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鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1131)**

**MAJOR TRANSACTION  
PROPOSED ACQUISITION OF THE ENTIRE  
ISSUED SHARE CAPITAL OF  
SKS POWER GENERATION (CHHATTISGARH) LIMITED**

Reference is made to the Company's announcements dated 23 February 2018 and 27 July 2018 and the LOI in relation to the possible acquisition of a power plant in India, respectively.

**THE PROPOSED TRANSACTION**

In connection with the Company's successful bid, the Board is pleased to announce that on 12 November 2018, the Investor, the Seller, the Target Company, the Lenders, the Existing Promoters and the Company (inter alia) entered into the Share Purchase Agreement, pursuant to which the Seller has agreed to sell, and the Investor has agreed to purchase, 100% of the equity interest in the Target Company for a consideration of INR3,000,000,000 (equivalent to approximately HK\$322,581,000). On the same date, the Assignors, the Assignee, Agritrade Power and the Company entered into the Assignment Agreement, pursuant to which the Investor has agreed to pay to the Lenders the Assignment Amount as the consideration for the assignment and transfer of the Existing Fund Based Debt of the Target Company by the Lenders to the Investor.

The total amount payable by the Investor under the Transaction Documents is estimated to be INR21,700,000,000 (equivalent to approximately HK\$2,333,333,000) (the “**Total Payable Amount**”), of which INR3,000,000,000 (equivalent to approximately HK\$322,581,000) represents the Purchase Price, INR17,200,000,000 (equivalent to approximately HK\$1,849,462,000) represents the Assignment Amount and INR1,500,000,000 (equivalent to approximately HK\$161,290,000) represents the Cash Margin Amount. The Company intends to satisfy the Total Payable Amount partly by the internal resources of the Group and partly by loan borrowing from an Independent Third Party as project financing.

The Total Payable Amount has been determined after arm’s length negotiations between the Lenders, Company, the Seller and the Investor after taking into account, amongst others, (i) the preliminary valuation conducted by an independent valuer engaged by the Company regarding the investment value (the “**Investment Value**”) of the Sale Shares of approximately US\$521 million (equivalent to approximately HK\$4,085 million) as at 31 August 2018, which has already taken into account of the amount of the Existing Fund Based Debt; (ii) the past transaction comparables for Indian power plants which were valued at an average of approximately INR62 million per megawatt of capacity; and (iii) the benefits of the Acquisition as disclosed in “Reasons for and benefits of the Acquisition” of this announcement. The Assignment Amount is the dollar-for-dollar amount of the Existing Fund Based Debt of the Target Company owed to the Lenders.

The Directors (including the independent non-executive Directors) consider that the Total Payable Amount is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Transaction is more than 25% but less than 100%, the Proposed Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement, circular and shareholders’ approval requirement 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, none of the Shareholders has a material interest in the Proposed Transaction and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder. The Company will not be required to convene a general meeting for approving the Transaction Documents and the transactions contemplated thereunder as the Company has obtained written Shareholders’ approval from the Company’s Controlling Shareholders, in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules. As at the date of this announcement, the Controlling Shareholders hold in aggregate 3,550,453,332 Shares, representing approximately 55.74% of the total number of issued Shares.

A circular will be despatched to the shareholders by the Company as soon as practicable in accordance with the Listing Rules setting out, amongst other things, further details of the Acquisition. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules to despatch the circular on or before 17 December 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As completion of the Proposed Transaction is conditional upon satisfaction (or, if applicable, waiver) of certain conditions, the Proposed Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

Reference is made to the Announcements. As disclosed in the Announcements, a bid process was undertaken by the Lenders to select an entity, acceptable to the Lenders, *inter alia*, for the Acquisition as per the terms set out under the Bid Document. The Lenders have selected the Company as the successful bidder.

### Background

For the construction, development and operation of the Project, the Target Company has availed of various credit facilities (fund based and non-fund based) from the Lenders. However, owing to various reasons including the complex industry conditions of the industry, the Target Company has failed to fulfil its debt obligations from the Lenders. In order to provide a resolution to the Target Company in relation to its debt obligations, the Lenders have decided, *inter alia*, to effect change in ownership of the Target Company in accordance with the Revised Framework. Accordingly, the Company (as a potential investor) has submitted a resolution plan dated 16 July 2018, as modified pursuant to its letter dated 26 July 2018, whereby the Company offered to pay (through itself or its affiliate) the Resolution Amount for one-time-settlement of the Existing Fund Based Debt and for payment of the cash margin for the Bank Guarantees, as may be required (the “**Resolution Plan**”).

