



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)

(Warrant Code: 8187)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2012

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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 GEM for the purpose of giving information with regard to the Company. The directors of the Company, 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.

FINANCIAL HIGHLIGHTS

The Group recorded turnover of HK\$2,079,000 for the six months ended 30 June 2012, representing a decrease of 13.7% from the corresponding period of previous year.

The Group recorded OEM licensing revenue of HK\$326,000 for the six months ended 30 June 2012, representing an increase of 31.5% from the corresponding period of previous year.

Packaged software sales of HK\$1,753,000 for the six months ended 30 June 2012, representing a decrease of 18.9% from the corresponding period of previous year.

The Group recorded loss attributable to owners of the Company for the six months ended 30 June 2012 of approximately HK\$4,194,000 (the six months ended 30 June 2011: loss of HK\$3,870,000).

The Group's total operating expenses for the six months ended 30 June 2012 is almost the same as the six months ended 30 June 2011.

The unaudited consolidated results for the six months ended 30 June 2012 and the comparison with last year are set out in the accompanying tables.

INTERIM RESULTS (UNAUDITED)

The board of directors (the “Board”) of China Bio Cassava Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2012, together with the unaudited comparative figures for the corresponding periods in 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue	3	984	1,172	2,079	2,410
Cost of sales		<u>(101)</u>	<u>(108)</u>	<u>(221)</u>	<u>(212)</u>
Gross profit		883	1,064	1,858	2,198
Other revenue	4	–	1	–	1
Selling and distribution expenses		(581)	(672)	(1,190)	(1,337)
Research and development expenses		(739)	(666)	(1,433)	(1,359)
General and administrative expenses		<u>(1,740)</u>	<u>(2,082)</u>	<u>(3,429)</u>	<u>(3,373)</u>
Operating loss		(2,177)	(2,355)	(4,194)	(3,870)
Finance costs		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss before income tax		(2,177)	(2,355)	(4,194)	(3,870)
Income tax expense	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period	5	<u>(2,177)</u>	<u>(2,355)</u>	<u>(4,194)</u>	<u>(3,870)</u>
		<i>HK cent</i>	<i>HK cent</i> (Restated)	<i>HK cent</i>	<i>HK cent</i> (Restated)
Loss per share for the period	8				
– Basic		<u>(0.11)</u>	<u>(0.11)</u>	<u>(0.20)</u>	<u>(0.19)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(2,177)	(2,355)	(4,194)	(3,870)
Other comprehensive expense				
Exchange differences arising on translating foreign operations	–	4	–	2
	<u>–</u>	<u>4</u>	<u>–</u>	<u>2</u>
Total comprehensive expense for the period	<u>(2,177)</u>	<u>(2,351)</u>	<u>(4,194)</u>	<u>(3,868)</u>
Total comprehensive expense attributable to:				
– Owners of the Company	<u>(2,177)</u>	<u>(2,351)</u>	<u>(4,194)</u>	<u>(3,868)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2012 <i>HK\$'000</i> (unaudited)	At 31 December 2011 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
NON-CURRENT ASSET			
Property, plant and equipment	9	253	347
CURRENT ASSETS			
Inventories	10	55	77
Financial assets at fair value through profit or loss		164	299
Trade receivables	11	346	421
Prepayments, deposits and other receivables		2,017	2,116
Amount due from a director		20	30
Bank balances and cash		6,458	10,667
		9,060	13,610
CURRENT LIABILITIES			
Trade payables	12	58	51
Other payables and accrued expenses		1,482	1,936
Amount due to a director		93	96
		1,633	2,083
NET CURRENT ASSETS		7,427	11,527
NET ASSETS		7,680	11,874
CAPITAL AND RESERVES			
Equity attributable to the owners of the Company			
Share capital	13	20,508	20,508
Reserves		(12,828)	(8,634)
TOTAL EQUITY		7,680	11,874

