



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
2017

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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\$2,774,000 for the six months ended 30 June 2017, representing a decrease of 23.2% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$1,078,000 from provision of financing services for the six months ended 30 June 2017, representing a decrease of 36.1% from the corresponding period of previous year (six months ended 30 June 2016: HK\$1,687,000).

The Group recorded revenue of HK\$698,000 from sales and licensing of software and embedded systems through online platform for the six months ended 30 June 2017, representing a decrease of 3.1% from the corresponding period of previous year (six months ended 30 June 2016: HK\$720,000).

Packaged software sales for the six months ended 30 June 2017 was HK\$998,000, representing a decrease of 17.2% from the corresponding period of previous year (six months ended 30 June 2016: HK\$1,206,000).

The Group's total operating expenses for the six months ended 30 June 2017 totalled HK\$5,613,000 representing a decrease of 16.2% as compared to the six months ended 30 June 2016 (six months ended 30 June 2016: HK\$6,699,000).

The Group recorded a net loss attributable to owners of the Company for the six months ended 30 June 2017 of HK\$1,948,000 (six months ended 30 June 2016: HK\$3,132,000). Loss per share attributable to the owners of the Company for the six months ended 30 June 2017 is HK0.08 cent (six months ended 30 June 2016: loss per share HK0.13 cent).

The unaudited condensed consolidated results for the six months ended 30 June 2017 and the comparison with last year are set out in the accompanying table.

INTERIM RESULTS (UNAUDITED)

The board (the "Board") of directors (the "Directors") of China Bio Cassava Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 June 2017, together with the unaudited comparative figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and six months ended 30 June 2017

