



China Bio Cassava Holdings Limited  
中國生物資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8129)

Interim Report 2015



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## FINANCIAL HIGHLIGHTS

The Group recorded turnover of HK\$2,742,000 for the six months ended 30 June 2015, representing a decrease of 40.1% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$1,035,000 from provision of financing services for the six months ended 30 June 2015, representing a decrease of 58.1% from the corresponding period of previous year (six months ended 30 June 2014: HK\$2,469,000).

The Group recorded HK\$584,000 of OEM licensing revenue for the six months ended 30 June 2015, representing an increase of 24.0% from the corresponding period of previous year (six months ended 30 June 2014: HK\$471,000).

Packaged software sales for the six months ended 30 June 2015 was HK\$1,123,000, representing a decrease of 31.3% from the corresponding period of previous year (six months ended 30 June 2014: HK\$1,634,000).

The Group's total operating expenses for the six months ended 30 June 2015 totalled HK\$7,905,000 representing an increase of 6.1% as compared to the six months ended 30 June 2014.

The Group recorded a net loss attributable to owners of the Company for the six months ended 30 June 2015 of HK\$5,183,000 (six months ended 30 June 2014: HK\$20,342,000). Loss per share attributable to the owners of the Company for the six months ended 30 June 2015 is HK0.21 cent (loss per share for the six months ended 30 June 2014: HK0.82 cent).

The unaudited consolidated results for the six months ended 30 June 2015 and the comparison with last year are set out in the accompanying table.

## INTERIM RESULTS (UNAUDITED)

The board of directors (the "Board") of China Bio Cassava Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	3				
– Interest Income		518	1,319	1,035	2,469
– Other Income		822	931	1,707	2,105
		1,340	2,250	2,742	4,574
Cost of sales		(30)	(36)	(60)	(71)
<b>Gross profit</b>		1,310	2,214	2,682	4,503
Other revenue	4	30	1	40	1
Selling and distribution expenses		(316)	(293)	(643)	(634)
Research and development expenses		(356)	(735)	(707)	(1,407)
General and administrative expenses		(3,463)	(2,699)	(6,555)	(5,407)
Equity-settled share-based payment		–	–	–	(17,398)
<b>Loss before taxation</b>	5	(2,795)	(1,512)	(5,183)	(20,342)
Income tax expense	6	–	–	–	–
<b>Loss for the period</b>		<u>(2,795)</u>	<u>(1,512)</u>	<u>(5,183)</u>	<u>(20,342)</u>
<b>Loss per share for the period</b>	8				
– Basic (HK cent)		<u>(0.11)</u>	<u>(0.06)</u>	<u>(0.21)</u>	<u>(0.82)</u>
– Diluted (HK cent)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(2,795)	(1,512)	(5,183)	(20,342)
Other comprehensive (expense) income, net of income tax				
Exchange differences arising on translation of foreign operations	(8)	3	(8)	-
	<u>(2,803)</u>	<u>(1,509)</u>	<u>(5,191)</u>	<u>(20,342)</u>
Total comprehensive expense for the period	<u>(2,803)</u>	<u>(1,509)</u>	<u>(5,191)</u>	<u>(20,342)</u>
Total comprehensive expense attributable to owners of the Company	<u>(2,803)</u>	<u>(1,509)</u>	<u>(5,191)</u>	<u>(20,342)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	333	392
Trade and other receivables			
– non-current portion	11	1,463	6,000
Deferred tax asset		289	289
Goodwill		609	609
		<u>2,694</u>	<u>7,290</u>
<b>CURRENT ASSETS</b>			
Inventories	10	38	38
Financial assets at fair value through profit or loss		102	102
Trade and other receivables	11	21,096	13,078
Bank balances and cash		13,623	22,693
		<u>34,859</u>	<u>35,911</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accrued expenses		2,075	2,639
Income tax liability		349	547
Amount due to directors		1,371	1,066
		<u>3,795</u>	<u>4,252</u>
<b>NET CURRENT ASSETS</b>		<u>31,064</u>	<u>31,659</u>
<b>NET ASSETS</b>		<u>33,758</u>	<u>38,949</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	12	24,822	24,822
Reserves		8,936	14,127
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>33,758</u>	<u>38,949</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	Reserves								Sub-total HK\$'000	Total HK\$'000
	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	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000		
At 1 January 2014	24,809	162,957	50,286	37	-	3,000	(143)	(200,612)	15,525	40,334
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	-	-	-	(20,342)	(20,342)	(20,342)
Recognition of share-based payments (Note a)	-	-	17,398	-	-	-	-	-	17,398	17,398
Placement of new warrants (Note b)	-	-	-	-	7,443	-	-	-	7,443	7,443
Transactions cost attributable to issue of warrants (Note b)	-	-	-	-	(491)	-	-	-	(491)	(491)
At 30 June 2014	<u>24,809</u>	<u>162,957</u>	<u>67,684</u>	<u>37</u>	<u>6,952</u>	<u>3,000</u>	<u>(143)</u>	<u>(220,954)</u>	<u>19,533</u>	<u>44,342</u>
At 1 January 2015	24,822	163,243	65,784	37	6,952	3,000	(146)	(224,743)	14,127	38,949
Loss for the period	-	-	-	-	-	-	-	(5,183)	(5,183)	(5,183)
Other comprehensive expense for the period	-	-	-	-	-	-	(8)	-	(8)	(8)
At 30 June 2015	<u>24,822</u>	<u>163,243</u>	<u>65,784</u>	<u>37</u>	<u>6,952</u>	<u>3,000</u>	<u>(154)</u>	<u>(229,926)</u>	<u>8,936</u>	<u>33,758</u>

