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 2013

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

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

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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$5,878,000 for the year ended 31 December 2013, representing an increase of 38.8% from the previous year.

The Group recorded HK$1,649,000 of interest income for the year 2013, derived from the new money lending business which commenced during third quarter of 2013. Interest revenue for the year 2013 represents about 28.1% of turnover for the year. Q9 CIS and Qcode CIS package sales and software licensing revenue to institution customers for the year 2013 recorded an increase of 8.1% from the previous year. Sales of third party products for the year recorded a decrease of 54.6% from the previous year.

The Group's total operating expenses in 2013 increased by HK$2,490,000 from 2012, representing an increase of 20.6% from that of the previous year, mainly attributable to the increase in general and administrative expenses of HK$3,388,000 as a result of commencement of the new money lending business in third quarter of the year ended 31 December 2013, which did not exist for the year ended 31 December 2012.

The Group recorded a loss attributable to owners of the Company for the year 2013 of HK$8,884,000 (2012: HK$8,480,000). The loss per share was HK$0.36 cent (2012: HK$0.41 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 2013, together with the audited comparative figures for the year ended 31 December 2012 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
Revenue	4		
– Interest income		**1,649**	–
– Other income		**4,229**	4,234
		5,878	4,234
Cost of sales		**(150)**	(407)
Gross profit		**5,728**	3,827
Interest income		**6**	1
Selling and distribution expenses		**(1,314)**	(2,258)
Research and development expenses		**(2,896)**	(2,850)
General and administrative expenses		**(10,341)**	(6,953)
Other gains and losses		**(67)**	(247)
Loss before tax		**(8,884)**	(8,480)
Income tax expense	5	**–**	–
Loss for the year	6	**(8,884)**	(8,480)
Loss per share			
– Basic (HK$ cent)	7	**0.36**	0.41
– Diluted (HK$ cent)		**N/A**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(8,884)**	(8,480)
Other comprehensive income, net of income tax		
Items that may be reclassified subsequently to profit and loss:		
Exchange differences arising on translation of foreign operations	**2**	–
Total comprehensive expense for the year	**(8,882)**	(8,480)
Total comprehensive expense attributable to owners of the Company	**(8,882)**	(8,480)

Consolidated Statement of Financial Position
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**502**	149
Trade and other receivables – non-current portion	9	**6,500**	–
Intangible assets		**–**	–
Goodwill		**609**	–
		7,611	149
CURRENT ASSETS			
Inventories		**54**	38
Financial assets at fair value through profit or loss		**525**	169
Trade and other receivables	9	**19,306**	2,361
Amount due from a director		**–**	1
Bank balances and cash		**15,425**	2,668
		35,310	5,237
CURRENT LIABILITIES			
Trade and other payables	10	**2,031**	1,900
Amounts due to directors		**556**	92
		2,587	1,992
NET CURRENT ASSETS		**32,723**	3,245
NET ASSETS		**40,334**	3,394
CAPITAL AND RESERVES			
Share capital		**24,809**	20,508
Reserves		**15,525**	(17,114)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**40,334**	3,394

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

		Reserves								
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Warrant reserve HK$'000	Reorganisation reserve HK$'000 (Note below)	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Total HK$'000
At 1 January 2012	20,508	120,370	52,684	37	7,090	3,000	(145)	(191,670)	(8,634)	11,874
Loss and total comprehensive expense for the year	–	–	–	–	–	–	–	(8,480)	(8,480)	(8,480)
Lapsed 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)	(17,114)	3,394
Loss for the year	–	–	–	–	–	–	–	(8,884)	(8,884)	(8,884)
Other comprehensive income for the year	–	–	–	–	–	–	2	–	2	2
Total comprehensive expense for the year	–	–	–	–	–	–	2	(8,884)	(8,882)	(8,882)
Placement of new shares	4,000	34,724	–	–	–	–	–	–	34,724	38,724
Issue of shares upon exercise of warrant subscription rights	301	7,863	–	–	(1,066)	–	–	–	6,797	7,098
Lapsed of warrants	–	–	–	–	(6,024)	–	–	6,024	–	–
Lapsed of share options	–	–	(555)	–	–	–	–	555	–	–
At 31 December 2013	**24,809**	**162,957**	**50,286**	**37**	**-**	**3,000**	**(143)**	**(200,612)**	**15,525**	**40,334**

Note: The amount represented the reserve arising from group reorganisation of the Company during the year ended 31 December 2000.