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3				
– Interest income		534	941	1,078	1,687
– Sales and licensing of software and embedded systems		911	1,016	1,696	1,926
		<u>1,445</u>	<u>1,957</u>	<u>2,774</u>	<u>3,613</u>
Cost of sales		<u>(20)</u>	<u>(25)</u>	<u>(35)</u>	<u>(48)</u>
Gross profit		<u>1,425</u>	<u>1,932</u>	<u>2,739</u>	<u>3,565</u>
Other income	4	850	1	855	2
Selling and distribution expenses		(93)	(336)	(188)	(666)
Research and development expenses		(371)	(376)	(739)	(735)
General and administrative expenses		(2,488)	(2,576)	(4,686)	(5,159)
Other operating expenses		<u>–</u>	<u>(139)</u>	<u>–</u>	<u>(139)</u>
Operating loss		<u>(677)</u>	<u>(1,494)</u>	<u>(2,019)</u>	<u>(3,132)</u>
Share of profit of an associate		<u>71</u>	<u>–</u>	<u>71</u>	<u>–</u>
Loss before taxation	5	<u>(606)</u>	<u>(1,494)</u>	<u>(1,948)</u>	<u>(3,132)</u>
Income tax expense	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss for the period		<u><u>(606)</u></u>	<u><u>(1,494)</u></u>	<u><u>(1,948)</u></u>	<u><u>(3,132)</u></u>
Loss per share for the period	7				
– Basic (HK cent)		<u><u>(0.03)</u></u>	<u><u>(0.06)</u></u>	<u><u>(0.08)</u></u>	<u><u>(0.13)</u></u>
– Diluted (HK cent)		<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period	(606)	(1,494)	(1,948)	(3,132)
Other comprehensive income (expense), net of income tax				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	50	2	50	2
Decrease in fair value of available-for-sale investments	(312)	–	(312)	–
Other comprehensive (expense) income for the period	(262)	2	(262)	2
Total comprehensive expense for the period	<u>(868)</u>	<u>(1,492)</u>	<u>(2,210)</u>	<u>(3,130)</u>
Total comprehensive expense attributable to owners of the Company	<u>(868)</u>	<u>(1,492)</u>	<u>(2,210)</u>	<u>(3,130)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	9	67	95
Loan and interest receivables – non-current portion	14	–	1,815
Goodwill		609	609
Available-for-sale investments	10	9,106	–
Investment in an associate	11	7,571	–
		<u>17,353</u>	<u>2,519</u>
CURRENT ASSETS			
Inventories	12	47	40
Financial assets at fair value through profit or loss		102	102
Trade and other receivables	13	1,320	8,224
Loan and interest receivables – current portion	14	20,608	12,708
Tax recoverable		319	319
Held-to-maturity investments		930	556
Bank balances and cash		31,061	5,753
		<u>54,387</u>	<u>27,702</u>
CURRENT LIABILITIES			
Other payables and accrued expenses		1,515	2,560
Amounts due to directors		–	3,116
		<u>1,515</u>	<u>5,676</u>
NET CURRENT ASSETS		<u>52,872</u>	<u>22,026</u>
NET ASSETS		<u>70,225</u>	<u>24,545</u>
CAPITAL AND RESERVES			
Share capital	15	29,722	24,822
Reserves		40,503	(277)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>70,225</u>	<u>24,545</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Reserves										
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Share options reserve HK\$'000 (Unaudited)	Capital redemption reserve HK\$'000 (Unaudited)	Warrant reserve HK\$'000 (Unaudited)	Reorganisation reserve HK\$'000 (Unaudited) (Note c)	Investment revaluation reserve HK\$'000 (Unaudited)	Foreign currency translation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Sub-total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2016 (Audited)	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(i))	-	-	(12)	-	-	-	-	-	12	-	-
At 30 June 2016 (Unaudited)	<u>24,822</u>	<u>163,243</u>	<u>65,772</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>(235)</u>	<u>(228,043)</u>	<u>3,774</u>	<u>28,596</u>
At 1 January 2017 (Audited)	24,822	163,243	46,670	37	-	3,000	-	(301)	(212,926)	(277)	24,545
Loss for the period	-	-	-	-	-	-	-	-	(1,948)	(1,948)	(1,948)
Other comprehensive (expense) income for the period	-	-	-	-	-	-	(312)	50	-	(262)	(262)
Total comprehensive expense for the period	-	-	-	-	-	-	(312)	50	(1,948)	(2,210)	(2,210)
Lapsed of share options (Note b(i))	-	-	(29,395)	-	-	-	-	-	29,395	-	-
Issue of shares upon placing, net of expense (Note 15(a))	2,400	21,238	-	-	-	-	-	-	-	21,238	23,638
Issue of shares upon placing, net of expense (Note 15(b))	2,500	21,752	-	-	-	-	-	-	-	21,752	24,252
At 30 June 2017 (Unaudited)	<u>29,722</u>	<u>206,233</u>	<u>17,275</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>(312)</u>	<u>(251)</u>	<u>(185,479)</u>	<u>40,503</u>	<u>70,225</u>

Notes:

- (a) The subscription rights attached to the unlisted warrants of the Company to subscribe for new shares have been expired on 21 May 2016. No warrants had been exercised and all 496,180,000 warrants were lapsed and the warrant reserve of approximately HK\$6,952,000 had been credited to the accumulated losses during the six months ended 30 June 2016.
- (b)
 - (i) 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.
 - (ii) During the six months ended 30 June 2017, the Group reversed the share options reserve of approximately HK\$29,395,000 upon the lapse of 172,690,000 share options.
- (c) 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

For the six months ended 30 June 2017

	Six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(5,352)	(5,728)
Net cash used in investing activities	(17,247)	(5)
Net cash from financing activities	<u>47,890</u>	<u>–</u>
Net increase (decrease) in cash and cash equivalents	25,291	(5,733)
Cash and cash equivalents at 1 January	5,753	14,955
Effect of foreign exchange rate changes	<u>17</u>	<u>2</u>
Cash and cash equivalents at 30 June, Represented by bank balances and cash	<u><u>31,061</u></u>	<u><u>9,224</u></u>

Notes:

1. General information

The shares of the Company are listed on the Growth Enterprise Market (“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 and the provision of financing services. The Group discontinued its operations in the development of biotech renewable energy during the first quarter of 2017 and in July 2017, the Group commenced the provision of financial public relations services business. Save for this, there were no significant changes in the Group’s operations during the six months ended 30 June 2017.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

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 2016, 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 2016.

