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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)

SUBSCRIPTION OF NEW SHARES

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The Directors are pleased to announce that on 14 October 2010 (after trading hours), the Company and each of Orchid Asia L.P. and Orchid Asia Investment have separately entered into the Subscription Agreements in relation to the subscription of an aggregate of 40,000,000 Subscription Shares (as to 39,200,000 Subscription Shares by Orchid Asia L.P. and as to 800,000 Subscription Shares by Orchid Asia Investment) at the Subscription Price of HK\$2.3 per Subscription Share.

The Subscription Shares represent approximately 11.11% of the existing issued share capital of the Company and 10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate

The gross proceeds of the Subscription will be approximately HK\$92 million. The net proceeds of the Subscription, after the deduction of the related expenses, will be approximately HK\$91.9 million, representing a net issue price of approximately HK\$2.2975 per Subscription Share. The Company intends that the net proceeds of the Subscription will be used by the Group to be applied as the general working capital of the Group.

THE SUBSCRIPTION AGREEMENTS

Date: 14 October 2010

Parties: (i) the Company as issuer; and
(ii) each of Orchid Asia L.P. and Orchid Asia Investment as subscribers

Information on the Orchid Asia L.P. and Orchid Asia Investment

Orchid Asia L.P. is an exempted limited partnership registered under the laws of Cayman Islands. It is part of Orchid Asia Group Management Limited, an investment group which assists corporate executives of companies in the consumer services and products sector with high growth prospects to formulate strategies to finance and expand their business enterprises. The investment group focuses in particular on companies in Asia and China. Orchid Asia L.P. is an investment partnership that has capital commitments from a group of leading institutional investors and high net worth individuals.

Orchid Asia Investment is a limited liability company incorporated under the laws of Cayman Islands. It is also part of Orchid Asia Group Management Limited. Orchid Asia Investment, Limited is an investment special purpose vehicle which may invest outside of and alongside with Orchid Asia group members in any portfolio investments.

To the best of the Directors' knowledge, information and belief, each of Orchid Asia L.P. and Orchid Asia Investment and their respective ultimate beneficial owners are Independent Third Party. Prior to the entering into of the Subscription Agreements, neither the Orchid Asia L.P. and Orchid Asia Investment nor their respective associates has any interests in the Shares or any material business dealings with the Group.

Number of the Subscription Shares

Pursuant to the Subscription Agreements, Orchid Asia L.P. and Orchid Asia Investment will subscribe for an aggregate of 40,000,000 Subscription Shares (of which 39,200,000 Subscription Shares will be subscribed for by Orchid Asia L.P. and 800,000 Subscription Shares will be subscribed for by Orchid Asia Investment), representing approximately (i) 11.11% of the existing issued share capital of the Company, and (ii) 10% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

TERMS OF THE SUBSCRIPTION AGREEMENTS

The principal terms of each of the Subscription Agreements are the same except for the number of the Subscription Shares involved and 39,200,000 Subscription Shares will be subscribed for by Orchid Asia L.P. and 800,000 Subscription Shares will be subscribed for by Orchid Asia Investment.

The principal terms of the Subscription Agreements are as follows:–

Conditions

Completion of each the Subscription Agreements shall be subject to and conditional upon, among other things, the following:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the respective Subscription Shares;
- (b) all necessary consents and approvals to be obtained on the part of the Company in respect of the Subscription Agreements and the transactions contemplated thereunder having been obtained;
- (c) all necessary consents and approvals to be obtained on the part of the each of the Subscribers in respect of the Subscription Agreements and the transactions contemplated thereunder having been obtained; and
- (d) each of the Subscription Agreements having become unconditional in all respects (save for the condition for the other of the Subscription Agreements to become unconditional).

If the conditions of the Subscription Agreements are not fulfilled on or before 5:00 p.m. of within 10 days after the date of the Subscription Agreements (or such later date as may be agreed between the relevant parties thereto), the relevant Subscription Agreements will terminate and cease and none of the parties thereto shall have any claim against the other save for any antecedent breaches of the provisions thereof.

Each of the Subscription Agreements is conditional upon one another.

Completion Date

Completion of the Subscription Agreements will take place on the third Business Day after the fulfillment of the conditions referred to above. Completion of each of the Subscription Agreements shall take place simultaneously.

