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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 AND CONNECTED TRANSACTION

On 28 March 2014 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement pursuant to which, subject to terms and conditions therein, the Purchaser agreed to acquire from the Vendor the entire issued share capital of the Target Company for a consideration of HK\$224.3 million (equivalent to approximately RMB178 million).

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

GENERAL

Since the Vendor, Mr. Chu, is an executive Director and is interested in 225,594,000 Shares (representing approximately 50.15% of the issued share capital of the Company) as at the date of this announcement, he is regarded as a connected person of the Company under the Listing Rules. Thus, the Acquisition constitutes a connected transaction of the Company. In addition, as the applicable percentage ratio exceeds 25% but is below 100%, the Acquisition also constitutes a major transaction and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. A circular relating to the Acquisition will be despatched to Shareholders on or before 30 May 2014, to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

As the Acquisition is subject to the conditions precedent set out in the Sale and Purchase Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 28 March 2014 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement pursuant to which, subject to terms and conditions therein, the Purchaser agreed to acquire from the Vendor the entire issued share capital of the Target Company for a consideration of HK\$224.3 million (equivalent to approximately RMB178 million).

THE SALE AND PURCHASE AGREEMENT

Date: 28 March 2014

Vendor: Mr. Chu, the executive Director and Controlling Shareholder

Purchaser: Alternative View Investment Limited, a wholly-owned subsidiary of the Company

Interest to be acquire of under the Acquisition

Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire from the Vendor 100% of the equity interest of the Target Company and the Shareholder Loan amounted to approximately HK\$50 million as at the date of this announcement.

Consideration

The total consideration for the Acquisition is HK\$224.3 million, of which HK\$112.2 million will be paid by cash by the Purchaser to the Vendor on the Completion Date and HK\$112.1 million will be satisfied by procuring the Company to allot and issue the Consideration Shares to the Vendor (or his nominee) at the Issue Price on the Completion Date.

On Completion, a total of 134,926,715 Consideration Shares will be issued to the Vendor (or his nominee). Particulars of the Consideration Shares are set out in the section headed "Consideration Shares" below.

Conditions Precedents

The Acquisition is conditional upon, amongst other things, the following conditions precedent having been fulfilled (or waived):

- (i) the Purchaser being satisfied with the results of the due diligence review on the Target Group to be carried out by the Purchaser after the signing of the Sale and Purchase Agreement;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Consideration Shares;
- (iii) if necessary, the passing of the ordinary resolution(s) by the Independent Shareholders at a duly convened EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder including but not limited to the allotment and issuance of the Consideration Shares to the Vendor;
- (iv) the receipt of the valuation report to be issued by an independent professional valuer appointed by the Purchaser in form and substance reasonably satisfactory to the Purchaser showing the valuation on the Land and the Hotel as at 28 February 2014 to be not less than RMB180 million;
- (v) a legal opinion in form and substance reasonably satisfactory to the Purchaser having been issued by the PRC legal advisers appointed by the Purchaser in respect of matters regarding the PRC Company and its operations, businesses, assets, the Land (including rights of way), the Hotel and other matters which the Purchaser may reasonably require;
- (vi) the Vendor having obtained all necessary consents and approvals in connection with the sale and purchase of the 100% equity interest in the Target Company and the Shareholder Loan;
- (vii) the Purchaser having obtained all necessary consents and approvals in connection with the sale and purchase of the 100% equity interest in the Target Company and the Shareholder Loan; and
- (viii) the representations, warranties and undertakings given by the Vendor under the Sale and Purchase Agreement remains true and accurate and not misleading.

The Vendor shall use its best endeavours to procure the conditions precedent are satisfied. The Vendor shall procure all the documents and information in compliance with the Listing Rules, codes or other applicable rules, codes or regulations as required by the Vendor to the Stock Exchange or the SFC or any other relevant regulatory bodies in a timely manner, whether or not it is related to the preparation of the announcement, circular or other documents of the Acquisition.

The Purchaser may at any time by notice in writing to the Vendor waive any of the conditions precedent above (except for conditions (ii), (iii), (iv), (vi) and (vii) which cannot be waived). If any of the conditions precedent are not fulfilled or otherwise waived on or before noon of 30 June 2014, or on such later date mutually agreed by both parties in writing, the Sale and Purchase Agreement shall cease to have effect and neither party shall have any further obligations towards the other except for antecedent breach.

Completion

Completion shall take place on the Completion Date or at such other time and on such other date as the parties to the Sale and Purchase Agreement shall agree in writing, provided that all the conditions precedent referred to under the paragraph headed “Conditions Precedent” above are satisfied or if applicable, waived.

