



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 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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.

HIGHLIGHTS OF THE YEAR

The Group recorded turnover of HK\$4,234,000 for the year ended 31 December 2012, representing a decrease of 14.2% from the previous year.

The Group recorded HK\$968,000 of OEM licensing revenue for the year 2012, representing an increase of 57.9% from that of the previous year. OEM licensing revenue for the year 2012 represents about 22.9% of turnover for the year, as compared to 12.4% in the year of 2011. Q9 CIS and Qcode CIS package sales and software licensing revenue to institution customers for the year 2012 recorded a decrease of 26.6% from the previous year. Sales of third party products for the year recorded an increase of 4.8% from the previous year.

The Group's total operating expenses in 2012 decreased by HK\$19,894,000 from 2011, representing a decrease of 61.8% from that of the previous year, mainly attributable to the equity-settled share-based payment expenses of HK\$19,346,000 incurred for the year ended 31 December 2011, which were not existed for the year ended 31 December 2012.

The Group recorded a loss attributable to owners of the Company for the year 2012 of HK\$8,480,000 (2011: HK\$27,725,000). The loss per share was HK\$0.41 cent (2011 (restated): HK\$1.35 cent).

RESULTS (AUDITED)

The board of directors (the “Board”) 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 2012, together with the audited comparative figures for the year ended 31 December 2011 as follows:

Consolidated Income Statement

For the year ended 31 December 2012

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue	4	4,234	4,936
Cost of sales		(407)	(486)
		<hr/>	<hr/>
Gross profit		3,827	4,450
Other revenue	5	1	27
Selling and distribution expenses		(2,258)	(1,752)
Research and development expenses		(2,850)	(2,982)
General and administrative expenses		(6,953)	(7,603)
Equity-settled share-based payment		–	(19,346)
Other operating expenses		(247)	(519)
		<hr/>	<hr/>
Loss before income tax		(8,480)	(27,725)
Income tax expense	7	–	–
		<hr/>	<hr/>
Loss for the year	6	(8,480)	(27,725)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share	8		(Restated)
– Basic		(HK\$0.41 cent)	(HK\$1.35 cent)
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		N/A	N/A
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss for the year	(8,480)	(27,725)
Other comprehensive expense	<u>—</u>	<u>—</u>
Total comprehensive expense for the year	<u>(8,480)</u>	<u>(27,725)</u>
Total comprehensive expense attributable to:		
– Owners of the Company	<u>(8,480)</u>	<u>(27,725)</u>

Consolidated Statement of Financial Position

At 31 December 2012

	<i>Notes</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		149	347
Intangible asset		–	–
		<u>149</u>	<u>347</u>
CURRENT ASSETS			
Inventories		38	77
Financial assets at fair value through profit or loss		169	299
Trade receivables	10	324	421
Prepayments, deposits and other receivables	10	2,037	2,116
Amount due from a director		1	30
Bank balances and cash		2,668	10,667
		<u>5,237</u>	<u>13,610</u>
CURRENT LIABILITIES			
Trade payables	11	13	51
Other payables and accrued expenses	12	1,887	1,936
Amount due to a director		92	96
		<u>1,992</u>	<u>2,083</u>
NET CURRENT ASSETS		<u>3,245</u>	<u>11,527</u>
NET ASSETS		<u>3,394</u>	<u>11,874</u>
CAPITAL AND RESERVES			
Share capital		20,508	20,508
Reserves		(17,114)	(8,634)
TOTAL EQUITY		<u>3,394</u>	<u>11,874</u>