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 acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, development of biotech renewable energy and the provision of financing services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied for the first time in the current year the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") (HKFRSs and HKASs are collectively referred to as "HKFRs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above new or revised HKFRs in the current year 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.

New and revised Standards adopted by and relevant to the Group

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impacts of the application of these standards that are relevant to the Company are as follows:

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The Directors made an assessment as at the date of initial application of HKFRS 10 as to whether or not the Group has control over the investees in accordance with the new definition of control and the related guidance set out in HKFRS 10, and concluded that the application of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRs in issue but not yet effective

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[4]
HK(IFRIC) – Int 21	Levies[1]

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

2 Effective for annual periods beginning on or after 1 July 2014

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

4 Effective for annual periods beginning on or after 1 January 2016

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, and in accordance with accounting policies set out below which are in conformity with HKFRs issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

4. REVENUE AND SEGMENT INFORMATION

i. Revenue

Revenue represents the amounts received and receivables that are derived from sales of goods to customers, licensing income and interest income from provision of financing services during the year.

An analysis of the Group's revenue by major products and services for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sales of software and embedded system	**3,176**	3,266
Licensing income	**1,053**	968
Interest income	**1,649**	–
	5,878	4,234

ii. Segment information

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.

The Group's reportable and operating segments are as follows:

(a) Sales and licensing of software and embedded systems

(b) Development of biotech renewable energy

(c) Provision of financing services

During the year ended 31 December 2013, a new reportable and operating segment in respect of provision of financing services was identified upon the acquisition of Fortune Credit Limited.

a. Segment revenue and results

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

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue								
External sales	**4,229**	4,234	**–**	–	**1,649**	–	**5,878**	4,234
Result								
Segment results	**577**	(369)	**(1,897)**	(2,194)	**929**	–	**(391)**	(2,563)
Interest income							**6**	1
Fair value loss on financial assets at fair value through profit and loss							**(67)**	(130)
Unallocated expenses							**(8,432)**	(5,788)
Loss before tax							**(8,884)**	(8,480)

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the years ended 31 December 2013 and 31 December 2012.

Segment result represents the profit or loss earned or incurred by each segment without allocation of central administration costs including interest income and other items not directly related to the relevant segments. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

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

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**1,683**	1,108	**2,152**	2,361	**29,495**	–	**33,330**	3,469
Unallocated assets							**9,591**	1,917
Total consolidated assets							**42,921**	5,386
Segment liabilities	**1,491**	1,485	**219**	216	**125**	–	**1,835**	1,701
Unallocated liabilities							**752**	291
Total consolidated liabilities							**2,587**	1,992

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

- All assets are allocated to reportable and operating segments other than assets of head office, including certain property, plant and equipment, prepayments, deposits and other receivables and bank balances and cash.

- All liabilities are allocated to reportable and operating segments other than liabilities of head office, including certain other payables and accrued expenses.

c. Other information

The following are the significant amounts included in the measurement of segment profit or loss or segment assets:

	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Unallocated		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation of property, plant and equipment	**14**	26	**26**	29	**–**	–	**70**	83	**110**	138
Additions of property, plant and equipment	**8**	8	**–**	–	**21**	–	**456**	49	**485**	57
Reversal of impairment losses recognised in respect of inventories	**(10)**	–	**–**	–	**–**	–	**–**	–	**(10)**	–
Allowances recognised in respect of trade and other receivables	**–**	–	**–**	–	**242**	–	**–**	–	**242**	–
Loss on disposals of property, plant and equipment	**2**	6	**–**	–	**–**	–	**12**	111	**14**	117

