



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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

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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\$1,969,000 for the six months ended 30 June 2013, representing a decrease of 5.3% from the corresponding period of previous year.

The Group recorded HK\$371,000 of OEM licensing revenue for the six months ended 30 June 2013, representing an increase of 13.8% from the corresponding period of previous year.

Packaged software sales of HK\$1,598,000 for the six months ended 30 June 2013, representing a decrease of 8.8% from the corresponding period of previous year.

The Group recorded a net loss attributable to owners of the Company for the six months ended 30 June 2013 of HK\$4,106,000 (six months ended 30 June 2012: HK\$4,194,000).

The Group's total operating expenses for the six months ended 30 June 2013 was about the same as the six months ended 30 June 2012.

The Group's loss per share for the six months ended 30 June 2013 was HK\$0.17 cent (six months ended 30 June 2012: HK\$0.20 cent).

The unaudited consolidated results for the six months ended 30 June 2013 and the comparison with last year are set out in the accompanying table.

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 2013, together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	3	1,037	984	1,969	2,079
Cost of sales		<u>(43)</u>	<u>(101)</u>	<u>(85)</u>	<u>(221)</u>
Gross profit		994	883	1,884	1,858
Other revenue	4	2	–	2	–
Selling and distribution expenses		(329)	(581)	(676)	(1,190)
Research and development expenses		(685)	(739)	(1,488)	(1,433)
General and administrative expenses		(1,972)	(1,740)	(3,825)	(3,429)
Other operating expenses		<u>(1)</u>	<u>–</u>	<u>(3)</u>	<u>–</u>
Loss before income tax	5	(1,991)	(2,177)	(4,106)	(4,194)
Income tax expense	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period		<u>(1,991)</u>	<u>(2,177)</u>	<u>(4,106)</u>	<u>(4,194)</u>
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Loss per share for the period	8				
– Basic		<u>(0.08)</u>	<u>(0.11)</u>	<u>(0.17)</u>	<u>(0.20)</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	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(1,991)	(2,177)	(4,106)	(4,194)
Other comprehensive income				
Exchange differences arising on translating foreign operations	—	—	1	—
Total comprehensive expense for the period	<u>(1,991)</u>	<u>(2,177)</u>	<u>(4,105)</u>	<u>(4,194)</u>
Total comprehensive expense attributable to:				
– Owners of the Company	<u>(1,991)</u>	<u>(2,177)</u>	<u>(4,105)</u>	<u>(4,194)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2013 <i>HK\$'000</i> (unaudited)	At 31 December 2012 <i>HK\$'000</i> (audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	9	530	149
Goodwill		609	–
		<hr/> 1,139 <hr/>	<hr/> 149 <hr/>
CURRENT ASSETS			
Inventories	10	27	38
Financial assets at fair value through profit or loss		81	169
Trade receivables	11	370	324
Prepayments, deposits and other receivables		2,142	2,037
Amount due from a director		–	1
Bank balances and cash		43,143	2,668
		<hr/> 45,763 <hr/>	<hr/> 5,237 <hr/>
CURRENT LIABILITIES			
Trade payables	12	–	13
Other payables and accrued expenses		1,693	1,887
Amount due to a director		98	92
		<hr/> 1,791 <hr/>	<hr/> 1,992 <hr/>
NET CURRENT ASSETS		<hr/> 43,972 <hr/>	<hr/> 3,245 <hr/>
NET ASSETS		<hr/> 45,111 <hr/> <hr/>	<hr/> 3,394 <hr/> <hr/>
CAPITAL AND RESERVES			
Equity attributable to the owners of the Company			
Share capital	13	24,809	20,508
Reserves		20,302	(17,114)
		<hr/> 45,111 <hr/> <hr/>	<hr/> 3,394 <hr/> <hr/>
TOTAL EQUITY		<hr/> 45,111 <hr/> <hr/>	<hr/> 3,394 <hr/> <hr/>

