

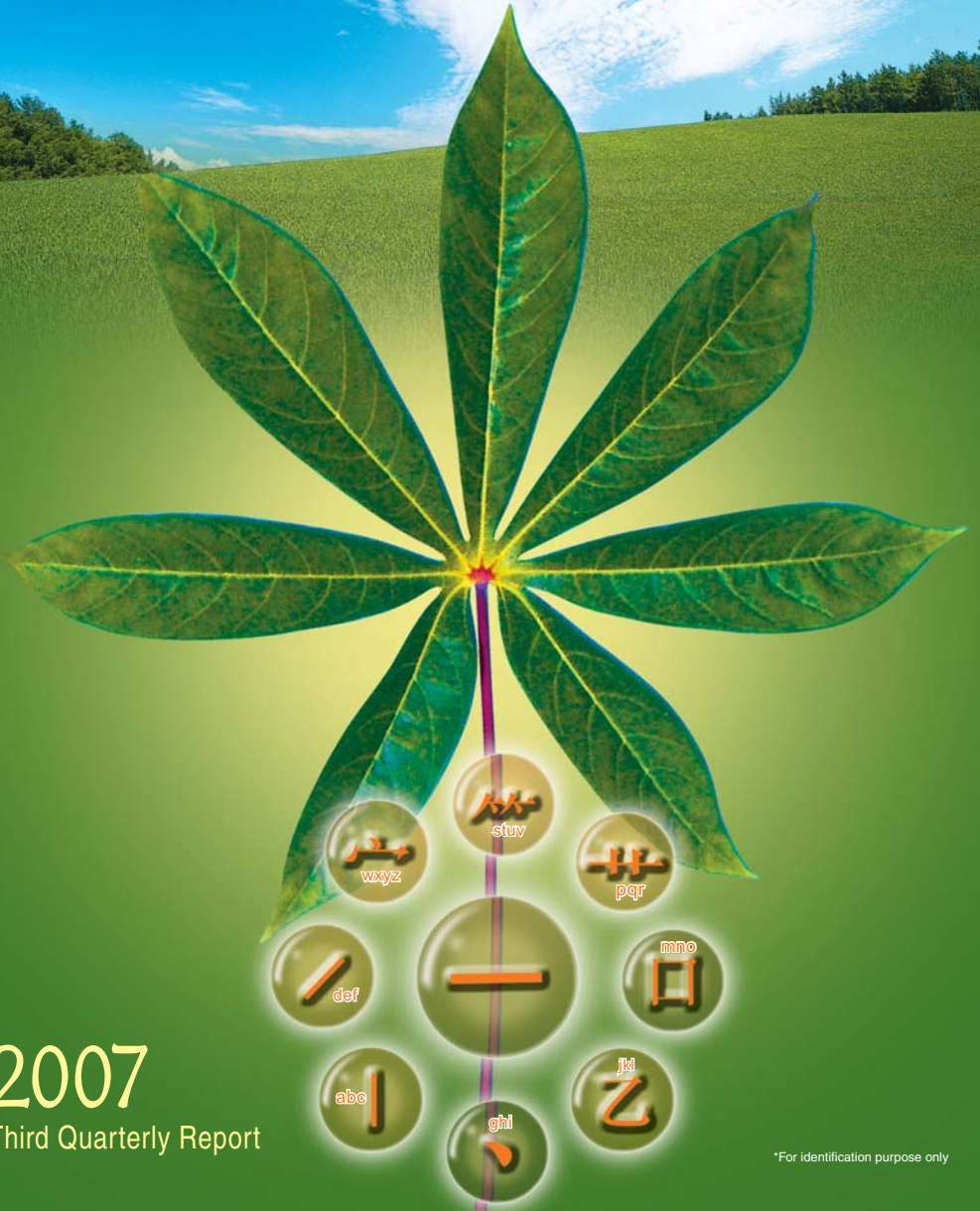


Bio Cassava Technology Holdings Limited

九方科技控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(stock Code: 8129)



2007

Third Quarterly Report

*For identification purpose only

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed issuers.

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This report, for which the directors of Bio Cassava Technology Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM Listing Rules") of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: - (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



FINANCIAL HIGHLIGHTS

The Group recorded turnover of HK\$4,866,000 for the nine months ended 30 September 2007, representing an increase of 51.0% from the corresponding period of last year.