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i> <i>(Note a)</i>	Warrant reserve <i>HK\$'000</i> <i>(Note b)</i>	Reorganisation reserve <i>HK\$'000</i> <i>(Note c)</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2011	20,508	120,370	33,514	37	-	3,000	(145)	(164,121)	13,163
Loss for the period	-	-	-	-	-	-	-	(3,870)	(3,870)
Other comprehensive income for the period	-	-	-	-	-	-	2	-	2
Total comprehensive income (expense) for the period	-	-	-	-	-	-	2	(3,870)	(3,868)
Issue of warrants	-	-	-	-	8,000	-	-	-	8,000
Warrant expenses	-	-	-	-	(902)	-	-	-	(902)
At 30 June 2011	<u>20,508</u>	<u>120,370*</u>	<u>33,514*</u>	<u>37*</u>	<u>7,098*</u>	<u>3,000*</u>	<u>(143)*</u>	<u>(167,991)*</u>	<u>16,393</u>
At 1 January 2012	20,508	120,370	52,684	37	7,090	3,000	(145)	(191,670)	11,874
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	-	-	-	(4,194)	(4,194)
At 30 June 2012	<u>20,508</u>	<u>120,370*</u>	<u>52,684*</u>	<u>37*</u>	<u>7,090*</u>	<u>3,000*</u>	<u>(145)*</u>	<u>(195,864)*</u>	<u>7,680</u>

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

Notes:

- (a) Capital redemption reserve of the Group represents repurchased 3,650,000 of its own shares at an aggregate consideration of HK\$174,000 during the year 2002. All the shares repurchased were subsequently cancelled.
- (b) Warrant reserve represents the proceeds from the placing of 800,000,000 warrants (“Warrants”) completed on 16 February 2011. The subscription period of the Warrants is from 18 February 2011 to 17 February 2013 (both days inclusive).
- (c) The reorganisation reserve of the Group represent the difference between the nominal value of the shares of the subsidiaries acquired plus the HK\$7,500,000 loan capitalised and the nominal value of the shares issued by the Company as the consideration thereof.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)**

	Six months ended	
	30 June	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(4,208)	(2,651)
Net cash used in investing activities	(1)	334
Net cash from financing activities	–	7,098
	<hr/>	<hr/>
(Decrease) increase in cash and cash equivalents	(4,209)	4,781
Cash and cash equivalents at 1 January	10,667	9,527
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	6,458	14,308
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. GENERAL INFORMATION

The shares of the Company are listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. 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 six months ended 30 June 2012.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2011, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations).

The condensed consolidated interim financial statements have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2011.

In the current year, the Group has applied a number of new and revised standards, amendments and interpretations (“New and Revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the condensed consolidated interim financial statements of the Group for the current and prior and/or on the disclosures set out in these condensed consolidated interim financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets ⁴
HKAS 19 (Revised in 2011)	Employee Benefits ²
HKAS 27 (Revised in 2011)	Separate Financial Statements ²
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2015

⁴ Effective for annual periods beginning on or after 1 January 2012

⁵ Effective for annual periods beginning on or after 1 July 2012

⁶ Effective for annual periods beginning on or after 1 January 2014

3. 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 three months and six months ended 30 June 2012 and 30 June 2011 are as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	836	1,046	1,753	2,162
Licensing income	148	126	326	248
	<u>984</u>	<u>1,172</u>	<u>2,079</u>	<u>2,410</u>

The Group's operation segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

Specially, the Group's reportable segments under HKFRS 8 are as follows:

- (a) Sales and licensing of software and embedded systems.
- (b) Development of biotech renewable energy.

In addition, the chief operating decision maker further evaluates 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 and operating segment for the six months ended 30 June 2012 and 30 June 2011:

	Sales and licensing of software and embedded systems		Unaudited Six months ended Development of biotech renewable energy		Consolidated	
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	<u>2,079</u>	<u>2,410</u>	<u>-</u>	<u>-</u>	<u>2,079</u>	<u>2,410</u>
Segment results	(221)	(214)	(1,135)	(766)	(1,356)	(980)
Bank interest income					-	1
Net fair value loss on financial assets at fair value through profit or loss					(135)	(303)
Gain on disposal of financial assets at fair value through profit or loss					-	5
Unallocated expenses					<u>(2,703)</u>	<u>(2,593)</u>
Operating loss					<u>(4,194)</u>	<u>(3,870)</u>
Finance costs					-	-
Loss for the period					<u>(4,194)</u>	<u>(3,870)</u>

(b) **Geographical information**

The following table presents revenue, assets and expenditure information for the Group's geographical information for the six months ended 30 June 2012 and 30 June 2011:

	Unaudited							
	Six months ended 30 June							
	Hong Kong		Mainland China		Macau		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue								
Sales to external customers	<u>2,079</u>	<u>2,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,079</u>	<u>2,410</u>
Segment assets	<u>1,876</u>	<u>3,669</u>	<u>19</u>	<u>23</u>	<u>1,965</u>	<u>2,034</u>	<u>3,860</u>	<u>5,726</u>
Unallocated assets							<u>5,453</u>	<u>12,181</u>
Total assets							<u>9,313</u>	<u>17,907</u>
Capital expenditure	<u>1</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>43</u>

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.

