



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

2016

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

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This report, 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 report 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 report misleading.

FINANCIAL HIGHLIGHTS

The Group recorded a turnover of HK\$3,613,000 for the six months ended 30 June 2016, representing an increase of 31.8% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$1,687,000 from provision of financing services for the six months ended 30 June 2016, representing an increase of 63.0% from the corresponding period of previous year (six months ended 30 June 2015: HK\$1,035,000).

The Group recorded revenue of HK\$720,000 from sales and licensing of software and embedded system through online platform for the six months ended 30 June 2016, representing an increase of 23.3% from the corresponding period of previous year (six months ended 30 June 2015: HK\$584,000).

Packaged software sales for the six months ended 30 June 2016 was HK\$1,206,000, representing an increase of 7.4% from the corresponding period of previous year (six months ended 30 June 2015: HK\$1,123,000).

The Group's total operating expenses for the six months ended 30 June 2016 totalled HK\$6,699,000 representing a decrease of 15.3% as compared to the six months ended 30 June 2015 (six months ended 30 June 2015: HK\$7,905,000).

The Group recorded a net loss attributable to owners of the Company for the six months ended 30 June 2016 of HK\$3,132,000 (six months ended 30 June 2015: HK\$5,183,000). Loss per share attributable to the owners of the Company for the six months ended 30 June 2016 is HK0.13 cent (loss per share for the six months ended 30 June 2015: HK0.21 cent).

The unaudited consolidated results for the six months ended 30 June 2016 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 2016, together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	3				
– Interest income		941	518	1,687	1,035
– Sales and licensing of software and embedded systems		1,016	822	1,926	1,707
		<u>1,957</u>	<u>1,340</u>	<u>3,613</u>	<u>2,742</u>
Cost of sales		(25)	(30)	(48)	(60)
		<u>1,932</u>	<u>1,310</u>	<u>3,565</u>	<u>2,682</u>
Gross profit					
Other income	4	1	30	2	40
Selling and distribution expenses		(336)	(316)	(666)	(643)
Research and development expenses		(376)	(356)	(735)	(707)
General and administrative expenses		(2,576)	(3,463)	(5,159)	(6,555)
Other operating expenses		(139)	–	(139)	–
		<u>(1,494)</u>	<u>(2,795)</u>	<u>(3,132)</u>	<u>(5,183)</u>
Loss before taxation	5				
Income tax expense	6	–	–	–	–
		<u>(1,494)</u>	<u>(2,795)</u>	<u>(3,132)</u>	<u>(5,183)</u>
Loss for the period					
Loss per share during the period	7				
– Basic (HK cent)		<u>(0.06)</u>	<u>(0.11)</u>	<u>(0.13)</u>	<u>(0.21)</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	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(1,494)	(2,795)	(3,132)	(5,183)
Other comprehensive income (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	2	(8)	2	(8)
Total comprehensive expense for the period	<u>(1,492)</u>	<u>(2,803)</u>	<u>(3,130)</u>	<u>(5,191)</u>
Total comprehensive expense attributable to owners of the Company	<u>(1,492)</u>	<u>(2,803)</u>	<u>(3,130)</u>	<u>(5,191)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	101	276
Loan and interest receivables – non-current portion	12	1,868	1,912
Goodwill		609	609
		<u>2,578</u>	<u>2,797</u>
CURRENT ASSETS			
Inventories	10	44	61
Financial assets at fair value through profit or loss		102	102
Trade and other receivables	11	973	1,112
Loan and interest receivables – current portion	12	19,735	17,714
Bank balances and cash		9,224	14,955
		<u>30,078</u>	<u>33,944</u>
CURRENT LIABILITIES			
Trade and other payables		1,519	2,174
Income tax liability		–	600
Amounts due to directors		2,541	2,241
		<u>4,060</u>	<u>5,015</u>
NET CURRENT ASSETS		<u>26,018</u>	<u>28,929</u>
NET ASSETS		<u><u>28,596</u></u>	<u><u>31,726</u></u>
CAPITAL AND RESERVES			
Share capital	13	24,822	24,822
Reserves		3,774	6,904
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>28,596</u></u>	<u><u>31,726</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2016