### Notes:

- The recognition of share-based payment expenses as a result of the share options granted by the Company on 10 January 2014. Share options reserve represents the portion of the grant date fair value of unexercised share options granted under the share option scheme adopted by the Company.
- Warrant reserve represents the proceeds from the placing of 496,180,000 warrants completed on 22 May 2014.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
Net cash used in operating activities	(9,064)	(5,201)
Net cash generated from/(used in) investing activities	2	(13)
Net cash generated from financing activities	—	6,952
(Decrease) increase in cash and cash equivalents	(9,062)	1,738
Cash and cash equivalents at 1 January	22,693	15,425
Effect of foreign exchange rate changes	(8)	—
Cash and cash equivalents at 30 June	<u>13,623</u>	<u>17,163</u>



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. There were no significant changes in the Group’s operations during the six months ended 30 June 2015.

**2. Summary of significant accounting policies**

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. The accounting policies and basis of preparation adopted in these interim financial statements are consistent with those adopted in the Group’s annual financial statements for the year ended 31 December 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations).

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The unaudited condensed consolidated interim financial statements have not been audited by the Company’s auditors but have been reviewed by the Company’s audit committee.

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>4</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>5</sup>
Annual Improvement Project	Annual Improvements 2010-2012 Cycle <sup>6</sup>
Annual Improvement Project	Annual Improvements 2011-2013 Cycle <sup>4</sup>
Annual Improvement Project	Annual Improvements 2012-2014 Cycle <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture <sup>5</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>5</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>5</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>6</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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. 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.

An analysis of the Group's revenue by major products and services for the six months ended 30 June 2015 and 30 June 2014 are as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Sales of software and embedded system	531	691	1,123	1,634
Licensing income	291	240	584	471
Interest income	518	1,319	1,035	2,469
	<u>1,340</u>	<u>2,250</u>	<u>2,742</u>	<u>4,574</u>

#### 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

a. **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 June 2015 and 30 June 2014:

	Unaudited							
	Six months ended 30 June							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Revenue</b>								
External sales	<u>1,707</u>	<u>2,105</u>	<u>-</u>	<u>-</u>	<u>1,035</u>	<u>2,469</u>	<u>2,742</u>	<u>4,574</u>
<b>Result</b>								
Segment results	<u>(34)</u>	<u>373</u>	<u>-</u>	<u>(764)</u>	<u>(35)</u>	<u>1,694</u>	<u>(69)</u>	<u>1,303</u>
Interest income							2	1
Equity-settled share-based payment							-	(17,398)
Unallocated expenses							<u>(5,116)</u>	<u>(4,248)</u>
Loss before taxation							<u>(5,183)</u>	<u>(20,342)</u>

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the six months ended 30 June 2015 and 30 June 2014.