4. **OTHER REVENUE**

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

5. **LOSS FOR THE PERIOD**

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before income tax is arrived at after charging (crediting):				
Depreciation	<u>44</u>	<u>56</u>	<u>95</u>	<u>113</u>
Net fair value loss on financial assets at fair value through profit or loss	<u>73</u>	<u>243</u>	<u>135</u>	<u>303</u>
Gain on disposal of financial assets at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5)</u>

6. INCOME TAX EXPENSE

No Hong Kong Profits tax has been provided in both periods as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2012 and 30 June 2011.

During the six months ended 30 June 2012, no profits taxes have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions (six months ended 30 June 2011: Nil).

At 30 June 2012, 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\$6,100,000 and HK\$1,020,000 (At 31 December 2011: HK\$6,006,000 and HK\$1,001,000) 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 subsidiary which is operating in the PRC can be carried forward for five years and tax losses of the companies within the Group which are operating in Hong Kong will not be expired under the current tax legislation.

7. INTERIM DIVIDEND

The board of directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the Group's unaudited consolidated loss attributable to owners of the Company for the three months and six months ended 30 June 2012 of HK\$2,177,000 and HK\$4,194,000 respectively (three months and six months ended 30 June 2011: HK\$2,355,000 and HK\$3,870,000 respectively) and on the weighted average number of shares of 2,050,825,000 (three months and six months ended 30 June 2011 restated: 2,050,825,000) ordinary shares of the Company in issue during the periods.

The weighted average number of shares for the purposes of calculation basis loss per share for the three months and six months ended 30 June 2011 have been restated to reflect the share consolidation in June 2012 as detailed in note 13 under notes to unaudited interim financial statements.

Diluted loss per share for the three months and six months ended 30 June 2012 and 30 June 2011 are not presented as the impacts of the exercise of the outstanding share options and warrants were anti-dilutive.

9. PROPERTY, PLANT AND EQUIPMENT

There was HK\$1,000 addition of property, plant and equipment for the six months ended 30 June 2012 (2011: HK\$43,000).

10. INVENTORIES

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Merchandise	29	41
Finished goods	26	36
	<u>55</u>	<u>77</u>

11. TRADE RECEIVABLES

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Trade receivables	<u>346</u>	<u>421</u>

The Group allows an average credit term of 30-90 days to its trade customers. The aged analysis of the trade receivables was as follows:

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
0-30 days	230	232
31-90 days	96	189
91-180 days	20	–
	<u>346</u>	<u>421</u>

The carrying amounts of trade receivables approximate to their fair value.

12. TRADE PAYABLES

The Group was granted by its suppliers for a credit period of 30 days. The aged analysis of trade payables was as follows:

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
0-30 days	36	12
31-90 days	8	28
91-180 days	2	1
Over 180 days	12	10
	<u>58</u>	<u>51</u>

The carrying amounts of trade payables approximate to their fair value.

13. SHARE CAPITAL

	Number of shares of HK\$0.0025 each		Number of shares of HK\$0.01 each		Share Capital	
	2012	2011	2012	2011	2012	2011
	'000	'000	'000	'000	HK\$'000	HK\$'000
Authorised:						
Ordinary shares at 1 January	200,000,000	200,000,000	-	-	500,000	500,000
Share Consolidation (<i>Note</i>)	(200,000,000)	-	50,000,000	-	-	-
Ordinary shares at 30 June	-	200,000,000	50,000,000	-	500,000	500,000
Issued and fully paid:						
Ordinary shares at 1 January	8,203,300	8,203,300	-	-	20,508	20,508
Share Consolidation (<i>Note</i>)	(8,203,300)	-	2,050,825	-	-	-
Ordinary shares at 30 June	-	8,203,300	2,050,825	-	20,508	20,508

Note:

Share consolidation

Pursuant to an ordinary resolution passed on 27 June 2012, with effect from 28 June 2012, every 4 shares of HK\$0.0025 each in the issued and unissued share capital of the Company were consolidated into 1 Consolidated Shares of HK\$0.01 each ("Share Consolidation").

