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*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00380)**

## **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION RENEWAL OF LOAN AGREEMENT**

### **PROPOSED RENEWAL OF THE LOAN AND ANNUAL CAPS**

Reference is made to the Company's circulars dated 15 July 2016 and 5 February 2018 in relation to (i) the 2016 Loan Agreement and the continuing connected transaction between the Group and an associate of the controlling shareholder of the Company contemplated thereunder; and (ii) the Deed of Novation.

As the Loan and the annual caps of the aforesaid continuing connected transaction will expire on 31 July 2019, the Lender entered into the 2019 Loan Agreement with the Borrower to renew the Loan and the Proposed Annual Caps from 1 August 2019 to 31 July 2022.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. Lai Guanglin holds approximately 32.79% of the issued share capital of the Company, is the controlling shareholder of the Company. As Mr. Lai Guanglin is the ultimate controlling shareholder of the Guarantor, the Borrower, being a wholly-owned subsidiary of the Guarantor, is an associate of Mr. Lai Guanglin and therefore, is an associate of the connected person of the Company under Rule 14A.13(3) of the Listing Rules. As such, the transactions contemplated under the 2019 Loan Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in relation to the 2019 Loan Agreement and Proposed Annual Caps exceed 5%, the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements pursuant to Rules 14A.35, 14A.36 and 14A.49 of the Listing Rules.

## **GENERAL**

The SGM will be convened and held, among others, to seek the Independent Shareholders' approval regarding the 2019 Loan Agreement and the Proposed Annual Caps and the transactions contemplated thereunder.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transactions contemplated under the Loan Agreement, will abstain from voting at the SGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquires, save for Mr. Lai Guanglin and his associates, no Shareholder (or its associates) has any material interest in the transactions contemplated under the Loan Agreement.

An independent board committee will be established to consider the terms of the 2019 Loan Agreement, the Proposed Annual Caps and transactions contemplated thereunder, and advise the Independent Shareholders as to whether the 2019 Loan Agreement, the Proposed Annual Caps and transactions contemplated thereunder are entered into in the ordinary and usual course of business, and the terms of the 2019 Loan Agreement, the Proposed Annual Caps and transactions contemplated thereunder are agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will also appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details of the 2019 Loan Agreement and the Proposed Annual Caps; (ii) a letter from the independent board committee of the Company to the Independent Shareholders in respect of the 2019 Loan Agreement and the Proposed Annual Caps; and (iii) a letter of advice from an independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the 2019 Loan Agreement and the Proposed Annual Caps, and (iv) notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **I. INTRODUCTION**

Reference is made to the Company's circulars dated 15 July 2016 and 5 February 2018 in relation to (i) the 2016 Loan Agreement and the continuing connected transaction between the Group and an associate of the controlling shareholder of the Company contemplated thereunder; and (ii) the Deed of Novation.

As the Loan and the annual caps of the aforesaid continuing connected transaction will expire on 31 July 2019, the Lender entered into the 2019 Loan Agreement with the Borrower to renew the Loan and the Proposed Annual Caps from 1 August 2019 to 31 July 2022.

## II. THE PRINCIPAL TERMS OF THE 2019 LOAN AGREEMENT

The principal terms of the 2019 Loan Agreement are as follows:

<b>Date</b>	9 May 2019
<b>Lender</b>	Mao Xing Limited, a wholly-owned subsidiary of the Company
<b>Borrower</b>	Agria Group Limited, a wholly-owned subsidiary of the Guarantor
<b>Principal Amount</b>	US\$10,000,000 (equivalent to approximately HK\$78,500,000), the amount has been advanced to the original borrower under the 2016 Loan Agreement (i.e. 1 August 2016) and was transferred to the Borrower pursuant to the Deed of Novation
<b>Term</b>	3 years ending on the Maturity Date.
<b>Interest Rate</b>	<p>The Borrower shall pay the interest on the Loan on each of last Banking Day of an interest period (“<b>Interest Period</b>”) on half year basis, the first Interest Period shall commence on 1 August 2019 and shall be ending at 31 October 2019 and the last Interest Period shall commence on 1 May 2022 and shall be ending at 31 July 2022.</p> <p>The interest rate for each interest period shall be ten point five per cent (10.5%) of the Loan per annum.</p>
<b>Repayment terms</b>	The principal amount of the Loan shall be repayable in full on Maturity Date.
<b>Security for the Loan</b>	<p>The Loan is secured by the Guarantee executed by the Guarantor in favour of the Lender as a continuing security and continuing obligation for performance by the Borrower of its obligations in the 2019 Loan Agreement.</p> <p>Pursuant to the Guarantee, the Guarantor has irrevocably and unconditionally guaranteed and undertaken as principal obligor on first demand by the Lender to pay any and all sums, whether principal, interests, fees or otherwise, which are or at any time may become payable by the Borrower under the 2019 Loan Agreement (the “<b>Indebtedness</b>”). In addition, the Guarantor has also guaranteed to pay interest in the same rate and manner as in the 2019 Loan Agreement on the Indebtedness from the date of first demand by the Lender to the date of payment and to be responsible</p>

for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor.