BASIS OF CONSIDERATION

The Consideration of HK\$224.3 million in respect of the Acquisition was determined following commercial negotiations between the parties on an arm’s length basis with reference to various factors, including but not limited to the adjusted total tangible asset value of the Target Group, calculated on the preliminary appraised value of the Land and the Hotel as at 28 February 2014, as well as the historical financial results and future prospects of the Target Group. Based on preliminary valuation, the appraised value of the Land and the Hotel as at 28 February 2014 was approximately RMB180 million (equivalent to approximately HK\$226.8 million). The adjusted consolidated total tangible assets of the Target Group were approximately RMB191.5 million (equivalent to approximately HK\$241.3 million) as at 31 December 2013, which was calculated based on the preliminary appraised value of the Land and the Hotel as at 28 February 2014. The total Consideration thus represents a discount of approximately 1.1% to the appraised value of the Land and the Hotel as at 28 February 2014 and a discount of approximately 7.0% to the adjusted consolidated total tangible assets of the Target Group as at 31 December 2013.

The Directors (excluding the independent non-executive Directors, whose view will be set out in the circular to be issued by the Company) consider that the Consideration payable to the Vendor is fair and reasonable.

The Group will finance the cash portion of the Acquisition by the Group's internal cash resources.

CONSIDERATION SHARES

A total of 134,926,715 Consideration Shares will be issued to the Vendor. The Consideration Shares will be issued at the Issue Price of approximately HK\$0.831 per Consideration Share. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration shares.

The Issue Price of approximately HK\$0.831 per Consideration Share represents:

- i. a premium of approximately 5.2% to the closing price of HK\$0.79 as quoted on the Stock Exchange on 28 March 2014, being the date of the Sale and Purchase Agreement; and
- ii. a premium of approximately 6% to the average closing price of HK\$0.784 per Shares as quoted on the Stock Exchange over the last five consecutive trading days preceding and excluding 28 March 2014.

The Issue Price was arrived at arm's length negotiations between the Company and the Vendor and represents a premium of 6% over the average of the closing market prices of the Shares as quoted on the Stock Exchange over the last 5 consecutive trading days preceding the date of the Sale and Purchase Agreement. The Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be issued by the Company) consider that the Issue Price is fair and reasonable.

The Consideration Shares will be allotted and issued pursuant to a specific mandate to be sought at the EGM and will be allotted and issued on Completion.

The Consideration Shares represent approximately 27.3% of the existing issued share capital of the Company and will represent approximately 23.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Consideration Shares.

CHANGES IN SHAREHOLDING STRUCTURE

Name of Shareholders	As at date of this announcement		Immediately after Completion	
	No. of Shares	Approximately % of issued Share capital of the Company	No. of Shares	Approximately % of issued Share capital of the Company
Art Rich Management Limited*	225,000,000	50.02	225,000,000	38.48
Mr. Chu	<u>594,000</u>	<u>0.13</u>	<u>135,520,715</u>	<u>23.18</u>
Sub-total	225,594,000	50.15%	360,520,715	61.66%
Public Shareholders	<u>224,206,000</u>	<u>49.85%</u>	<u>224,206,000</u>	<u>38.34%</u>
Total	<u>449,800,000</u>	<u>100%</u>	<u>584,726,715</u>	<u>100%</u>

Note 1: The figures assume that other than the Consideration Shares, no Shares will be issued or purchased by the Company on or after the date of this announcement up to the date of Completion.

* The entire issued share capital of Art Rich Management Limited is legally and beneficially owned by Mr. Chu as to 97% and Madam Ng Nai Nar, spouse of Mr. Chu, as to 3%.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group engages principally in the export of dried cassava chips in Thailand. Since listing, the Group have strengthened its upstream supply network of dried cassava to countries apart from Thailand. Currently, the Group sources dried cassava chips from Southeast Asia, and sells its products mainly under the “Artwell” brand to customers in the PRC. The Group had remained 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 Group has always been in search of appropriate business opportunities to diversify its’ business portfolio and asset base.

Driven by China's strong economic growth, the hotel sector has demonstrated positive development trends and growth potentials. Due to the policies recently announced by the PRC government to reduce public spending, the PRC experienced a shrink in travel and hotel business and as a result, price of hotel investment decreased to a relatively reasonable level. The Directors, in view of such market condition and given the long term prospect of the leisure industry, consider it is of the appropriate timing for the Group to get hold of such short term correction in the market to seek investment opportunity in the hotel sector. The Directors believe that the Acquisition will provide a highly attractive and unique opportunity for the Company to be well-positioned and ride-on the long term growing trend in hotel sector. Please refer to the section headed "Information on the Target Group" for more details of the Hotel.

