



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 2016

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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 (the “GEM Listing Rules”) 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\$7,004,000 for the year ended 31 December 2016, representing a decrease of HK\$318,000 or 4.3% when compared to the previous year.

The Group recorded loan interest income of HK\$3,251,000 from provision of financing services for the year ended 31 December 2016, representing a marginal decrease of 1.9% from the previous year (2015: HK\$3,313,000).

The Group recorded revenue of HK\$1,522,000 from sales and licensing of software and embedded systems through online platform for the year ended 31 December 2016, representing an increase of 4.1% from the previous year (2015: HK\$1,462,000).

Packaged software sales for the year ended 31 December 2016 was HK\$2,231,000, representing a decrease of 12.4% from the previous year (2015: HK\$2,547,000).

The Group's total operating expenses in 2016 decreased by HK\$979,000, representing a decrease of 6.3% from the previous year. The decrease is primarily attributable to the results of adopting more tightened cost policies for the Group and reduced the cost of research and development of biotech renewable energy segment to minimal.

The Group recorded a net loss attributable to owners of the Company for the year ended 31 December 2016 for HK\$7,117,000 (2015: HK\$7,132,000). Loss per share attributable to the owners of the Company for the year ended 31 December 2016 was HK0.29 cent (loss per share for the year ended 31 December 2015: HK0.29 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 2016, together with the audited comparative figures for the year ended 31 December 2015 as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Revenue	3		
– Interest income		3,251	3,313
– Sales and licensing of software and embedded systems		3,753	4,009
		7,004	7,322
Cost of sales		<u>(86)</u>	<u>(122)</u>
Gross profit		6,918	7,200
Interest income		4	5
Other income, gains and losses		43	25
Reversal of impairment loss recognised in respect of loan and interest receivables		520	1,797
Impairment losses recognised in respect of loan and interest receivables		(1,463)	(886)
Selling and distribution expenses		(1,116)	(1,141)
Research and development expenses		(1,478)	(2,115)
General and administrative expenses		<u>(10,565)</u>	<u>(11,459)</u>
Loss before tax		(7,137)	(6,574)
Income tax credit (expense)	4	<u>20</u>	<u>(558)</u>
Loss for the year	5	<u>(7,117)</u>	<u>(7,132)</u>
Loss per share			
– Basic (HK cents)	6	<u>(0.29)</u>	<u>(0.29)</u>
– Diluted (HK cents)		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2016

	2016 HK\$'000	2015 HK\$'000
Loss for the year	(7,117)	(7,132)
Other comprehensive expense, net of income tax		
<i>Items that may be reclassified subsequently to profit and loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(64)</u>	<u>(91)</u>
Total comprehensive expense for the year	<u>(7,181)</u>	<u>(7,223)</u>
Total comprehensive expense attributable to owners of the Company	<u>(7,181)</u>	<u>(7,223)</u>

Consolidated Statement of Financial Position

As at 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		95	276
Loan and interest receivables – non-current portion	9	1,815	1,912
Intangible assets		–	–
Deferred tax asset		–	–
Goodwill		609	609
		<u>2,519</u>	<u>2,797</u>
CURRENT ASSETS			
Inventories		40	61
Financial assets at fair value through profit or loss		102	102
Trade and other receivables	8	8,224	1,112
Loan and interest receivables – current portion	9	12,708	17,714
Tax recoverable		319	–
Held-to-maturity investments		556	–
Bank balances and cash		5,753	14,955
		<u>27,702</u>	<u>33,944</u>
CURRENT LIABILITIES			
Trade and other payables	10	2,560	2,174
Amounts due to directors		3,116	2,241
Tax payable		–	600
		<u>5,676</u>	<u>5,015</u>
NET CURRENT ASSETS		<u>22,026</u>	<u>28,929</u>
NET ASSETS		<u>24,545</u>	<u>31,726</u>
CAPITAL AND RESERVES			
Share capital		24,822	24,822
Reserves		(277)	6,904
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>24,545</u>	<u>31,726</u>

