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China Bio Cassava Holdings Limited

中國生物資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8129)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 1 June 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best endeavor basis, up to an aggregate of 250,000,000 Placing Shares to Placee(s) at a price of HK\$0.1 per Placing Share. Assuming that there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 250,000,000 Placing Shares represents: (a) approximately 9.18% of the existing issued share capital of the Company; and (b) approximately 8.41% of the issued share capital of the Company as enlarged by the Placing. The Placing Price of HK\$0.1 per Placing Share represents (i) a discount of approximately 0.99% to the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 1.19% to the average closing price of HK\$0.1012 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Placing Shares will be issued under the General Mandate. Assuming all the Placing Shares are successfully placed by the Placing Agent and based on the estimated expenses of the Placing in the amount of approximately HK\$0.75 million, the gross and net proceeds from the Placing are estimated to be HK\$25.0 million and approximately HK\$24.25 million respectively. The Company intends to use the net proceeds from the Placing for general working capital of the Group and future investment opportunities as may be identified from time to time.

Shareholders and potential investors should note that the Placing is subject to the fulfilment or waiver of the conditions precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

1 June 2017 (after trading hours).

Parties

- (1) The Company (as the issuer); and
- (2) The Placing Agent (as the placing agent)

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Placing

The Placing Agent has conditionally agreed to place, on a best endeavor basis, up to an aggregate of 250,000,000 Placing Shares to Placee(s) at a price of HK\$0.1 per Placing Share. The Placing Agent shall use all reasonable endeavours to ensure that the Placee(s) (being independent individual(s), corporate(s), institutional investor(s) or other investors) and their ultimate beneficial owners are Independent Third Parties and that none of the Placees will, immediately upon Completion, become a substantial shareholder of the Company. The Placing Agent will receive a commission of 3% of the aggregate Placing Price of the Placing Shares successfully placed.

In the event that the number of Placee(s) is less than six, further announcement will be made in accordance with Rule 17.30(7) of the GEM Listing Rules.

Number of Placing Shares

Assuming that there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 250,000,000 Placing Shares represents: (a) approximately 9.18% of the existing issued share capital of the Company; and (b) approximately 8.41% of the issued share capital of the Company as enlarged by the Placing.

Placing Price

The Placing Price of HK\$0.1 per Placing Share represents (i) a discount of approximately 0.99% to the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 1.19% to the average closing price of HK\$0.1012 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Ranking of the Placing Shares

The Placing Shares will, when allotted and issued, rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Condition precedent to the Placing

Completion of the Placing is conditional upon the granting or agreeing to grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares.

Each of the Company and the Placing Agent shall use their respective best endeavors to procure the satisfaction of the condition above by the Long Stop Date, but if the condition shall not be so satisfied, all obligations of the Placing Agent and of the Company hereunder shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Placing Agreement).

Completion of the Placing

Completion of the Placing is expected to take place on the Completion Date.

Termination of the Placing Agreement

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate this Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate which was granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the annual general meeting on 25 May 2016 to allot and issue up to 496,430,000 Shares, representing 20% of the total number of Shares in issue of the Company at the date of passing of the ordinary resolution. 240,000,000 Shares have been allotted and issued under the General Mandate as announced in the announcement dated 17 May 2017. As at the date of this announcement, the Directors are allowed to issue up to 256,430,000 new Shares under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any Shareholders' approval.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing (assuming the Placing Shares were placed in full and there is no other change in the total number of Shares in issue of the Company from the date of this announcement):

Shareholders	As at the date of this announcement		After completion of the Placing	
	Shares	%	Shares	%
Placee(s)	–	0.00%	250,000,000	8.41%
Other Public Shareholders	<u>2,722,150,000</u>	<u>100.00%</u>	<u>2,722,150,000</u>	<u>91.59%</u>
Total	<u><u>2,722,150,000</u></u>	<u><u>100.00%</u></u>	<u><u>2,972,150,000</u></u>	<u><u>100.00%</u></u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems and provision of financing services.