	Reserves									
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital redemption reserve HK\$'000	Warrant reserve HK\$'000	Reorganisation reserve HK\$'000 (Note c)	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Total HK\$'000
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>
At 1 January 2016	24,822	163,243	65,784	37	6,952	3,000	(237)	(231,875)	6,904	31,726
Loss for the period	-	-	-	-	-	-	-	(3,132)	(3,132)	(3,132)
Other comprehensive income for the period	-	-	-	-	-	-	2	-	2	2
Total comprehensive expense for the period	-	-	-	-	-	-	2	(3,132)	(3,130)	(3,130)
Lapsed of warrants (Note a)	-	-	-	-	(6,952)	-	-	6,952	-	-
Lapsed of share options (Note b)	-	-	(12)	-	-	-	-	12	-	-
At 30 June 2016	<u>24,822</u>	<u>163,243</u>	<u>65,772</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>(235)</u>	<u>(228,043)</u>	<u>3,774</u>	<u>28,596</u>

Notes:

- The subscription rights attached to the unlisted warrants of the Company to subscribe for new shares have expired on 21 May 2016. All 496,180,000 warrants are not exercised and the Group reverse the warrant reserve of approximately HK\$6,952,000 upon the expiry of warrants.
- During the six months ended 30 June 2016, the Group reversed the share options reserve of approximately HK\$12,000 upon the lapse of 125,000 share options.
- The amount represented the reserve arising from group reorganisation of the Company during the year ended 31 December 2000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Net cash used in operating activities	(5,728)	(9,064)
Net cash (used in) generated from investing activities	(5)	2
Net cash from financing activities	—	—
Decrease in cash and cash equivalents	(5,733)	(9,062)
Cash and cash equivalents at 1 January	14,955	22,693
Effect of foreign exchange rate changes	2	(8)
Cash and cash equivalents at 30 June	<u>9,224</u>	<u>13,623</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 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the unaudited condensed consolidated financial statements include applicable disclosures requirements of Chapter 18 of the Rules Governing the Listing of Securities of GEM ("GEM Listing Rules").

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 at the end of each reporting period. 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 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, 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 2015.

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.

In the current interim period, the Group has applied, for the first time, certain new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period.

The application of new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed 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.

An analysis of the Group's revenue by major products and services for the six months ended 30 June 2016 and 30 June 2015 are as follows:

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales and licensing of software and embedded systems through packaged software	653	531	1,206	1,123
Sales and licensing of software and embedded systems through online platform	363	291	720	584
Interest income	941	518	1,687	1,035
	<u>1,957</u>	<u>1,340</u>	<u>3,613</u>	<u>2,742</u>

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 segment under HKFRS 8 are as follows:

- Sales and licensing of software and embedded systems
- Development of biotech renewable energy
- 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 2016 and 30 June 2015:

	Unaudited							
	Six months ended 30 June							
	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>1,926</u>	<u>1,707</u>	<u>-</u>	<u>-</u>	<u>1,687</u>	<u>1,035</u>	<u>3,613</u>	<u>2,742</u>
Result								
Segment results	<u>128</u>	<u>(34)</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(35)</u>	<u>1,128</u>	<u>(69)</u>
Other income							2	40
Loss on disposal of property, plant and equipment							(139)	-
Unallocated expenses							<u>(4,123)</u>	<u>(5,154)</u>
Loss before taxation							<u><u>(3,132)</u></u>	<u><u>(5,183)</u></u>

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the six months ended 30 June 2016 and 30 June 2015.

Segment results represented the profit earned by or loss from each segment without allocation of central 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.

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 2016 and 30 June 2015:

	Unaudited							
	Six months ended 30 June							
	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	2,806	2,239	-	-	27,182	32,067	29,988	34,306
Unallocated assets							<u>2,668</u>	<u>3,247</u>
Total consolidated assets							<u><u>32,656</u></u>	<u><u>37,553</u></u>
Segment liabilities	(1,366)	(1,301)	-	-	(115)	(483)	(1,481)	(1,784)
Unallocated liabilities							<u>(2,579)</u>	<u>(2,011)</u>
Total consolidated liabilities							<u><u>(4,060)</u></u>	<u><u>(3,795)</u></u>

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 and bank balances and cash.
- All liabilities are allocated to reportable and operating segments other than certain other payables and amounts due to directors.

c. Geographical information

All of the Group's revenue and non-current assets are derived from customers and operations based in Hong Kong during the six months ended 30 June 2016 and 30 June 2015, and accordingly, no further analysis of the Group's geographical information is disclosed.

