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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

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

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

This announcement, for which the directors of China Bio Cassava Holdings 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 ("GEM Listing Rules") of The Stock Exchange of Hong Kong Limited 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: – (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS OF THE YEAR

The Group recorded turnover of HK$5,673,000 for the year ended 31 December 2009, representing a decrease of 13.1% from the previous year.

The Group recorded HK$730,000 of OEM licensing revenue for the year 2009, representing an increase of 39.8% over that of the previous year. OEM licensing revenue for the year 2009 represents about 12.9% of turnover for the year, as compared to 8.0% in the year of 2008. Q9 CIS and Qcode CIS package sales and software licensing revenue to institution customers of HK$3,995,000 for the year 2009, representing a decrease of 12.8% from the previous year of HK$4,580,000. Sales of third party products of HK$948,000 for the year 2009, also representing a decrease of 33.5% from the previous year of HK$1,425,000.

The Group recorded a loss attributable to owners of the Company for the year 2009 of HK$13,581,000 (2008: HK$12,978,000). The Group's total operating expenses in 2009 increased by HK$378,000 from 2008, representing an increase of 2.0% from that of the previous year.

RESULTS (AUDITED)

The board of directors (the "Directors") of China Bio Cassava Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the audited comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	4	**5,673**	6,527
Cost of sales		**(891)**	(1,233)
Gross profit		**4,782**	5,294
Other revenue	5	**838**	551
Selling and distribution expenses		**(2,955)**	(3,754)
Research and development expenses		**(2,240)**	(2,587)
General and administrative expenses		**(7,674)**	(9,872)
Other operating expenses		**(6,332)**	(2,610)
Operating loss		**(13,581)**	(12,978)
Finance costs		**–**	–
Loss before income tax		**(13,581)**	(12,978)
Income tax expense	7	**–**	–
Loss for the year	6	**(13,581)**	(12,978)
Loss per share	8		
– Basic		**(HK0.17 cent)**	(HK0.17 cent)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
Loss for the year	**(13,581)**	(12,978)
Other comprehensive (loss) income		
Exchange differences arising on translating foreign operations	**(9)**	251
Total comprehensive loss for the year	**(13,590)**	(12,727)
Total comprehensive loss attributable to:		
– Owners of the Company	**(13,590)**	(12,727)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,342**	1,646
Prepaid lease payments		**2,097**	2,092
Intangible asset		**–**	1,700
Available-for-sale investment		**7**	–
Deposits paid for construction of property, plant and equipment		**–**	3,042
Other receivable		**–**	1,200
		3,446	9,680
CURRENT ASSETS			
Inventories		**161**	272
Financial assets at fair value through profit or loss		**1,222**	416
Trade receivables	10	**333**	372
Prepayments, deposits and other receivables		**757**	933
Amount due from a related company		**384**	–
Cash and cash equivalents		**15,087**	17,105
		17,944	19,098
CURRENT LIABILITIES			
Trade payables	11	**87**	91
Other payables and accrued expenses		**2,279**	3,658
		2,366	3,749
NET CURRENT ASSETS		**15,578**	15,349
NET ASSETS		**19,024**	25,029
CAPITAL AND RESERVES			
Equity attributable to the owners of the Company			
Share capital		**20,508**	19,510
Reserves		**(1,484)**	5,519
TOTAL EQUITY		**19,024**	25,029

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share capital *HK$'000*	Share premium *HK$'000*	Share option reserve *HK$'000*	Capital redemption reserve *HK$'000*	Warrant reserve *HK$'000* *(Note a)*	Reorganisation reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2008	19,429	110,982	33,514	37	9,944	3,000	49	(139,814)	37,141
Loss for the year	–	–	–	–	–	–	–	(12,978)	(12,978)
Other comprehensive income for the year	–	–	–	–	–	–	251	–	251
Total comprehensive income for the year	–	–	–	–	–	–	251	(12,978)	(12,727)
Exercise of warrants	81	704	–	–	(170)	–	–	–	615
At 31 December 2008 and 1 January 2009	19,510	111,686*	33,514*	37*	9,774*	3,000*	300*	(152,792)*	25,029
Loss for the year	–	–	–	–	–	–	–	(13,581)	(13,581)
Other comprehensive income for the year	–	–	–	–	–	–	(9)	–	(9)
Total comprehensive income for the year	–	–	–	–	–	–	(9)	(13,581)	(13,590)
Exercise of warrants	998	8,684	–	–	(2,097)	–	–	–	7,585
Lapsed of warrants	–	–	–	–	(7,677)	–	–	7,677	–
At 31 December 2009	**20,508**	**120,370***	**33,514***	**37***	**–***	**3,000***	**291***	**(158,696)***	**19,024**

