



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)



THIRD QUARTERLY 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 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 turnover of HK\$5,149,000 for the nine months ended 30 September 2016, representing a decrease of 5.6% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$2,309,000 from provision of financing services for the nine months ended 30 September 2016, representing a decrease of 12.1% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$2,626,000).

The Group recorded revenue of HK\$1,065,000 from sales and licensing of software and embedded system through online platform for the nine months ended 30 September 2016, representing an increase 8.3% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$983,000).

Packaged software sales for the nine months ended 30 September 2016 was HK\$1,775,000, representing a decrease of 3.7% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$1,843,000).

The Group's total operating expenses for the nine months ended 30 September 2016 totalled HK\$11,930,000 representing an increase of 1.6% as compared to nine months ended 30 September 2015.

The Group recorded a net loss attributable to owners of the Company for the nine months ended 30 September 2016 of HK\$6,849,000 (nine months ended 30 September 2015: HK\$4,578,000). Loss per share attributable to the owners of the Company for the nine months ended 30 September 2016 was HK0.28 cent (loss per share for the nine months ended 30 September 2015: HK0.18 cent).

The unaudited consolidated results for the nine months ended 30 September 2016 and the comparison with last year are set out in the accompanying table.

## NINE MONTHS 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 nine months ended 30 September 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		Nine months ended	
		30 September 2016 HK\$'000	2015 HK\$'000	30 September 2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>	3				
– Interest Income		622	1,591	2,309	2,626
– Sales and licensing of software and embedded systems		914	1,119	2,840	2,826
		1,536	2,710	5,149	5,452
Cost of sales		(23)	(35)	(71)	(95)
<b>Gross profit</b>		1,513	2,675	5,078	5,357
Other income	4	1	1,771	3	1,811
Selling and distribution expenses		(331)	(350)	(997)	(993)
Research and development expenses		(373)	(357)	(1,108)	(1,064)
General and administrative expenses		(4,527)	(3,134)	(9,686)	(9,689)
Other operating expenses		–	–	(139)	–
(Loss)/Profit before taxation	5	(3,717)	605	(6,849)	(4,578)
Income tax expense	6	–	–	–	–
<b>(Loss)/Profit for the period</b>		<u>(3,717)</u>	<u>605</u>	<u>(6,849)</u>	<u>(4,578)</u>
(Loss)/Earnings per share for the period	7				
– Basic (HK cent)		<u>(0.15)</u>	<u>0.02</u>	<u>(0.28)</u>	<u>(0.18)</u>
– Diluted (HK cent)		<u>N/A</u>	<u>0.02</u>	<u>N/A</u>	<u>N/A</u>

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/Profit for the period	(3,717)	605	(6,849)	(4,578)
Other comprehensive (expense) income, net of income tax				
<i>Items that may be reclassified subsequently to profit and loss:</i>				
Exchange differences arising on translation of foreign operations	0	(28)	2	(36)
	<u>0</u>	<u>(28)</u>	<u>2</u>	<u>(36)</u>
Total comprehensive (expense) income for the period	<u>(3,717)</u>	<u>577</u>	<u>(6,847)</u>	<u>(4,614)</u>
Total comprehensive (expense) income attributable to owners of the Company	<u>(3,717)</u>	<u>577</u>	<u>(6,847)</u>	<u>(4,614)</u>

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

For the nine months ended 30 September 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	-	-	-	-	-	-	-	(4,578)	(4,578)	(4,578)
Other comprehensive expense for the period	-	-	-	-	-	-	(36)	-	(36)	(36)
At 30 September 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>(182)</u>	<u>(229,321)</u>	<u>9,513</u>	<u>34,335</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	-	-	-	-	-	-	-	(6,849)	(6,849)	(6,849)
Other comprehensive income for the period	-	-	-	-	-	-	2	-	2	2
Total comprehensive expense for the period	-	-	-	-	-	-	2	(6,849)	(6,847)	(6,847)
Lapsed of warrants (Note a)	-	-	-	-	(6,952)	-	-	6,952	-	-
Lapsed of share options (Note b)	-	-	(152)	-	-	-	-	152	-	-
At 30 September 2016	<u>24,822</u>	<u>163,243</u>	<u>65,632</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>(235)</u>	<u>(231,620)</u>	<u>57</u>	<u>24,879</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 nine months ended 30 September 2016, the Group reverse the share options reserve of approximately HK\$152,000 upon the lapse of 1,125,000 share options.
- The amount represented the reserve arising from group reorganisation of the Company during the year ended 31 December 2000.

Notes:

**1. General information**

The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, development of biotech renewable energy and the provision of financing services. There were no significant changes in the Group's operations during the nine months ended 30 September 2016.

The unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

**2. Summary of significant accounting policies**

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

In the current third quarterly 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 third quarterly period.

