– Exchange differences arising on translation of financial statements of overseas subsidiaries		12	1,093	96	1,093
Total comprehensive income/(loss) for the period		1,173	(11,139)	65,659	39,818

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

For the three months and twelve months ended 31 July 2012

	Note	For the three months ended 31 July		For the twelve months ended 31 July	
		2012	2011	2012	2011
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit/(loss) for the period attributable to:					
– Equity shareholders of the Company		1,161	(14,289)	64,079	36,339
– Non-controlling interests		–	82	1,504	18
		<u>1,161</u>	<u>(14,207)</u>	<u>65,583</u>	<u>36,357</u>
Total comprehensive income/(loss) for the period attributable to:					
– Equity shareholders of the Company		1,173	(11,349)	64,155	39,672
– Non-controlling interests		–	210	1,504	146
		<u>1,173</u>	<u>(11,139)</u>	<u>65,659</u>	<u>39,818</u>
		(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Earnings/(loss) per share	10	HK Cents	HK Cents	HK Cents	HK Cents
Basic		<u>0.4</u>	<u>(42.3)</u>	<u>26.2</u>	<u>107.5</u>
Diluted		<u>N/A</u>	<u>N/A</u>	<u>20.2</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2012

	<i>Note</i>	31 July 2012 HK\$'000 (Unaudited)	31 July 2011 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		23,509	12,989
Prepaid lease payments		1,053	1,064
		24,562	14,053
CURRENT ASSETS			
Inventories		9,281	1,458
Trade receivables	12	13,938	10,845
Deposits, prepayments and other receivables		3,498	2,536
Cash and bank balances		20,631	10,843
		47,348	25,682
DEDUCT:			
CURRENT LIABILITIES			
Borrowings		3,678	—
Trade payables	13	1,712	464
Convertible bonds		—	106,600
Amounts due to deconsolidated subsidiaries		—	1,239
Other payables and accruals		3,678	21,252
Amount due to the Former Investor		—	16,538
Amount due to the Investor		—	8,399
Income tax payable		1,757	938
		10,825	155,430
NET CURRENT ASSETS/(LIABILITIES)		36,523	(129,748)
TOTAL ASSETS LESS CURRENT LIABILITIES		61,085	(115,695)
NON-CURRENT LIABILITIES			
Convertible notes	15	8,970	—
NET ASSETS/(LIABILITIES)		52,115	(115,695)
CAPITAL AND RESERVES			
Share capital	14	14,264	67,620
Reserves		37,851	(189,193)
Equity/(capital deficiencies) attributable to equity shareholders of the Company		52,115	(121,573)
Non-controlling interests		—	5,878
TOTAL EQUITY/(CAPITAL DEFICIENCIES)		52,115	(115,695)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the twelve months ended 31 July 2012

	Attributable to shareholders of the Company									Non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Convertible bond equity reserve HK\$'000	Warrants reserve HK\$'000	PRC statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total 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 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 and 1 August 2011	67,620	101,086	61,545	-	-	-	873	1,054	(353,751)	(121,573)	5,878	(115,695)
Capital restructuring (see (a) below)	(66,268)	(101,086)	-	-	-	-	-	-	167,354	-	-	-
Issuance of Subscription Shares (note 14(b))	9,600	38,400	-	-	-	-	-	-	-	48,000	-	48,000
Issuance of Creditors Shares (note 16)	1,280	45,440	-	-	-	-	-	-	-	46,720	-	46,720
Issuance of convertible notes (note 15)	-	-	8,647	-	-	-	-	-	-	8,647	-	8,647
Release of capital reserve upon:												
- deconsolidation of subsidiaries (note 7)	-	-	(27,104)	-	-	-	-	-	27,104	-	-	-
- discharge of convertible bonds under the Scheme (see (b) below)	-	-	(34,441)	-	-	-	-	-	34,441	-	-	-
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	1,505	1,505
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,887)	(8,887)
Issuance of Conversion Shares for convertible notes	2,032	8,128	(3,994)	-	-	-	-	-	-	6,166	-	6,166
Total comprehensive income for the period	-	-	-	-	-	-	-	76	64,079	64,155	1,504	65,659
At 31 July 2012	14,264	91,968	4,653	-	-	-	873	1,130	(60,773)	52,115	-	52,115