Consolidated Statement of Changes in Equity
For the year ended 31 December 2012

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options 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 year, representing total comprehensive expense for the year	-	-	-	-	-	-	-	(27,725)	(27,725)
Recognition of share-based payments	-	-	19,346	-	-	-	-	-	19,346
Transfer to reserves upon lapse of share options	-	-	(176)	-	-	-	-	176	-
Placement of new warrants <i>(Note b)</i>	-	-	-	-	8,000	-	-	-	8,000
Transactions costs attributable to issue of warrants <i>(Note b)</i>	-	-	-	-	(910)	-	-	-	(910)
At 31 December 2011 and 1 January 2012	20,508	120,370*	52,684*	37*	7,090*	3,000*	(145)*	(191,670)*	11,874
Loss for the year, representing total comprehensive expense for the year	-	-	-	-	-	-	-	(8,480)	(8,480)
Transfer to reserves upon lapse of share options	-	-	(1,843)	-	-	-	-	1,843	-
At 31 December 2012	20,508	120,370*	50,841*	37*	7,090*	3,000*	(145)*	(198,307)*	3,394

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 will be expired on 17 February 2013.
- (c) Reorganisation reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the HK\$7,500,000 loan capitalised and the nominal value of the shares issued by the Company as the consideration thereof.

* 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 the 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 addresses of the registered office and principal place of business of the Company are disclosed in the section of “Corporate Information” in the annual report. 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 consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

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 year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“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.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

The application of these new and revised HKFRSs has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated 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 HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle ¹
Amendments to HKFRS 1	Government Loans ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ²
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

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

² Effective for annual periods beginning on or after 1 January 2014.

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

⁴ Effective for annual periods beginning on or after 1 July 2012.

Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 – 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, changes in the fair value of financial assets attributable to changes in credit risk of financial assets that are designated as at fair value through profit or loss.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRs for the first time.

These five standards, together with the amendments relating to the transactional guidance, are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that the application of these five standards in the future would not significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The directors anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that the application of the new standard would not have significant impact on amounts reported in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of HKAS 19 and accelerate the recognition of past service cost. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a “net-interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the application of the amendments to HKAS 19 would not have significant impact on amounts reported in the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the total invoiced value of goods sold and licensing income. An analysis of the Group’s revenue for the year is as follows:

	2012 <i>HK\$’000</i>	2011 <i>HK\$’000</i>
Sale of software and embedded system	3,266	4,323
Licensing income	968	613
	<hr/> 4,234 <hr/>	<hr/> 4,936 <hr/>

The Group’s operation segments, based on information reported to the board of directors of the Company, being the chief operating decision maker (“CODM”), 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 and operating 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 CODM further evaluates the result on a geographical basis (Hong Kong, Mainland China and Macau).

(a) **Segment revenues and results**

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

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Total	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Revenue						
External sales	<u>4,234</u>	<u>4,936</u>	<u>-</u>	<u>-</u>	<u>4,234</u>	<u>4,936</u>
Segment loss	(369)	(797)	(2,194)	(2,396)	(2,563)	(3,193)
Interest income					1	1
Gain on disposal of subsidiaries					-	12
Reversal of provision of unpaid annual leave					-	7
Reversal of provision of obsolete stock					-	7
Loss on disposal of property, plant and equipment					(117)	-
Loss on disposal of financial assets at fair value through profit or loss					-	(16)
Net fair value loss on financial assets at fair value through profit or loss					(130)	(502)
Equity-settled share-based payment					-	(19,346)
Unallocated expenses					(5,671)	(4,695)
Loss before income tax					(8,480)	(27,725)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment loss represents the loss from each segment without allocation of central administration costs, directors' emoluments, other revenue and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Total	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Segment assets	1,108	1,789	2,361	2,530	3,469	4,319
Unallocated assets					1,917	9,638
Total assets					<u>5,386</u>	<u>13,957</u>
Segment liabilities	(1,485)	(1,507)	(216)	(251)	(1,701)	(1,758)
Unallocated liabilities					(291)	(325)
Total liabilities					<u>(1,992)</u>	<u>(2,083)</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated assets (mainly comprising prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising other payables and accrued expenses).

(c) Other segment information

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Unallocated		Total	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000

Amounts included in the measure of segment profit or loss or segment assets:

Depreciation and amortisation	26	34	29	38	83	151	138	223
Capital expenditure	8	-	-	11	49	-	57	11
Write-off of obsolete inventories	-	1	-	-	-	-	-	1

Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets is immaterial.