Subsequent to Completion, it is the intention of the Directors that the current management team of the Target Group would be retained. In view of the extensive experience of the management team, the current performance and earning prospect of the Target Group, the Directors believe that the Acquisition will provide the Company with growth potential, and will prosper its business operation and financial performance.

Based on the above, the Directors (excluding the independent non-executive Directors, whose views will be set out in the circular to be issued by the Company) consider that the terms of the Acquisition Agreements are fair and reasonable, and in the interest of the Company and its shareholders as a whole.

INFORMATION OF THE VENDOR

Mr. Chu is an executive Director, the chairman of the Board and the Controlling Shareholder of the Company, and as at the date of this announcement is interested in 225,594,000 Shares (representing approximately 50.15% of the issued share capital of the Company as at the date hereof). Mr. Chu through his wholly-owned company, the Target Company, owns and operates the Hotel in the PRC.

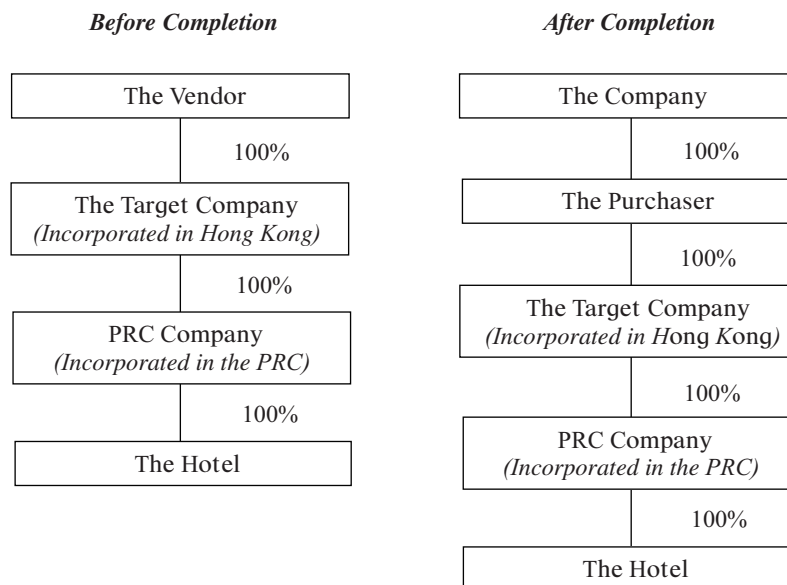
INFORMATION OF THE TARGET GROUP

The Target Company was incorporated in Hong Kong in December 2003 and its principal business is investment holdings.

The PRC Company is a wholly-owned subsidiary of the Target Company, was incorporated in the PRC in August 2002 and its principal business is the operation of hotel, restaurant and the ancillary entertainment facilities. The PRC Company currently owns and operates the Hotel located in Rizhao, Shandong Province, the PRC. The principal assets of the PRC Company are the Land and the Hotel.

(i) The group structure of the Target Group

The simplified shareholding structure of the Target Group before and after the Completion is set out below:



(ii) Information of the Hotel

The key specification of the Hotel is as follows:

Name of the Hotel:	Rizhao Artwell International Hotel
Location:	No. 96 Xinghai Road, Rizhao City, Shandong Province, the PRC, the central business district of Rizhao City
No. of guestrooms:	205
No. of storeys:	17
Site area:	3,057.8 sq.m.
Gross floor area:	12,465.81 sq.m.
Facilities	Restaurant, Lounge, Function Rooms, Business Center, Conference Rooms, health center and entertainment and car parking spaces etc.
Year of establishment	2002

Rizhao is a rising port and tourism city with coastline of over 100 miles, along which there are not only beautiful sea and mountain sceneries but also many scenic spots, such as Rizhao seaside national forest park, seaside mountains, ecology sightseeing scenic spot, folk-custom tourism village, relics of the ancient civilizations. The Hotel is located at the heart of the prestigious business and commercial district, with convenient transportations.

Associates of Mr. Chu acquired the Hotel with a consideration of approximately RMB47 million.

(iii) Financial information

Based on Target Group's unaudited consolidated management accounts for the year ended 31 December 2013, prepared in accordance with Hong Kong Financial Reporting Standards, the total assets were approximately HK\$82.1 million and the net assets were approximately HK\$6.2 million.

Set out below is the financial performance of the Target Group for the two years ended 31 December 2013, prepared in accordance with Hong Kong Financial Reporting Standards:

	Financial year ended 31 December	
	2012	2013
	<i>(approximately HK\$' million)</i>	<i>(approximately HK\$' million)</i>
Unaudited consolidated profit before taxation	2.4	3.3
Unaudited consolidated profit after taxation	1.8	2.7

Following the Completion, the Target Company will become a wholly-owned subsidiary of the Company. The results of the Target Company and its subsidiaries (including the PRC Company) will be included in the consolidated financial statements of the Group after Completion. Upon Completion, the asset base of the Group will be enhanced.