Note:

(a) The warrants reserve represents the proceeds from the placing of 249,200,000 warrants ("Warrants") completed on 19 January 2007. The subscription period of the Warrants has already expired on 23 January 2009, the outstanding Warrants were lapsed.

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

Notes:

1. GENERAL INFORMATION

China Bio Cassava Holdings Limited (the "Company") was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands, British West Indies and its principal place of business is Unit 610C, 612 & 613, Level 6, Core D, Cyberport 3, 100 Cyberport Road, 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").

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in computer software and embedded systems development, sales and licensing of the software and systems, and development of biotech and renewable energy. There were no significant changes in the Group's operations during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORT STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, all the revised HKFRSs, Hong Kong Accounting Standards ("HKASs"), Amendments to Standards and Interpretations ("INT(s)") (hereinafter collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning on 1 January 2009.

Except as described below, the adoption of the New HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

i. HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

ii. HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 4).

iii. Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or INTs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 9	Financial Instruments[7]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[8]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 July 2009.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 January 2010.
7 Effective for annual periods beginning on or after 1 January 2013.
8 Effective for annual periods beginning on or after 1 July 2010.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under the Standard, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs (2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land at revalued amount.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or INTs will have no material impact on the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the total invoiced value of goods sold, and licensing income. Revenue recognised during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Sale of goods	**4,943**	6,005
Licensing income	**730**	522
	5,673	6,527

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarised as follows:

(a) Sales and licensing of software and embedded systems.

(b) Development of biotech renewable energy.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The chief operating decision maker considers the business from both product and geographic perspective. From a product perspective, the chief operating decision maker assesses the performance of (i) sales and licensing of software and embedded systems; (ii) development of biotech renewable energy. In addition, the chief operating decision maker further evaluated the result on a geographical basis (Hong Kong, Mainland China and Macau).

(a) Business segments

The following is an analysis of the Group's revenue and results by reportable segment:

	Sales and licensing of software and embedded systems		**Development of biotech renewable energy**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**5,673**	6,527	**–**	–	**5,673**	6,527
Segment results	**(1,070)**	(1,582)	**(5,680)**	(2,938)	**(6,750)**	(4,520)
Bank interest income					**97**	406
Net fair value gain (loss) on financial assets at fair value through profit or loss					**741**	(1,242)
Unallocated expenses					**(7,669)**	(7,622)
Operating loss					**(13,581)**	(12,978)
Finance costs					**–**	–
Loss for the year					**(13,581)**	(12,978)
Segment assets	**1,935**	2,540	**6,173**	10,927	**8,108**	13,467
Unallocated assets					**13,282**	15,311
Total assets					**21,390**	28,778

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment liabilities	**(1,405)**	(1,642)	**(163)**	(1,777)	**(1,568)**	(3,419)
Unallocated liabilities					**(798)**	(330)
Total liabilities					**(2,366)**	(3,749)
Other segment information:						
Depreciation and amortisation	**47**	47	**115**	266	**162**	313
Unallocated depreciation					**102**	145
Total depreciation and amortisation					**264**	458
Capital expenditure	**21**	64	**169**	3,776	**190**	3,840
Unallocated capital expenditure					**–**	86
Total capital expenditure					**190**	3,926
Write off of property, plant and equipment	**–**	19	**–**	–	**–**	19
Unallocated write off of property, plant and equipment					**–**	214
Total write off of property, plant and equipment					**–**	233
Provision for impairment of property, plant and equipment	**–**	–	**231**	1,073	**231**	1,073
Provision for impairment of prepaid lease payments	**–**	–	**–**	61	**–**	61
Provision for impairment of intangible asset	**–**	–	**1,700**	–	**1,700**	–
Write-down of inventories to net realisable value	**28**	73	**–**	–	**28**	73
Provision for impairment of deposits paid for construction of property, plant and equipment	**–**	–	**3,038**	–	**3,038**	–