Segment result represents the profit or loss earned or incurred by each segment without allocation of central administration costs, 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 for the six months ended 30 June 2015 and 30 June 2014:

	Unaudited							
	Six months ended 30 June							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment assets	2,239	2,064	-	1,436	32,067	31,267	34,306	34,767
Unallocated assets							3,247	12,180
Total consolidated assets							<u>37,553</u>	<u>46,947</u>
Segment liabilities	(1,301)	(1,374)	-	(187)	(483)	(147)	(1,784)	(1,708)
Unallocated liabilities							(2,011)	(897)
Total consolidated liabilities							<u>(3,795)</u>	<u>(2,605)</u>

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 and income tax liability.

#### 4. Other revenue

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	1	1	2	1
Bad debt recovery	24	–	29	–
Others	5	–	9	–
	<u>30</u>	<u>1</u>	<u>40</u>	<u>1</u>

#### 5. Loss before taxation

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax				
is arrived at after charging:				
Depreciation of property, plant and equipment	<u>29</u>	<u>36</u>	<u>59</u>	<u>71</u>

#### 6. Income tax expense

No Hong Kong profits tax has been provided in both periods as the Group did not generate any assessable profits arising in or derived from Hong Kong during the six months ended 30 June 2015 and 30 June 2014.

No profit tax have been provided for the subsidiaries which are operating outside Hong Kong during the six months ended 30 June 2015 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (six months ended 30 June 2014: Nil).

As at 30 June 2015, the Group has unused tax losses arising from the Group's subsidiaries approximately HK\$5,650,000 (At 31 December 2014: HK\$5,577,000) 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.

**7. Interim dividend**

The Board do not recommend the payment of interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

**8. Loss per share**

The calculation of the basic loss per share attributable to the owners of the Company is based on the unaudited consolidated loss for the three months and six months ended 30 June 2015 attributable to the owners of the Company of approximately HK\$2,795,000 and HK\$5,183,000 respectively (three months and six months ended 30 June 2014: HK\$1,512,000 and HK\$20,342,000 respectively) and the weighted average number of shares of 2,482,150,000 (three months and six months ended 30 June 2014: 2,480,900,000) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and six months ended 30 June 2015 and 30 June 2014 are not presented because the existence of the outstanding share options during the periods has anti-dilutive effect on the basic loss per share.

**9. Property, plant and equipment**

There was no addition of property, plant and equipment for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$14,000).

**10. Inventories**

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Merchandise	18	12
Finished goods	20	26
	<u>38</u>	<u>38</u>

## 11. Trade and other receivables

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Notes		
Trade receivables	(i)	269	440
Less: Allowances		—	—
		<u>269</u>	<u>440</u>
Loan and interest receivables	(ii)		
– Personal loans		164	7,294
– Mortgage loans		23,728	12,569
		<u>23,892</u>	<u>19,863</u>
Less: Allowances		(2,280)	(1,931)
		<u>21,612</u>	<u>17,932</u>
Prepayments		163	232
Deposits		473	432
Other receivables		42	42
		<u>678</u>	<u>706</u>
		<u>22,559</u>	<u>19,078</u>
Analysed for reporting purposes as:			
Current assets		21,096	13,078
Non-current assets		1,463	6,000
		<u>22,559</u>	<u>19,078</u>



Notes:

i. **Trade receivables**

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 was as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 December</b> <b>2014</b> <i>HK\$'000</i>
0 – 30 days	160	313
31 – 90 days	109	127
	<u>269</u>	<u>440</u>

ii. **Loan and interest receivables**

The loan receivables from customers bore fixed interest rate ranging from 1.42% to 2.5% per month and were payable according to the loan agreements.