(d) **Revenue from major products and services**

Revenue from major products and services of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

Details	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of software and embedded systems	3,266	4,323

(e) **Geographical information**

The Group's operations are located in Hong Kong, Mainland China and Macau.

Information about the Group's revenue from external customers is presented based on the location where the Group's customers are located. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from		Non-current assets	
	external customers			
	2012	2011	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	4,233	4,936	100	269
PRC	1	–	–	–
Macau	–	–	49	78
	4,234	4,936	149	347

(f) **Information about major customers**

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

Customer	Details	2012	2011
		<i>HK\$'000</i>	<i>HK\$'000</i>
A	Sales and licensing of software and embedded systems	541	916

5. OTHER REVENUE

	2012	2011
	HK\$'000	HK\$'000
Interest income	1	1
Gain on disposal of subsidiaries	–	12
Reversal of provision of obsolete inventories	–	7
Reversal of provision of unpaid annual leave	–	7
	<u>1</u>	<u>27</u>

6. LOSS FOR THE YEAR

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

	2012	2011
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses	407	486
Auditor's remuneration		
– current year	300	270
Depreciation of property, plant and equipment	138	223
Staff costs (including directors' emoluments)	5,670	6,365
Loss on disposal of financial assets at fair value through profit or loss*	–	16
Fair value loss on financial assets at fair value through profit or loss*	130	502
Operating lease charges in respect of land and buildings	1,322	1,398
Write-off of obsolete inventories*	–	1
Reversal of provision of obsolete inventories	–	(7)
Loss on disposal of property, plant and equipment*	117	–
Research and development costs recognised as an expense	2,850	2,982
Net foreign exchange loss	–	3
Equity-settled share-based payment	–	19,346
	<u>1</u>	<u>27</u>

* included in other operating expenses

7. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. 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 2012 and 2011.

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 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.

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before income tax	(8,480)	(27,725)
Tax calculated at the rates applicable to the tax jurisdiction concerned	(1,106)	(4,233)
Tax effect of expenses not deductible for tax purpose	1,002	4,122
Tax effect of income not taxable for tax purpose	(1)	(24)
Tax effect of tax losses not recognised	105	135
Income tax expense for the year	–	–

At 31 December 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\$6,666,000 and HK\$1,056,000 (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.

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 approximately HK\$8,480,000 (2011: HK\$27,725,000) and the weighted average of 2,050,825,000 ordinary shares (2011: 2,050,825,000 ordinary shares, restated as the share consolidation effective from 28 June 2012) of the Company in issue during the year. The comparative amount of the basic loss per share for 2011 had been adjusted to reflect the impact of the share consolidation affected during the year.

Diluted loss per share for the year ended 31 December 2012 and 2011 is not presented because the existence of outstanding share options and warrants during the year have anti-dilutive effect on the basic loss per share.

9. DIVIDENDS

No dividend was paid or proposed for the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

10. TRADE AND OTHER RECEIVABLES

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	324	421
Less: Allowance for doubtful debts	–	–
	<hr/> 324	<hr/> 421
Others receivables (<i>Note</i>)	1,461	1,454
Prepayments	202	276
Deposit	374	386
	<hr/> 2,037	<hr/> 2,116
Total trade and other receivables	<hr/> 2,361 <hr/>	<hr/> 2,537 <hr/>

Impairment loss on trade receivables is 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.

At the end of each 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 provision for impairment 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 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.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 30 days	237	232
31 – 90 days	87	189
91 – 180 days	–	–
	<hr/> 324 <hr/>	<hr/> 421 <hr/>

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

	2012	2011
	HK\$'000	HK\$'000
Neither past due nor impaired	247	232
Past due but not impaired	77	189
	<u>324</u>	<u>421</u>

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

Note:

Included in other receivables of the Group are the unsettled consideration of approximately HK\$1,299,000 (2011: HK\$1,299,000) from the disposal of the entire equity interest of 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*) (“Yunfu”) on 28 January 2010.