Upon the Share Consolidation becoming effective, the authorised share capital of the Company remained at HK\$500,000,000 but was divided into 50,000,000,000 Consolidated Shares of HK\$0.01 each. The issued share capital of the Company was changed from 8,203,300,000 ordinary shares of HK\$0.0025 each to 2,050,825,000 ordinary shares of HK\$0.01 each.

14. SHARE-BASED EMPLOYEE COMPENSATION

The share options vest upon the commencement of the exercise period, which is determined by the directors at the date of grant.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. There were no share options granted and cancelled during the six months ended 30 June 2012 and 30 June 2011.

All share options as at 30 June 2012 and 30 June 2011 are accounted for under HKFRS 2 “Share-based Payment”. The options outstanding at 30 June 2012 had a weighted average remaining contractual life of 7.6 years. The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	2012	2012	2011	2011
	Number*	Weighted average exercise price HK\$*	Number	Weighted average exercise price HK\$
Exercisable period:				
29/5/2007 to 28/5/2017	188,190,000	0.450	756,760,000	0.1125
21/9/2011 to 20/9/2021	191,250,000	0.172	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>379,440,000</u>	<u>–</u>	<u>756,760,000</u>	<u>0.1125</u>

Note:

* The exercise price of share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company’s share capital. Pursuant to the Share Consolidation effective on 28 June 2012, total number of share options outstanding, the exercise price of the share options outstanding and the closing price of shares immediately before the date of grant were adjusted accordingly. The number of options granted and the exercise price were adjusted as a result of the Share Consolidation.

The options may be exercised at any time of the option period provided that the options have been vested. The options were vested upon commencement of exercise period.

The fair value of options granted on 21 September 2011 and 29 May 2007 are of approximately HK\$19,436,000 and HK\$33,514,000 were included in the consolidated income statement for the year ended 31 December 2011 and 31 December 2007 respectively.

The fair value of services received from consultants was measured indirectly, by reference to the fair value of the options granted as the fair value of the services received could not be estimated reliably by the Company.

15. COMMITMENTS

(a) Capital commitments

As at 30 June 2012, the Group had no capital commitment (31 December 2011: Nil).

(b) **Commitments under operating leases**

As 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:

	Unaudited 30 June 2012 <i>HK\$'000</i>	Audited 31 December 2011 <i>HK\$'000</i>
Within one year	718	1,005
In the second to the fifth year inclusive	106	74
	824	1,079

16. MATERIAL RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows:

		Unaudited		Unaudited	
		Three months ended		Six months ended	
		30 June		30 June	
		2012	2011	2012	2011
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Office rental expenses					
– Culturecom Centre Limited	(i)	–	98	–	195
– Winway H.K. Investments Limited	(ii)	–	24	–	48
		–	122	–	243
Consultancy fees					
– Ms. Heidi Leung	(iii)	–	90	–	180
Information technology service income					
– Culture.com Technology Limited	(iv)	60	–	120	–
Acquisition of a company					
– Culturecom Limited	(v)	–	–	–	35

Notes:

- (i) Office rental agreement with fixed monthly rental in Kwun Tong was entered into with Culturecom Centre Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company. The rental agreement with Culturecom Centre Limited was ceased on 23 September 2011 since the office sold to another independent third party.

- (ii) Office rental agreement with fixed monthly rental in Kwun Tong was entered into with Winway H.K. Investments Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company. The tenancy agreement for Kwun Tong was expired on 31 August 2011.
- (iii) The Group paid monthly consultancy fee of HK\$30,000 to Ms. Heidi Leung in providing marketing and public relationship services, the daughter of one of the non-executive director of the Company, Mr. Leung Lap Yan. The Company ceased to pay the consultancy fee since 1 September 2011.
- (iv) The Group received service income from Culture.com Technology Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company, for the IT services provided.
- (v) The Group acquired 100% equity interest of Growlong Company Limited from Culturecom Limited, a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group has no interest bearing debt. The Group relies on the 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 PRC in Renminbi and the balance in Hong Kong dollars.

The Group had no credit facilities and no borrowing outstanding as at 30 June 2012 (31 December 2011: Nil).