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	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>	Warrant reserve <i>HK\$'000</i>	Reorganisation reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
						(Note below)			
At 1 January 2015	24,822	163,243	65,784	37	6,952	3,000	(146)	(224,743)	38,949
Loss for the year	-	-	-	-	-	-	-	(7,132)	(7,132)
Other comprehensive expense for the year, net of income tax	-	-	-	-	-	-	(91)	-	(91)
Total comprehensive expense for the year	-	-	-	-	-	-	(91)	(7,132)	(7,223)
At 31 December 2015	24,822	163,243	65,784	37	6,952	3,000	(237)	(231,875)	31,726
Loss for the year	-	-	-	-	-	-	-	(7,117)	(7,117)
Other comprehensive expense for the year, net of income tax	-	-	-	-	-	-	(64)	-	(64)
Total comprehensive expense for the year	-	-	-	-	-	-	(64)	(7,117)	(7,181)
Lapsed of warrants	-	-	-	-	(6,952)	-	-	6,952	-
Lapsed of share options	-	-	(19,114)	-	-	-	-	19,114	-
At 31 December 2016	24,822	163,243	46,670	37	-	3,000	(301)	(212,926)	24,545

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 provision of financing services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. These amendments have been applied by the Group for the first time in the current year unless otherwise specified. The impacts of these amendments are described below.

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to Hong Kong Accounting Standard (“HKAS”) 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycles

The application of the amendments to HKFRSs 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 amendments to HKFRSs in issued but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i> ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKFRS 9 to be subsequently measured at amortised cost or fair value. 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 each of the subsequent accounting periods. Debt investments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, 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 nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

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 a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's 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 is presented in profit or loss.

With regard to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under HKAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The Group is still in the process of assessing the impact of HKFRS 9. The directors of the Company (the “Directors”) believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 15 Revenue from Contracts with Customers and the clarification to HKFRS 15

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group is still in the process of assessing the impact of HKFRS 15. The Directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

The Group is in the process of assessing the impact of HKFRS 16. The Directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a "net settlement feature", such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - i. the original liability is derecognised;
 - ii. the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - iii. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The Group is in the process of assessing the impact of HKFRS 2. The Directors believe that it is impractical to disclose the impact in these consolidated financial statements until the Group has completed the assessment.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to make disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The Directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide a number of guidance to help entities assess and estimate whether sufficient taxable profits will be available against which it can utilise a deductible temporary difference. The Directors do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

i. Revenue

Revenue represents the amounts received and receivables that are derived from sales of goods to customers 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:

	2016	2015
	HK\$'000	HK\$'000
Sales and licensing of software and embedded systems through packaged software	2,231	2,547
Sales and licensing of software and embedded systems through online platform	1,522	1,462
Interest income	3,251	3,313
	7,004	7,322

ii. Segment information

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.

Specifically, 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
- (c) Provision of financing services

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	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
External sales	<u>3,753</u>	<u>4,009</u>	<u>–</u>	<u>–</u>	<u>3,251</u>	<u>3,313</u>	<u>7,004</u>	<u>7,322</u>
Result								
Segment results	<u>(646)</u>	<u>240</u>	<u>(29)</u>	<u>(725)</u>	<u>87</u>	<u>2,846</u>	<u>(588)</u>	<u>2,361</u>
Interest income							4	5
Other income							17	21
Unallocated expenses							<u>(6,570)</u>	<u>(8,961)</u>
Loss before tax							<u>(7,137)</u>	<u>(6,574)</u>

The accounting policies of the above operating segments are the same as the Group’s accounting policies. Segment results represented the profit earned by or loss from each segment without allocation of certain administration costs, directors’ emoluments, 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 performance assessment.

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the years ended 31 December 2016 and 31 December 2015.

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	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	2,867	2,732	262	263	24,307	30,601	27,436	33,596
Unallocated assets							2,785	3,145
Total consolidated assets							30,221	36,741
Segment liabilities	1,602	1,511	410	409	229	793	2,241	2,713
Unallocated liabilities							3,435	2,302
Total consolidated liabilities							5,676	5,015

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

- All assets are allocated to operating segments other than certain property, plant and equipment, prepayments, deposits and other receivables, bank balances and cash and held-to-maturity investments.
- All liabilities are allocated to reportable and operating segments other than certain other payables and amounts due to directors.

c. Other information

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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	9	10	-	-	6	5	55	103	70	118
Additions of property, plant and equipment	10	2	-	-	9	-	9	-	28	2
Written off of property, plant and equipment	-	-	-	-	-	-	(139)	-	(139)	-
Reversal of impairment losses recognised in respect of inventories	(3)	(5)	-	-	-	-	-	-	(3)	(5)
Reversal of impairment losses recognised in respect of loan and interest receivables	-	-	-	-	(520)	(1,797)	-	-	(520)	(1,797)
Impairment losses recognised in respect of loan and interest receivables	-	-	-	-	1,463	886	-	-	1,463	886
Written off of obsolete inventories	1	1	-	-	-	-	-	-	1	1
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

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

For the years ended 31 December 2015 and 31 December 2016, all of the Group's revenue and non-current assets are derived from customers and operations based in Hong Kong, and accordingly, no further analysis of the Group's geographical information is disclosed.