LISTING RULES IMPLICATIONS

Since the Vendor, Mr. Chu, is an executive Director and is interested in 225,594,000 Shares (representing approximately 50.15% of the issued share capital of the Company) as at the date of this announcement, he is regarded as a connected person of the Company under the Listing Rules. Thus, Acquisition constitutes a connected transaction of the Company.

In addition, as the applicable percentage ratio exceeds 25% but is below 100%, the Acquisition also constitutes a major transaction and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. A circular relating to the Acquisition will be despatched to Shareholders on or before 30 May 2014, to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from Mr. Chu and his associates, no other Shareholder has a material interest in the Acquisition and thus no other Shareholder will be required to abstain from voting on the resolution(s) to approve the Acquisition at the EGM.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of, among other things, the Acquisition. None of the independent non-executive Directors comprising the Independent Board Committee has a material interest in the Acquisition.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Acquisition.

An EGM will be convened to consider and if thought fit, to approve, among other things, the Acquisition and the transactions contemplated thereunder, including but not limited to the allotment and the issuance of the Consideration Shares.

A circular containing, among other things, details of the Acquisition, a letter from the independent financial adviser, a letter from the Independent Board Committee, and a notice to convene the EGM will be despatched to the Shareholders of the Company on or before 30 May 2014.

As the Acquisition is subject to the conditions precedent set out in the Sale and Purchase Agreement being satisfied or waived, as applicable, and the Acquisition may or may not proceed to Completion, 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 requires otherwise:

“Acquisition”	the acquisition by the Purchaser from the Vendor of the 100% equity interest of the Target Company and the Shareholder Loan
“associate(s)”	has the meanings given to it under the Listing Rules
“Company”	Asia Cassava Resources Holdings Limited (亞洲木薯資源控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place, being the second Business Day when all conditions precedent to the Sale and Purchase Agreement being fulfilled (or waived), or at a later date as mutually agreed by the Vendor and the Purchasers
“connected person(s)”	has the meaning given to it in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Acquisition
“Consideration Shares”	134,926,715 Shares to be issued by the Company to the Vendor, representing approximately 23.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares
“Controlling Shareholders”	having the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	an extraordinary general meeting of the Company to be convened and to approve the Sale and Purchase Agreement and the allotment and issuance of the Consideration Shares to the Vendor and any ancillary matters thereto as may be required under the Listing Rules
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	Rizhao Artwell International Hotel, located in Rizhao, wholly-owned by the PRC Company
“Independent Shareholders”	Shareholders other than those who are required to abstain from voting at the EGM under the Listing Rules
“Issue Price”	the price of approximately HK\$0.831 per Consideration Share at which Consideration Shares will be issued
“Land”	a parcel of land located at Rizhao City, Shandong Province, the PRC with a total site area of approximately 3,057.8 square metres and the Hotel is erected thereon
“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, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	日照雅禾國際大酒店有限公司 (Rizhao Artwell International Hotel Limited), a company incorporated in the PRC, a wholly-owned subsidiary of the Target Company
“Purchaser”	Alternative View Investment Limited, a wholly-owned subsidiary of the Company

“Sale and Purchase Agreement”	the agreement dated 28 March 2014 entered into between the Purchaser and the Vendor to acquire from the Vendor the entire issued share capital of the Target Company for a total consideration of HK\$224.3 million
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder Loan”	all debts, liabilities and obligations of the Company owing or incurred by the Company to the Vendor, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable as at Completion Date, as at the date of the Sale and Purchase Agreement, the Shareholder Loan was amounted to approximately HK\$50 million
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Oriental Pioneer Limited, a company incorporated in Hong Kong in December 2003 and its principal business is investment holdings. It is wholly-owned by the Vendor as at the date of announcement
“Target Group”	the Target Company together with its subsidiaries
“Vendor” or “Mr. Chu”	Mr. Chu Ming Chuan, the executive Director and Controlling Shareholder
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By order of the Board
Asia Cassava Resources Holdings Limited
Liu Yuk Ming
Executive Director

Hong Kong, 28 March 2014

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. Lee Kwan Hung and Mr. Yue Man Yiu Matthew.

For ease of reference and unless otherwise specified in this announcement, sum in HK\$ and RMB in this announcement is translated at the rate of RMB1.0=HK\$1.26. This does not mean that HK\$ could be converted into RMB, or vice versa, based on such exchange rate.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.