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration costs and directors' salaries. This is the measure report to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

(b) Geographical segments

The following table presents revenue, assets and expenditure information for the Group's geographical segments for the years ended 31 December 2009 and 2008:

	Hong Kong		Mainland China		Macau		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue:								
Sales to external customers	**5,670**	6,391	**3**	136	**–**	–	**5,673**	6,527
Segment assets	**2,106**	3,824	**3,551**	8,791	**1,737**	1,172	**7,394**	13,787
Unallocated assets							**13,996**	14,991
Total assets							**21,390**	28,778
Capital expenditure	**21**	64	**40**	3,438	**129**	338	**190**	3,840
Unallocated capital expenditure							**–**	86
Total capital expenditure							**190**	3,926

Sales are based on the country in which the Group's customers are located and segment assets and capital expenditure are where the assets are located.

(c) Information about major customers

Included in revenues arising from sales and licensing of software and embedded systems of approximately HK$612,000 (2008: HK$740,000) are revenues of approximately 10.8% (2008: 11.3%) which arose from sales to the Group's largest customer.

5. OTHER REVENUE

	2009	2008
	HK$'000	*HK$'000*
Interest income on financial assets stated at amortised cost	**97**	406
Net fair value gain on financial assets at fair value through profit or loss	**741**	–
Sundry income	**–**	145
	838	551

6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2009	2008
	HK$'000	*HK$'000*
Net foreign exchange gain	**–**	(139)
Cost of inventories recognised as expenses, including	**891**	1,233
– Write-down of inventories to net realisable value	**28**	73
Auditors' remuneration		
– current year	**270**	460
– underprovision in prior year	**9**	34
Depreciation for property, plant and equipment	**264**	258
Amortisation of intangible assets	**–**	200
Total depreciation and amortisation	**264**	458
Staff costs (including directors' remuneration)	**5,821**	8,015
Net fair value (gain) loss* on financial assets at fair value through profit or loss	**(741)**	1,242
Loss on disposal of property, plant and equipment*	**–**	233
Operating lease charges in respect of land and buildings	**1,691**	2,316
Write-off of obsolete inventories*	**–**	1
Impairment loss on property, plant and equipment*	**231**	1,073
Impairment loss on prepaid lease payments*	**–**	61
Impairment loss on intangible asset*	**1,700**	–
Impairment losses on prepayments, deposits and other receivables*	**51**	–
Impairment losses on deposits paid for construction of property, plant and equipment*	**3,038**	–
Impairment loss on other receivable*	**1,200**	–
Research and development costs recognised as an expense	**2,240**	2,587
Write-off non-refundable rental deposit*	**30**	–

* *included in other operating expenses*

7. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong	–	–
– PRC Enterprise Income Tax	–	–
	–	–

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

No Hong Kong profits tax has been provided in both years as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2009 and 2008.

No profits taxes have been provided for the subsidiaries operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions.

The income tax expense for the year can be reconciled to the loss per the consolidated income statement as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before income tax	**(13,581)**	(12,978)
Tax calculated at the rates applicable to the tax jurisdiction concerned	**(2,132)**	(2,259)
Tax effect of expenses not deductible for tax purpose	**1,333**	2,015
Tax effect of income not taxable for tax purpose	**(107)**	(92)
Tax effect of temporary differences not recognised	**3**	(3)
Tax effect of tax losses not recognised	**905**	339
Utilisation of tax losses previously not recognised	**(2)**	–
Income tax expense for the year	**–**	–

At 31 December 2009, the Group has deferred tax assets mainly arising from tax losses of the subsidiaries operating in Hong Kong and in the PRC of approximately HK$5,221,000 and HK$1,112,000 (2008: HK$4,661,000 and HK$854,000) respectively. However, deferred tax assets have not been recognised as it is uncertain whether sufficient future taxable profits will be available for utilising the accumulated tax losses. The tax losses of the subsidiaries operating in the PRC can be carried forward for five years and tax losses of the companies within the Group operating in Hong Kong will not be expired under the current tax legislation.