The Group recorded OEM licensing revenue of HK\$254,000 for the nine months ended 30 September 2007, representing a decrease of 74.6% from the corresponding period of last year.

Packaged software sales of HK\$3,567,000 for the nine months ended 30 September 2007, representing an increase of 70.3% from the corresponding period of previous year.

The Group recorded a net loss attributable to shareholders for the nine months ended 30 September 2007 of HK\$20,563,000 (first nine months of 2006 : net loss attributable to shareholders of HK\$4,892,000).

The Group total operating expenses for the nine months ended 30 September 2007 increased by 221.3% compared to first nine months of 2006.

The increase in the Group net loss attributable to shareholders and the increase in total operating expenses for the nine months ended 30 September 2007 compared to the corresponding period of previous year was mainly due to the provision of share-based payment of HK\$15,221,000.

The unaudited consolidated results for the nine months ended 30 September 2007 and the comparison with last year are set out in the accompanying table.

NINE MONTHS RESULTS (UNAUDITED)

The Board of Directors (the "Directors") of Bio Cassava Technology Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2007, together with the unaudited comparative figures for the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue	2	2,029	1,500	4,866	3,222
Cost of sales		(406)	(67)	(959)	(209)
Gross profit		1,623	1,433	3,907	3,013
Other operating income	3	400	124	881	384
Selling and distribution expenses		(1,040)	(887)	(3,129)	(1,900)
Research and development expenses		(296)	(283)	(872)	(900)
General and administrative expenses		(2,671)	(1,685)	(21,350)	(5,089)
Loss before income tax		(1,984)	(1,298)	(20,563)	(4,492)
Income tax expense	4	—	—	—	—
Loss after income tax		(1,984)	(1,298)	(20,563)	(4,492)
Loss on disposal of subsidiary		—	(400)	—	(400)
Loss for the period		(1,984)	(1,698)	(20,563)	(4,892)
			(Restated)		(Restated)
Loss per share	6				
- Basic		(HK\$0.03 cent)	(HK\$0.03 cent)	(HK\$0.27 cent)	(HK\$0.08 cent)
- Diluted		N/A	N/A	N/A	N/A



Notes:

1 Basis of presentation and accounting policies

The Group's unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis. 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 2006.

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.

From 1 January 2007, the Group has adopted the following new and amended Hong Kong Financial Reporting Standards ("HKFRSs"), which are first effective on 1 January 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments – Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies.



New or amended HKFRSs that have been issued but are not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions ¹
HK(IFRIC) – Int 12	Service Concession Arrangements ²
HKFRS 8	Operating Segments ³
HKAS 23 (Revised)	Borrowing Costs ³

Notes:

- ¹ Effective for annual periods beginning on or after 1 March 2007
- ² Effective for annual periods beginning on or after 1 January 2008
- ³ Effective for annual periods beginning on or after 1 January 2009

2 Revenue and segment information

The Group is principally engaged in software and embedded systems development. Revenue, which is also the Group's turnover recognised during the relevant periods are as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Sale of goods	1,871	889	4,612	2,223
Licensing income	158	611	254	999
	<u>2,029</u>	<u>1,500</u>	<u>4,866</u>	<u>3,222</u>

In accordance with the Group's internal financial reporting, the Group has determined that business segment is presented as the primary reporting format and geographic segment as the secondary reporting format.

No business segment analysis is provided as sales and licensing of software and embedded systems is the Group's only major business segment.



Geographical segment analysis is as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,921	1,049	4,758	2,650
Mainland China	108	451	108	572
	<u>2,029</u>	<u>1,500</u>	<u>4,866</u>	<u>3,222</u>

3 Other operating income

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	302	90	782	277
Gain on financial assets at fair value through profit or loss	75	—	75	—
Sundry income	23	34	24	107
	<u>400</u>	<u>124</u>	<u>881</u>	<u>384</u>

4 Income tax expense

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the nine months ended 30 September 2007 (nine months ended 30 September 2006: Nil).

During the nine months ended 30 September 2007, provision for the profits tax of subsidiaries operating outside Hong Kong has not been provided as the subsidiaries did not generate any assessable profits in the respective jurisdictions (nine months ended 30 September 2006: Nil).

At 30 September 2007, the Group has net deferred tax assets mainly arising from tax losses of approximately HK\$7,000,000 (as at 31 December 2006: HK\$2,961,000). However, the net deferred tax assets have not been recognised as it is uncertain whether future taxable profit will be available for utilising the accumulated tax losses. Under the current tax legislation, the tax losses can be carried forward indefinitely.