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

d. Geographical information

The following table provides an analysis of the Group's revenue from external customers based on the location where the Group's customers are located:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**5,878**	4,233
PRC	**–**	1
	5,878	4,234

The following table provides an analysis of the Group's non-current assets based on the geographical location of the assets:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**7,588**	100
Macau	**23**	49
	7,611	149

e. **Information about major customers**

The following table sets forth a breakdown of the Group's customers individually accounted for over 10% of the Group's total revenue during the year:

	Reportable and operating segments	**2013**	2012
		HK$'000	*HK$'000*
Customer A	Sales and licensing of software and embedded systems	**760**	541

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the year. No Hong Kong profits tax has been provided in both years as the Group did not generate any assessable profits arising in, or derived from Hong Kong for the years ended 31 December 2013 and 31 December 2012.

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 tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	HK$'000	*HK$'000*
Loss before tax	**(8,884)**	(8,480)
Tax calculated at the rate applicable to the tax jurisdiction concerned	**(1,048)**	(1,106)
Tax effect of expenses not deductible for tax purpose	**1,344**	1,002
Tax effect of income not taxable for tax purpose	**(11)**	(1)
Tax effect of tax losses not recognised	**6**	105
Utilisation of tax losses previously not recognised	**(291)**	–
Income tax expense for the year	**–**	–

As at 31 December 2013, the Group has unused tax losses arising from the Group's subsidiaries approximately of HK$5,034,000 (2012: HK$7,616,000) that are available for offsetting against future profits. No deferred tax assets have been recognised as these subsidiaries have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

6. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2013	2012
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
– Salaries and other benefits	**7,892**	5,504
– Discretionary bonuses	**138**	–
– Retirement benefit scheme contributions	**217**	166
	8,247	5,670
Cost of inventories recognised as expenses (Note below)	**150**	407
Auditor's remuneration	**380**	300
Depreciation of property, plant and equipment	**110**	138
Fair value loss on financial assets at fair value through profit and loss, included in other gains and losses	**67**	130
Loss on disposals of property, plant and equipment	**14**	117
Impairment losses recognised in respect of trade and other receivables	**242**	–

Note: During the year ended 31 December 2013, the cost of inventories recognised as an expenses included reversal of impairment losses recognised in respect of inventories of HK$10,000 (2012: Nil).

7. 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$8,884,000 (2012: HK$8,480,000) and the weighted average of 2,458,562,000 ordinary shares (2012: 2,050,825,000 ordinary shares) of the Company in issue during the year.

Diluted loss per share for the years ended 31 December 2013 and 31 December 2012 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.

8. DIVIDENDS

No dividend has been paid or proposed by the Company during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

9. TRADE AND OTHER RECEIVABLES

	Notes	2013 HK$'000	2012 HK$'000
Trade receivables	(i)	**220**	324
Less: Allowances		**–**	–
		220	324
Loan and interest receivables	(ii)		
– Personal loans		**12,217**	–
– Mortgage loans		**12,035**	–
		24,252	–
Less: Allowances		**(242)**	–
		24,010	–
Prepayments		**266**	202
Deposits		**494**	374
Other receivables	(iii)	**816**	1,461
		1,576	2,037
		25,806	2,361
Analysed for reporting purposes as:			
Current assets		**19,306**	2,361
Non-current assets		**6,500**	–
		25,806	2,361

Notes:

i. Trade receivables

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods. No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer.