(a) The credit balance arising from the Capital Reduction of HK\$66,268,000 was applied, as permitted by the Cayman Companies Law to set off part of the accumulated losses of the Company. With effect from the completion of the Restructuring Agreement (see note 14(b)), the whole amount standing to the credit of the share premium account of the Company amounting to HK\$101,086,000 was reduced and set off against the accumulated losses of the Company.

(b) Under the Scheme, all outstanding convertible bonds issued on 2 November 2007 together with certain other claims and liabilities of the Company will be settled by cash and the Creditors Shares. As a result, the reserve applicable to the conversion option and warrant of the convertible bonds were released and set off against the accumulated losses of the Company during the period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months ended 31 July 2012

	For the twelve months ended 31 July	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Net cash used in operating activities	(10,272)	(436)
Net cash used in investing activities	(20,939)	(13,794)
Net cash from financing activities	40,779	20,641
Net increase in cash and cash equivalents	9,568	6,411
Effect of foreign exchange rate changes	220	214
Cash and cash equivalents at the beginning of the period	10,843	4,218
Cash and cash equivalents at the end of the period	20,631	10,843

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

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

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

3. SEGMENT INFORMATION

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

- (a) the feedstock products;
- (b) the animal husbandry business; and
- (c) the others segment comprises corporate activities and other non-feedstock and animal husbandry business.

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

	Feedstock Products		Animal Husbandry		Others		Consolidated	
	For the twelve months ended 31 July		For the twelve months ended 31 July		For the twelve months ended 31 July		For the twelve months ended 31 July	
	2012	2011	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment revenue:								
Sales to external customers	87,910	86,304	24,489	–	–	–	112,399	86,304
Other revenue	–	–	890	–	3,000	20	3,890	20
Total revenue	<u>87,910</u>	<u>86,304</u>	<u>25,379</u>	<u>–</u>	<u>3,000</u>	<u>20</u>	<u>116,289</u>	<u>86,324</u>
Segment results	<u>13,275</u>	<u>10,120</u>	<u>4,575</u>	<u>–</u>	<u>(4,454)</u>	<u>31,995</u>	<u>13,396</u>	<u>42,115</u>
Interest income							30	14
Restructuring costs							(9,867)	(2,874)
Finance costs							(2,029)	(341)
Gain on the Scheme							67,494	–
Profit before tax							69,024	38,914
Tax	(3,441)	(2,557)					(3,441)	(2,557)
Profit for the period							<u>65,583</u>	<u>36,357</u>

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

4. TURNOVER

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

5. OTHER REVENUE

	For the three months ended 31 July		For the twelve months ended 31 July	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Non-refundable fee contributions from Former Investor	–	–	3,000	–
Interest income	15	7	30	14
Gain on disposal of property, plant and equipment	–	–	–	20
Other sundry income	890	–	890	–
	<u>905</u>	<u>7</u>	<u>3,920</u>	<u>34</u>

6. FINANCE COSTS

	For the three months ended 31 July		For the twelve months ended 31 July	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest on advances from the Former Investor	–	100	66	322
Interest on advances from the Investor	–	19	105	19
Other interest	73	–	75	–
Imputed interest on convertible notes	539	–	1,783	–
	<u>612</u>	<u>119</u>	<u>2,029</u>	<u>341</u>

7. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

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

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

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

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

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

	For the twelve months ended 31 July	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Deposit, prepayment and other receivables	(47)	(45)
Cash and bank balances	(7)	(71)
Bank and other borrowings	–	5,629
Trade payables	189	1,096
Amounts due to deconsolidated subsidiaries	–	1,905
Other payables and accruals	246	28,940
Tax payable	–	1,105
Net liabilities	<u>381</u>	<u>38,559</u>
Release of exchange fluctuation reserve	20	(2,368)
Gain on deconsolidation of subsidiaries	<u>401</u>	<u>36,191</u>