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

	<b>Unaudited</b> <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 December</b> <b>2014</b> <i>HK\$'000</i>
Less than 3 months	1,849	8,922
Over 3 months but less than 1 year	18,300	3,010
Over 1 year but less than 3 years	–	6,000
Over 3 years	1,463	–
	<u>21,612</u>	<u>17,932</u>

## 12. Share capital

	Number of ordinary shares		Amount	
	2015 '000	2014 '000	2015 HK\$'000	2014 HK\$'000
Share with par value of HK\$0.01 each				
Authorised:				
At 1 January and 30 June	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:				
At 1 January and 30 June	<u>2,482,150</u>	<u>2,480,900</u>	<u>24,822</u>	<u>24,809</u>

## 13. Warrants

On 9 May 2014, the Company entered into the conditional warrant subscription agreements with not less than six warrant subscribers in relation to the warrant subscription of a total of 496,180,000 warrants by the warrant subscribers, at the warrant issue price of HK\$0.015 per warrant, conferring rights to subscribe up to 496,180,000 new ordinary shares of the Company at an initial subscription price of HK\$0.16 per new share for a period of two years commencing from the date of issue of the Warrants. The warrant subscription was completed on 22 May 2014. An aggregate of 496,180,000 warrants, which are exercisable during two years from 22 May 2014 to 21 May 2016 (both days inclusive), have been issued to the warrant subscribers.

The following table disclosed details of the Company's warrants issued during the period.

Date of grant	Exercise price HK\$	Exercise period	Options to subscribe for shares of the Company				Outstanding at 30 June 2014
			Outstanding at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	
22/5/2014	0.16	22/5/2014 to 21/5/2016	496,180,000	-	-	-	496,180,000

At 30 June 2015, the Company had 496,180,000 warrants outstanding. The exercise in full of such warrants would, under the present capital structure of the Company, result in the issue of 496,180,000 additional shares of HK\$0.01 each.

#### 14. Share-based employee compensation

The share options vest upon the commencement of the exercise period, which is determined by the directors at the date of grant.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

	2015	2015	2014	2014
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
<b>Exercisable period:</b>				
<b>At 1 January</b>				
29/5/2007 to 28/5/2017	172,190,000	0.450	181,190,000	0.450
21/9/2011 to 20/9/2021	189,500,000	0.172	190,750,000	0.172
10/1/2014 to 9/1/2024	245,890,000	0.147	–	
	<u>607,580,000</u>		<u>371,940,000</u>	
<b>Granted during the periods</b>				
10/1/2014 to 9/1/2024	–		248,090,000	0.147
<b>Lapsed during the periods</b>				
29/5/2007 to 28/5/2017	–		(4,000,000)	0.450
21/9/2011 to 20/9/2021	–		(750,000)	0.172
	–		(4,750,000)	
<b>At 30 June</b>				
29/5/2007 to 28/5/2017	172,190,000	0.450	177,190,000	0.450
21/9/2011 to 20/9/2021	189,500,000	0.172	190,000,000	0.172
10/1/2014 to 9/1/2024	245,890,000	0.147	248,090,000	0.147
	<u>607,580,000</u>		<u>615,280,000</u>	

The options may be exercised at any time of the option period provided that the options have been vested. The options were vested upon commencement of exercise period.

The fair value of options granted on 10 January 2014 of approximately HK\$17,398,000 was included in the unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2014.

The fair value of services received from consultants was measured indirectly, by reference to the fair value of the options granted as the fair value of the services received could not be estimated reliably by the Company.

## 15. Commitments

### (a) Capital commitments

As at 30 June 2015, the Group had no capital commitment (31 December 2014: Nil).

### (b) Commitments under operating leases

As at 30 June 2015, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Within one year	1,592	790
In the second to the fifth years, inclusive	919	402
	<u>2,511</u>	<u>1,192</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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 short term deposits as working capital of the Group. The Group keeps a minimum amount of cash in Renminbi as working capital in the bank account of its subsidiary in the PRC.