The Group generally allows an average credit period of 30 – 90 days to its customers. The aging analysis of the Group's trade receivables presented based on invoice date as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**162**	237
31 – 90 days	**58**	87
	220	324

Aging of trade receivables which are past due but not impaired are as follows:

	2013	2012
	HK$'000	*HK$'000*
31 – 90 days	**58**	77

The Group did not provide any allowance on the past due receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

ii. Loan and interest receivables

	2013	2012
	HK$'000	*HK$'000*
Loan and interest receivables (including accrual of interest of HK$664,000 (2012: Nil))	**24,252**	–
Less: Allowances	**(242)**	–
	24,010	–
Analysed for reporting purposes as:		
Current assets	**17,510**	–
Non-current assets	**6,500**	–
	24,010	–

The loan receivables from customers bore fixed interest rate ranging from 1.4% to 2.7% per month (2012: Nil) and were repayable according to the loan agreements. Included in the gross balances are loans of approximately HK$12,035,000 (2012: Nil) secured by real estates in Hong Kong.

The maturity profile of these loan receivables from customers (including interest receivables), net of impairment losses recognised, at the end of reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than 3 months	**2,271**	–
Over 3 months but less than 1 year	**15,239**	–
Over 1 year but less than 3 years	**6,500**	–
	24,010	–

The movements of allowance for impairment during the year were as follows:

	HK$'000
Impairment losses recognised during the year and balance as at 31 December 2013	242

The loan receivables from customers have been reviewed by the management of the Company to assess impairment allowances which are based on the evaluation of collectability, aging analysis of accounts and on management's judgment, including the current creditworthiness and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

The following is an aging analysis for the loan receivables from customers (including interest receivables), net of impairment losses recognised, that were past due at the end of the reporting period but not impaired, analysed by the remaining periods to their contracted maturity, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than 3 months	**2,213**	–
Over 3 months but less than 1 year	**2,397**	–
	4,610	–

Loan receivables from customers that were past due but not impaired related to a wide range of customers and the management of the Company consider that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and/or the balances are considered fully recoverable.

The fair value of the Group's loan and interest receivables, determined based on the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period, approximates to the carrying amount of the loan and interest receivables.

iii. Other receivables

As at 31 December 2013, included in the Group's outstanding other receivables of HK$816,000 (2012: HK$1,461,000) was a receivable of approximately HK$799,000 (2012: HK$1,299,000) representing the remaining outstanding considerations in respect of 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*) during the year ended 31 December 2010.

10. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**–**	13
Other payables and accrued expenses	**2,031**	1,887
	2,031	1,900

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit of 30 days (2012: 30 days) from the time when the goods are received from suppliers.

The ageing analysis of the Group's trade payables presented based on invoice date as at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**–**	12
Over 180 days	**–**	1
	–	13

* *The English name is for identification only*

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS

The consolidated turnover of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013 amounted to HK$5,878,000, representing an increase of 38.8% from the previous year. Loss attributable to owners of the Company for the year 2013 of HK$8,884,000 (2012: HK$8,480,000). The loss per share was HK$0.36 cent (2012: HK$0.41 cent).

REVIEW OF OPERATIONS

The Group has continued to promote its existing products and diversified into provision of financing services during 2013. On 28 June 2013, the Group has acquired 100% interest of Fortune Credit Limited which is engaged in money lending business in Hong Kong. The loan interest income of the Group for the year ended 31 December 2013 since the above-mentioned acquisition was HK$1,649,000, which represented 28.1% of the Group's turnover. This encouraging results had contributed HK$929,000 segment profit to the Group.

During the year, the Group's total operating expenses in 2013 increased by HK$2,490,000 from 2012, representing an increase of 20.6% from that of the previous year, mainly attributable to the increase in general and administrative expenses of HK$3,388,000 as a result of commencement of the new money lending business in third quarter of the year ended 31 December 2013, which did not exist for the year ended 31 December 2012.

OTHER MAJOR EVENTS

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$38.7 million.

Warrants

In February 2011, the Company issued up to the maximum of 800,000,000 listed warrants by the way of private placing. Each warrant conferring the right to subscribe for one new share at the subscription price of HK$0.059 during the two-year period from 18 February 2011 to 17 February 2013 (or the last business day before 17 February 2013, if 17 February 2013 is not a business day) (both dates inclusive). Following the Share Consolidation with effect from 28 June 2012, 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.