**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 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>
At 1 January 2013	20,508	120,370	50,841	37	7,090	3,000	(145)	(198,307)	3,394
Loss for the period	-	-	-	-	-	-	-	(4,106)	(4,106)
Other comprehensive income for the period	-	-	-	-	-	-	1	-	1
Total comprehensive expense for the period	-	-	-	-	-	-	1	(4,106)	(4,105)
Placement of new shares <i>(Note d)</i>	4,000	36,000	-	-	-	-	-	-	40,000
Transactions cost attributable to issue of shares <i>(Note d)</i>	-	(1,276)	-	-	-	-	-	-	(1,276)
Placement of new warrants <i>(Note e)</i>	301	-	-	-	6,797	-	-	-	7,098
At 30 June 2013	<u>24,809</u>	<u>155,094*</u>	<u>50,841*</u>	<u>37*</u>	<u>13,887*</u>	<u>3,000*</u>	<u>(144)*</u>	<u>(202,413)*</u>	<u>45,111</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) 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.
- (d) On 18 January 2013, the Company entered into the conditional 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 a maximum of 400,000,000 Placing Shares to the placees who and whose ultimate beneficial owners was independent third parties at a price of HK\$0.10 per Placing Share. The condition of the Placing had been fulfilled and the completion of the Placing took place on 31 January 2013.
- (e) Since 15 February 2013, the subscription rights attached to the listed warrants of the Company (warrant code: 8187) to subscribe for new shares have been expired. 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(874)	(4,208)
Net cash used in investing activities	(4,473)	(1)
Net cash from financing activities	45,822	–
Increase (decrease) in cash and cash equivalents	40,475	(4,209)
Cash and cash equivalents at 1 January	2,668	10,667
Cash and cash equivalents at 30 June	43,143	6,458

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, development of biotech and renewable energy and money lending business. There were no significant changes in the Group’s operations during the six months ended 30 June 2013.

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 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual HKFRSs, Hong Kong Accounting Standards (“HKAS”) 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 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 2012.

In the current period, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the total invoiced value of goods sold and licensing income. An analysis of the Group's revenue during the six months ended 30 June 2013 and 30 June 2012 are as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	844	836	1,598	1,753
Licensing income	193	148	371	326
	<u>1,037</u>	<u>984</u>	<u>1,969</u>	<u>2,079</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 and operating segments under HKFRS 8 are as follows:

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

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the six months ended 30 June 2013 and 30 June 2012:

	Unaudited					
	Six months ended 30 June					
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Total	
	2013	2012	2013	2012	2013	2012
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue						
External sales	1,969	2,079	–	–	1,969	2,079
Segment profit (loss)	110	(221)	(1,015)	(1,135)	(905)	(1,356)
Interest income					2	–
Fair value loss on financial assets at fair value through profit or loss					(89)	(135)
Write-off of obsolete stocks					(1)	–
Loss on disposal of property, plant and equipment					(2)	–
Unallocated expenses					(3,111)	(2,703)
Loss before income tax					(4,106)	(4,194)

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segment for the six months ended 30 June 2013 and 30 June 2012:

	Unaudited					
	Six months ended 30 June					
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Total	
	2013	2012	2013	2012	2013	2012
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment assets	1,702	1,895	2,531	1,965	4,233	3,860
Unallocated assets					42,669	5,453
Total assets					<u>46,902</u>	<u>9,313</u>
Segment liabilities	(1,346)	(1,285)	(184)	(186)	(1,530)	(1,471)
Unallocated liabilities					(261)	(162)
Total liabilities					<u>(1,791)</u>	<u>(1,633)</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).

4 OTHER REVENUE

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest income	<u>2</u>	<u>–</u>	<u>2</u>	<u>–</u>

5 LOSS FOR THE PERIOD

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging:				
Depreciation	25	44	40	95
Fair value loss on financial assets at fair value through profit or loss	54	73	89	135
Write-off of obsolete inventories*	1	–	1	–
Loss on disposal of property, plant and equipment*	–	–	2	–
	<u>–</u>	<u>–</u>	<u>2</u>	<u>–</u>

* included in other operating expenses

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 2013 and 30 June 2012.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong during the six months ended 30 June 2013 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (six months ended 30 June 2012: Nil).

At 30 June 2013, 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\$6,660,000 and HK\$1,060,000 (At 31 December 2012: HK\$6,563,000 and HK\$1,053,000) 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 does not recommend the payment of interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8 LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the unaudited consolidated loss for the three months and six months ended 30 June 2013 attributable to the owners of the Company of approximately HK\$1,991,000 and HK\$4,106,000 respectively (three months and six months ended 30 June 2012: HK\$2,177,000 and HK\$4,194,000 respectively) and the weighted average number of shares of 2,406,958,287 (three months and six months ended 30 June 2012: 2,050,825,000) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and six months ended 30 June 2013 and 30 June 2012 are not presented because the existence of the outstanding share options during the periods has anti-dilutive effect on the basic loss per share.

9 PROPERTY, PLANT AND EQUIPMENT

There was HK\$423,000 addition of property, plant and equipment for the six months ended 30 June 2013 (six months ended 30 June 2012: HK\$1,000).