The Group had no credit facilities and no borrowing outstanding as at 30 June 2015 (31 December 2014: Nil).

There was no charge on the Group's assets as at 30 June 2015 (31 December 2014: Nil).

The Group had no debt as at 30 June 2015 (31 December 2014: Nil).

The gearing ratio of the Group, based on total debt to total equity, was nil as at 30 June 2015 (31 December 2014: Nil).

### **Order book**

Due to the nature of the Group's business, the Group does not maintain an order book.

### **Investment**

There was no significant investment made during the six months ended 30 June 2015 (30 June 2014: Nil).

### **Acquisition, disposal of subsidiary and affiliated companies**

The Group did not have any material acquisition or disposal of subsidiaries or affiliated companies for the six months ended 30 June 2015 (30 June 2014: Nil).

### **Employee information**

As at 30 June 2015, the Group employed 37 staff (30 June 2014: 38). Total staff costs, including directors' emoluments were approximately HK\$5.3 million for the six months ended 30 June 2015 as compared with that of approximately HK\$4.8 million for the corresponding period of the preceding financial year.

The Group remunerated its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonuses and share options may be granted to eligible staff by reference to the Group's performance as well as the individuals' performance.

#### **Future plans for material investments and capital assets**

While the Group will continue to identify new business opportunities and diversify its business to new business segment so as to derive new sources of revenue and profits, the Group currently does not have any commitment or future plans for material investments and capital assets.

#### **Segment information**

Details of the segment information have been set out in Note 3 under notes to the unaudited interim financial statements and further elaborated under "Business Review and Prospects".

#### **Hedging policy**

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

#### **Contingent liabilities**

The Group does not have any contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

### **BUSINESS REVIEW AND PROSPECTS**

The consolidated turnover for the Company and its subsidiaries for the six months ended 30 June 2015, amounted to HK\$2,742,000, representing a decrease of 40.1% from the corresponding period of previous year. Loss attributable to owners of the Company for the six months ended 30 June 2015 was HK\$5,183,000 (six months ended 30 June 2014: HK\$20,342,000). The fact that the loss attributable to the owners decreased 74.5% was due to the equity-settled share-based payment of HK\$17,398,000 from the corresponding period of previous year. Excluded this equity-settled share-based payment, the loss attributable to owners of the Company for the six months ended 30 June 2015 increased 76.1% compared to the corresponding period of previous year. The loss per share was HK0.21 cent (six months ended 30 June 2014: loss per share of HK0.82 cent).

The Group recorded loan interest income of HK\$1,035,000 from provision of financing services for the six months ended 30 June 2015, representing a decrease of 58.1% from the corresponding period of previous year (six months ended 30 June 2014: HK\$2,469,000). The decrease in interest income was due to the decrease in loan granted during six months ended 30 June 2015. The average balance of loan and interest receivables for the period ended 30 June 2015 was HK\$11,488,000 (31 December 2014: HK\$26,796,000).

The Group recorded HK\$584,000 of OEM licensing revenue for the six months ended 30 June 2015, representing an increase of 24.0% from the corresponding period of previous year (six months ended 30 June 2014: HK\$471,000).

Packaged software sales for the six months ended 30 June 2015 was HK\$1,123,000, representing a decrease of 31.3% from corresponding period of previous year (six months ended 30 June 2014: HK\$1,634,000).

The Group's total operating expenses for the six months ended 30 June 2015 totalled HK\$7,905,000 representing an increase of 6.1% as compared to the six months ended 30 June 2014.

Although the financial performance of the Group was not within management's expectation, the management strongly believes the result for second half of the year will experience a turnaround. The results from sales and licensing of software and embedded systems will be benefited from the launch of new Windows operating systems. Additional promotional activities will be arranged and supported from the marketing team of the Group. In addition, the management will continue to provide supports and promotion opportunities to provision of financing services.

