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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)

DISCLOSEABLE TRANSACTION — PROVISION OF LOAN

On 29 August 2020, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide a loan with principal amount of RMB8,000,000 to the Borrower in accordance with the terms thereunder.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement exceeds 5% but less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

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THE LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows:

Date: 29 August 2020

Parties: The Lender and the Borrower

Amount of the Loan

RMB8,000,000.00 (equivalent to approximately HK\$9,040,000.00)

Term

12 months from the date of drawdown

Repayment

The Borrower shall repay the Loan in full in one lump sum together with all interest accrued thereon and all other monies payable under the Loan Agreement on the Repayment Date.

Interest

Interest on the Loan shall accrue at the rate of 6% per annum.

The Lender and the Borrower negotiated and determined the fixed annual interest rate of 6% in the Loan Agreement on an arm's length basis and with reference to: (i) the interest rate in the Loan Agreement is 2.15% higher than 3.85%, the quoted interest rate of the one-year RMB loan issued by the National Interbank Funding Center on 20 August 2020; (ii) prevailing market rates and practices; (iii) the Group's average financing interest rate and a reasonable return; and (iv) the assessment on the business status and credit status of the Borrower by the Company.

In addition, the Lender and the Borrower mutually agreed that the Lender is entitled to the option to invest as follows:

- (i) If the Borrower intends to introduce investor(s) other than its employees by means of increase in capital or transfer of equity interests held by its shareholders, the Lender has the right of first refusal to subscribe for the Borrower's equity interest under the same conditions as the investors.
- (ii) Within five years after the signing of the Loan Agreement, if the Borrower introduces investor(s) by means of increase in capital or transfer of equity interests held by its shareholders, the Lender has the option to subscribe for the Borrower's equity interest at a unit price equivalent to 95% of the investor's final transaction price, but the subscribed percentage of equity interest in the Borrower should not be higher than the percentage of equity interest transferred from the Borrower to investor(s).
- (iii) If the Borrower becomes a listed company which its shares are traded in the stock market of the PRC or abroad, the Lender has the right to subscribe for the option to purchase not more than 20% of the shares in the Borrower at 95% of the public offering price at the time of listing.

INFORMATION OF THE BORROWER

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is a branded service provider focusing on providing digital platform system solutions for the retail industry, and each of the Borrower and its ultimate beneficial owner is independent third party of the Company and its connected persons.

REASONS FOR ENTERING INTO OF THE LOAN AGREEMENT

The principal activities of the Group are (i) the procurement and sale of dried cassava chips; (ii) property investment investing in office space and industrial properties; and (iii) hotel operations in the PRC.

The Group has always been in search of appropriate business opportunities to diversify its' business portfolio and asset base. The Loan Agreement not only brings reasonable interest returns to the Group, but also provides the Group with an option to invest in the technology development industry.

The Borrower is a brand service provider focusing on providing digital platform system solutions for the retail industry, relying on self-developed software, cloud computing service data applications, artificial intelligence, warehousing logistics and other software and hardware integrated intelligent systems, which are actually applied to the retail industry's multi-dimensional scene service, and provide customers with omni-channel solutions to assist retail enterprises in the development and overall improvement of commercial value. In the past few months, under the raging new coronavirus, the traditional retail industry has been severely hit; however, the technology development industry has shown a good development momentum and growth potential. Should the Group subscribe for the Borrower's equity interest, the directors believe that it can benefit from the potential appreciation of technology business in the future. As the date of this announcement, the Company does not hold any equity interest in the Borrower.

The Loan Agreement are of general commercial terms. The provision of Loan shall be financed through internal resources of the Group. The Directors consider that the Loan Agreement is entered into upon general commercial terms after arm's length negotiation between the parties to the Loan Agreement, and the terms and conditions of the Loan Agreement are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

GENERAL

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the entering into of the Loan Agreement exceeds 5% but less than 25%, the entering into of the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement but exempt from the Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

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| “Board” | board of Directors |
| “Borrower” | 廈門信雅科技有限公司 (Xiamen Xinya Technology Company Limited*), a company incorporated in the PRC with limited liability, is a third party independent of the Company and its connected persons |
| “Company” | Asia Cassava Resources Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange “connected person(s)” has the meaning ascribed to it under the Listing Rules |

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| “Connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Lender” | 日照雨順木薯有限公司 (Rizhao Yushun Cassava Company Limited*), a company incorporated in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan” | the amount drawn down by the Borrower pursuant to the terms and conditions of the Loan Agreement |
| “Loan Agreement” | the loan agreement dated 29 August 2020 entered into between the Lender and the Borrower in relation to the provision of a loan with principal amount of RMB8,000,000 to the Borrower in accordance with the terms thereunder |
| “PRC” | The People’s Republic of China |
| “Repayment Date” | 12 months from the date of drawdown |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the share capital of the Company “Shareholder(s)” holder(s) of the Share(s) |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

* For identification purposes only

For the purpose of this announcement only, the conversion of RMB to HK\$ is based on the exchange rate of RMB1.00 to HK\$1.13.

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

Hong Kong, 17 September 2020

As at the date hereof, the Company’s Executive Directors are Mr. Chu Ming Chuan (Chairman), Ms. Liu Yuk Ming and Ms. Lam Ching Fun and the Company’s Independent non-executive Directors are Professor Fung Kwok Pui, Mr. Chui Chi Yun Robert and Mr. Zhu Taiyu.