10 INVENTORIES

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
Merchandise	7	23
Finished goods	<u>20</u>	<u>15</u>
	<u>27</u>	<u>38</u>

11 TRADE RECEIVABLES

	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
Trade receivables	<u>370</u>	<u>324</u>

The Group allows an average credit term of 30-90 days to its trade customers. The aged analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period was as follows:

	Unaudited 30 June 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
0-30 days	257	237
31-90 days	113	87
	<u>370</u>	<u>324</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 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
0-30 days	–	12
31-90 days	–	–
91-180 days	–	–
Over 180 days	–	1
	<u>–</u>	<u>13</u>

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

13 SHARE CAPITAL

	Par Value		Number of shares		Amount	
	2013	2012	2013	2012	2013	2012
	HK\$	HK\$	'000	'000	HK\$'000	HK\$'000
Authorised:						
Ordinary shares at 1 January	0.01	0.0025	50,000,000	200,000,000	500,000	500,000
Share Consolidation (Note a)	N/A	N/A	-	(150,000,000)	-	-
Ordinary shares at 30 June	0.01	0.01	50,000,000	50,000,000	500,000	500,000
Issued and fully paid:						
Ordinary shares at 1 January	0.01	0.0025	2,050,825	8,203,300	20,508	20,508
Share Consolidation (Note a)	N/A	N/A	-	(6,152,475)	-	-
Placement of new shares (Note b)	0.01	N/A	400,000	-	4,000	-
Exercise of warrants (Note c)	0.01	N/A	30,075	-	301	-
Ordinary shares at 30 June	0.01	0.01	2,480,900	2,050,825	24,809	20,508

Notes:

- (a) Pursuant to an ordinary resolution passed on 27 June 2012, a share consolidation was approved with effective from 28 June 2012 in which every 4 shares of the existing issued and unissued ordinary shares of HK\$0.0025 each in the share capital of the Company were consolidated into 1 consolidated share having a par value of HK\$0.01 each per share (the "Share Consolidation"). Immediately after the Share Consolidation, the authorised and issued and fully paid capital of the Company comprised 50,000,000,000 and 2,050,825,000 consolidated shares of HK\$0.01 each respectively.
- (b) On 18 January 2013, the Company entered into the conditional 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 a maximum of 400,000,000 Placing Shares to the placees who and whose ultimate beneficial owners was independent third parties at a price of HK\$0.10 per Placing Share. The condition of the Placing had been fulfilled and the completion of the Placing took place on 31 January 2013.
- (c) Since 15 February 2013, the subscription rights attached to the listed warrants of the Company (warrant code: 8187) to subscribe for new shares have been expired. 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.

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 2013 and 30 June 2012.

All share options as at 30 June 2013 and 30 June 2012 are accounted for under HKFRS 2 “Share-based Payment”. The options outstanding at 30 June 2013 had a weighted average remaining contractual life of 6.1 years.

There is no movement for the share options during the six months ended 30 June 2013 and 30 June 2012.

	2013	2013	2012	2012
		Weighted		Weighted
		average		average
		exercise price		exercise price
	<i>Number</i>	<i>HK\$</i>	<i>Number</i>	<i>HK\$</i>
Exercisable period:				
29/5/2007 to 28/5/2017	184,190,000	0.450	188,190,000	0.450
21/9/2011 to 20/9/2021	191,000,000	0.172	191,250,000	0.172
	375,190,000		379,440,000	

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 2013, the Group had no capital commitment (31 December 2012: 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 2013 <i>HK\$'000</i>	Audited 31 December 2012 <i>HK\$'000</i>
Within one year	1,523	550
In the second to the fifth year inclusive	871	293
	2,394	843

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 Three months ended 30 June		Unaudited Six months ended 30 June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Information technology service income	60	60	120	120

Note:

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.

17 ACQUISITION OF A SUBSIDIARY

On 11 June 2013, Q9-Tech Energy Development Limited (“Q9-Tech”), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “Agreement”) with Mr. Li Kwong and Jolly Fortune International Finance Limited (collectively known as “Vendors”), pursuant to which Q9-Tech agreed to acquire 100% of the share capital (“the Sale Shares”) in Fortune Credit Limited (“Fortune Credit”) from the Vendors. The final consideration paid on the completion of the sale and purchase of the Sale Shares was approximately HK\$4,052,000. The acquisition has been completed on 28 June 2013.

Details of net identifiable assets acquired from Fortune Credit are as follows:

	Fair value <i>HK\$'000</i>
Total identifiable net assets	3,443
Consideration satisfied by:	
Cash	4,052
Net cash outflow arising on acquisition:	
Cash consideration	4,052

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 2013 (31 December 2012: Nil).

