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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)

MAJOR TRANSACTION – ACQUISITION OF PROPERTIES

The Board is pleased to announce that on 18 May 2023, the Purchasers (the wholly-owned subsidiaries of the Company) entered into three Preliminary Agreements with two Sellers for acquisition of the Properties. Under the Preliminary Agreements, the Purchasers agreed to purchase and the Seller agreed to sell the Properties, at a total price of HK\$50,560,900 payable in cash. The Properties to be acquired are Unit Nos. 3, 4 and 9 on 11th Floor, Houston Centre, No. 63 Mody Road, Kowloon.

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisitions taken together falls between 25% and 100%, the Acquisitions collectively constitute a major transaction for the Company, and are subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisitions. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Acquisitions under the Preliminary Agreements (or any subsequent formal agreements). Further, as at the date of this announcement, Art Rich and Mr. Chu, who collectively hold a total of 360,520,715 Shares (or approximately 61.66% of the issued share capital of the Company as at the date of this announcement) and, pursuant to Rule 14.44 of the Listing Rules, they have given a written approval for the Acquisitions in lieu of holding a general meeting of the Company to approve the Acquisitions under Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular in respect of the Acquisitions containing, among other things, further information of the Acquisitions and other information required under the Listing Rules shall be despatched within 15 business days after the publication of this announcement, that is, on or before 9 June 2023. The Company expects to issue the circular by such date unless a waiver is granted by the Stock Exchange.

Completion of the Acquisitions is subject to Completion and therefore may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board is pleased to announce that, pursuant to the Preliminary Agreements dated 18 May 2023 entered into between the Purchasers (a wholly-owned subsidiary of the Company) on the one hand, and the Sellers on the other hand, the Purchasers agreed to purchase and the Sellers agreed to sell the Properties. The principal terms of the Preliminary Agreements are set out below.

PRELIMINARY AGREEMENT I

1. **Date:** 18 May 2023
2. **Parties:**
 - (a) Seller I; and
 - (b) Purchaser I

Seller I is a company incorporated in Hong Kong with limited liability and its principal business is property holding. The Seller I is owned as to approximately 99.8% by P.C. Woo Inc., a company registered in California, the United States of America, approximately 0.1% by Woo Tak Kwan and approximately 0.1% by Woo Charles Chak Kwan.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Seller I and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

3. **Property to be acquired:** Unit No. 3 on 11th Floor, Houston Centre, No. 63 Mody Road, Kowloon (“**Property I**”)

Property I will be acquired on an “as is” basis. Upon completion, Seller I shall deliver vacant possession of Property I to Purchaser I and free from any encumbrances.

4. **Consideration:**

The Purchaser I will pay a total sum of HK\$11,507,700 for Property I in the following manner:

- (a) an initial deposit of HK\$600,000 was paid to Seller I’s solicitor as stakeholder on the date of the Preliminary Agreement I;
- (b) a further deposit of HK\$550,770 shall be paid to Seller I’s solicitor as stakeholder on or before 1 June 2023; and
- (c) the balance of HK\$10,356,930 shall be paid to Seller I’s solicitor upon completion on 30 November 2023.

PRELIMINARY AGREEMENT II

1. **Date:** 18 May 2023
2. **Parties:**
 - (a) Seller II; and
 - (b) Purchaser II

Seller II is a company incorporated in Hong Kong with limited liability and its principal business is property holding. The Seller II is owned as to approximately 99.9% by California Costume Collections, Inc., a company registered in California, the United States of America, and approximately 0.1% by Woo Tak Kwan.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Seller II and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

3. **Property to be acquired:** Unit No. 4 on 11th Floor, Houston Centre, No. 63 Mody Road, Kowloon (“**Property II**”)

Property II will be acquired on an “as is” basis. Upon completion, Seller II shall deliver vacant possession of Property II to Purchaser II and free from any encumbrances.

4. **Consideration:**

The Purchasers will pay a total sum of HK\$19,241,800 for Property II in the following manner:

- (a) an initial deposit of HK\$950,000 was paid to Seller II’s solicitor as stakeholder on the date of the Preliminary Agreement II;
- (b) a further deposit of HK\$974,180 shall be paid to Seller II’s solicitor as stakeholder on or before 1 June 2023; and
- (c) the balance of HK\$17,317,620 shall be paid to Seller II’s solicitor upon completion on 30 November 2023.

PRELIMINARY AGREEMENT III

- 1. Date:** 18 May 2023
- 2. Parties:**
 - (a) Seller I; and
 - (b) Purchaser I
- 3. Property to be acquired:** Unit No. 9 on 11th Floor, Houston Centre, No. 63 Mody Road, Kowloon (“**Property III**”)

Property III will be acquired on an “as is” basis. Upon completion, Seller I shall deliver vacant possession of Property III to Purchaser I and free from any encumbrances.

4. Consideration:

The Purchasers will pay a total sum of HK\$19,811,400 for Property III in the following manner:

- (a) an initial deposit of HK\$950,000 was paid to Seller I’s solicitor as stakeholder on the date of the Preliminary Agreement III;
- (b) a further deposit of HK\$1,031,140 shall be paid to Seller I’s solicitor as stakeholder on or before 1 June 2023; and
- (c) the balance of HK\$17,830,260 shall be paid to Seller I’s solicitor upon completion on 30 November 2023.

Consideration

The Consideration for the Acquisitions is HK\$50,560,900 payable in cash, which was arrived after arm’s length negotiations between the Sellers and the Purchasers with reference to, among other things, the prevailing market prices and the historical transactions of Houston Centre of comparable size and floor.