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 HKICPA has issued a number of revised HKFRSs which are generally effective for accounting periods beginning on or after 1 January 2017. The Group has adopted the following revised standards for the first time for these unaudited condensed consolidated financial statements for the six months ended 30 June 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these unaudited 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 the provision of financing services during the three months and six months ended 30 June 2017.

An analysis of the Group's revenue by major products and services for the three months and six months ended 30 June 2017 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Sales and licensing of software and embedded systems through packaged software	561	653	998	1,206
Sales and licensing of software and embedded systems through online platform	350	363	698	720
Interest income	534	941	1,078	1,687
	<u>1,445</u>	<u>1,957</u>	<u>2,774</u>	<u>3,613</u>

ii. **Segment information**

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance, focus on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) Sales and licensing of software and embedded systems
- (b) 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 2017:

	Six months ended 30 June					
	Sales and licensing of software and embedded systems		Provision of financing services		Total	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue						
External sales	<u>1,696</u>	<u>1,926</u>	<u>1,078</u>	<u>1,687</u>	<u>2,774</u>	<u>3,613</u>
Result						
Segment results	<u>19</u>	<u>128</u>	<u>234</u>	<u>1,000</u>	253	1,128
Interest income					12	2
Other income					843	-
Written off of disposal of property, plant and equipment					-	(139)
Unallocated expenses					<u>(3,127)</u>	<u>(4,123)</u>
Operating loss					(2,019)	(3,132)
Share of profit of an associate					<u>71</u>	-
Loss before taxation					<u>(1,948)</u>	<u>(3,132)</u>

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the six months ended 30 June 2017 and 30 June 2016.

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:

	As at 30 June					
	Sales and licensing of software and embedded systems		Provision of financing services		Total	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Segment assets	2,753	2,806	25,083	27,182	27,836	29,988
Unallocated assets:						
Available-for-sale investments					9,106	-
Investment in an associate					7,571	-
Bank balances and cash*					25,359	-
Others					1,868	2,668
					<u>71,740</u>	<u>32,656</u>
Total consolidated assets						
Segment liabilities	651	1,366	175	115	826	1,481
Unallocated liabilities					689	2,579
					<u>1,515</u>	<u>4,060</u>
Total consolidated liabilities						

* certain bank balances and cash are allocated to operating segments

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, available-for-sale investments, investment in an associate, prepayments, deposits and other receivables, held-to-maturity investments and certain bank balances and cash.
- All liabilities are allocated to reportable and operating segments other than certain other payables and accrued expenses and amounts due to directors.

c. Geographical information

For the six months ended 30 June 2017 and 30 June 2016, all of the Group's revenue and non-current assets are derived from customers and operations based in Hong Kong, and accordingly, no further analysis of the Group's geographical information is disclosed.

4. Other income

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest income	7	1	12	2
Write back of other payables and accrued expenses	843	-	843	-
	<u>850</u>	<u>1</u>	<u>855</u>	<u>2</u>

5. Loss before taxation

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss before taxation is arrived after charging:				
Depreciation of property, plant and equipment	14	14	28	43
Written off of property, plant and equipment**	-	139	-	139
	<u>-</u>	<u>139</u>	<u>-</u>	<u>139</u>

** included in other operating expenses

6. Income tax expense

For the six months ended 30 June 2017, no Hong Kong Profits Tax has been provided as the Group did not generate any assessable profits arising in Hong Kong (six months ended 30 June 2016: Nil).