There was no charge on the Group's assets as at 30 June 2012 (31 December 2011: Nil).

The Group had no debt as at 30 June 2012 (31 December 2011: Nil).

The gearing ratio of the Group, based on total debt to total equity, was nil as at 30 June 2012 (31 December 2011: Nil).

Order book

Due to the nature of the Group's business, the Group does not maintain an order book.

Investment

There was no significant investment made during the six months ended 30 June 2012.

Acquisition, disposal of subsidiary and affiliated companies

The Group did not have any material acquisition and disposal of subsidiaries or affiliated companies for the six months ended 30 June 2012 (30 June 2011: Nil).

Employee information

As at 30 June 2012, the Group employed 29 staff (30 June 2011: 28). Total staff costs, including directors' emoluments were approximately HK\$2.8 million for the six months ended 30 June 2012 as compared with that of approximately HK\$2.8 million for the corresponding period of the preceding financial year.

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

Future plans for material investments and capital assets

While the Group will continue to identify new business opportunities and diversify its business to new business areas so as to derive new sources of revenue and profits, the Group currently does not have any commitment or future plans for material investments and capital assets.

Segment information

Details of the segment information have been set out in Note 3 under notes to the unaudited interim financial statements and further elaborated under “Business Review and Prospects”.

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 30 June 2012 (31 December 2011: Nil).

BUSINESS REVIEW AND PROSPECTS

The condensed consolidated turnover of the Company and its subsidiaries for the six months ended 30 June 2012 was amounted to HK\$2,079,000, representing a decrease of 13.7% from the corresponding period of previous year. Loss attributable to owners of the Company for the six months ended 30 June 2012 amounted to HK\$4,194,000 compared to a loss of HK\$3,870,000 for the corresponding period of previous year. The loss per share was HK0.20 cent (the six months ended 30 June 2011 restated: loss per share of HK0.19 cent).

The Group’s total operating expenses for the six months ended 30 June 2012 was almost the same level as the six months ended 30 June 2011.

The Group recorded OEM licensing revenue of HK\$326,000 for the six months ended 30 June 2012, representing an increase of 31.5% from the corresponding period of previous year.

Packaged software sales of HK\$1,753,000 for the six months ended 30 June 2012, representing a decrease of 18.9% from the corresponding period of previous year.

In addition to the continuing focus of the Group in promoting its existing products, Q9 CIS Chinese and English version in the Greater China region, the Group is actively looking for opportunities to diversify its business to new business areas and identify new business projects which have good potential to derive new sources of revenue and profits for the Group. Management believes the Group has sufficient resources and ability to diversify its new business areas related to the new business, and derives new sources of revenue and profits for the Group.

OTHER INFORMATION

Share Consolidation

As approved at the extraordinary general meeting of the Company held on 27 June 2012, every four issued and unissued shares of HK\$0.0025 each in the share capital of the Company have been consolidated into one consolidated share of HK\$0.01 each effective from 28 June 2012 (“Share Consolidation”).

For details, please refer to the announcements of the Company dated 30 May 2012 and 22 June 2012 respectively and the circular of the Company dated 11 June 2012.

Warrants

In February 2011, the Company issued up to the maximum of 800,000,000 listed warrants by the way of private placing. Each warrant conferring the right to subscribe for one new share at the subscription price of HK\$0.059 during the two-year period from 18 February 2011 to 17 February 2013 (or the last business day before 17 February 2013, if 17 February 2013 is not a business day) (both dates inclusive). Following the Share Consolidation, the subscription price of the warrants was adjusted from HK\$ 0.059 per share to HK\$0.236 per consolidated share and the total number of the shares to be issued upon exercise of the subscription rights thereunder shall be adjusted from 800,000,000 shares to 200,000,000 consolidated shares in accordance with the terms of the warrant instrument.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, save for the interest of the directors in share options as below, neither of the directors nor the chief executive of the Company had interests and or short positions in the shares of the Company (“Shares”), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“SFO”)) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 June 2012, there were a total of 25,250,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