5 Interim dividend

The Directors do not recommend the payment of interim dividend for the nine months ended 30 September 2007 (nine months ended 30 September 2006: Nil).

6 Loss per share

The calculation of the basic loss per share is based on the Group's unaudited consolidated loss attributable to equity holders of the Company for the three months and nine months ended 30 September 2007 of HK\$1,984,000 and HK\$20,563,000 respectively (three months and nine months ended 30 September 2006: HK\$1,698,000 and HK\$4,892,000 respectively) and on the weighted average number of shares of 7,398,797,826 and 7,668,293,407 respectively (three months and nine months ended 30 September 2006 (restated): 6,012,541,962) ordinary shares of the Company in issue during the periods.

No diluted loss per share has been presented in the current period (2006: Nil) because the exercise of the Company's outstanding share options and warrants would reduce loss per share.

The weighted average number of shares for the purposes of calculating basic and diluted loss per share for the three months and nine months ended 30 September 2007 and 30 September 2006 has been adjusted to reflect the share subdivision effective on 3 July 2007.

The weighted average number of shares for the purposes of calculating basic loss per share for the three months and nine months ended 30 September 2006 has also been adjusted to reflect the issuance of rights shares issued on 1 November 2006.



7 Reserves

	Share premium (unaudited) HK\$'000	Capital redemption reserve (unaudited) HK\$'000	Warrants reserve (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Reorganisation reserve (unaudited) HK\$'000	Accumulated losses (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 January 2006	87,601	37	6,250	—	3,000	(91,488)	5,400
Loss for the period	—	—	—	—	—	(4,892)	(4,892)
At 30 September 2006	<u>87,601</u>	<u>37</u>	<u>6,250</u>	<u>—</u>	<u>3,000</u>	<u>(96,380)</u>	<u>508</u>
At 1 January 2007	104,596	37	6,250	—	3,000	(98,589)	15,294
Issurance of warrants issue	—	—	6,230	—	—	—	6,230
Warrants issue expenses	(994)	—	—	—	—	—	(994)
Exercise of warrants	6,633	—	(1,823)	—	—	—	4,810
Recognition of equity-settled share-based payments	—	—	—	15,221	—	—	15,221
Loss for the period	—	—	—	—	—	(20,563)	(20,563)
At 30 September 2007	<u>110,235</u>	<u>37</u>	<u>10,657</u>	<u>15,221</u>	<u>3,000</u>	<u>(119,152)</u>	<u>19,998</u>



BUSINESS REVIEW AND PROSPECTS

The consolidated turnover of the Company and its subsidiaries the nine months ended 30 September 2007, amounted to HK\$4,866,000, representing an increase of 51.0% from the corresponding period of last year. Loss attributable to shareholders for the nine months ended 30 September 2007 amounted to HK\$20,563,000 compared to a loss of HK\$4,892,000 for the corresponding period of last year. The loss per share was HK\$0.27 cents (First nine months of 2006 : loss per share of HK\$0.08 cents).

The Group total operating expenses for the nine months ended 30 September 2007 was increased by 221.3% compared to first nine months of 2006. The increase in the Group total operating expenses was mainly due to the provision of share-based payment of HK\$15,221,000.

The OEM licensing revenue HK\$254,000 for the nine months ended 30 September 2007, representing a decrease of 74.6% from the corresponding period of last year.

Packaged software sales of HK\$3,567,000 for the nine months ended 30 September 2007, representing an increase of 70.3% from the corresponding period of previous year.

During September 2007, the Group entered into a construction contract with an independent party and commenced the construction of production lines and the production centre in Yunfu City Guangdong Province, PRC, for the production and fermentation of cassava ethanol. The Group will continue its marketing effort in promoting Q9 CIS, and to develop the new biotech and renewable energy business to derive new sources of revenue. Management believes the Group has sufficient resources and ability to diversify the new business areas related to the biotech and renewable energy market, and derives new sources of revenue for the Group in the near future after completion of the production lines and the production centre in Yunfu City.

OTHER INFORMATION

On 29 June 2007, ordinary resolution was passed by the shareholders of the Company to approve the share subdivision (the "Share Subdivision"). The Share Subdivision became effective on 3 July 2007, and each of the issued and unissued shares of HK\$0.01 each in the share capital of the Company has been subdivided into four subdivided shares of HK\$0.0025 each. The authorized share capital of the Company remained at HK\$500,000,000 but was divided into 200,000,000,000 subdivided shares with par value of HK\$0.0025 each.