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

### **UNLISTED WARRANTS**

On 9 May 2014, the Company entered into the warrant subscription agreements with not less than six independent warrant subscribers in relation to the warrant subscription of a total of 496,180,000 unlisted warrants by the warrant subscribers at the warrant issue price of HK\$0.015 per warrant. Upon the exercise of the subscription rights attaching to the warrants in full, a maximum of 496,180,000 new ordinary shares of HK\$0.01 each in the share capital of the Company will be issued and allotted by the Company at a subscription price of HK\$0.16 per new share. The warrant subscription was completed on 22 May 2014. An aggregate of 496,180,000 unlisted warrants, which are exercisable during two years from 22 May 2014 to 21 May 2016 (both days inclusive), have been issued to the warrant subscribers.

None of the warrants had been exercised during the period ended 30 June 2015.

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

As at 30 June 2015, save for the interest of the directors in share options as below, neither of the directors nor the chief executive of the Company had interests and/or short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").



## LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

### Share Option

As at 30 June 2015, there were a total of 14,300,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

Directors	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 June 2015	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period				
Kwan Kin Chung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.26%
	21/9/2011	1,250,000	-	-	-	1,250,000	21/9/2011 to 20/9/2021	HK\$0.172	
	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	
Yu Huaguo	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Poon Yu Keung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Hung Ching Fung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Leung Lap Yan	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.13%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
	10/1/2014	1,000,000	-	-	-	1,000,000	10/1/2014 to 9/1/2024	HK\$0.147	
Chow Wing Tung	10/1/2014	1,000,000	-	-	-	1,000,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Total		<u>14,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,300,000</u>			

Note:

The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 June 2015, all options have been vested.

Save as disclosed above, none of the directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 June 2015.

### **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.

As at 30 June 2015, options to subscribe for up to an aggregate of 607,580,000 shares of HK\$0.01 each had been granted by the Company under the New Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

Category of participant	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 June 2015	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period			
Directors	29/5/2007	6,000,000	-	-	-	6,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,500,000	-	-	-	1,500,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	6,800,000	-	-	-	6,800,000	10/1/2014 to 9/1/2024	HK\$0.147
Employees other than the directors	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,375,000	-	-	-	1,375,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	2,000,000	-	-	-	2,000,000	10/1/2014 to 9/1/2024	HK\$0.147
Consultants	29/5/2007	163,190,000	-	-	-	163,190,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	186,625,000	-	-	-	186,625,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	237,090,000	-	-	-	237,090,000	10/1/2014 to 9/1/2024	HK\$0.147
Total		<u>607,580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,580,000</u>		

**Notes:**

- (i) The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 June 2015, all options have been vested.
- (ii) During the period, there were no options being exercised, cancelled or lapsed.

Details of options granted to directors of the Company under the Share Option Scheme are set out in the sub-section headed "Long Position in Underlying Shares of the Company" under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2015, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the directors and chief executives) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### *Long positions in shares of the Company*

Name of shareholders	Number of shares	Approximate percentage holding
Winway H.K. Investments Limited	524,622,500	21.14%
Culturecom Holdings Limited (Note)	524,622,500	21.14%

Note:

Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited. Culturecom Holdings (BVI) Limited is a wholly-owned subsidiary of Culturecom Holdings Limited. Each of Culturecom Investments Limited, Culturecom Holdings (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 524,622,500 shares through its controlling interest (100%) in Winway H.K. Investments Limited.

Save as disclosed above, as at 30 June 2015, the directors of the Company are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## **INTERESTS IN COMPETING BUSINESS**

None of the directors, the controlling shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company has not redeemed any of its shares during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the six months ended 30 June 2015.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors for the six months ended 30 June 2015 under review.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain a high standard of corporate governance. To maintain a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders. Throughout the six months ended 30 June 2015 under review, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 15 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 three independent non-executive directors, namely Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Tse On Kin. 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 unaudited condensed consolidated results for the six months ended 30 June 2015 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.

## **APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the board of directors on 10 August 2015.

By order of the Board  
China Bio Cassava Holdings Limited  
**KWAN KIN CHUNG**  
*Managing Director*

Hong Kong, 10 August 2015

*As of the date of this report, the Board of the Company 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 Mr. Tse On Kin as independent non-executive Directors.*