The Lenders have selected the Company as the successful bidder, and in furtherance thereof, the competent authorities have issued the LOI setting out the terms and conditions of the Proposed Transaction and the Company has provided the CPG Amount as a cash deposit for contract performance guarantee in terms of the Bid Document. Subsequently, the Final Letter of Intent was issued in favour of the Company setting out the terms for, *inter alia*, the Proposed Transaction.

On 12 November 2018, the following agreements were entered into:

- (1) The Seller, the Investor, the Target Company, the Lenders, the Existing Promoters, Agritrade Power and the Company entered into the Share Purchase Agreement in relation to, among other things, the Acquisition.

- (2) The Assignors, the Assignee, Agritrade Power and the Company entered into the Assignment Agreement, pursuant to which the Investor has agreed to pay to the Lenders the Assignment Amount as the consideration for the assignment and transfer of the Existing Fund Based Debt of the Target Company by the Lenders to the Investor.
- (3) The Seller, the Target Company, the Company, Agritrade Power, the Escrow Agent, the Lenders and the Investor entered into the Escrow Agreement to set out, among other things, the terms and conditions of the escrow arrangement with the Escrow Agent and the administration of the Escrow Property.
- (4) The Lead Bank, the Company and Agritrade Power entered into the Offshore Escrow Agreement to set out, among other things, the terms and conditions of the offshore escrow arrangement and the administration of the Offshore Escrow Account.
- (5) The Seller, the Target Company, the Company, the Lenders, Agritrade Power and the Investor entered into the Acquisition Framework Agreement recording the overall framework, agreements, arrangements, terms and conditions of the Proposed Transaction.

In view of the foregoing, to implement the Resolution Plan, the Lenders will receive the Resolution Amount and the Company will (through its affiliate) acquire the Target Company by: (i) acquiring the Sale Shares for the Purchase Price; (ii) acquiring the Existing Fund Based Debt for the Assignment Amount; (iii) paying the Cash Margin Amount and any Additional Cash Margin Amount (if required) towards 100% top up of the cash margin of the Bank Guarantees, subject to the terms and conditions of the Transaction Documents.

## **THE PROPOSED TRANSACTION**

The principal terms of the Share Purchase Agreement are set out below.

Date: 12 November 2018

Parties:

- (i) the Investor, as purchaser;
- (ii) the Seller, as vendor;
- (iii) the Target Company, as target company;
- (iv) the Lenders;
- (v) the Existing Promoters;
- (vi) Agritrade Power;
- (vii) the Other Shareholders;
- (viii) the Investor Nominee Shareholders; and
- (ix) the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Seller, the Target Company, the Lenders, the Existing Promoters and their respective ultimate beneficial owner(s) are Independent Third Party.

### **Assets to be acquired**

The Sale Shares and the assignment and transfer of the Existing Fund Based Debt of the Target Company by the Lenders to the Investor.

### **Consideration and payment terms**

Pursuant to the terms and conditions of the Transaction Documents, within 3 Business Days from the Execution Date or 1 Business Day from the date of opening of the investors depository account (whichever occurs later), (i) the Seller (acting on behalf of the Lenders) shall deposit in the Escrow Shares Account the Sale Shares; and (ii) the Other Shareholders shall deliver, submit to, and deposit in the Escrow Shares Account, the 1 equity share held by each of the Other Shareholders (whether in demat form or physical form).

The Investor shall deposit the Advanced Resolution Amount into the Offshore Escrow Account opened by the Investor within 3 Business Days from the Execution Date or 1 Business Day from the date of opening of such account (whichever occurs later). In addition, the Investor shall deposit the Resolution Amount into the Cash Escrow Account on the Transfer Date.

Accordingly, the total amount payable by the Investor under the Transaction Documents is estimated to be INR21,700,000,000 (equivalent to approximately HK\$2,333,333,000) (the "**Total Payable Amount**"), of which INR3,000,000,000 (equivalent to approximately HK\$322,581,000) represents the Purchase Price, INR17,200,000,000 (equivalent to approximately HK\$1,849,462,000) represents the Assignment Amount and INR1,500,000,000 (equivalent to approximately HK\$161,290,000) represents the Cash Margin Amount. The Company intends to satisfy the Total Payable Amount partly by the internal resources of the Group and partly by loan borrowing from an Independent Third Party as project financing.