	Date of grant	Options to subscribe for shares of the Company (Note 1)				(Adjusted) Outstanding as at 30 June 2012	Option exercise period	(Adjusted) Exercise price per share (Note 1)	Approximate percentage of shareholding
		(Adjusted) Outstanding as at 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period				
Director:									
Kwan Kin Chung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.26%
	21/9/2011	1,250,000	-	-	-	1,250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tam Kam Biu William	29/5/2007	5,000,000	-	-	-	5,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.26%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Wan Xiaolin	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.16%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Leung Lap Yan	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.11%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Leung Lap Fu Warren	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.11%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Ip Chi Wai	29/5/2007	1,000,000	-	-	-	1,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.06%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tse Wang Cheung Angus	29/5/2007	1,000,000	-	-	-	1,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.06%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tsang Wai Wa	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	0.01%
Former Director:									
Chen Man Lung (Note 2)	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.21%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Total		<u>25,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,250,000</u>			

Notes:

1. The exercise price and number of share options were adjusted due to the Share Consolidation became effective on 28 June 2012.
2. Mr. Chen Man Lung (“Mr. Chen”) has resigned as an executive director of the Company with effect from 18 June 2012. Pursuant to the Share Option Scheme of the Company adopted on 27 April 2007, Mr. Chen may exercise his option in whole or in part at any time within a period of three months (or such other period as the Board may determine) commencing on the date of his resignation and any Option not so exercised shall lapse and determine without compensation at the end of such period
3. The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 June 2012, all options have been vested.

Save as disclosed above, none of the directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2012.

SHARE OPTION SCHEMES

On 27 April 2007, a share option scheme (the “Share Option Scheme”) was adopted by the shareholders of the Company.

As at 30 June 2012, options to subscribe for up to an aggregate of 379,440,000 shares of HK\$0.01 each had been granted by the Company under the Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

Category of participant	Date of grant	Options to subscribe for shares of the Company <i>(Note 1)</i>					Option exercise period	(Adjusted) Exercise price per share <i>(Note 1)</i>
		(Adjusted) Outstanding as at 1 January 2012	Granted during the period	Exercised during the period	Lapsed during the period	(Adjusted) Outstanding as at 30 June 2012		
Directors of the Company	29/5/2007	22,000,000	-	-	-	22,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	3,250,000	-	-	-	3,250,000	21/9/2011 to 20/9/2021	HK\$0.172
Employees other than the directors of the Company	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,375,000	-	-	-	1,375,000	21/9/2011 to 20/9/2021	HK\$0.172
Consultants	29/5/2007	163,190,000	-	-	-	163,190,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	186,625,000	-	-	-	186,625,000	21/9/2011 to 20/9/2021	HK\$0.172
Total		<u>379,440,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,440,000</u>		

Notes:

1. The exercise price and number of share options were adjusted due to the Share Consolidation became effective on 28 June 2012.
2. The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 June 2012, all options have been vested.
3. During the period, there were no options being exercised, cancelled or lapsed.

Details of options granted to directors of the Company under the Share Option Scheme are set out in the sub-section headed “Long Position in Underlying Shares of the Company” under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the directors and chief executives) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions in shares of the Company

Name of shareholders	Number of shares	Approximate percentage holding
Winway H.K. Investments Limited	524,622,500	25.58%
Culturecom Holdings Limited (<i>Note</i>)	524,622,500	25.58%

Note:

Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited. Culturecom Holdings (BVI) Limited is a wholly-owned subsidiary of Culturecom Holdings Limited. Each of Culturecom Investments Limited, Culturecom Holdings (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 524,622,500 shares through its controlling interest (100%) in Winway H.K. Investments Limited.

Save as disclosed above, as at 30 June 2012, the directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

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 six months ended 30 June 2012. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

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 six months ended 30 June 2012 under review, the Company has complied with the Code.

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 for the six months ended 30 June 2012 under review.

AUDIT COMMITTEE

The audit committee, 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, currently comprises three independent non-executive directors, namely Mr. Tsang Wai Wa, Mr. Ip Chi Wai and Mr. Tse Wang Cheung Angus. Mr. Tsang Wai Wa 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 unaudited condensed consolidated interim results for the six months ended 30 June 2012 have 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.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors on 13 August 2012.

By order of the Board
Leung Lap Yan
Chairman

Hong Kong, 13 August 2012

As of the date of this announcement, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Tam Kam Biu William and Mr. Wan Xiaolin as executive Directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive Directors, Mr. Tsang Wai Wa, Ip Chi Wai and Mr. Tse Wang Cheung Angus 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 www.bio-cassava.com.