The exercise price of the share options of the Company was adjusted from HK\$0.45 per share to HK\$0.1125 per subdivided share. The subscription price of the warrants of the Company was adjusted from HK\$0.076 per share to HK\$0.019 per subdivided share.



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

As at 30 September 2007, 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, 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) (the "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 September 2007, there were a total of 92,000,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarized in the following table:

Director	Date of grant	Options to subscribe for shares of the Company					Outstanding as at 30 September 2007	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2007			
Kwan Kin Chung	29/5/2007	—	16,000,000	—	—	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Tam Kam Biu William	29/5/2007	—	20,000,000	—	—	20,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Wan Xiaolin	29/5/2007	—	12,000,000	—	—	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Chen Man Lung	29/5/2007	—	16,000,000	—	—	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Leung Lap Yan	29/5/2007	—	8,000,000	—	—	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Leung Lap Fu Warren	29/5/2007	—	8,000,000	—	—	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Ip Chi Wai	29/5/2007	—	4,000,000	—	—	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Tse Wang Cheung									
Angus	29/5/2007	—	4,000,000	—	—	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Shiu Kwok Keung	29/5/2007	—	4,000,000	—	—	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	
Total		—	92,000,000	—	—	92,000,000			

Notes:

The number of options granted and the exercise price was adjusted when the Share Subdivision became effective on 3 July 2007.

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 September 2007, all options have been vested.

The closing price of the shares immediately before the date of grant of options was HK\$0.1125 (adjusted after the Share Subdivision).

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 September 2007.



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 September 2007, options to subscribe for up to an aggregate of 756,760,000 shares of HK\$0.0025 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 September 2007	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2007	Granted during the period	Exercised during the period	Lapsed during the period			
		Directors	29/5/2007	—	92,000,000			
Employees other than the directors of the Company	29/5/2007	—	12,000,000	—	—	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
Consultants	29/5/2007	—	652,760,000	—	—	652,760,000	29/5/2007 to 28/5/2017	HK\$0.1125
Total		—	756,760,000	—	—	756,760,000		

Notes:

The number of options granted and the exercise price was adjusted when the Share Subdivision became effective on 3 July 2007.

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 September 2007, all options have been vested.

The closing price of the shares immediately before the date of grant of options was HK\$0.1125 (adjusted after the Share Subdivision).

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 September 2007, 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 of the Company) 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 shareholder	Number of shares	Approximate percentage holding
Step Up Co., Ltd.	1,636,490,000	21.06%
Mr. Kuan Sio Kai (Note (i))	1,636,490,000	21.06%
Winway H.K. Investments Limited	1,943,510,000	25.01%
Culturecom Holdings Limited (Note (ii))	1,943,510,000	25.01%

Notes:

- (i) Mr. Kuan Sio Kai is deemed to be interested in 1,636,490,000 shares through his controlling interest (100%) in Step Up Co., Ltd.
- (ii) Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holding (BVI) Limited. Culturecom Holding (BVI) Limited is a wholly-owned subsidiary of Culturecom Holding Limited. Each of Culturecom Investments Limited, Culturecom Holding (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 1,943,510,000 shares through its controlling interest (100%) in Winway H.K. Investments Limited.



Save as disclosed above, as at 30 September 2007, the Directors 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.

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 nine months ended 30 September 2007. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 2007.

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. Throughout the nine months ended 30 September 2007 under review, the Company has complied with the Code.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for securities transactions by directors of the Company ("Code for Director's Dealings"). The Company has made specific enquiry with Directors and all directors of the Company have complied with the requirements set out in the Code for Director's Dealing for the nine months ended 30 September 2007 under review.



AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung, 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. Mr. Ip Chi Wai 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 interim results for the nine months ended 30 September 2007 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 financial statements were approved by the Directors on 12 November 2007.

By order of the Board
Leung Lap Yan
Chairman

Hong Kong, 12 November, 2007

As of the date of this report, the Board comprises Mr. Kwan Kin Chung, Mr. Tam Kam Biu William, Mr. Wan Xiaolin and Mr. Chen Man Lung as executive Directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive Directors, and Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung as independent non- executive Directors.