The Total Payable Amount has been determined after arm's length negotiations between the Lenders, the Company, the Seller and the Investor after taking into account, amongst others, (i) the preliminary valuation conducted by an independent valuer engaged by the Company regarding the Investment Value of the Sale Shares of approximately US\$521 million (equivalent to approximately HK\$4,085 million) as at 31 August 2018, which has already taken into account of the amount of the Existing Fund Based Debt; (ii) the past transaction comparables for Indian power plants which were valued at an average of approximately INR62 million per megawatt of capacity; and (iii) the benefits of the Acquisition as disclosed in "Reasons for and benefits of the Acquisition" of this announcement. The Assignment Amount is the dollar-for-dollar amount of the Existing Fund Based Debt of the Target Company owed to the Lenders.

The Directors (including the independent non-executive Directors) consider that the Total Payable Amount is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## Conditions

The Investor's obligation to purchase the Sale Shares and pay the Resolution Amount (which is equivalent to the Total Payable Amount) on the Transfer Date is conditional upon the fulfilment or waiver of, as the case may be, the following conditions (the "**Investor Conditions Precedent**"):

- (i) the representations and warranties given by the Seller and the Lenders shall be true and correct in all respects as of the Execution Date;
- (ii) the Target Company and the Existing Promoters shall have procured the approval in relation to change in Ownership from NPCL as per the provisions of the 2018 Power Purchase Agreement and the 2018 Agreement for Procurement of Power;
- (iii) the Target Company and the Existing Promoters shall have procured the approval in relation to change in Ownership from the Government of Chhattisgarh (acting through the Chhattisgarh State Power Trading Company Limited);
- (iv) the Target Company and the Existing Promoters shall have obtained the approval of Chhattisgarh State Industrial Development Corporation Limited as per the provisions of certain lease deeds;
- (v) The Target Company and the Existing Promoters shall have submitted a letter of intimation to the Ministry of Coal, Government of India stating that the Proposed Transaction shall result into the change of Ownership of the Target Company;
- (vi) the Lenders shall have received approvals from their relevant competent authorities to transfer the Sale Shares to the Investor and provided a certified true copy of such approvals to the Investor;
- (vii) the Company shall have obtained clearance from the Stock Exchange with respect to the publication of the circular in relation to the Proposed Transaction contemplated under the Transaction Documents;
- (viii) the Company shall have received a certified true copy of an order of the National Company Law Tribunal, Mumbai Bench, which order approves withdrawal of the Company Insolvency Petition (in terms of the Insolvency and Bankruptcy Code, 2016); and
- (ix) the Investor, the Company and Agritrade Power, shall have had handed over to the Lenders, certificate from each such party certifying the names and signatures of the officers authorised on behalf of it to execute the Share Purchase Agreement and any other documents to be delivered by it hereunder.

If one or more of the Investor Conditions Precedent is not fulfilled the Investor may, at its sole discretion, in whole or in part, waive such Investor Conditions Precedent, to the extent permissible under applicable law.

The obligation of the Seller to sell the Sale Shares is subject to fulfilment, on or prior to Completion, of conditions (the “**Lender Conditions Precedent**”) including:

- (i) the representations and warranties given by the Investor shall be true and correct in all respects as of the Execution Date;
- (ii) the Company shall have obtained and submitted to the Lead Bank a certified true copy of the approval from its majority shareholders, as required under applicable law, and the board of directors, to enter into and perform its obligations as more specifically set out in the Transaction Documents;
- (iii) the Company shall within 7 Business Days from the Execution Date, start the process for vetting by the Stock Exchange and shall submit the certified true copy of the disclosure made to the Stock Exchange to the Lenders;
- (iv) the Investor shall have submitted to the Lead Bank, a certified true copy of the approval of the board of directors of the Investor to purchase the Sale Shares from the Seller in accordance with the terms of the Share Purchase Agreement; and
- (v) Agritrade Power shall have submitted to the Lead Bank, a certified true copy of the approval of the board of directors of Agritrade Power as required under applicable law for entering into and executing the Transaction Documents, and performing all of its obligations thereunder; the Lenders shall have had handed over to the Investor, certificate from each Lender certifying the names and signatures of the officers authorised on behalf of it to execute the Transaction Documents and any other documents to be delivered by it hereunder.