For the six months ended 30 June 2017, no profits tax has been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions (six months ended 30 June 2016: 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 2017 attributable to the owners of the Company of approximately HK\$606,000 and HK\$1,948,000 respectively (three months and six months ended 30 June 2016: HK\$1,494,000 and HK\$3,132,000 respectively) and the weighted average number of shares of 2,482,150,000 and 2,563,917,956 (three months and six months ended 30 June 2016: 2,482,150,000) ordinary shares of the Company in issue during the respective periods.

Diluted loss per share for the three months and six months ended 30 June 2017 and 30 June 2016 are not presented because the exercise of the outstanding share options would have anti-dilutive effect on the basic loss per share.

8. Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

9. Property, plant and equipment

There was no addition of property, plant and equipment for the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$7,000).

10. Available-for-sale investments

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Equity securities listed in Hong Kong, at fair value	<u>9,106</u>	<u>-</u>

The fair value is based on the quoted prices of the respective securities in active markets for identical assets. For the six months ended 30 June 2017, an amount of HK\$312,000 (six months ended 30 June 2016: Nil) has been recognised in other comprehensive income.

As at 30 June 2017, there was no impairment recognised in respect of available-for-sale investments (31 December 2016: Nil).

11. Investment in an associate

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Acquisition of an associate	7,500	–
Share of post-acquisition results	71	–
	<u>7,571</u>	<u>–</u>

Particulars of the associates are as follows:

Name	Place/country of incorporation and kind of legal entity	Issued and paid-up capital	Percentage of effective interest held by the Company	Principal activities
Master Ace Group Corporation ("Master Ace")	British Virgin Islands, limited liability company	US\$50,000	30% (Direct) (31 December 2016: Nil)	Investment holding
Quasar Asset Management Limited	Hong Kong, limited liability company	HK\$2,000,000	30% (Indirect) (31 December 2016: Nil)	Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")
Quasar Securities Company Limited	Hong Kong, limited liability company	HK\$6,000,000	30% (Indirect) (31 December 2016: Nil)	Type 1 (dealing in securities) regulated activities under the SFO

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
The Group's share of profit/total comprehensive income	71	–
Aggregate carrying amount of the Group's investment in an associate	<u>7,571</u>	<u>–</u>

12. Inventories

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Merchandise	24	25
Finished goods	23	15
Net realisable value of inventories	<u>47</u>	<u>40</u>

13. Trade and other receivables

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade receivables (Note)	<u>193</u>	<u>161</u>
Prepayments	211	66
Deposits	875	452
Other receivables	41	7,545
	<u>1,127</u>	<u>8,063</u>
Total trade and other receivables	<u>1,320</u>	<u>8,224</u>

Note: Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods. No interest is charged on the trade receivables.

The Group generally allows an average credit period of 0–30 days to its customers. The aging analysis of the Group's trade receivables presented based on invoice date as at the end of the reporting period is as follows:

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0–30 days	177	139
31–90 days	16	20
91–180 days	–	1
Over 180 days	–	1
	<u>193</u>	<u>161</u>

14. Loan and interest receivables

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Mortgage loans	11,437	16,352
Personal loans	11,000	–
	<u>22,437</u>	<u>16,352</u>
Less: Allowances	<u>(1,829)</u>	<u>(1,829)</u>
Loan and interest receivables (including interest receivables of HK\$8,000 (31 December 2016: HK\$572,000))	<u>20,608</u>	<u>14,523</u>
Analysed for reporting purposes as:		
Current assets	20,608	12,708
Non-current assets	–	1,815
	<u>20,608</u>	<u>14,523</u>

The loan receivables from customers bore fixed interest rate ranging from 1.25% to 1.83% (31 December 2016: 1.5% to 2.5%) per month and were repayable according to the terms of the loan agreements. Included in the gross balances are loans of approximately HK\$11,437,000 (31 December 2016: HK\$16,352,000) which are secured by real estates in Hong Kong.