8. PROFIT BEFORE INCOME TAX

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

	For the three months ended 31 July		For the twelve months ended 31 July	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Depreciation of property, plant and equipment	330	104	1,142	104

9. TAX

	For the three months ended 31 July		For the twelve months ended 31 July	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PRC enterprise income tax				
Provision for the period	511	420	3,441	2,534
Under-provision in respect of prior periods	—	—	—	23
	511	420	3,441	2,557

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

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

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

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

	Twelve months ended 31 July	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company	64,079	36,339
	1,352,400	1,352,400
	(1,318,590)	(1,318,590)
	33,810	33,810
	183,606	—
	24,481	—
	3,013	—
Weighted average number of ordinary shares at the end of the period	244,910	33,810

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

The calculation of basic earnings/(loss) per share attributable to shareholders of the Company for the three months ended 31 July 2012 is based on the profit attributable to shareholders of the Company of approximately HK\$1,161,000 (2011: loss of approximately HK\$14,289,000) and the weighted average number of shares in issue during the three months ended 31 July 2012 of 317,794,783 (2011: 33,810,000 ordinary shares are deemed to be in issue as at 1 August 2010 assuming that the Capital Reduction was effective on that date).

(b) Diluted earnings per share

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

	Twelve months ended 31 July	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company	64,079	36,339
Interest on convertible notes	1,783	—
Profit attributable to shareholders of the Company (diluted)	65,862	36,339
	Weighted average number of ordinary shares for the twelve months ended 31 July	
	2012	2011
	'000 shares	'000 shares
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares at 31 July	244,910	33,810
Effect of issuance of Conversion Shares (<i>note 15</i>)	81,140	—
	326,050	33,810

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

11. INTERIM DIVIDEND

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

12. TRADE RECEIVABLES

	31 July 2012 HK\$'000 (Unaudited)	31 July 2011 HK\$'000 (Audited)
Trade receivables	13,938	10,845
Provision for bad and doubtful debts	—	—
	13,938	10,845

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

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

	31 July 2012 HK\$'000 (Unaudited)	31 July 2011 HK\$'000 (Audited)
Within 3 months	13,938	10,845

13. TRADE PAYABLES

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

	31 July 2012 HK\$'000 (Unaudited)	31 July 2011 HK\$'000 (Audited)
Within 3 months	1,712	275
Over 1 year	—	189
	1,712	464

14. SHARE CAPITAL

	Par value HK\$	Number of ordinary shares (Unaudited)	Amount HK\$ (Unaudited)
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 July 2012	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 July 2012	0.040	356,610,000	14,264,400

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

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

- (b) By an ordinary resolution of the shareholders passed at the EGM (the “Ordinary Resolution”).
- the allotment and issue of 240,000,000 Subscription Shares to the Investor at a subscription price of HK\$0.20 per Subscription Share pursuant to the Restructuring Agreement;
 - the allotment and issue of 32,000,000 New Shares to partially settle claims against and liabilities of the Company with its creditors under the Scheme (the “Creditors Shares”) on and subject to the terms and conditions of the Scheme.

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

15. CONVERTIBLE NOTES

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

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

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

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

	<i>HK\$’000</i> (Unaudited)
Proceeds of issue	22,000
Equity component	(8,647)
Liability component at date of issue	13,353
Imputed Interest charged	1,783
Converted into shares	(6,166)
Liability component at 31 July 2012	<u>8,970</u>

During the twelve months ended 31 July 2012, a principal sum of HK\$10,160,000 of the Convertible Notes issued by the Company was converted into 50,800,000 shares of the Company.