If one or more of the Lender Conditions Precedent is not fulfilled the Lenders may, at its sole discretion, in whole or in part, waive such Lender Conditions Precedent, to the extent permissible under applicable law.

## **Completion**

The Investor and the Company shall be obligated to close the Proposed Transaction by payment of the Resolution Amount (which is equivalent to the Total Payable Amount) to the Lenders on the Transfer Date subject to the following conditions: (i) the Investor CP Reconfirmation Notice shall have been signed and issued to the Escrow Agent and the Lenders; and (ii) the Investor CP Satisfaction Notice shall have been signed by the Investor and the Company; and (iii) there is no Investor material adverse effect or a Lender material adverse effect existing as on the Transfer Date; and (iv) there is no insolvency event existing on the Transfer Date; and (v) there is no termination of the Transaction Documents due to occurrence of an Investor material adverse effect by the Transfer Date.

Subject to the terms of the Escrow Agreement, on the Transfer Date:

- (i) the Escrow Agent shall transfer the Sale Shares from the Escrow Shares Account to the depository participant account of the Investor as designated, and transfer the 1 equity share held by each of the Other Shareholders to the respective depository accounts of the relevant nominees of the Investor (or their appointed attorney/representative);

- (ii) the Escrow Agent shall remit the respective portion of the Purchase Price to each of the Lenders (in total aggregating to the Purchase Price) into their respective designated accounts;
- (iii) the Escrow Agent shall remit the respective portion of the Assignment Amount to each of the Lenders in accordance with the Assignment Agreement and the Escrow Agreement to their respective designated accounts;
- (iv) the Escrow Agent shall remit the Cash Margin Amount to the Lead Bank into a designated account of the Lead Bank;
- (v) all of the Existing Fund Based Debt shall stand fully assigned and transferred to the Investor, along with all the underlying security interests created in favour of the Lenders, or any person acting on behalf of the Lenders (free from any Encumbrance together with all rights attached thereto), in accordance with the terms as set out under the Assignment Agreement;
- (vi) the Seller and the Lenders shall release and deliver the documents pursuant to which Securities have been created in favour of the Assignors securing the Existing Fund Based Debt and the documents pursuant to which the Existing Fund Based Debt has been availed of by the Target Company to and in favour of the Investor (or its trustee as the Investor may specify); and
- (vii) the interest on the cash margin amount aggregating to INR1,426,400,000 existing in the books of the Target Company as cash margin provided by the Target Company towards the Bank Guarantees shall be released by the Lenders to the Target Company after making the relevant deductions.

## **Covenants**

Pursuant to the terms of the Assignment Agreement, the Investor and the Company have jointly and severally agreed and undertaken that:

- (i) the Investor shall continue to hold the Ownership for the Lock-in Period, provided however that, the Lock-in Period as aforesaid shall not apply in case of (a) transfer of the Ownership by the Investor of the Sale Shares to its parent/ultimate parent/affiliate, with prior approval of the Lenders; and/or (b) amalgamation/merger of the Investor with the Target Company;
- (ii) notwithstanding anything to the contrary contained in any Transaction Document, after the Transfer Date, the Investor shall ensure that the Existing Promoters shall at no time hold any legal or beneficial interest in any equity (including the Sale Shares) and/or preference share capital of the Target Company and/or convertible instruments issued/to be issued by the Target Company *provided however that* the Existing Promoter may hold the compulsorily convertible debentures of the Target Company and compulsorily convertible preference shares of the Target Company until the implementation of the amalgamation of the Target Company with the Investor or its affiliate;



- (iii) the Investor and the Target Company shall, subject to compliance with the condition above, be permitted to: (a) create a pledge over the 100% shares of the Target Company (and transfer pursuant to enforcement of security) in favour of banks, financial institutions or any other lender (including the Investor's shareholders (other than the Existing Promoters) or affiliates); and/or (b) issue fresh shares or any other equity linked instrument, and/or (c) raise funds for financing of phase II of the Project or operations of the Project from banks, financial institutions or any other lender (including the Investor's shareholders (other than the Existing Promoters) or affiliates);
- (iv) the Investor, Seller and Lenders shall comply with all requirements under any of the documents entered into by the Target Company in relation to the Project, for completion of acquisition of Sale Shares in terms of Share Purchase Agreement and the other Transaction Documents; and
- (v) upon the transfer of the Sale Shares to the Investor and receipt of the Resolution Amount by the Lenders, the Seller and the Lenders (where required under applicable law) shall file such necessary forms as may be required with the Target Company, the depository and depository participant and such relevant governmental authority in relation to the transfer of the Sale Shares and the assignment and transfer of the Existing Fund Based Debt to the Investor.