Included in the loan and interest receivables with gross amount of approximately HK\$1,829,000 which are past due have been fully impaired for the year ended 31 December 2016.

All loan and interest receivables are denominated in HK\$. The maturity profile of these loan receivables from customers (including interest receivables), net of impairment losses recognised, at the end of reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	As at	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Past due but not impaired	2,600	3,092
Less than 3 months	–	4,080
Over 3 months but less than 1 year	18,008	5,536
Over 1 year but less than 3 years	–	1,815
	<u>20,608</u>	<u>14,523</u>

15. Share capital

	Number of shares '000	Amount HK\$'000
Share with par value of HK\$0.01 each		
Authorised:		
As at 1 January 2016 (Audited), 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	50,000,000	500,000
Issued and fully paid:		
As at 1 January 2016 (Audited) and 31 December 2016 (Audited)	2,482,150	24,822
Issue of shares by way of placing (Note a)	240,000	2,400
Issue of shares by way of placing (Note b)	250,000	2,500
As at 30 June 2017 (Unaudited)	<u>2,972,150</u>	<u>29,722</u>

Notes:

- (a) On 17 May 2017, the Company allotted and issued 240,000,000 ordinary shares of HK\$0.01 each in the capital of the Company by way of placing at a placing price of HK\$0.1 per share. The Company raised approximately HK\$23,638,000 (net of expenses).
- (b) On 15 June 2017, the Company allotted and issued 250,000,000 ordinary shares of HK\$0.01 each in the capital of the Company by way of placing at a placing price of HK\$0.1 per share. The Company raised approximately HK\$24,252,000 (net of expenses).

16. 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.

	2017	2017	2016	2016
		Weighted		Weighted
		average		average
		exercise		exercise
		price		price
	Number	HK\$	Number	HK\$
Exercisable period:				
At 1 January				
29/5/2007 to 28/5/2017	171,190,000	0.450	172,190,000	0.450
21/9/2011 to 20/9/2021	2,250,000	0.172	189,500,000	0.172
10/1/2014 to 9/1/2024	244,890,000	0.147	245,890,000	0.147
	<u>418,330,000</u>		<u>607,580,000</u>	
Lapsed during the periods				
29/5/2007 to 28/5/2017	(171,190,000)	0.450	–	
21/9/2011 to 20/9/2021	(500,000)	0.172	(125,000)	0.172
10/1/2014 to 9/1/2024	(1,000,000)	0.147	–	
	<u>(172,690,000)</u>		<u>(125,000)</u>	
At 30 June				
29/5/2007 to 28/5/2017	–	0.450	172,190,000	0.450
21/9/2011 to 20/9/2021	1,750,000	0.172	189,375,000	0.172
10/1/2014 to 9/1/2024	243,890,000	0.147	245,890,000	0.147
	<u>245,640,000</u>		<u>607,455,000</u>	

During the six months ended 30 June 2017, 172,690,000 (six months ended 30 June 2016: 125,000) share options were lapsed.

17. Commitments

(a) Capital commitments

As at 30 June 2017, the Group had no capital commitment (31 December 2016: Nil).

(b) Operating leases

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	As at	
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Within one year	1,639	1,308
In the second to the fifth years, inclusive	975	346
	<u>2,614</u>	<u>1,654</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and financial resources

The Group has no interest bearing debt. The Group relies on the internal resources, the net proceeds from its IPO, the subsequent issue of warrants and rights issue and the issue of shares by way of placing completed during the six months ended 30 June 2017 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 as working capital in the bank accounts of its subsidiaries in People Republic of China in Renminbi and the balance in Hong Kong dollars.

There was no pledge on the Group's assets as at 30 June 2017 (31 December 2016: Nil).

The Group had no debt as at 30 June 2017 (31 December 2016: Nil).

The gearing ratio of the Group, based on total borrowings to shareholder's equity, was nil as at 30 June 2017 (31 December 2016: Nil).

Order book

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

Investments

The Group invested in Hong Kong's listed securities recognised as long-term investments.