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		2016 HK\$'000	2015 HK\$'000
Customer A	Sales and licensing of software and embedded systems	N/A*	805
Customer B	Provision of financing services	–	866
Customer C	Provision of financing services	N/A*	769

* The corresponding revenue for the current year did not contribute over 10% of the total revenue of the Group.

4. INCOME TAX (CREDIT) EXPENSE

	2016 HK\$'000	2015 HK\$'000
Hong Kong Profits Tax		
– Current year	–	319
– Over-provision in prior year	(20)	(50)
	<u>(20)</u>	<u>269</u>
Deferred tax		
– Current year	–	289
	<u>(20)</u>	<u>558</u>

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profit for both years.

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% for both years.

No profits tax 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.

5. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2016 HK\$'000	2015 HK\$'000
Staff costs (including directors' emoluments)		
– Salaries and other benefits	8,613	9,632
– Discretionary bonuses	29	295
– Retirement benefit scheme contributions	261	298
	<u>8,903</u>	<u>10,225</u>
Cost of inventories recognised as expenses (<i>Note</i>)	86	122
Auditor's remuneration	382	420
Depreciation of property, plant and equipment	70	118
Written off of property, plant and equipment	139	–
Written off of obsolete inventories	1	1
Minimum lease payments paid under operating leases	<u>1,630</u>	<u>1,581</u>

Note: During the year ended 31 December 2016, the cost of inventories recognised as expenses included reversal of impairment losses recognised in respect of inventories of approximately HK\$3,000 (2015: HK\$5,000) and written off of obsolete inventories of approximately HK\$1,000 (2015: HK\$1,000).

6. 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\$7,117,000 (2015: HK\$7,132,000) and the weighted average of 2,482,150,000 ordinary shares (2015: 2,482,150,000 ordinary shares) of the Company in issue during the year.

Diluted loss per share for the years ended 31 December 2015 and 31 December 2016 are not presented because the exercise of the outstanding share options and warrants would have anti-dilutive effect on the basic loss per share.

7. DIVIDENDS

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

8. TRADE AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables (<i>Note a</i>)	161	332
Prepayments	66	270
Deposits	452	465
Other receivables (<i>Note b</i>)	7,545	45
	8,063	780
Total trade and other receivables	8,224	1,112

Notes:

- (a) 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.
- (b) Included in other receivables as at 31 December 2016 is an amount of HK\$7,500,000 (2015: Nil) held in escrow account by the lawyer for the purpose of provision of a loan to a potential borrower. Subsequent to the end of the reporting period, the transaction was cancelled and the amount was fully refunded to the Group on 13 January 2017.

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 0–30 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:

	2016 HK\$'000	2015 HK\$'000
0–30 days	139	255
31–90 days	20	77
91–180 days	1	–
Over 180 days	1	–
	161	332

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
31–90 days	20	77
91–180 days	1	–
Over 180 days	1	–
	<u>22</u>	<u>77</u>

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.

9. LOAN AND INTEREST RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Mortgage loans	16,352	20,512
Less: Allowances	(1,829)	(886)
Loan and interest receivables (including interest receivables of HK\$572,000 (2015: HK\$89,000))	<u>14,523</u>	<u>19,626</u>
Analysed for reporting purposes as:		
Current assets	12,708	17,714
Non-current assets	1,815	1,912
	<u>14,523</u>	<u>19,626</u>

The loan receivables from customers bore fixed interest rate ranging from 1.5% to 2.5% per month (2015: 1.5% to 1.83%) and were repayable according to the terms of the loan agreements. Included in the gross balances are loans of approximately HK\$16,352,000 (2015: HK\$20,512,000) which are secured by real estates in Hong Kong.

Included in the loan and interest receivables with gross amount of approximately HK\$1,829,000 which are past due. The Directors consider that the recoverability of the loan receivables was uncertain and additional impairment loss on such receivables of approximately HK\$1,463,000 was made in current year, after taking into account the value of the collectual.