The Existing Promoters and the Target Company jointly and severally agree and undertake to the Investor that after the Completion in terms of the Transaction Documents, they will provide all reasonable support and assistance to the Investor: (i) to take over the possession, management of the Project and the affairs of the Target Company, including without limitation, access to all financial books, all statutory registers etc. as would be generally available to a shareholder of the company and physical access to all the Target Company premises, facilities and plants; (ii) as necessary to operate the business and/or to ensure a smooth and efficient transition of the business to the Investor, (iii) to ensure that the key employees and personnel of the Target Company (including the power plant) continue to assist the Investor for the operation of the business and the power plant (including obtaining any government approvals or extensions); and (iv) shall continue providing such assistance and time to perform a smooth and efficient transition of the management control, operational control and financial control to the Investor.

## **INFORMATION OF THE SELLER, THE INVESTOR, THE TARGET COMPANY AND THE PROJECT**

### **The Seller**

The Seller is a company incorporated in India, which is a wholly-owned subsidiary of State Bank of India and is registered with Securities Exchange Board of India as a debenture trustee. The Seller is principally engaged in the trusteeship services in India for securities including bond, debenture and share pledges.

### **The Investor**

The Investor is a company incorporated in India, which is principally engaged in investment holding and is a wholly-owned subsidiary of the Company.

## The Target Company

The Target Company is a company incorporated in the State of Maharashtra, India, which is principally engaged in the business of coal-based thermal power plant and the construction, development and operation of the Project.

## The Project

The Project, which is developed and operated by the Target Company, is developed in two phases. Phase I of the Project comprising of 600 MW (2 units of 300 MW each) has achieved COD and is operational. For construction, development and operation of the Project, the Target Company has availed of financial assistance from the Lenders.

The Target Company has been facing challenges for reasons including economic slow-down and non-tie up of the entire capacity of the power generated at the Project. Consequently, the Target Company has not been able to service its debt obligations towards the Lenders.

Accordingly, and in furtherance of the Revised Framework, the Lenders have undertaken a process for resolution of stress in the Target Company identifying a strategic investor, *inter alia*, to acquire Ownership.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company as extracted from the unaudited financial statements of the Target Company for each of the financial years ended 31 March 2017 and 2018 prepared based on the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 March 2017 (in HK\$'000)</b>	<b>For the year ended 31 March 2018 (in HK\$'000)</b>
Turnover	—	257,548
Net loss before income tax	399,090	136,738
Net loss after income tax	399,090	136,738

As at 31 March 2018, the unaudited net liabilities of the Target Company amounted to approximately HK\$1,491,737,000. The financial statements of the Target Company prepared in compliance with the requirements of the Listing Rules will be included in the circular in relation to the Acquisition to be despatched to the Shareholders.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are (a) mining, exploration, logistics, sale of coal and other mining-related activities; (b) the provision of shipping transportation, vessel storage and relevant logistics services for crude oil and petrochemical products under time chartering or long-term contracts; and (c) the production, generation, provision and sale of fuel and energy and other energy-related operations.

As disclosed in the annual report of the Company for the year ended 31 March 2018, the Group intends to conduct vertical integration through strategic mergers and acquisitions, particularly within the energy sector such as thermal power sector, in response to prevailing market conditions and opportunities, with the objective to further diversify the Group's business and to expand its customer base into new markets. The Board considers that the Acquisition represents such diversification opportunity of the Group to expand its business to the energy-related thermal power plant operation, as well as to diversify its customer base into emerging markets like India. The Acquisition can help the Group to achieve vertical integration, and is also in line with the Group corporate missions and growth strategy.

The Project is a high powered domestic coal based thermal power plant comprising of 4 units of 300 MW each, in 2 phases of 600 MW each, at village Binjkote & Durramuda, Raigarh, in the State of Chhattisgarh, India. Given the fact that India is one of the countries with the highest population in the world and the continuous shortage of power in the country, the Board considers that there is a strong demand for thermal power and a steady upward trend in the development of the energy sector in India. The Directors are fairly optimistic about the prospect of the Project, the development of which are expected to continue over the coming years. For reasons beyond the control of the Target Company, the Target Company has faced financial stress and failed to fulfil its debt obligations from the Lenders. As such, the Lenders decided to restructure the Target Company and to sell the Sale Shares at a bargain price.