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the consolidated loss for the year attributable to the owners of the Company of HK$13,581,000 (2008: HK$12,978,000) and the weighted average of 8,178,432,055 (2008: 7,789,438,082) ordinary shares of the Company in issue during the year.

Diluted loss per share for the years ended 31 December 2009 and 31 December 2008 are not presented as (i) the computation does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for both 2009 and 2008; (ii) the computation does not assume the exercise of the Company's warrants as their exercise would result in a decrease in loss per share for 2008.

9. DIVIDENDS

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the end of the reporting period (2008: Nil).

10. TRADE RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**333**	372
Less: Allowance for doubtful debts	**–**	–
Trade receivables – net	**333**	372

Impairment losses on trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. Movements in the allowance for doubtful debts of trade receivables are as follows:

	2009	2008
	HK$'000	*HK$'000*
At the beginning of the year	**–**	2,433
Amount written off as uncollectible	**–**	(2,433)
At the end of the year	**–**	–

At each of the reporting period, the Group's trade receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

The Group generally allows an average credit period of 30 – 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**100**	339
31 – 90 days	**208**	32
91 – 180 days	**25**	1
	333	372

Ageing analysis of trade receivables which are not impaired is as follows:

	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**98**	353
Past due but not impaired	**235**	19
	333	372

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Receivables that were past due but not impaired related to a customer with long business relationship and the receivables were aged within half year. Based on past experience, management believes that no additional impairment allowance is necessary as there has not been a significant change in credit quality and the balances are considered fully recoverable.

11. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2009	2008
	HK$'000	*HK$'000*
0 – 30 days	**47**	65
31 – 90 days	**32**	18
91 – 180 days	**2**	5
Over 180 days	**6**	3
	87	91

The average credit period on purchases of goods is 30 days (2008: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS

The consolidated revenue of the Company and its subsidiaries for the year ended 31 December 2009 amounted to HK$5,673,000, representing a decrease of 13.1% from the previous year. Loss attributable to owners of the Company for the year 2009 of HK$13,581,000 compared to HK$12,978,000 in 2008. The loss per share was HK0.17 cent (2008: HK0.17 cent).

REVIEW OF OPERATIONS

During the year, the Group reduced its selling and distribution by 21.3% compared to previous year, and reduced its general & administrative expenses and research & development expenses by 22.3% and 13.4% respectively. The reduction in normal operating expenses were offset by an increase of other operating expenses arisen from impairment losses on deposits paid for construction of property, plant and equipment of approximately HK3,038,000, impairment loss on intangible assets of approximately HK$1,700,000 and impairment loss on other receivable of approximately HK$1,200,000. As a result, the overall operating expenses increased slightly by HK$378,000, representing an increase of 2.0% from previous year.

OTHER MAJOR EVENT

On 18 June 2009, China Bio Cassava Development Limited, a subsidiary of the Company, as purchaser, Liu Bao Wei as vendor and 深圳市天基權科技股份有限公司 (Shenzhen TianJiQuan Science & Technology Co, Ltd.)* as guarantor entered into a sale and purchase agreement regarding very substantial transaction relating to acquisition of the entire issued share capital of Wholly Success Group Limited.

* *English name for identification purposes only*

On 11 December 2009, the above parties entered into a cancellation agreement to cancel the sale and purchase agreement and subsequent letters of extension as the condition precedent have not been satisfied or waived by the purchaser and the vendor. Details of the information were contained in the Company's announcements dated 24 June 2009, 16 October 2009, 11 November 2009 and 11 December 2009 and the Company's circular dated 26 August 2009.

EVENT AFTER THE REPORTING PERIOD

On 28 January 2010, Q9-Tech Energy Development Limited, a wholly owned subsidiary of the Company, as vendor, Deng Jiankun, Xie Yueyuan and Deng Jing, collectively as Purchasers, and 羅定市豐智發展有限公司 (Luoding Fengzhi Development Company Limited)* as Guarantor entered into a sale and purchase agreement regarding discloseable transaction. Pursuant to the sale and purchase agreement, the purchasers agreed to purchase and the vendor agreed to sell the entire equity interest in 雲浮市九方農業科技發展有限公司 (Yunfu City Jiufang Agriculture Science and Technology Development Company Limited)*, a wholly owned subsidiary of the Company, at a cash consideration of RMB2,000,000 (approximately HK$2,298,851). Details of the information were contained in the Company's announcement dated 28 January 2010.