16. SCHEME OF ARRANGEMENT

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

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

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

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

Details of the gain on the Scheme are as follow:

	<i>HK\$'000</i> (Unaudited)
Convertible bonds	106,600
Amounts due to deconsolidated subsidiaries	1,356
Other payables and accruals	14,182
Amount due to a Director	38
Amount due to the Former Investor	5,198
Total liabilities settled	127,374
Consideration paid:	
Cash	(13,160)
Total fair value of Creditors Shares	(46,720)
Gain on the Scheme	<u>67,494</u>

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

17. MATERIAL RELATED PARTY TRANSACTIONS

The directors are not aware of any material related party transactions during the twelve months ended 31 July 2012.

18. RECLASSIFICATION OF COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded profit attributable to the equity shareholders of the Company of HK\$64,079,000 for the twelve months ended 31 July 2012 (the “**period**”), of which, a sum of HK\$67,494,000 was attributable to a gain on the Scheme of Arrangement with the Company's creditors. In addition, the professional fees for restructuring in the period were approximately HK\$9,867,000.

Other revenue, some HK\$3,886,000 higher when compared with the same period in the previous financial year, was mainly due to the receipt of non-refundable fee contributions of HK\$3,000,000 from the Former Investor to assist in completing the restructuring and resumption of trading in the shares of the Company on the GEM board.

Operating expenses were HK\$13,684,000, an increase of 50% or approximately HK\$4,560,000 as compared with the same period in the previous financial year. The increase was mainly due to allocating additional resources to meet the business needs in line with the growth in revenue in the period. Among the expenses, selling and distribution costs decreased 25% or approximately HK\$747,000 due to implementation of certain direct sales which resulted in the decrease of distribution costs.

For the twelve months period ended 31 July 2012, the total revenue of the Group was approximately HK\$112,399,000, representing an increase of 30% or approximately HK\$26,095,000 as compared to the same period in the previous financial year; while gross profit increased 52% or approximately HK\$7,761,000. This was attributable to our appropriate marketing strategy and outstanding internal management.

During the period, the sales and profit margin of the Group's feed products slightly decreased due to market competition. Going forward, as competition from the surrounding area will intensify further, and that a large scale feed plant adjacent to our production facilities has commenced operation in June and another feed plant nearby is under construction, the sales situation of the region does not warrant optimism. The Company is making great effort in R&D of new formulation and seeking new technological cooperation to enhance its competitiveness, increase market share and profitability. The ecological swine farm has achieved production scale while the Company-farmers cooperation breeding mode was gradually improved, which contributed profit to the Group. However, as the price of hog remained low, profit margin was declining. In response, the Company has strengthened its breeding management, constantly improved cost effectiveness and introduced improved breeds. Cooperation with science and research authorities is also strengthened with the aim of improving pork quality, which will enable us to enjoy higher selling price and rate of return. The Company's subsidiary 東華農業綜合開發有限公司 is still in the phase of constructing infrastructures and proceeding with breeding and planting, therefore no sales revenue has been generated.

Prospect

The feedstock enterprises are also advancing the "direct sales" mode and expanding the establishment of direct sales outlets at the village level. This will not only enable us to establish closer relationship with the farmers, understand the dynamic condition of the breeding business and improve our after sale services, but also reduce our marketing costs. The Group is pushing ahead the own-production and marketing of agricultural products under the brand "東麟". It is also striving to seek multi-parties cooperation with premium breeding farms and brand enterprises to enhance the Group's regional influence and competitiveness.

FINANCIAL RESOURCES, LIQUIDITY, CAPITAL STRUCTURE AND GEARING RATIO

As at 31 July 2012, the Group had net current assets of approximately HK\$36,523,000 (31 July 2011: net current liabilities HK\$129,724,000), which mainly arose from the Scheme of arrangement with the Company's creditors.

As at 31 July 2012, the Group had bank borrowings of approximately HK\$3,678,000 (31 July 2011: nil).

The Group had convertible notes of approximately HK\$11,840,000 as at 31 July 2012 (31 July 2011: convertible bonds of approximately HK\$106,600,000). The Group's gearing ratio, which is calculated on the basis of the Group's total liabilities less cash and cash equivalents to the total assets, as at 31 July 2012 is having net cash (31 July 2011: 364%). The Group's operations are financed principally by revenues generated from its principal businesses. As at 31 July 2012, the Group had cash and bank balances of approximately HK\$20,631,000 (31 July 2011 approximately: HK\$10,843,000).