For the six months ended 30 June 2017, the Group recognised decrease in fair value of available-for-sale investments of approximately HK\$312,000 (six months ended 30 June 2016: Nil).

Acquisition, disposal of subsidiary and affiliated companies

On 11 April 2017, the Company and the Vendor entered into the Agreement pursuant to which the Vendor had conditionally agreed to sell and the Company had conditionally agreed to purchase Sale Shares, representing 30% of the issued capital in Master Ace for the consideration satisfied by the issue of the promissory note with principal sum of HK\$7.5 million at Completion. The Acquisition was completed on 26 April 2017 upon the fulfilment of all Conditions Precedent under the Agreement. Following the Completion, the Company has become the ultimate holder of 30% issued share capital in Master Ace and the investment of the Group in Master Ace has been classified as investment in an associate in accordance with the relevant accounting standards. Details of the above were disclosed in the announcements of the Company dated 11 April 2017 and 26 April 2017 and Note 11 under Notes to the unaudited condensed consolidated financial statements for the six months ended 30 June 2017.

Save for the above, the Group did not have any material acquisition or disposal of subsidiaries or affiliated companies for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Human Resources

Staff number

As at 30 June 2017, the Group employed 27 staff (30 June 2016: 31). Total staff costs, including directors' emoluments were approximately HK\$3.9 million for the six months ended 30 June 2017 as compared with that of approximately HK\$4.6 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

Reference is made to the announcement of the Company dated 14 July 2017 that on 14 July 2017, the Company and the Vendor entered into the Sale and Purchase Agreement in relation to the acquisition of the Sale Shares, representing 70% of the entire issued share capital of Master Ace and the Sale Loan for an aggregate consideration of HK\$18,227,000, which shall be settled by the Company by way of cash Deposit, the issue of the Promissory Notes and cash upon Completion subject to the satisfaction of the Conditions on or before 31 December 2017, or such later date as the Vendor and the Company may agree in writing. As at the date of this report, the transaction has not been completed yet.

The management of the Group have always been proactive in seeking opportunities for diversifying of the scope of the Group's business and are optimistic to the future of Hong Kong securities and financial industry. The management of the Group considers the acquisition represents an investment opportunity to participate in Hong Kong securities and financial industry.

Segment information

Details of the segment information have been set out in Note 3 under Notes to the unaudited condensed consolidated 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 2017 (31 December 2016: 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

Overall performance

The consolidated turnover for the Company and its subsidiaries for the six months ended 30 June 2017, amounted to HK\$2,774,000, representing a decrease of 23.2% from the corresponding period of previous year. Loss attributable to owners of the Company for the six months ended 30 June 2017 was HK\$1,948,000 (six months ended 30 June 2016: HK\$3,132,000). The loss per share was HK0.08 cent (six months ended 30 June 2016: loss per share of HK0.13 cent).

The Group recorded loan interest income of HK\$1,078,000 from the provision of financing services for the six months ended 30 June 2017, representing a decrease of 36.1% from the corresponding period of previous year (six months ended 30 June 2016: HK\$1,687,000). The average balance of loan and interest receivables during the six months ended 30 June 2017 was HK\$10,026,000 (31 December 2016: HK\$19,727,000).

The Group recorded revenue of HK\$698,000 from sales and licensing of software and embedded system through online platform for the six months ended 30 June 2017, representing a decrease of 3.1% from the corresponding period of previous year (six months ended 30 June 2016: HK\$720,000).

Packaged software sales for the six months ended 30 June 2017 was HK\$998,000, representing a decrease of 17.2% from corresponding period of previous year (six months ended 30 June 2016: HK\$1,206,000).

The Group's total operating expenses for the six months ended 30 June 2017 totalled HK\$5,613,000 representing a decrease of 16.2% as compared to the six months ended 30 June 2016 (six months ended 30 June 2016: HK\$6,699,000).