**Conditions Precedent** The renewal of the Loan under the 2019 Loan Agreement and the renewal of the Proposed Annual Caps are conditional upon certain conditions precedent, in particular the following, being fulfilled:

- (i) the Lender being satisfied with the results of all technical, legal, financial, operational due diligence on the Borrower and there has been no Material Adverse Effect since the date of signing the 2019 Loan Agreement;
- (ii) all necessary consents, approvals, authorizations and licenses in relation to the 2019 Loan Agreement (including without limitation, the Independent Shareholders' approval of Company) having been obtained;
- (iii) the Guarantee being duly executed by the Guarantor;
- (iv) the board of directors of both Borrower and the Company having approved the 2019 Loan Agreement, the Security Documents and the Proposed Annual Caps; and
- (v) all authorisations have been obtained and all necessary filings, registrations and other formalities (including without limitation, the approval requirements under the Listing Rules and applicable laws and rules in Hong Kong) have been or will be completed in order to ensure that the 2019 Loan Agreement, the Security Documents, and the Proposed Annual Caps are valid and enforceable;

**Default** If the Borrower fails to pay any sum payable under the 2019 Loan Agreement when due, the Borrower (or the Guarantor as principal obligor on first demand by the Lender) shall pay interest on such sum from and including the due date to the date of actual payment (after as well as before judgment) at the rate of Prime Rate plus 12% per annum.

### III. PROPOSED ANNUAL CAPS

Under the transactions contemplated under the 2019 Loan Agreement, the Proposed Annual Caps for the maximum principal loan outstanding and the maximum interest amount for the next three years are as follows:

	<b>Period from 1 August 2019 <sup>(Note)</sup> to 31 December 2019</b>	<b>Year ending 31 December 2020</b>	<b>Year ending 31 December 2021</b>	<b>Period from 1 January 2022 to 31 July 2022</b>
Maximum principal loan outstanding	US\$10,000,000	US\$10,000,000	US\$10,000,000	US\$10,000,000
Approximate maximum interest amount	US\$441,000	US\$1,053,000	US\$1,050,000	US\$610,000
Proposed Annual Caps	US\$10,441,000	US\$11,053,000	US\$11,050,000	US\$10,610,000

*Note: the expected date for renewal of the Proposed Annual Caps becoming effective is upon fulfillment of the conditions precedent to the 2019 Loan Agreement.*

The amounts of above Proposed Annual Caps have been determined with reference to the aggregate principal amount outstanding under the facility granted by the Lender and the annual interest payable under the 2019 Loan Agreement.

Pursuant to the 2019 Loan Agreement, it is agreed that the Borrower shall pay interest on the aggregate principal amount outstanding under the Loan from time to time at ten point five per cent (10.5%) of the Loan per annum and such interest shall be paid to the Lender on the last Banking Day of each interest period.

### IV. REASONS FOR AND BENEFITS OF THE EXTENSION OF THE LOAN ARRANGEMENT

The Company would like to seize the opportunity to obtain greater returns for the Shareholders. The Loan will provide interest income to the Group. The Company considered the good financial position and cash surplus of the Group, security of the Loan and the favorable interest rate of the Loan, which is higher than the interest rate for 6-month fixed deposit in the banks of Hong Kong. The Company is of the view that the extension of the Loan is a good investment opportunity for the Company.

#### *Assessment of credit risks in association with the 2019 Loan Agreement*

The major risk associated with the Loan is the potential default of payment of the Borrower. Therefore, before entering into the 2019 Loan Agreement, the Directors had also considered and evaluated the following factors:–

- (1) the net assets value of the Borrower's group covers the maximum amount of the Loan.
- (2) the Borrower and/or its holding company will have adequate source of income for the repayment of the Loan.
- (3) according to the unaudited management accounts of the Guarantor for the financial period ended 31 December 2018, the Guarantor had unaudited net asset value, net current asset and cash and cash equivalents of approximately US\$122.91 million, US\$182.62 million and US\$17.59 million as at 31 December 2018 respectively. As such, the Directors are of the view that the financial performance of the Guarantor should be sufficient to cover potential default risk of the Borrower.