The application of new and revised HKFRSs in the current third quarterly 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 nine months ended 30 September 2016 and 30 September 2015 are as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Sales and licensing of software and embedded system through packaged software	569	720	1,775	1,843
Sales and licensing of software and embedded system through online platform	345	399	1,065	983
Interest income	622	1,591	2,309	2,626
	<u>1,536</u>	<u>2,710</u>	<u>5,149</u>	<u>5,452</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 segments 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 nine months ended 30 September 2016 and 30 September 2015:

	Unaudited							
	Nine months ended 30 September							
	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	
<b>Revenue</b>								
External sales	<u>2,840</u>	<u>2,826</u>	<u>-</u>	<u>-</u>	<u>2,309</u>	<u>2,626</u>	<u>5,149</u>	<u>5,452</u>
<b>Result</b>								
Segment results	<u>118</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>(1,105)</u>	<u>2,532</u>	<u>(987)</u>	<u>2,668</u>
Other income							3	1,811
Loss on disposal of property, plant and equipment							(139)	-
Unallocated expenses							<u>(5,726)</u>	<u>(9,057)</u>
<b>Loss before taxation</b>							<u><u>(6,849)</u></u>	<u><u>(4,578)</u></u>

Revenue reported above represents revenue generated from external customers.

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

Segment results represented the profit earned 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 nine months ended 30 September 2016 and 30 September 2015:

	Unaudited							
	Nine months ended 30 September							
	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	2,833	2,435	-	-	21,735	32,429	24,568	34,864
Unallocated assets							4,578	3,434
Total consolidated assets							<u>29,146</u>	<u>38,298</u>
Segment liabilities	(1,359)	(1,315)	-	-	(60)	(478)	(1,419)	(1,793)
Unallocated liabilities							(2,848)	(2,170)
Total consolidated liabilities							<u>(4,267)</u>	<u>(3,963)</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 income

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Interest income	1	1	3	3
Bad debt recovery	-	1,770	-	1,799
Others	-	-	-	9
	<u>1</u>	<u>1,771</u>	<u>3</u>	<u>1,811</u>

#### 5. Loss before taxation

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss before taxation is arrived at after charging:				
Depreciation of property, plant and equipment	13	27	56	86
Loss on disposal of property, plant and equipment*	-	-	139	-
	<u>-</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 nine months ended 30 September 2016 and 30 September 2015.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong during the nine months ended 30 September 2016 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (nine months ended 30 September 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 nine months ended 30 September 2016 attributable to the owners of the Company of approximately HK\$3,717,000 and HK\$6,849,000 respectively (the basic profit per share for the three months ended 30 September 2015 approximately HK\$605,000 and the basic loss per share for the nine months ended 30 September 2015 approximately HK\$4,578,000) and the weighted average number of shares of 2,482,150,000 (three months and nine months ended 30 September 2015: 2,482,150,000) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and nine months ended 30 September 2016 and 30 September 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 nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

## **BUSINESS REVIEW AND PROSPECTS**

The consolidated turnover for the Company and its subsidiaries for the nine months ended 30 September 2016, amounted to HK\$5,149,000, representing a decrease of 5.6% from the corresponding period of previous year. Loss attributable to owners of the Company for the nine months ended 30 September 2016 was HK\$6,849,000 (nine months ended 30 September 2015: HK\$4,578,000). The loss per share attributable to the owners of the Company for the nine months ended 30 September 2016 was HK0.28 cent (loss per share for the nine months ended 30 September 2015: HK0.18 cent).

The Group recorded loan interest income of HK\$2,309,000 from provision of financing services for the nine months ended 30 September 2016, representing a decrease of 12.1% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$2,626,000). The average balance of loan and interest receivables for the nine months ended 30 September 2016 was HK\$21,104,000 (31 December 2015: HK\$16,772,000).

The Group recorded revenue of HK\$1,065,000 from sales and licensing of software and embedded system through online platform for the nine months ended 30 September 2016, representing an increase 8.3% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$983,000).

Packaged software sales for the nine months ended 30 September 2016 was HK\$1,775,000, representing a decrease of 3.7% from the corresponding period of previous year (nine months ended 30 September 2015: HK\$1,843,000).

The Group's total operating expenses for the nine months ended 30 September 2016 totalled HK\$11,930,000 representing an increase of 1.6% as compared to nine months ended 30 September 2015.

Although the results for all business segments in this quarter are not meeting the expectations from the management of the Group, the management will continue to provide resources and explore more business in attempts to obtain growth in profitability for the Group.

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 September 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 September 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					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	Outstanding as at 30 September 2016			
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 September 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 September 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 September 2016, options to subscribe for up to an aggregate of 606,455,000 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 September 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	Outstanding as at 30 September 2016			
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	-	-	(1,000,000)	1,000,000	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>(1,125,000)</u>	<u>606,455,000</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 September 2016, all options have been vested.
- (ii) During the period, no options being granted or exercised, but 1,125,000 share 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 September 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 September 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 nine months ended 30 September 2016. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 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 nine months ended 30 September 2016.

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

Following the resignation of Mr. Tse On Kin on 9 November 2016, the Company has two independent non-executive directors and two audit committee members, the number of which fell below the minimum number required under Rule 5.05(1) and Rule 5.28 of the GEM Listing Rules. Further, the number of independent non-executive director fell below one-third of the Board members as required under Rule 5.05A of the GEM Listing Rules. The Company is actively identifying suitable candidate to fill the vacancy in order to comply with the requirements of the GEM Listing Rules.

### **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 nine months ended 30 September 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 E1.2**

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 two independent non-executive directors, namely Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren. Mr. Chow Wing Tung is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control procedures. The Group's unaudited condensed consolidated results for the nine months ended 30 September 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 November 2016.

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

Hong Kong, 10 November 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, and Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren as independent non-executive Directors.*