Pursuant to the announcement of the Company dated 28 January 2010, the Company has entered into an agreement with Deng Jiankun, Xie Yueyuan and Deng Jing, the purchasers and 羅定市豐智發展有限公司 (Luoding Fengzhi Development Company Limited*) (“Luoding”), the guarantor for the disposal of the entire equity interest of Yunfu at a cash consideration of RMB2,000,000 (approximately equivalent to HK\$2,299,000).

Luoding received the full consideration of approximately HK\$2,299,000 after the completion of disposal and paid HK\$1,000,000 to the Company during the year ended 31 December 2010. According to the repayment schedule, the remaining balance will be fully settled on or before 30 June 2013. The directors of the Company consider that no provision of impairment is necessary as the balance are considered to be 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.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 30 days	12	12
31 – 90 days	–	28
91 – 180 days	–	1
Over 180 days	1	10
	<hr/> 13 <hr/>	<hr/> 51 <hr/>

The average credit period on purchases of goods is 30 days (2011: 30 days). The Group has financial risk management policies in place to ensure that all trade payables would be settled within the credit timeframe.

12. OTHER PAYABLES AND ACCRUED EXPENSES

Details of other payables and accrued expenses are as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Accrued expenses	1,145	1,238
Other payable	688	645
Temporary receipt	54	53
	<hr/> 1,887 <hr/>	<hr/> 1,936 <hr/>

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS

The consolidated turnover of the Company and its subsidiaries for the year ended 31 December 2012 amounted to HK\$4,234,000, representing a decrease of 14.2% from the previous year. Loss attributable to owners of the Company for the year 2012 of HK\$8,480,000 (2011: HK\$27,725,000). The loss per share was HK\$0.41 cent (2011 (restated): HK\$1.35 cent).

REVIEW OF OPERATIONS

During the year, the Group's total operating expenses in 2012 decreased by HK\$19,894,000, representing a decrease of 61.8% from that of the previous year. Excluding share-based remuneration expenses of HK\$19,346,000 incurred for the year ended 31 December 2011, the Group's total operating expenses in 2012 decreased by 4.3% from the previous year.

OTHER MAJOR EVENTS

Termination of proposed Acquisition

On 22 February 2012, the Company as purchaser entered into the conditional agreement (the "Agreement") with the guarantor and Harvest Time Global Investments Limited as vendor in relation to the acquisition of entire equity interests of New Crown Alliance Limited (the "Target Company") (the "Proposed Acquisition"). The Target Company is a company incorporated in the British Virgin Islands with limited liabilities and is principally engaged in investment holdings. The Agreement would constitute a major transaction on the part of the Company.

As the parties to the Agreement cannot reach consensus in further negotiations in respect of the Agreement, after arm's length negotiations, the parties to the Agreement agreed to terminate the Agreement in relation to the Proposed Acquisition and had on 18 May 2012 entered into a termination agreement (the "Termination Agreement"). Pursuant to the Termination Agreement, the parties to the Agreement agreed to terminate the Agreement with immediate effect and release and discharge all obligations of both parties under the Agreement and the parties to the Agreement further undertake that they will not take action against each other under the Agreement.

Warrants

In February 2011, the Company issued up to the maximum of 800,000,000 listed warrants by the way of private placing. Each warrants 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 as mentioned below, 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.

None of the warrants had been exercised during the year ended 31 December 2012.

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”).

The exercise price of the share options of the Company and subscription price of the warrants of the Company were adjusted for the effect of 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.

Tenancy Agreement

On 28 August 2012, Q9 Technology Company Limited as tenant, a wholly owned subsidiary of the Company, entered into a tenancy agreement (the “Tenancy Agreement”) with Tsui Hang Hing Garment Factory Limited as landlord, an independent third party introduced by a commissionable property agent, for leasing a premises at a monthly rental of HK\$30,000 for a term of two years. The premises is used as the principal office for the Group.

The directors believe that the terms of the Tenancy Agreement are fair and reasonable and in the interests of the Shareholders as a whole. The Tenancy Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules. For details, please refer to the announcement of the Company dated 28 August 2012.

