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ASIA CASSAVA RESOURCES HOLDINGS LIMITED

亞洲木薯資源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 841)

DISCLOSABLE TRANSACTION

- DISPOSAL OF A VESSEL

THE DISPOSAL

The Board announces that on 9 August 2019, after the trading hours, the Vendor, the Company's subsidiary, entered into the Disposal Agreement with the Purchaser, whereby the Purchaser has agreed to purchase and the Vendor has agreed to sell the Vessel at the Consideration of US\$3,800,000 (equivalent to approximately HK\$29,640,000).

The Disposal constitutes a disclosable transaction for the Company and is subject to notification and announcement requirement under Chapter 14 of the Listing Rules.

THE DISPOSAL AGREEMENT

Date

9 August 2019

Parties

Vendor:	Globe Shipping Limited
Purchaser:	Jiuzhou Star Investment Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) and respective associates are Independent Third Parties.

Asset to be disposed of

Pursuant to the Disposal Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Vessel free from encumbrances, mortgages, maritime liens and other claims or debts whatsoever.

The Vessel was built in 1989. The Vessel carries the flag of Panama and its place of registration is Panama. The Vessel has a carrying capacity for dried cassava chips of approximately 48,000 metric tonnes. The Vessel currently serves the Group in transportation of dried tapioca chips.

Consideration and completion

The Consideration for the Disposal payable by the Purchaser is US\$3,800,000 (or equivalent to approximately HK\$29,640,000) and the payment schedule is as follows:

- (i) US\$760,000 (equivalent to approximately HK\$5,928,000), representing 20% of the Consideration, shall be deposited by the Purchaser in cash within three banking days after the date of the Disposal Agreement into an interest-bearing escrow account between the Vendor and the Purchaser with an escrow agent. The interest earned on the Deposit shall be for the account of the Purchaser. The Deposit shall be released and paid to Vendor, under the joint written instructions of both the Purchaser and the Vendor, on the delivery of the Vessel and in any event not later than 3 banking days after the date that notice of readiness has been given in accordance with the terms of the Disposal Agreement; and
- (ii) US\$3,040,000 (equivalent to approximately HK\$23,712,000), representing remaining 80% of the Consideration, shall be deposited by the Purchaser in cash into the Vendor's designated bank account on delivery of the Vessel but in any event not later than 3 banking days after the date that notice of readiness has been given in accordance with the terms of the Disposal Agreement.

Should the Vessel become an actual, constructive or compromised total loss before delivery, the Deposit together with interest earned thereon, shall be released immediately to the Purchaser and thereafter, the Disposal Agreement shall become null and void.

If the Deposit is not paid in accordance with the above schedule, the Vendor shall have the right to cancel the Disposal Agreement and shall be entitled to claim compensation for the losses and all expenses incurred together with interest. If the balance of 80% of the Consideration is not paid in accordance with the above schedule, the Vendor shall have the right to cancel the Disposal Agreement, in which case the Deposit together with the interest earned thereon shall be released to the Vendor, and the Vendor shall be entitled to claim further compensation for the losses and all expenses incurred together with interest if the Deposit does not cover the losses suffered by the Vendor.

If the Vendor fails to give to the Purchaser the notice of readiness for delivery of the Vessel in accordance with the terms of the Disposal Agreement or fails to be ready to validly complete a legal transfer by 20 September 2019, the Purchaser shall have the option to cancel the Disposal Agreement and in such event, the Vendor shall make due compensation to the Purchaser for its loss and for all expenses together with interest if the Vendor's failure is due to proven negligence and whether or not the Purchaser cancel the Disposal Agreement.

The Consideration for the Disposal was determined after arm's length negotiations between the parties to the Disposal Agreement on normal commercial terms with reference to the market value of vessels with similar conditions. The Directors consider the payment terms of the Consideration under the Disposal Agreement to be fair and reasonable.

The Vessel shall be delivered by the Vendor to the Purchaser at a safe port and at an accessible berth or anchorage in the in the People's Republic of China (the "PRC") between 20 August 2019 and 20 September 2019 at the option of the Vendor.

GAIN ON THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, the Group is expected to record an unaudited gain of approximately HK\$92,000, which is calculated on the basis of the Consideration of the Disposal of US\$3,800,000 (or equivalent to approximately HK\$29,640,000), less the commission expenses of approximately HK\$390,000 and the unaudited carrying value of the Vessel amounting to approximately HK\$29,158,000 as at 31 July 2019.

The sales proceeds for the Disposal will be used for financing the working capital of the Group or as partial payment for purchase of a newer vessel (when appropriate).

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, the Group was principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand, Cambodia and Vietnam, and sales of dried cassava chips, to customers in the PRC.

The Vessel was acquired by the Group in July 2013. According to the relevant law and regulations, the maintenance and inspection is required for the Vessel in a short period of time. The Group preliminarily expects that a significant amount of repair and maintenance expenses may be required for the Vessel. The Directors consider that it is more appropriate for the Group to dispose of the Vessel due to its old age, not only for saving such repair and maintenance expenses and but also, when appropriate, for acquiring newer vessel by application of the sale proceeds of the Vessel. The Group is actively seeking for suitable vessel but up to this announcement, the Group have not had any concluded agreement in relation to acquisition of a vessel.

The Directors also consider that the terms and conditions of the Disposal are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION OF THE DISPOSAL

Since certain applicable percentage ratio for the Disposal is more than 5% but less than 25%, the Disposal constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Board”	the board of Directors
“Company”	Asia Cassava Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	the completion of the Disposal
“Connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	total consideration of the Disposal which amounted to US\$3,800,000 (equivalent to approximately HK\$29,640,000)
“Deposit”	the sum of US\$760,000, equivalent to approximately HK\$5,928,000, representing 20% of the Consideration, payable by the Purchaser to the Vendor pursuant to the Disposal Agreement
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Vessel from the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the memorandum of agreement dated 9 August 2019 entered into between the Vendor and the Purchasers in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purpose of this Announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jiuzhou Star Investment Limited, incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Globe Shipping Limited, incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Vessel”	the vessel named “Asia Energy” and built in 1989 and carry the flag of Panama to be bought and sold under the Disposal Agreement
“US\$”	the United States dollars, the lawful currency of the United States of America

By Order of the Board
Asia Cassava Resources Holdings Limited
Chu Ming Chuan
Chairman

Hong Kong, 9 August 2019

As at the date of this announcement, the executive directors are Mr. Chu Ming Chuan, Ms. Liu Yuk Ming and Ms. Lam Ching Fun; the independent non-executive directors are Prof. Fung Kwok Pui, Mr. Chui Chi Yun Robert and Mr. Yue Man Yiu Matthew.

For the purpose of this announcement, unless otherwise indicated, conversion of US\$ into HK\$ are calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is for purpose of illustration only and do not constitute a representation that any amount has been, could have been, or may be, exchanged at this or another rate.