Having considered and made reference to the Investment Value on the Sale Shares of approximately US\$521 million as at 31 August 2018 performed by the independent valuer engaged by the Company, the Resolution Amount for the Proposed Transaction is considered as attractive, which was set at a substantial discount below its Investment Value and as compared to market comparables. Therefore, the Directors believe it is in the interest of the Group to acquire the entire issued share capital in the Target Company through the Acquisition at a bargain price. As at the date of this announcement, phase I of the Project, representing a thermal power plant of 600 MW capacity, has already been completed and commissioned and is currently in operation and generating revenue. Following Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the accounts of the Target Company will be consolidated into the consolidated financial results of the Group and they are expected to contribute favourably to the Group's overall operating revenue and cash flows.

Taking into account the reasons and benefits described above, the Directors (including the independent non-executive Directors) consider that the terms of the Transaction Documents and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Proposed Transaction is more than 25% but less than 100%, the Proposed Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and circular and shareholders' approval requirement 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, none of the Shareholders has a material interest in the Proposed Transaction and therefore no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder. The Company will not be required to convene a general meeting for approving the Transaction Documents and the transactions contemplated thereunder as the Company has obtained written Shareholder's approval from the Company's Controlling Shareholders, in lieu of convening a general meeting as permitted by Rule 14.44 of the Listing Rules. As at the date of this announcement, the Controlling Shareholders, hold in aggregate 3,550,453,332 Shares, representing approximately 55.74% of the total number of issued Shares.

## GENERAL

A circular will be despatched to the shareholders by the Company as soon as practicable in accordance with the Listing Rules setting out, amongst other things, further details of the Acquisition. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules to despatch the circular on or before 17 December 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**As completion of the Proposed Transaction is conditional upon satisfaction (or, if applicable, waiver) of certain conditions, the Proposed Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

“Acquisition”	the proposed sale and purchase of the Sale Shares pursuant to the terms of the Share Purchase Agreement
“Acquisition Framework Agreement”	means the overall acquisition framework agreement dated 12 November 2018 recording the overall framework, agreements, arrangements, terms and conditions of the Proposed Transaction
“Act”	means The Companies Act, 1956 and The Companies Act, 2013 (as the case may be and to the extent applicable)
“Additional Cash Margin Amount”	means such additional cash margin amount required to be paid by the Investor
“Advanced Resolution Amount”	means the amount of INR3,250,000,000
“Agritrade Power”	means Agritrade Power Holdings Pte Limited, being a company incorporated in Singapore
“Announcements”	the announcements of the Company dated 23 February 2018 and 27 July 2018

“Assignee”	means ENTWICKELN India Energy Private Limited, being a company incorporated in India and a wholly-owned subsidiary of the Company
“Assignment Agreement”	means the assignment agreement dated 12 November 2018 for assignment and transfer of the Existing Fund Based Debt to the Investor
“Assignment Amount”	means the amount of INR17,200,000,000 (or such amount as may be mutually agreed between the Lenders, the Company and the Investor in writing), to be paid as consideration by the Investor to the Lenders for the assignment and transfer of the Existing Fund Based Debt by the Lenders to the Investor as per the terms set out in the Assignment Agreement, which amount forms part of the Resolution Amount
“Assignors”	means State Bank of India, L&T Infrastructure Finance Company Limited and PTC India Financial Services Limited
“Authorized Representative”	means SBI Capital Markets Limited, a body corporate with registered office at 202, Maker Tower E, Cuffe Parade, Mumbai — 400005, in the State of Maharashtra, India
“Bank Guarantee(s)”	mean the bank guarantee facility availed by the Target Company
“Bid Document”	means the bid document dated 20 June 2018 (including the expression of interest document dated 6 June 2018, and any corrigendum, modifications, clarifications, etc., issued in connection therewith) issued collectively by the Authorized Representative and the Lead Bank, on behalf of the Lenders.
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding Saturday and Sunday or a public holiday in Hong Kong and Singapore) on which banks generally are open for business in Mumbai, India
“Cash Escrow Account”	means the cash escrow account established with the State Bank of India, pursuant to the terms of the Escrow Agreement
“Cash Margin Amount”	means the cash margin amount aggregating to INR1,500,000,000 to be paid by the Investor towards the Bank Guarantees pursuant to the Assignment Agreement, the amount of which forms part of the Resolution Amount
“Closing Date”	means the 30th day from the date of issue of the Investor CP Satisfaction Notice