All loan and interest receivables are denominated in HK\$. 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:

	2016 HK\$'000	2015 HK\$'000
Past due but not impaired	3,092	3,544
Less than 3 months	4,080	88
Over 3 months but less than 1 year	5,536	14,082
Over 1 year but less than 3 years	1,815	1,912
	<u>14,523</u>	<u>19,626</u>

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 movements of allowance for impairment during the year are as follows:

	2016 HK\$'000	2015 HK\$'000
As at 1 January	886	1,931
Reversal during the year	(520)	(1,797)
Written off during the year	–	(134)
Impairment losses recognised during the year	1,463	886
	<u>1,829</u>	<u>886</u>
As at 31 December	<u>1,829</u>	<u>886</u>

During the year ended 31 December 2016, impairment loss on a loan receivable from a customer (including interest receivables) of approximately HK\$1,463,000 (2015: HK\$886,000) was recognised in the consolidated statement of profit or loss after proper review by the management of the Company, based on the latest available information about the loan customer and the underlying collateral held.

The Directors did not recognise any interest income from the loans that had been impaired as it is not probable to receive the interest. An amount of approximately HK\$783,000 of interest income had not been recognised during the year ended 31 December 2016 (2015: HK\$481,000).

The aging analysis for the loan receivables from customers (including interest receivables) that were past due at the end of the reporting period but not impaired, is as follows:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Less than 3 months	492	3,544
Over 1 year	2,600	–
	3,092	3,544

The loan receivables from customers (including interest receivables) that were past due but not impaired related to a wide range of customers and the management of the Company consider that, taking into account of the impairment loss recognised, no additional impairment is necessary in respect of these balances as there has not been a significant change in credit quality and/or the loan and interest receivables are secured by real estates in Hong Kong therefore the balances are considered fully recoverable.

The Directors consider that 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.

10. TRADE AND OTHER PAYABLES

	2016 HK\$'000	2015 <i>HK\$'000</i>
Trade payables	–	11
Other payables and accrued expenses	2,560	2,163
	2,560	2,174

The average credit period on purchases of goods is 30 days (2015: 30 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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

	2016 HK\$'000	2015 <i>HK\$'000</i>
0–30 days	–	11

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 2016 amounted to HK\$7,004,000, representing a decrease of 4.3% from the previous year. Loss attributable to owners of the Company for the year 2016 was HK\$7,117,000 (2015: HK\$7,132,000). The loss per share was HK0.29 cent (2015: HK0.29 cent).

REVIEW OF OPERATIONS

The Group continuously promotes and strengthens its market positions in both provision of financing services and sales and licensing of software and embedded systems. An increase of 4.1% in revenue derived from sales and licensing of software and embedded systems through online platform was contributed by the favorable returns from the launch of the updated version of Qcode Chinese Input System for supporting Window 10. However, a decrease in packaged software sales of 12.4% was recorded due to decrease in customer demand in market.

The Group has been focusing on property mortgage financing services for several years and in this year, the mortgage loan market is relatively keen and competitive attributable to the lowered minimum requirements for mortgage loans in an intensive price war among local banks and other financing business entities since second half of 2016. The interest income for the year ended 31 December 2016 had slightly dropped by around 1.9% when compared with last year. Managing credit risk has been challenging in property mortgage industry and the management has been enhancing the credit policies in order to improve the quality of our customers, for example, our staffs serve the customers more closely leading to a prompt response to changes in customers’ behavior. A HK\$520,000 reversal of impairment loss in respect of loan and interest receivables was an evidence of the improvement that the Group had made in regards to managing credit and business risks.

In 2016, the Group’s total operating expenses decreased by HK\$979,000 compared with 2015, representing a decrease of 6.3% from the previous year. Due to the uncertainty and ineffectiveness in development of biotech renewable energy, the Group has successfully reduced the cost of research and development of biotech renewable energy to minimal.

PROSPECTS

With the new-turn-pages of both the U.S. government and Hong Kong Special Administrative Region of the PRC, as well as the Brexit effect from the United Kingdom, uncertainties hover in the air of the world economic and political developments. Global economy growth is expected to move in a slow pace. The management of the Group will closely monitor the businesses and prompt response will be made with the changes in market conditions. Improving credit risk assessment and balancing between the risks and benefits are the priorities for the management of the Group. Even a challenging business environment with unstable global economy and rise in interest rate of the U.S. is anticipated, in addition to the intense competition in the mortgage loan market, the Group will provide all necessary resources and supports for obtaining growth in profitability in financing services. The Group will also continue its marketing effort in promoting Q9 CIS & Qcode CIS to institutional customers and end users.

