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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)

(Warrant Code: 8187)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

Placing Agent



**P I N E S T O N E
S E C U R I T I E S L I M I T E D**

鼎石證券有限公司

PINESTONE SECURITIES LIMITED

PLACING OF NEW SHARES

On 18 January 2013, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 400,000,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$0.10 per Placing Share.

The Placing Shares will be issued under the General Mandate and the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and warrants of the Company on GEM has halted with effect from 9:00 a.m. on 18 January 2013 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of the trading in the Shares and warrants of the Company on GEM with effect from 9:00 a.m. on 21 January 2013.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Placing Agreement

Date

18 January 2013

Issuer

The Company

Placing Agent

Pinestone Securities Limited, which to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, who and whose ultimate beneficial owners are Independent Third Parties. The Placing Agent will receive a placing commission of HK\$200,000. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

Placees

The Placing Shares will be placed to not less than six Placees which will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (if applicable) are Independent Third Parties. If any of the Placees will become a substantial shareholder of the Company after the Completion, further announcement will be made by the Company.

Number of Placing Shares

As at the date of this announcement, the Company has 2,050,825,000 Shares in issue. The maximum number of 400,000,000 Placing Shares represents approximately 19.50% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.32% of the issued share capital of the Company as enlarged by the Placing.

Placing Price

The Placing Price of HK\$0.10 represents:

- (i) a discount of approximately 13.04% to the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the entering into of the Placing Agreement;

- (ii) a discount of approximately 19.87% to the average closing price per Share of HK\$0.1248 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the entering into of the Placing Agreement; and
- (iii) a discount of approximately 1.90% to the average closing price per Share of HK\$0.1019 as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the entering into of the Placing Agreement.

Based on the Placing Price of HK\$0.10, the aggregated value of the 400,000,000 Placing Shares is approximately HK\$40,000,000. The aggregate nominal value of the 400,000,000 Placing Shares is HK\$4,000,000.

The Placing Price was determined with reference to the prevailing average market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. In view of the highly volatile capital market conditions, the Directors (including the independent non-executive Directors) consider that the terms of the Placing are fair and reasonable based on the current market condition and that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects among themselves and with the existing issued Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. If the above condition is not fulfilled by 31 March 2013 (or such other date as may be agreed by the parties thereto), the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on the third Business Day after the satisfaction of the condition set out above (or such later date as may be agreed by the parties thereto).

Termination

- (A) The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the date of Completion to forthwith terminate the Placing Agreement if any Specified Event comes to the notice of the Placing Agent.
- (B) If notice is given pursuant to clause (A) above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

General Mandate

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 25 May 2012, subject to the limit of 410,165,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at that date). The 400,000,000 Placing Shares to be allotted and issued will utilise approximately 97.52% of the General Mandate.

As at the date hereof, the General Mandate has not been previously utilised prior to the date of this announcement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Fund raising during the past twelve months

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Reasons for the Placing and the use of proceeds

The Company is an investment holding company. The Group is principally engaged in the development of computer software and embedded systems, sales and licensing of the software and systems, and development of biotech and renewable energy.

The Board has considered various ways of raising funds and believes that taking into account of the current market conditions, the Placing represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base.

The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$39.7 million, representing a net issue price of approximately HK\$0.099 per Placing Share.

It is currently intended that the net proceeds of the Placing will be used as general working capital and for future investments of the Group.

The Directors consider that the terms of the Placing and the Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Effects on shareholding structure

The shareholding structure of the Company before and after the Completion is as follows:

	Immediate before Completion		Immediate after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Winway H.K. Investments Limited (<i>Note</i>)	524,622,500	25.58	524,622,500	21.41
<i>Public Shareholders</i>				
Places	–	–	400,000,000	16.32
Other public Shareholders	<u>1,526,202,500</u>	<u>74.42</u>	<u>1,526,202,500</u>	<u>62.27</u>
	<u><u>2,050,825,000</u></u>	<u><u>100.00</u></u>	<u><u>2,450,825,000</u></u>	<u><u>100.00</u></u>

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.

GENERAL

The Placing is not subject to the Shareholders' approval.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and warrants of the Company on GEM has halted with effect from 9:00 a.m. on 18 January 2013 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of the trading in the Shares and warrants of the Company on GEM with effect from 9:00 a.m. on 21 January 2013.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to the term under the GEM Listing Rules
“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	China Bio Cassava Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“connected persons”	has the meanings as 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 the GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 25 May 2012, authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at that date
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	independent third parties who are not connected person(s) (as defined in the GEM Listing Rules) of the Company and are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement

“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Pinestone Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 18 January 2013 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.10 per Placing Share
“Placing Shares”	a maximum of 400,000,000 Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the date of completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have an adverse impact/effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Bio Cassava Holdings Limited
LEUNG LAP YAN
Chairman

Hong Kong, 18 January 2013

As at the date of this announcement, the Board comprises 8 directors, of which 3 are executive Directors, namely Mr. Kwan Kin Chung, Mr. Tam Kam Biu William, and Mr. Wan Xiaolin; and 2 are non-executive Directors, namely Mr. Leung Lap Yan, Mr. Leung Lap Fu Warren; and 3 are independent non-executive Directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Tsang Wai Wa.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange 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 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 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>.