“COD”	means the date on which the respective units of the Project have achieved commercial operation
“Company”	means Agritrade Resources Limited (stock code: 1131), a company incorporated under the laws of Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	means the completion of the Acquisition under the terms of the Share Purchase Agreement
“Condition(s)”	means the condition(s) precedent to the Completion as set out in the Share Purchase Agreement
“Controlling Shareholders”	means, collectively, Amber Future Investments Limited and Fortunella Investments Limited
“CPG Amount”	means the amount of cash deposit for contract performance guarantee in terms of the Bid Document in aggregate of INR250,000,000
“Director(s)”	means the director(s) of the Company
“Encumbrances”	means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, or other security interest securing any obligation of any person, or call or put option, escrow on the securities, commitment, restriction or limitation of any nature, or any other agreement or arrangement having a similar effect; any conditional sale, voting agreement, lock-in, pre-emptive right, right of first refusal, right of first offer, non-disposal undertaking or transfer restrictions; or any agreement, arrangement or obligation to create any of the aforesaid
“Escrow Account”	means collectively the Cash Escrow Account and the Escrow Shares Account
“Escrow Agent”	means SBICAP Trustee Company Limited, a company incorporated in India
“Escrow Agreement”	means the escrow agreement to be entered into between State Bank of India, the Seller, Target Company, the Company, Agritrade Power, Lenders and the Investor on Completion setting out the terms of and release mechanics for the Escrow Account

“Escrow Property(ies)”	mean (i) the Escrow Account and/or balances lying therein; (ii) duly signed and undated transfer slips for the transfer of the Sale Shares; (iii) the Sales Shares; and (iv) the signed no dues certificates to be obtained from each of the relevant Lenders to the Target Company
“Escrow Shares Account”	means an account to be opened with a depository participant of the Escrow Agent for deposit of the Sale Shares and shall be operated in accordance with the provisions set out under the Escrow Agreement
“Execution Date”	means the date of execution of the Share Purchase Agreement
“Existing Fund Based Debt”	means the aggregate total outstanding fund based debt owed by the Target Company to the Lenders as of the Transfer Date, which as of 30 September 2018, stands at INR57,170,108,846.47
“Existing Promoters”	means: (i) SKS ISPAT and Power Limited; and (ii) Labheshwari Agencies Limited
“Final Letter of Intent”	means the final letter of intent dated 11 October 2018 issued by the Lead Bank, on behalf of the Lenders, in favour of the Company setting out the terms for, <i>inter alia</i> , acquisition of Sale Shares of the Target Company and assignment of the Existing Fund Based Debt
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	means any person or company and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“India”	means the Republic of India
“INR”	means Indian rupee, the lawful currency of Republic of India

“Investor”	means ENTWICKELN India Energy Private Limited, being a company incorporated in India and a wholly-owned subsidiary of the Company
“Investor Nominee Shareholder(s)”	the nominees of the Investor
“Investor CP Reconfirmation Notice”	means the memorandum signed by the Investor and the Company that all Investor Conditions Precedent as confirmed to have been satisfied in the Investor CP Satisfaction Notice continue to be satisfied as of the Transfer Date
“Investor CP Satisfaction Notice”	means the notice from the Investor and the Company to inform the Escrow Agent of the fulfilment of all the Investor Conditions Precedent
“Lead Bank”	means State Bank of India
“Lender Conditions Precedent”	has the meaning as ascribed to it under the paragraph headed “Conditions” under the section headed “THE PROPOSED TRANSACTION” in this announcement
“Lenders”	means the lenders who provided financial assistance for the development and operation of the Project
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-in Period”	Means a minimum period of 5 years from the Transfer Date
“LOI”	means the in-principle letter of intent issued and entered into between the Company and the Lenders on 27 July 2018
“Long Stop Date”	means the date being the 90th day from the Execution Date, which may be extended by the Lenders in their sole discretion
“NPCL”	means Noida Power Company Limited, a company incorporated under the laws of India with limited liability
“Offshore Escrow Account”	means the offshore cash escrow account opened pursuant to the Offshore Escrow Agreement
“Offshore Escrow Agreement”	means the offshore escrow agreement entered into amongst the Seller, Lenders, the Investor, the Company, Agritrade Power and the offshore escrow agent appointed dated 12 November 2018, which sets out the terms of deposit and release of the Advance Resolution Amount from the Offshore Escrow Account