The results for the three months ended 30 June 2017 showed slight improvement by decreasing the loss in half which may not be satisfactory. However, with the new aspiration, dynamic and experience in law and regulations being brought by the new members of the Board, the Group will continue to seize the opportunities in the money lending market and utilise the working capital from the fund raising activities available to the Group for the development of the money lending business under prudent credit management. The management of the Group believes that it will continue to contribute a favourable income stream to the Group in future years and additional financial resources.

Business development

The management of the Group has been actively exploring other business opportunities in order to diversify the existing businesses of the Group and to explore new markets with potential. In July 2017, the Group commenced its new business into financial public relations industry with the entering into several strategic cooperation agreements with several cooperating companies whose shares are either listed or not listed in the Stock Exchange, pursuant to which, the Group will provide professional financial public relations services to each of the cooperating companies, including but not limited to, (i) public relations services; (ii) investor relations services; (iii) events coordination; (iv) media relationship management; and (v) capital markets branding, etc ("PR segment"). The management of the Group believes the PR segment not only diversify the income sources of the Group but also will further strengthen the income streams and profitability of the Group continuously.

ADVANCE TO AN ENTITY

Pursuant to Rule 17.15 of the GEM Listing Rules, a disclosure obligation arises when advance to an entity from the Company exceeds 8% of the total assets of the Company. As at 30 June 2017, the Company's total assets were approximately HK\$71,740,000. Pursuant to Rule 17.22 of the GEM Listing Rules, details of the advance which remained outstanding as at 30 June 2017 were set out below:

Loan Agreement A

Date of Agreement	: 8 June 2017
Lender	: Fortune Credit Limited, an indirect wholly-owned subsidiary of the Company
Borrower	: Customer A, an individual and third party independent of the Company
Principal	: HK\$6,000,000
Interest rate	: 18% per annum
Term	: Six months
Repayment	: Save that the first quarterly payment of interest shall be deducted from the principal amount of the loan, Customer A shall pay the final balance amount of the principal amount of the loan together with any outstanding interest on the expiry of six months from the date on which the loan is made or any other later date as may be mutually agreed in writing by the Lender and the Customer A
Collateral	: Personal guarantee provided by Guarantor B

Loan Agreement B

Date of Agreement	: 29 June 2017
Lender	: Fortune Credit Limited, an indirect wholly-owned subsidiary of the Company
Borrower	: Customer C and Customer D, each of them is an individual and a third party independent of the Company
Principal	: HK\$7,000,000
Interest rate	: 21% per annum
Term	: Twelve months
Repayment	: Both Customer C and Customer D shall pay the interest accrued on the loan on a monthly basis and shall repay the principal amount of the loan together with any outstanding interest accrued thereon on the due date of the loan
Collateral	: A third legal charge in respect of two properties located in Hong Kong

It is required under Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customer A, Guarantor B, Customer C and Customer D (collectively, the "Customers"). As each of the Customers is unwilling to disclose his identity to public and also for other commercial considerations, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 17.17(3) of the GEM Listing Rules to disclose the identities of the Customers.

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

As at 30 June 2017, save for the interests of the Directors in share options as below, neither the Directors nor the chief executive of the Company had interests and/or short positions in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the 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 2017, there were a total of 3,400,000 outstanding share options of the Company granted to the Directors, 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 2017	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Transfer upon resignation				
Kwan Kin Chung (Note 2)	29/5/2007	4,000,000	-	-	(4,000,000)	-	-	29/5/2007 to 28/5/2017	HK\$0.450	-
	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 (Note 3)	10/1/2014	1,200,000	-	-	-	(1,200,000)	-	10/1/2014 to 9/1/2024	HK\$0.147	-
Poon Yu Keung	10/1/2014	1,200,000	-	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Hung Ching Fung	10/1/2014	1,200,000	-	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Leung Lap Yan (Note 2)	29/5/2007	2,000,000	-	-	(2,000,000)	-	-	29/5/2007 to 28/5/2017	HK\$0.450	-
	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	0.03%
Total		<u>14,300,000</u>	<u>-</u>	<u>-</u>	<u>(6,000,000)</u>	<u>(4,900,000)</u>	<u>3,400,000</u>			