PROSPECTS

The focus of the Group's efforts for the year 2010 will be to continue to explore new business opportunities related to renewable energy to derive new sources of revenue, and continue its marketing effort in promoting Q9 CIS to OEM customers and the end user markets with minimum resources.

COMMITMENTS

The Group has no credit facilities and no borrowing outstanding as at 31 December 2009 (2008: Nil).

(a) Capital commitments

	2009	2008
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,738**	3,987

* *English name for identification purposes only*

(b) Commitments under operating leases

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**928**	1,168
In the second to the fifth year inclusive	**17**	895
	945	2,063

(c) Other commitment

At 31 December 2009, the Group had no other commitment (2008: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group has no interest bearing debt. The Group relies on its internal resources, the net proceeds from its IPO and the subsequent issue of warrants and rights issue as the sources of funding. The Group keeps most of its cash in Hong Kong dollars in the bank accounts and short term deposits as working capital of the Group. The Group keeps a minimum amount of cash as working capital in the bank account of its subsidiary in the PRC in Renminbi and the balance in Hong Kong dollars.

There was no charge on the Group's assets as at 31 December 2009 (2008: Nil).

The Group had no debt as at 31 December 2009 (2008: Nil).

The gearing ratio of the Group, based on total debt to shareholder's equity, was nil as at 31 December 2009 (2008: Nil).

ORDER BOOK

Due to the nature of the Group's business, the Group does not maintain an order book (prospects for new business was discussed in the Management's Discussion and Analysis section).

INVESTMENT

There was no significant investment made during the year.

DISPOSAL OF A SUBSIDIARY

The Group did not have any material acquisition and disposal of subsidiaries or affiliated companies for the year ended 31 December 2009 (2008: Nil).

HUMAN RESOURCES

Staff number

As at 31 December 2009, the Group employed 29 staff (2008: 48). Total staff costs, including directors' emoluments were approximately HK$5.8 million for the year ended 31 December 2009 as compared with those of approximately HK$8.0 million in 2008.

Remuneration policies

The Group remunerated its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to the eligible staff by reference to the Group's performance as well as individual's performance.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any present plan for material investments or capital assets. The Group will focus its efforts in promoting existing products, Q9 CIS Chinese and English version, to OEM customers in the Greater China region.

The Group will continue to look for new business opportunities to diversify the scope of business, which requires minimum investment in capital assets.

HEDGING POLICY

The Group does not have any material exposure to fluctuations in exchange or interest rates. Therefore, no hedging measures have been taken at present.

CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2009 (2008: Nil).

CREDIT POLICY

The credit terms given to customers are generally based on the financial strengths of individual customers. The Group generally allows an average credit term of 30 – 90 days to its trade customers.

SEGMENTAL INFORMATION

Details of the segmental information are set out in note 4 to this announcement.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules ("Code") takes effect from 1 January 2005. The Company is committed to maintain a high standard of corporate governance. To maintain a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders. Throughout the financial year under review, the Company has complied with the Code.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 15 of the GEM Listing Rules. Mr. Ip Chi Wai is the chairman of the audit committee.

The primary duties of the audit committee are to review and supervise the Group's financial reporting process and internal control procedures. The Group's audited annual report has been reviewed by the audit committee together with management, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

AUDITORS

Messrs. Grant Thornton, who acted as auditors of the Group for the last year, resigned on 15 December 2009 and Zhonglei (HK) CPA Company Limited have been appointed as auditors of the Group with effect from 23 December 2009. A resolution for re-appointment of Zhonglei (HK) CPA Company Limited as auditors of the Group will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Leung Lap Yan
Chairman

Hong Kong, 22 March 2010

As of the date of this announcement, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Tam Kam Biu William, Mr. Wan Xiaolin and Mr. Chen Man Lung as executive Directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive Directors, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung as independent non-executive Directors.

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