“Other Shareholders”	means the 6 individual shareholders of the Target Company save and except for the Seller
“Ownership”	means: (a) at least 202,376,120 equity shares of the Target Company comprising of at least 51% (fifty one per cent) of equity share capital of the Target Company, on fully diluted basis; and (b) control in the Target Company
“Project”	means the Target Company’s project of setting up a 1,200 (4X300) MW domestic coal based thermal power plant comprising of 4 units of 300 MW each, in 2 phases of 600 MW each, at village Binjkote & Durramuda, Raigarh, in the State of Chhattisgarh, India
“Proposed Transaction”	means the proposed acquisition of Sale Shares of the Target Company, the assignment of the Existing Fund Based Debt and the payment of the Cash Margin Amount to the Assignors in accordance with the terms of the Transaction Documents
“Purchase Price”	means the consideration for the Sale Shares to be sold by the Seller, acting for and on behalf of the Lenders, and purchased by the Investor for INR10.37 per equity share (in aggregate INR3,000,000,000), or such amount as may be mutually agreed between the Lenders, the Company and the Investor in writing
“RBI”	means Reserve Bank of India
“Resolution Amount”	means the amount of INR21,700,000,000 plus any Additional Cash Margin Amount
“Resolution Plan”	has the meaning as ascribed to it under the paragraph headed “Background” under the section headed “INTRODUCTION” in this announcement
“Revised Framework”	means the circular on Resolution of Stressed Assets — Revised Framework bearing no. RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18 dated 12 February 2018 (as amended from time to time), as amended and modified from time to time, issued by the Reserve Bank of India
“Sale Shares”	means 289,496,564 equity shares (having a face value of INR10 and carrying 1 vote per such share, held by the Seller as collateral for sale, representing 100% (one hundred per cent) of the equity share capital of the Target Company on a fully diluted basis

“Seller”	means SBICAP Trustee Company Limited, a company incorporated under the laws of India with limited liability
“Share Purchase Agreement”	means the share sale and purchase agreement dated 12 November 2018 and entered into among the Investor, the Seller the Target Company and the Company in respect of, among other things, the Acquisition, as amended from time to time
“Shareholders”	means shareholders of the Company
“Shares”	means ordinary shares of HK\$0.025 each in the share capital of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Target Company”	means SKS Power Generation (Chhattisgarh) Limited, a company incorporated under the laws of India with limited liability
“Total Payable Amount”	has the meaning as ascribed to it under the paragraph headed “Consideration and payment terms” under the section headed “THE PROPOSED TRANSACTION” in this announcement
“Transaction Document(s)”	means (i) the Assignment Agreement; (ii) the Share Purchase Agreement; (iii) the Escrow Agreement; (iv) the Offshore Escrow Agreement; (v) the Bid Document; (vi) the Acquisition Framework Agreement; (vii) the LOI; and (viii) the Final Letter of Intent
“Transfer Date”	means (i) if no insolvency event exists on the Closing Date, the Closing Date; and (ii) if any insolvency event exists on the Closing Date, then such date when such insolvency event ceases to exist provided that such date shall not be later than the 30th day from the Closing Date
“US\$”	means United States dollars, the lawful currency of the United States of America
“2018 Agreement for Procurement of Power”	means the agreement for procurement of power dated 6 April 2018 between NPCL and PTC India Limited
“2018 Power Purchase Agreement”	means the power purchase agreement dated 6 April 2018 between PTC India Limited and the Target Company

*For the purpose of this announcement, unless otherwise indicated, the exchange rates of US\$1.00 = HK\$7.84 and HK\$1.00 = INR9.30 have been used, where applicable, for purpose of illustration only and they do not constitute any representation that any amount has been, could have been or may be exchanged at those rates or at any other rates.*

By order of the Board  
**Agritrade Resources Limited**  
**Ashok Kumar Sahoo**  
*Executive Director and Chief Financial Officer*

Hong Kong, 12 November 2018

*As at the date of this announcement, the Board comprises Mr. Ng Say Pek (Chairman), Mr. Ng Xinwei, Ms. Lim Beng Kim, Lulu and Mr. Ashok Kumar Sahoo as executive Directors and Mr. Chong Lee Chang, Mr. Siu Kin Wai, Mr. Terence Chang Xiang Wen, Mr. Cheng Yu and Mr. Phen Chun Shing Vincent as independent non-executive Directors.*