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

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

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

CHARGES ON GROUP ASSETS

As at 31 July 2012, the Group's bank borrowings were secured by charge on its property and denominated in Renminbi.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENT

The Group did not have any capital or guarantee commitment as at 31 July 2012.

INTERIM DIVIDEND

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

EMPLOYEE INFORMATION

As at 31 July 2012, the Group had approximately 79 employees (including Directors) (31 July 2011: 59) in Hong Kong and the PRC. Remuneration to employees and directors are based on performance, qualification, experience and the prevailing industry practice. The staff costs, including Directors' remuneration, amounts to approximately HK\$8,436,000 for the twelve months ended 31 July 2012.

Other benefits to its employees in Hong Kong include contributions to statutory mandatory provident fund scheme and the employees in the PRC will be included in the statutory central pension schemes and additional requirement in the PRC.

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

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

AUDIT COMMITTEE

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

CHANGE OF FINANCIAL YEAR END DATE OF THE COMPANY

The Company has changed its financial year end date from 31 July to 31 December. Therefore, the financial period will cover the period of seventeen months from 1 August 2011 to 31 December 2012.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong was changed to Unit 4508, 45/F., The Center, 99 Queen's Road Central, Hong Kong, effective from 4 September 2012.

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

As at 31 July 2012, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred

to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in ordinary shares and underlying shares of the Company

Name of director	Capacity and nature of interest	Share/equity derivatives	Number of shares/ equity derivatives held	Percentage of the Company's issued share capital	<i>Note</i>
Mr. Li Wing Chiu	Through controlled corporation	Ordinary shares	219,356,000 shares	61.51%	(1)
Ms. Wong Moon Ha	Through controlled corporations	Ordinary shares	10,000,000 shares	2.80%	(2)
Mr. Wong Sai Wa	Personal interests	Ordinary shares	96,185 shares	0.03%	

Note:

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

Save as disclosed herein, as at 31 July 2012, none of the Directors had short positions in the shares or underlying shares of equity derivatives of the Company and no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

SHARE OPTION SCHEMES

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

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

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

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

As at 31 July 2012, in so far as known to the directors or chief executives of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (not being directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Substantial Shareholders

Name	Capacity and nature of interest	Share/equity derivatives	Number of shares/equity derivatives held (long position)	Percentage of the Company's issued share capital	Note
Thousand Jade International Limited	Corporation	Ordinary shares	219,356,000 shares	61.51%	(1)
Mr. Li Wing Chiu	Through controlled corporation	Ordinary shares	219,356,000 shares	61.51%	(1)
Victory Unicorn Limited	Corporation	Ordinary shares	29,093,440 shares	8.15%	
Precise Idea Investments Limited	Corporation	Ordinary shares	25,000,000 ordinary shares	7.01%	(2)
Mr. Wong Leung Chi	Through controlled corporation	Ordinary shares	25,000,000 ordinary shares	7.01%	(2)
Will Summit Limited	Corporation	Convertible note	22,750,000 ordinary shares	6.38%	(3)
Ms. Chen Shu Huan	Through controlled corporation	Convertible note	22,750,000 ordinary shares	6.38%	(3)
Power Soar Limited	Corporation	Convertible note	20,000,000 ordinary shares	5.61%	(4)
Mr. Hung Cho Chiu	Through controlled corporation	Convertible note	20,000,000 ordinary shares	5.61%	(4)

Note:

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

Save as disclosed above, as at 31 July 2012, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

Two non-executive Directors were appointed on 26 October 2011, namely, Mr. Qiao Long and Ms. Wong Moon Ha, former executive director who was re-designated as non-executive director on the same date. Such appointments were not appointed for a specific term.

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, 14 September 2012

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

This announcement 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/listco/hk/orientalunicorn/index.htm.