Completion

Completion of the Acquisitions shall take place on or before 30 November 2023, upon which vacant possession of the Properties shall be delivered to the respective Purchasers and free from any encumbrances.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Group is 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 People's Republic of China (“**PRC**”) and Thailand. The Group is continued to be the largest procurer and exporter of dried cassava chips in Thailand and the largest supplier of imported dried cassava chips in the PRC with an all-round integrated business model covering procurement, processing, warehousing, logistics and sale of cassava chips.

The Properties are located at East Tsim Sha Tsui district of Hong Kong, which is one of the major commercial areas in Hong Kong. The Properties are intended to be the investment properties of the Group for the purpose of earning rental income, which will broaden the Company's fixed asset base with potential capital appreciation and diversify the source of income of the Company.

Since the principal place of business of the Group in Hong Kong is also located at Houston Centre, No. 63 Mody Road, Kowloon, the Acquisitions will also provide the Group's room for future expansion and development in the sense that the Properties can be re-designated as the Group's self-used office if the need arises in the future.

As such, in light of the commercial viability and potential investment return of the Properties, the Directors consider that the Acquisitions will constitute a reasonable and effective utilisation of the capital of the Company, which will enable the Company to enhance the Company's capital gain, asset base and overall financial position. The Directors have assessed the capital requirement for its daily operations and other expenditures, and are of the view that the Acquisitions will not adversely affect the operation or working capital needs of the Group in any material respect.

The terms of the transactions under the Preliminary Agreements were negotiated on an arm's length basis. The Directors believe that the terms of the Acquisitions are fair and reasonable and in the interests of the Shareholders as a whole.

It is expected that the Consideration payable by the Group under the Preliminary Agreements will be funded by internal resources, and bank and other borrowings of the Group.

No Director has any material interest in the transactions under the Preliminary Agreements. Accordingly, no Director is required to abstain from voting on the Board meeting approving the Acquisitions and the transactions under the Preliminary Agreements.

LISTING RULES IMPLICATIONS AND GENERAL

Since the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisitions taken together falls between 25% and 100%, the Acquisitions collectively constitute a major transaction for the Company, and are subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Acquisitions. As such, no Shareholder would be required to abstain from voting in favour of the resolution approving the Acquisitions under the Preliminary Agreements (or any subsequent formal agreements). Further, as at the date of this announcement, Art Rich and Mr. Chu, who collectively hold a total of 360,520,715 Shares (or approximately 61.66% of the issued share capital of the Company as at the date of this announcement) and, pursuant to Rule 14.44 of the Listing Rules, they have given a written approval for the Acquisitions in lieu of holding a general meeting of the Company to approve the Acquisitions under Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, a circular in respect of the Acquisitions containing, among other things, further information of the Acquisitions and other information required under the Listing Rules shall be despatched within 15 business days after the publication of this announcement, that is, on or before 9 June 2023. The Company expects to issue the circular by such date unless a waiver is granted by the Stock Exchange.

Completion of the Acquisitions is subject to Completion and therefore may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisitions”	the acquisition of the Properties by the relevant Purchasers from the relevant Sellers pursuant to the terms and conditions of the Preliminary Agreements
“Art Rich”	Art Rich Management Limited, a company incorporated in the British Virgin Islands, which is legally and beneficially owned by Mr. Chu as to 97% and Ms. Ng Nai Nar as to 3%, which beneficially owns 225,000,000 Shares in the Company, representing approximately 38.48% of the issued share capital of the Company, and is one of the controlling shareholders of the Company
“Board”	the board of Directors
“Company”	Asia Cassava Resources Holdings Limited (Stock Code: 841), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisitions in accordance with the terms and conditions of the Preliminary Agreements (or any subsequent formal agreements)
“Connected person”	has the same meaning ascribed to it in the Listing Rules
“Consideration”	the aggregate consideration of HK\$50,560,900 for the Acquisitions
“Directors”	the directors 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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chu”	Mr. Chu Ming Chuan, the chairman and executive Director of the Company, who beneficially owns 360,520,715 Shares in the Company, representing approximately 61.66 % of the issued share capital of the Company, and is one of the controlling shareholders of the Company
“Preliminary Agreements”	collectively, Preliminary Agreement I, Preliminary Agreement II and Preliminary Agreement III
“Preliminary Agreement I”	the preliminary sale and purchase agreement made between the Seller I and Purchaser I on 18 May 2023 in relation to the acquisition of Property I
“Preliminary Agreement II”	the preliminary sale and purchase agreement made between the Seller II and Purchaser II on 18 May 2023 in relation to the acquisition of Property II
“Preliminary Agreement III”	the preliminary sale and purchase agreement made between the Seller I and Purchaser I on 18 May 2023 in relation to the acquisition of Property III
“Properties”	collectively, Property I, Property II and Property III
“Purchaser I”	Win Global Shipping Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Purchaser II”	Globe Shipping Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Purchasers”	collectively, Purchaser I and Purchaser II
“Seller I”	Mega Toys (H.K.) Limited, a company incorporated in Hong Kong with limited liability

“Seller II”	California Costume International Limited, a company incorporated in Hong Kong with limited liability
“Sellers”	collectively, Seller I and Seller II
“Share(s)”	issued ordinary share(s) of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 18 May 2023

As at the date of this announcement, the executive directors of the Company are Mr. Chu Ming Chuan, Ms. Liu Yuk Ming and Ms. Lam Ching Fun; the independent non-executive directors of the Company are Mr. Chui Chi Yun Robert, Mr. Hong Sijie and Ms. Amporn Lohathanulert.