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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)

Executive Directors:

Mr. CHU Ming Chuan (*Chairman*)

Ms. LIU Yuk Ming

Ms. LAM Ching Fun

Independent non-executive Directors:

Mr. CHUI Chi Yun Robert

Mr. HONG Sijie

Ms. Amporn Lohathanulert

Registered office:

Cricket Square,

Hutchins Drive,

P.O. Box 2681,

Grand Cayman, KY1-1111,

Cayman Islands

26 October 2023

To the Shareholders for information only

Dear Sir or Madam,

**MAJOR TRANSACTION
ACQUISITION OF PROPERTIES**

A. INTRODUCTION

Reference is made to the Announcement dated 18 May 2023.

Pursuant to three Preliminary Agreements dated 18 May 2023 entered into by the Purchasers, which are the wholly-owned subsidiaries of the Company, on the one hand, and two Sellers on the other hand, the Purchasers agreed to purchase and the Sellers 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. Further, as at the date of the Announcement, Art Rich and Mr. Chu, who collectively held a total of 360,520,715 Shares (or approximately 61.66% of the issued share capital of the Company as at the date of the 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. As such, the Company will not convene any general meeting to approve the Acquisitions.

The purpose of this circular is to provide the Shareholders with further information of the Acquisitions and other information required under the Listing Rules.

B. PRELIMINARY AGREEMENTS

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. 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, P.C. Woo Inc. is owned as to approximately 10.31% by Kao Li Wen, 44.85% by Woo Tak Kwan and 44.84% by Woo Charles Chak Kwan, and 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 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 was paid to Seller I's solicitor as stakeholder on 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. 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, California Costume Collections, Inc. is wholly owned by P.C. Woo Inc., which is owned as to approximately 10.31% by Kao Li Wen, 44.85% by Woo Tak Kwan and 44.84% by Woo Charles Chak Kwan, and 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 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 was paid to Seller II's solicitor as stakeholder on 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 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 was paid to Seller I's solicitor as stakeholder on 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.

Formal Agreements and Completion

On 1 June 2023, formal agreements were respectively signed among the Sellers and the Purchasers for acquisition of the Properties with the principal terms identical to the Preliminary Agreements. 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.

C. FINANCIAL EFFECT OF THE ACQUISITIONS

Upon Completion, the Properties will become indirectly wholly-owned by the Group and will be held as investment property of the Group.

As at 31 March 2023, the Group's consolidated net assets value was approximately HK\$662.6 million, and its total assets and total liabilities stood at approximately HK\$2,041.8 million and HK\$1,379.2 million respectively. Based on the unaudited pro forma financial information of the Group in Appendix II to this circular and assuming the Acquisitions had taken place on 31 March 2023 in accordance with the Preliminary Agreements, the total assets and total liabilities would have been increased by approximately HK\$50.6 million and HK\$53.1 million, respectively. The net assets of the Group would have been decreased by approximately HK\$2.5 million upon completion of the Acquisitions. Further details are set out in the unaudited pro forma financial information of the Group in Appendix II to this circular.

The Group's earnings are expected to increase as a result of the Acquisitions, after taking into account the rental income to be derived from the Properties.

D. REASONS FOR, AND BENEFITS OF, THE ACQUISITIONS

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. Since as at 31 March 2023, the Group had cash or cash equivalents of approximately HK\$264.2 million, the Company proposes to settle the entire amount of the Consideration by internal resources of the Group. 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.

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.

E. 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 they 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 the Announcement, Art Rich and Mr. Chu, who collectively held a total of 360,520,715 Shares (or approximately 61.66% of the issued share capital of the Company as at the date of the 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. As such, the Company will not convene any general meeting to approve the Acquisitions.

F. ADDITIONAL INFORMATION

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.

Your attention is drawn to the additional information contained in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
CHU Ming Chuan
Chairman

A handwritten signature in black ink, appearing to be 'Chu Ming Chuan', written in a cursive style.