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 2016 (2015: Nil).

(a) Capital commitments

At 31 December 2016, the Group had no capital commitment (2015: 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:

	2016 HK\$'000	2015 HK\$'000
Within one year	1,308	1,556
In the second to the fifth years, inclusive	346	472
	1,654	2,028

(c) Other commitment

At 31 December 2016, the Group had no other commitment (2015: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group has no interest bearing debt. The Group relies on its internal resources, the net proceeds from the placing of new shares and issue of warrants 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 borrowings on the Group's assets as at 31 December 2016 (2015: Nil). The Group had no debt as at 31 December 2016 (2015: Nil).

The gearing ratio of the Group, based on total borrowings to shareholder's equity, was nil as at 31 December 2016 (2015: 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 2016.

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 2016 (2015: Nil).

HUMAN RESOURCES

Staff number

As at 31 December 2016, the Group employed 28 staff (2015: 32). Total staff costs, including directors' emoluments were approximately HK\$8.9 million for the year ended 31 December 2016 as compared with those of approximately HK\$10.2 million in 2015.

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 2016 (2015: 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 0-30 days to its trade customers.

SEGMENTAL INFORMATION

Details of the segmental information are set out in Note 3 to this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year ended 31 December 2016. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 December 2016.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors of the Company 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 year ended 31 December 2016.

EVENTS AFTER THE REPORTING PERIOD

After trading hours on 24 March 2017, the Company received Form 2 – Corporate Substantial Shareholder Notice from each of Winway H.K. Investments Limited (“Winway”, the substantial shareholder of the Company and an indirect wholly-owned subsidiary of Culturecom), Culturecom Investments Limited, Culturecom Holdings (BVI) Limited and Culturecom Holdings Limited (“Culturecom”), a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 343), and an announcement was published by Culturecom dated 24 March 2017, regarding Winway's disposal of interests in 524,622,500 shares of the Company representing 21.14% of the Company's shareholdings at a price of HK\$0.12 per share of the Company subject to completion of placing.

At the date of this announcement and on the basis that the placing has been completed, Winway is not interested in any issued share capital of the Company and therefore ceases to be the Company's substantial shareholder. Each of Culturecom Investments Limited, Culturecom Holding (BVI) Limited and Culturecom ceases to be deemed to be interested in any shares of the Company through controlling interest (100%) in Winway.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Maintaining 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 year ended 31 December 2016, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules with the exception of derivation set out below.

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Following the resignation of Mr. Tse On Kin ("Mr. Tse") as the chairman of the Board of Directors and an independent non-executive Director with effect from 9 November 2016, the Company has not appointed chairman, and the roles and functions of the chairman have been performed by all the executive Directors collectively.

Under Code Provision A.6.7, independent non-executive directors and non-executive director should attend general meetings and develop a balanced understanding of the views shareholders. Mr. Leung Lap Yan, the non-executive Director, Mr. Tse, the former independent non-executive Director, and Mr. Chow Wing Tung, the independent non-executive Director, were unable to attend the annual general meeting of the Company held on 25 May 2016 due to their respective other important engagements elsewhere.

Under Code Provision E.1.2, the chairman of the Board should attend the annual general meeting. The former chairman of the Board was unable to attend the annual general meeting of the Company held on 25 May 2016 as he was on business trip for other important business engagement. However, an executive Director presented at the annual general meeting who then took the chair of that meeting in accordance with the Memorandum and Articles of Association of the Company.

AUDIT COMMITTEE

The Audit Committee, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 15 of the GEM Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Ms. Luk Huen Ling Claire. 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 has 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 2016 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF ASIAN ALLIANCE (HK) CPA 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 2016 as set out in this announcement have been agreed by the Group's auditor, Asian Alliance (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Asian Alliance (HK) CPA 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 Asian Alliance (HK) CPA Limited on this announcement.

On behalf of the Board
China Bio Cassava Holdings Limited
Kwan Kin Chung
Managing Director

Hong Kong, 27 March 2017

As at the date of this announcement, the Board comprises Mr. Kwan Kin Chung, Mr. Yu Huaguo, Mr. Poon Yu Keung and Mr. Hung Ching Fung as executive directors, Mr. Leung Lap Yan as non-executive director, Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Ms. Luk Huen Ling Claire as independent non-executive directors.