Notes:

- 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 2017, all options have been vested.
- Mr. Kwan Kin Chung and Mr. Leung Lap Yan resigned as an executive director of the Company and a non-executive director of the Company respectively with effect from 31 May 2017.
- Mr. Yu Huaguo resigned as an executive director of the Company with effect from 10 April 2017.

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 2017.

SHARE OPTION SCHEMES


On 27 April 2007, a new share option scheme (the "New Share Option Scheme") was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the "Old Share Option Scheme") was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme.

As at 30 June 2017, options to subscribe for up to an aggregate of 245,640,000 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						Option exercise period	Exercise price per share
		Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Transfer upon resignation	Outstanding as at 30 June 2017		
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	-	-	-	(3,400,000)	3,400,000	10/1/2014 to 9/1/2024	HK\$0.147
Employees other than the Directors	29/5/2007	2,000,000	-	-	(2,000,000)	-	-	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	750,000	-	-	(500,000)	-	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
Consultants	29/5/2007	163,190,000	-	-	(163,190,000)	-	-	29/5/2007 to 28/5/2017	HK\$0.450
	10/1/2014	237,090,000	-	-	-	-	237,090,000	10/1/2014 to 9/1/2024	HK\$0.147
Other eligible participants	21/9/2011	-	-	-	-	1,500,000	1,500,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	-	-	-	-	3,400,000	3,400,000	10/1/2014 to 9/1/2024	HK\$0.147
Total		<u>418,330,000</u>	<u>-</u>	<u>-</u>	<u>(172,690,000)</u>	<u>-</u>	<u>245,640,000</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 2017, all options have been vested.
- (ii) During the six months ended 30 June 2017, a total of 172,690,000 options were lapsed while there was no option being exercised or cancelled.



Details of options granted to Directors 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 2017, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors, the Directors are not aware of any other party (save for those disclosed above in respect of the Directors and chief executives) 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.

Save as disclosed above, none of the Directors and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its listed securities during the six months ended 30 June 2017. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company’s listed securities during the six months ended 30 June 2017.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

Pursuant to the Rule 17.50A(1) of the GEM Listing Rules, there is a change in the information of the Directors since the date of the 2016 Annual Report of the Company during the course of their terms of office as required to be disclosed as follows:

Mr. Chow Wing Tung, an independent non-executive Director of the Company, resigned as an independent non-executive director of Jimei International Entertainment Group Limited (a company listed on the main board of the Stock Exchange (stock code: 1159) on 31 May 2017.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the 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 2017.

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 of the Company. Throughout the six months ended 30 June 2017 under review, the Company has complied with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 15 of the GEM Listing Rules, with the exception of deviation set out below.

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2017 under review, the Company has not appointed a chairman, and the roles and functions of a chairman have been performed by all the executive Directors collectively.

Under Code Provision A.6.7, independent non-executive directors and non-executive director should attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Yam Chiu Fan Joseph, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 June 2017 due to their respective other important engagements elsewhere.

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. Yam Chiu Fan Joseph. 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 2017 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 2017.

On behalf of the Board
China Bio Cassava Holdings Limited
Tang Lap Chin Richard
Executive Director

Hong Kong, 10 August 2017

As at the date of this report, the Board comprises Mr. Poon Yu Keung, Mr. Hung Ching Fung, Mr. Tang Lap Chin Richard and Mr. Ng Chung Yuen Frank as executive Directors and Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Yam Chiu Fan Joseph as independent non-executive Directors.

This report will remain on the GEM website at <http://www.hkgem.com> on the "latest company announcement" page for at least 7 days from the day of its posting and on the Company's website at www.bio-cassava.com.