4. OTHER INCOME

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	1	1	2	2
Bad debt recovery	–	24	–	29
Others	–	5	–	9
	<u>1</u>	<u>30</u>	<u>2</u>	<u>40</u>

5. LOSS BEFORE TAXATION

	Unaudited		Unaudited	
	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before taxation is arrived at after charging:				
Depreciation of property, plant and equipment	14	29	43	59
Loss on disposal of property, plant and equipment*	<u>139</u>	<u>–</u>	<u>139</u>	<u>–</u>

* included in other operating expenses

6. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided in both periods as the Group did not generate any assessable profits arising in, or derived from Hong Kong during the six months ended 30 June 2016 and 30 June 2015.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong during the six months ended 30 June 2016 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (six months ended 30 June 2015: Nil).

7. 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 2016 attributable to the owners of the Company of approximately HK\$1,494,000 and HK\$3,132,000 respectively (three months and six months ended 30 June 2015: HK\$2,795,000 and HK\$5,183,000 respectively) and the weighted average number of shares of 2,482,150,000 (three months and six months ended 30 June 2015: 2,482,150,000) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and six months ended 30 June 2016 and 30 June 2015 are not presented because the existence of the outstanding share options during the periods has anti-dilutive effect on the basic loss per share.

8. INTERIM DIVIDEND

The Board do not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

There was HK\$7,000 addition of property, plant and equipment for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

10. Inventories

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Merchandise	21	41
Finished goods	23	20
	<u>44</u>	<u>61</u>

11. Trade and other receivables

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade receivables	272	332
Less: Allowances	—	—
	<u>272</u>	<u>332</u>
Prepayments	163	270
Deposits	483	465
Other receivables	55	45
	<u>701</u>	<u>780</u>
Total trade and other receivables	<u><u>973</u></u>	<u><u>1,112</u></u>

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 is as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
0 – 30 days	228	255
31 – 90 days	44	77
	<u>272</u>	<u>332</u>

12. Loan and interest receivables

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Personal loans	–	–
Mortgage loans	22,489	20,512
	<hr/>	<hr/>
	22,489	20,512
Less: Allowances	(886)	(886)
	<hr/>	<hr/>
Loan and interest receivables	<u>21,603</u>	<u>19,626</u>
Analysed for reporting purposes as:		
Current assets	19,735	17,714
Non-current assets	1,868	1,912
	<hr/>	<hr/>
	<u>21,603</u>	<u>19,626</u>

The loan receivables from customers bore fixed interest rate ranging from 1.5% to 2.5% per month and were payable according to the terms of 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:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Less than 3 months	3,828	3,632
Over 3 months but less than 1 year	15,907	14,082
Over 1 year but less than 3 years	1,868	1,912
	<hr/>	<hr/>
	<u>21,603</u>	<u>19,626</u>

13. Share capital

	Number of ordinary shares		Amount	
	2016 '000	2015 '000	2016 HK\$'000	2015 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>2,482,150</u>	<u>24,822</u>	<u>24,822</u>

14. 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 movements of the warrants during the period are as follows:

Date of grant	Exercise price HK\$	Exercise period	Number of warrants			Outstanding as at 30 June 2016
			Outstanding as at 1 January 2016	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)	-

The subscription rights attached to the unlisted warrants of the Company to subscribe for new shares have expired on 21 May 2016. All 496,180,000 warrants are not exercised and the Group reverse the warrant reserve of approximately HK\$6,952,000 upon the expiry of warrants.

15. 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.

Upon the termination of employment by retirement or resignation of directors and employees of the Company, the relevant eligible participants may exercise their options in whole or in part at any time within a period of three months commencing on the date of the cessation or termination of employment and any options not so exercised shall lapse at the end of such period.

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.

No liabilities were recognised due to these equity-settled share-based payment transactions.

	2016	2016	2015	2015
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
Exercisable period:				
At 1 January				
29/5/2007 to 28/5/2017	172,190,000	0.450	172,190,000	0.450
21/9/2011 to 20/9/2021	189,500,000	0.172	189,500,000	0.172
10/1/2014 to 9/1/2024	245,890,000	0.147	245,890,000	0.147
	<u>607,580,000</u>		<u>607,580,000</u>	
Lapsed during the periods				
21/9/2011 to 20/9/2021	(125,000)		–	0.172
At 30 June				
29/5/2007 to 28/5/2017	172,190,000	0.450	172,190,000	0.450
21/9/2011 to 20/9/2021	189,375,000	0.172	189,500,000	0.172
10/1/2014 to 9/1/2024	245,890,000	0.147	245,890,000	0.147
	<u>607,455,000</u>		<u>607,580,000</u>	

During the six months ended 30 June 2016, 125,000 share options were lapsed.