During the year, registered holders of 30,075,000 units of the Warrants exercised their rights to subscribe for 30,075,000 shares of the Company of HK$0.01 each with the subscription price of HK$0.236 per share. Up to the date of expiry of the Warrants, 169,925,000 warrants had expired and 30,075,000 warrants had been exercised. The net proceeds of approximately HK$7,098,000 were received by the Company for use as general working capital of the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Grant of share options

Pursuant to the Company's announcement on 10 January 2014, the Company offered to grant share options to subscribe for an aggregate of 248,090,000 ordinary shares of HK$0.01 each in the capital of the Company to certain eligible participants. Among the total of 248,090,000 share options, 9,000,000 share options were granted to the directors of the Company. Details of which are set out in the Company's announcement dated 10 January 2014.

PROSPECTS

In the view of satisfactory results in provision of financing services for the year ended 31 December 2013, the Group will continue to provide resources and supports for obtaining growth in profitability in financing services for the future. The Group will also continue its marketing effort in promoting Q9 CIS & Qcode CIS to institutional customers and the end user markets with minimum resources.

Currently, the Group does not have any commitment or future plans for material investments and capital assets.

COMMITMENTS

The Group has no credit facilities and no borrowing outstanding as at 31 December 2013 (2012: Nil).

(a) Capital commitments

At 31 December 2013, the Group had no capital commitment (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**1,502**	550
In the second to the fifth years inclusive	**408**	293
	1,910	843

(c) Other commitment

At 31 December 2013, the Group had no other commitment (2012: 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 subsidiaries in the PRC as working capital of the Group.

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

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

The gearing ratio of the Group, based on total debt to shareholder's equity, was nil as at 31 December 2013 (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 year ended 31 December 2013.

ACQUISITION, DISPOSAL OF SUBSIDIARIES 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 (adjusted amount), being a sum equivalent to the net asset value of Fortune Credit as at the date of the Agreement plus a premium of approximately HK$600,000. The acquisition has been completed on 28 June 2013.

Save at disclosed above, the Group did not have any other material acquisition and disposal of subsidiaries or affiliated companies for the year ended 31 December 2013 (2012: Nil).

HUMAN RESOURCES

Staff number

As at 31 December 2013, the Group employed 33 staff (2012: 28). Total staff costs, including directors' emoluments were approximately HK$8.2 million for the year ended 31 December 2013 as compared with those of approximately HK$5.7 million in 2012.

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 currently does not have any commitment or future plans for material investments and capital assets.

HEDGING POLICY

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

CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 31 December 2013 (2012: Nil).

CREDIT POLICY

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

SEGMENTAL INFORMATION

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors and the Company 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 ("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.

MINIMUM NUMBERS OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE MEMBERS

Following the resignation of Mr. Tsang Wai Wa on 14 March 2014, the Company has two independent non-executive directors ("INEDs") and two audit committee members, the number of which fell below the minimum number required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. Further, the number of INED fell below one-third of the Board members as required under Rule 5.05A of the GEM Listing Rules. The Company is actively identifying suitable candidate to fill the vacancy in order to comply with the requirements of the GEM Listing Rules.

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 two INEDs, namely Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren. Mr. Chow Wing Tung 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 have been reviewed by the Audit Committee together with management, which was of the opinion that the preparation of such results were complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

REVIEW OF ANNUAL RESULTS

The Group's audited annual results for the year ended 31 December 2013 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by ZHONGLEI (HK) CPA Company Limited on this announcement.

On behalf of the Board
Leung Lap Yan
Chairman

Hong Kong, 24 March 2014

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, Mr. Poon Yu Keung and Mr. Hung Ching Fung as executive Directors, Mr. Leung Lap Yan as non-executive Director, Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren 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.