There was no charge on the Group’s assets as at 30 June 2013 (31 December 2012: Nil).

The Group had no debt as at 30 June 2013 (31 December 2012: Nil).

The gearing ratio of the Group, based on total debt to total equity, was nil as at 30 June 2013 (31 December 2012: 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 2013 (30 June 2012: Nil).

Acquisition, disposal of subsidiary and affiliated companies

On 11 June 2013, Q9-Tech Energy Development Limited ("Q9-Tech"), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Mr. Li Kwong and Jolly Fortune International Finance Limited (collectively known as "Vendors"), pursuant to which Q9-Tech agreed to acquire 100% of the share capital (the "Sale Shares") in Fortune Credit Limited ("Fortune Credit") from the Vendors. The final consideration paid on the completion of the sale and purchase of the Sale Shares was approximately HK\$4,052,000. The acquisition has been completed on 28 June 2013.

Except the above, the Group did not have any material acquisition or disposal of subsidiaries or affiliated companies for the six months ended 30 June 2013 (30 June 2012: Nil).

Employee information

As at 30 June 2013, the Group employed 27 staff (30 June 2012: 29). Total staff costs, including directors' emoluments were approximately HK\$3.1 million for the six months ended 30 June 2013 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 individuals' 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 2013 (31 December 2012: Nil).

BUSINESS REVIEW AND PROSPECTS

The consolidated turnover of the Company and its subsidiaries amounted to HK\$1,969,000 for the six months ended 30 June 2013, representing a decrease of 5.3% from the corresponding period of previous year. Loss attributable to owners of the Company for the six months ended 30 June 2013 of HK\$4,106,000, compared to a loss of HK\$4,194,000 for the corresponding period of previous year. The loss per share was HK\$0.17 cent (six months ended 30 June 2012: HK\$0.20 cent).

The Group’s total operating expenses for the six months ended 30 June 2013 was about the same as the six months ended 30 June 2012.

The Group recorded OEM licensing revenue of HK\$371,000 for the six months ended 30 June 2013, representing an increase of 13.8% from the corresponding period of previous year.

Packaged software sales of HK\$1,598,000 for the six months ended 30 June 2013, representing a decrease of 8.8% 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 announced the acquisition of 100% of the issued share capital of Fortune Credit Limited on 11 June 2013, a company principally engaged in the money lending and related business. Management are of the view that there will be promising growth potential in the money lending business which Fortune Credit Limited current carries out. Management believes the Group has sufficient resources and ability to diversify its new business related to money lending and various businesses, and derives new sources of revenue and profits for the Group.

PLACING OF NEW SHARES

On 18 January 2013, the Company entered into a conditional 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.

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. 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.

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

As at 30 June 2013, 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 2013, there were a total of 21,000,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

Director	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 June 2013	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period				
Kwan Kin Chung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.21%
	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	0.21%
	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	0.09%
	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	0.09%
	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	0.05%
	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	0.05%
	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:									
Wan Xiaolin (Note (i))	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.13%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Total		<u>21,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,000,000</u>			

Notes:

- (i) Mr. Wan Xiaolin (“Mr. Wan”) has resigned as an executive director of the Company with effect from 26 June 2013. Pursuant to the Share Option Scheme of the Company adopted on 27 April 2007, Mr. Wan 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.
- (ii) 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 2013, 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 2013.

SHARE OPTION SCHEMES

On 27 April 2007, a new share option scheme (the “New Share Option Scheme”) was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the “Old Share Option Scheme”) was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme.

As at 30 June 2013, options to subscribe for up to an aggregate of 375,190,000 shares of HK\$0.01 each had been granted by the Company under the New 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				Outstanding as at 30 June 2013	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period			
Directors of the Company	29/5/2007	18,000,000	-	-	-	18,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	3,000,000	-	-	-	3,000,000	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>375,190,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,190,000</u>		

Notes:

- (i) 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 2013, all options have been vested.
- (ii) 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 2013, 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	21.15%
Culturecom Holdings Limited (<i>Note</i>)	524,622,500	21.15%

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 2013, the directors of the Company 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.

INTERESTS IN COMPETING BUSINESS

None of the directors, the controlling shareholders of the Company and their respective associates (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 2013. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

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 2013 under review, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules.

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 2013 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 four independent non-executive directors, namely Mr. Tsang Wai Wa, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Chow Wing Tung. 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 results for the six months ended 30 June 2013 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 FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 13 August 2013.

By order of the Board
Leung Lap Yan
Chairman

Hong Kong, 13 August 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. Poon Yu Keung as executive Directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive Directors, Mr. Tsang Wai Wa, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Chow Wing Tung 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.