16. Commitments

(a) Capital commitments

As at 30 June 2016, the Group had no capital commitment (31 December 2015: Nil).

(b) Commitments under operating leases

As at 30 June 2016, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Within one year	1,295	1,556
In the second to the fifth years, inclusive	1,386	472
	<u>2,681</u>	<u>2,028</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 a minimum amount of cash in Renminbi in the bank account of its subsidiary in the PRC as working capital of the Group.

There was no borrowings on the Group's assets as at 30 June 2016 (31 December 2015: Nil).

The Group had no debt as at 30 June 2016 (31 December 2015: Nil).

The gearing ratio of the Group, based on total borrowings to shareholder's equity, was nil as at 30 June 2016 (31 December 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 six months ended 30 June 2016 (30 June 2015: Nil).

Acquisition, disposal of subsidiaries 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 2016 (30 June 2015: Nil).

Human Resources

Staff number

As at 30 June 2016, the Group employed 31 staff (30 June 2015: 37). Total staff costs, including directors' emoluments were approximately HK\$4.6 million for the six months ended 30 June 2016 as compared with that of approximately HK\$5.3 million for the corresponding period of the preceding financial year.

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 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 segmental 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 2016 (31 December 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.

BUSINESS REVIEW AND PROSPECTS

The consolidated turnover for the Company and its subsidiaries for the six months ended 30 June 2016, amounted to HK\$3,613,000, representing an increase of 31.8% from the corresponding period of previous year. Loss attributable to owners of the Company for the six months ended 30 June 2016 was HK\$3,132,000 (six months ended 30 June 2015: HK\$5,183,000). The loss per share was HK0.13 cent (six months ended 30 June 2015: loss per share of HK0.21 cent).

The Group recorded loan interest income of HK\$1,687,000 from provision of financing services for the six months ended 30 June 2016, representing an increase of 63.0% from the corresponding period of previous year (six months ended 30 June 2015: HK\$1,035,000). The average balance of loan and interest receivables for the period ended 30 June 2016 was HK\$21,303,000 (31 December 2015: HK\$16,772,000).

The Group recorded revenue of HK\$720,000 from sales and licensing of software and embedded system through online platform for the six months ended 30 June 2016, representing an increase of 23.3% from the corresponding period of previous year (six months ended 30 June 2015: HK\$584,000).

Packaged software sales for the six months ended 30 June 2016 was HK\$1,206,000, representing an increase of 7.4% from corresponding period of previous year (six months ended 30 June 2015: HK\$1,123,000).

The Group's total operating expenses for the six months ended 30 June 2016 totalled HK\$6,699,000 representing a decrease of 15.3% as compared to the six months ended 30 June 2015 (six months ended 30 June 2015: HK\$7,905,000).

The results for the six months ended 30 June 2016 were considered satisfactory under the current economic environment. All segments of businesses recorded a growth in profitability compared with corresponding period of last year. The management of the Group will continue to provide resources and supports for obtaining growth in profitability in 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. Each warrant conferring the rights to the subscriber to subscribe for one ordinary share of the Company at a subscription price of HK\$0.16 per share, subject to adjustment, during a period of 24 months commencing from 22 May 2014.

The warrants have expired on 21 May 2016, and no warrants have been exercised.

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

As at 30 June 2016, save for the interest of the directors in share options as below, neither of the directors nor the chief executive of the Company had interests and/or short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 June 2016, 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 2016	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2016	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 2016, 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 2016.

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 2016, options to subscribe for up to an aggregate of 607,455,000 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 2016	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2016	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	-	-	(125,000)	1,250,000	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>(125,000)</u>	<u>607,455,000</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 2016, all options have been vested.
- (ii) During the period, no options being granted or exercised, but 125,000 shares options were 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 2016, 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 2016, 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

Mr. Chow Wing Tung, an Independent Non-executive Director, held share interests in Great Harvest Finance Limited which is principally engaged in the business of hire purchase car financing. Mr. Chow was therefore considered to have interests in businesses which complete or are like to compete with the businesses of the Group pursuant to the GEM Listing Rules.

As the businesses of the Company and the above entity are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operate its businesses independently of, and at arm's length from the competing entity.

Saved as disclosed above, 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 2016. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the six months ended 30 June 2016.

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 2016.

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 six months ended 30 June 2016 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 except the following deviation:

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. The 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 of the Company present 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 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 2016 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 on 10 August 2016.

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

Hong Kong, 10 August 2016

As at the date of this report, 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. Tse On Kin as Chairman and independent non-executive Director and Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren as independent non-executive Directors.