The Directors have considered various ways of raising funds in the capital market and consider that the Placing is an appropriate mean of raising additional capital for the Company in the circumstances, because the shareholder base of the Company can be enlarged and the asset base of the Group will be improved. The Placing, if completed, will better prepare the Group to take advantage of any future investment opportunities as they arise, and may help to expand the business scope of the Group.

Assuming all the Placing Shares are successfully placed by the Placing Agent and based on the estimated expenses of the Placing in the amount of approximately HK\$0.75 million, the gross and net proceeds from the Placing are estimated to be HK\$25.0 million and approximately HK\$24.25 million respectively. Therefore, the net price is approximately HK\$0.097 per Placing Share. The Company intends to use the net proceeds from the Placing for general working capital of the Group and future investment opportunities as may be identified from time to time.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the historical trading prices of the Shares, the prevailing market sentiment and conditions, liquidity flow in the capital market and the Group's existing financial position. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to prevailing market rates. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company has not conducted any equity fund raising activities for the past twelve months immediately before the date of this announcement.

Date of announcement	Completion date	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceed (as at date of this announcement)
12 April 2017	17 May 2017	Placing of new shares under general mandate	Approximately HK\$23.64 million	For general working capital of the Group and future investment opportunities as may be identified from time to time	(i) HK\$7.5 million was used to settle the promissory note in relation to the acquisition of 30% of the issued share capital in Master Ace Group Corporation (details can be referred to the announcement of the Company dated 11 April 2017); (ii) HK\$5.0 million was used for a provision of financial assistance and advance to an entity (details can be referred to the announcement of the Company dated 12 May 2017); (iii) Approximately HK\$1.0 million was used for general working capital of the Group; and (iv) Approximately HK\$10.14 million will be used as intended.

Shareholders and potential investors should note that the Placing is subject to the fulfilment or waiver of the condition precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or public holiday or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business;
“Company”	China Bio Cassava Holdings Limited (stock code: 8129), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM;
“Completion Date”	within five Business Days following the day on which the condition precedent of the Placing Agreement is satisfied (or such other date as may be agreed between the Company and the Placing Agent in writing);
“connected person(s)”	having the meaning ascribed thereto under the GEM Listing Rules;
“Director(s)”	director(s) of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 25 May 2016 to allot and issue new Shares in the Company up to 496,430,000 Shares, representing 20% of the total number of Shares in issue of the Company at the date of passing of the ordinary resolution;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons;
“Last Trading Day”	1 June 2017, being the last day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement;
“Long Stop Date”	on or before 12 June 2017, being six Business Days after the date of the Placing Agreement, or such later date as the Placing Agent and the Company may agree in writing;
“Placee(s)”	any individual(s), corporate(s), institutional investor(s) or other investors whom the Placing Agent and/or any of their sub-placing agent(s) have procured to subscribe for any of the Placing Shares under the Placing;
“Placing”	the placing of the Placing Shares in accordance with the terms and conditions of the Placing Agreement;
“Placing Agent”	Gransing Securities Co., Limited;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 1 June 2017 in relation to the Placing;
“Placing Price”	HK\$0.1 per Placing Share;
“Placing Shares”	up to a maximum of 250,000,000 new Shares to be placed by the Placing Agent to the Placee(s) in accordance with the terms and conditions of the Placing Agreement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the issued capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“substantial shareholder(s)”	having the meaning ascribed thereto under the GEM Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

By order of the Board
China Bio Cassava Holdings Limited
Tang Lap Chin Richard
Executive Director

Hong Kong, 1 June 2017

As of the date hereof, the executive Directors are Mr. Poon Yu Keung, Mr. Hung Ching Fung, Mr. Tang Lap Chin Richard and Mr. Ng Chung Yuen Frank and the independent non-executive Directors are Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Yam Chiu Fan Joseph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “latest company announcements” page for at least 7 days from the day of its posting and on the Company’s website at www.bio-cassava.com.