EVENTS AFTER THE REPORTING PERIOD

Placing of new shares

On 18 January 2013, the Company entered into a placing agreement with Pinestone Securities Limited (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 is independent third parties at a price of HK\$0.10 per placing share (the “Placing”).

The condition of the Placing has been fulfilled and the completion of the Placing took place on 31 January 2013. The net proceeds from the Placing, after deducting the placing commission and other related expenses payable by the Company, are approximately HK\$39.7 million.

Change of principal share registrar and transfer agent in the Cayman Islands

The Company’s principal share registrar and transfer agent in the Cayman Islands has been changed to Royal Bank of Canada Trust Company (Cayman) Limited, 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman, KY1-1110, Cayman Islands with effect from 26 January 2013.

Expiry of subscription rights attached to the warrants

Since 15 February 2013, the subscription rights attached to the listed warrants of the Company to subscribe for new shares have been expired. After the end of reporting period and up to the date of warrants expiry, warrant subscription amounting to HK\$7,097,700 was received, representing 30,075,000 warrants convertible into 30,075,000 shares of the Company of HK\$0.01 each with the subscription price of HK\$0.236 per share.

All remaining 169,925,000 warrants are not exercised and such warrants certificates have already ceased to be valid for any purpose.

Appointment of directors

Mr. Yu Huaguo has been appointed as an executive director of the Company with effect from 8 March 2013.

PROSPECTS

The focus of the Group's efforts for the year 2013 will be to continue to explore and develop new business opportunities to derive new sources of revenue, and continue its marketing effort in promoting Q9 CIS to institutional customers and the end user markets with minimum resources.

COMMITMENTS

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

(a) Capital commitments

At 31 December 2012, the Group had no capital commitment (2011: Nil).

(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:

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	550	1,005
In the second to the fifth year inclusive	293	74
	843	1,079

(c) Other commitment

At 31 December 2012, the Group had no other commitment (2011: 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 a minimum amount of cash in Renminbi in the bank account of its subsidiary in the PRC as working capital of the Group.

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

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

The gearing ratio of the Group, based on total debt to shareholder's equity, was nil as at 31 December 2012 (2011: 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 ended 31 December 2012.

ACQUISITION, DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisition and disposal of subsidiaries or affiliated companies for the year ended 31 December 2012.

On 17 January 2011, Q9-Tech Energy Development Limited, a wholly owned subsidiary of the Company, acquired a subsidiary, named as Growlong Company Limited from Culturecom Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company at a consideration of HK\$35,000.

On 26 August 2011, Q9-Tech Energy Development Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement for the disposal of the entire equity interest of China Mahjong Super League Group Limited at a consideration of HK\$2,680 to Culture.com Technology Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company.

On 26 August 2011, the Company entered a sale and purchase agreement for the disposal of the entire equity interest of China Super Mahjong League Group Limited at a consideration of HK\$129,050 to Culture.com Technology Limited, which is a subsidiary of Culturecom Holdings Limited, one of the substantial shareholders of the Company.

Save as disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries or affiliated companies for the year ended 31 December 2011.

HUMAN RESOURCES

Staff number

As at 31 December 2012, the Group employed 28 staff (2011: 29). Total staff costs, including directors' emoluments were approximately HK\$5.7 million for the year ended 31 December 2012 as compared with those of approximately HK\$6.4 million in 2011.

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 current plan for material investments or capital assets. The Group will continue to focus its efforts in promoting Q9 CIS to institutional customers and end users in the Greater China region and use to explore and develop new business opportunities to diversify the scope of business.

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 2012 (2011: 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.

DIRECTOR' 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 adapted 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 Rule. 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

The Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules (the "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. The Company has complied with the Code throughout the year.

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, comprises three independent non-executive directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Tsang Wai Wa. 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 audited annual results 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

The consolidated financial statements have been audited by ZHONGLEI (HK) CPA Company Limited, who will retire and being eligible at the forthcoming annual general meeting.

On behalf of the Board
Leung Lap Yan
Chairman

Hong Kong, 18 March 2013

As of the date of this announcement, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Yu Huaguo, 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.

* *English name for identification purposes only*