Restriction on disposal

The Subscribers undertake to and covenant with the Company that, each of them will not, and will procure that none of each of their associates or the companies controlled by each of them will, within a period of six months from the date of Completion, dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any of the Subscription Shares or any interests therein owned by each of them or in which they are, directly or indirectly, interested immediately after Completion or dispose of (including without limitation by the creation of any option, charge or other encumbrance or rights over or in respect of) any shares in any company controlled by each of them which is the beneficial owner of the Subscription Shares.

INFORMATION ABOUT THE SUBSCRIPTION SHARES

Subscription Price

The Subscription Price is HK\$2.3 per Subscription Share.

The Subscription Price represents (i) a discount of approximately 0.4% to the closing price of HK\$2.31 per Share as quoted on the Stock Exchange on 13 October 2010, being the last trading date immediately prior to the entering into of the Subscription Agreements; and (ii) a discount of approximately 1.0% to the average of the closing prices of approximately HK\$2.324 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 13 October 2010, being the last trading day immediately prior to the entering into of the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$2.2975 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares. The Directors consider that the Subscription Price and the terms and conditions of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the General Mandate. The Company is authorized to issue 72,000,000 Shares under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. Upon Completion, 40,000,000 Shares will be allotted and issued, representing approximately 55.55% of the General Mandate, and approximately 44.45% of the General Mandate, which entitled the Company to allot and issue 32,000,000 Shares, has not been utilized.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in procurement of dried cassava chips in Southeast Asian countries, including Thailand and sales of dried cassava chips, to customers in the PRC.

The Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital from the equity market for the future business development of the Group as it will broaden the capital and shareholder base of the Company and thereby increasing the liquidity of the Shares.

The gross proceeds from the Subscription will be HK\$92 million. After taking into account the estimated expenses of approximately HK\$0.1 million in relation to the Subscription, the net proceeds from the Subscription of approximately HK\$91.9 million are intended to be used for the Group's general working capital.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Subscription are in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreements are fair and reasonable and in the interest of the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Save as disclosed below, the Group has not conducted any fund raising activity for the twelve months immediately preceding the date of this announcement.

Date of announcement	Event	Net Proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
31 October 2009	Placing of existing Shares and top-up subscription of new Shares	HK\$106.7 million	As general working capital for the Group or to explore any possible business opportunities	Approximately HK\$46.4 million was applied to purchase a vessel during the financial year ended 31 March 2010 and the remaining HK\$60.3 million was used as general working capital of the Group

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Subscription Shares is as follows:

Shareholder	At the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Art Rich Management Limited (Note)	225,000,000	62.50	225,000,000	56.25
Subscribers	–	–	40,000,000	10.00
Other Public Shareholders	135,000,000	37.50	135,000,000	33.75
Total	<u>360,000,000</u>	<u>100.00</u>	<u>400,000,000</u>	<u>100.00</u>

Note:

Art Rich Management Limited is owned as to 97% by Mr. Chu Ming Chuan and as to 3% by Madam Ng Nai Nar. Mr. Chu Ming Chuan is the chairman of the Board and an executive Director. Madam Ng Nai Nar is the spouse of Mr. Chu Ming Chuan and a member of the senior management of the Group.

As disclosed in the above shareholding table, immediately after the completion of the Subscription, over 25% of the then issued share capital of the Company will be in public hands (including the subscribers).

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 main board of the Stock Exchange

“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 31 August 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	independent third party (parties) who is (are) not connected person(s) (as defined in the Listing Rules) of the Company and is (are) independent of and not connected with the connected persons of the Company
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Orchid Asia Investment”	Orchid Asia IV Co-Investment, Limited, a company incorporated in the Cayman Islands with limited liability, being one of the Subscribers and an Independent Third Party
“Orchid Asia L.P.”	Orchid Asia IV L.P., an exempted limited partnership incorporated in the Cayman Islands with limited liability, being one of the Subscribers and an Independent Third Party
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
”shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Orchid Asia L.P. and Orchid Asia Investment
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	the two subscription agreements dated 14 October 2010 and entered into between the Company and respectively Orchid Asia L.P. and Orchid Asia Investment in relation to the subscription and issue of the Subscription Shares

“Subscription Price”	HK\$2.3 per Subscription Share
“Subscription Shares”	40,000,000 new Shares which may fall to be allotted and issued pursuant to the Subscription Agreements, of which 39,200,000 new Shares will be subscribed for by Orchid Asia L.P. and 800,000 new Shares will be subscribed for by Orchid Asia Investment
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the board of
Asia Cassava Resources Holdings Limited
Chu Ming Chuan
Chairman

Hong Kong, 14 October 2010

As at the date of this announcement, the Company’s executive Directors are Mr. Chu Ming Chuan, 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.