In light of above, the Directors are of the view that, by entering into the 2019 Loan Agreement, the financial resources of the Group can be used in a more efficient way in order to generate additional interest return. After taking into account the factors as disclosed above in assessing the risks of the Loan, the Company considers that the risks involved in the advance to the Borrower are relatively low. The terms of the 2019 Loan Agreement, including the applicable Interest Rate and the Proposed Annual Caps, were agreed by the parties to the 2019 Loan Agreement after arm's length negotiation having taken into account the prevailing market interest rates and practices. The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial advisor) consider that the 2019 Loan Agreement and Proposed Annual Caps are entered into on normal commercial terms, and the terms of the 2019 Loan Agreement and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### ***Internal Control Measures for the Loan***

To safeguard the interest of the Group, the Company will adopt the following review process and assessment criteria when providing Loan to the Borrower under the 2019 Loan Agreement:

- (1) The designated staff of accounting department of the Company will closely monitor the outstanding loan balances and report the latest status to the financial controller of the Company on a monthly basis to ensure that it does not exceed the stipulated Proposed Annual Caps;
- (2) The financial controller of the Company will report to the senior management on a monthly basis and Directors (including the independent non-executive Directors) on half year basis in relation to the transaction status.

#### **V. INFORMATION OF THE PARTIES**

The Lender is a limited company incorporated in the British Virgin Islands and principally engaged in investment holding. The Lender is a wholly-owned subsidiary of the Company.

The Group is principally engaged in trading of construction materials, mainly pipes and fittings in Hong Kong and Macau.

The Borrower is a limited company incorporated in British Virgin Islands and principally engaged in investment holding. The Borrower is a direct wholly-owned subsidiary of the Guarantor.

The Guarantor is a company with limited liability incorporated in Cayman Islands, which is an international agricultural enterprise with operations in New Zealand, Australia, South America and China. According to the audited financial statement of the Guarantor for the financial year ended 30 June 2018 provided by the Guarantor (with reference to the publicly available information at its company website (<http://www.agriacorp.com>)), the Guarantor had audited net assets value, total equity attributable to equity holders, net current assets and cash and cash equivalents of approximately US\$141.60 million, US\$37.27 million, US\$146.32 million and US\$17.05 million respectively as at 30 June 2018.

## **VI. IMPLICATIONS UNDER LISTING RULES**

As at the date of this announcement, Mr. Lai Guanglin holds approximately 32.79% of the issued share capital of the Company, is the controlling shareholder of the Company. As Mr. Lai Guanglin is the ultimate controlling shareholder of the Guarantor, the Borrower, being a wholly-owned subsidiary of the Guarantor, is an associate of Mr. Lai Guanglin and therefore, is an associate of the connected person of the Company under Rule 14A.13(3) of the Listing Rules. As such, the transactions contemplated under the 2019 Loan Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, Mr. Lai Fulin (the younger brother of Mr. Lai Guanglin), the executive Directors and the Chairman of the Company, has abstained from voting at the relevant board meeting for approving the Loan and the transactions contemplated thereunder. Apart from the above, none of the Directors has any material interest in the abovementioned transactions and is required to abstain from voting on the board resolutions approving the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As one or more applicable Percentage Ratios of the Proposed Annual Caps for the transactions contemplated under the 2019 Loan Agreement exceed 5%, the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are subject to reporting, announcement, independent shareholders' approval and annual review requirements pursuant to Rules 14A.35, 14A.36 and 14A.49 of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules.

As one or more relevant applicable Percentage Ratios of the Proposed Annual Caps amounts are over 5% but all of the which are below 25%, the Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting and announcement requirements pursuant to Rule 14.33 of the Listing Rules.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transactions contemplated under the 2019 Loan Agreement, will abstain from voting at the SGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Lai Guanglin and his associates, no Shareholder (or its associates) has any material interest in the transactions contemplated under the 2019 Loan Agreement.

## **VII. GENERAL**

The SGM will be convened and held, among others, to seek the Independent Shareholders' approval regarding the 2019 Loan Agreement and the Proposed Annual Caps and the transactions contemplated thereunder.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transactions contemplated under the Loan Agreement, will abstain from voting at the SGM. To the best of knowledge, information and belief of the Directors, having made all reasonable enquires, save for Mr. Lai Guanglin and his associates, no Shareholder (or its associates) has any material interest in the transactions contemplated under the Loan Agreement.

The Independent Board Committee, comprising the independent non-executive Directors of the Company, will be established to consider the terms of the 2019 Loan Agreement, the Proposed Annual Caps and transactions contemplated thereunder, and advise the Independent Shareholders as to whether the 2019 Loan Agreement, and the Proposed Annual Caps and transactions contemplated thereunder are entered into in the ordinary and usual course of business, and the terms of the 2019 Loan Agreement, the Proposed Annual Caps and transactions contemplated thereunder are agreed on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will also appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 2019 Loan Agreement and the Proposed Annual Caps and the transactions contemplated thereunder.

The Circular containing, among other things, (i) further information on the 2019 Loan Agreement and the Proposed Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the 2019 Loan Agreement and the Proposed Annual Caps; (iii) a letter of advice by an independent financial adviser to both the Independent Board Committee and the Independent Shareholders in respect of the 2019 Loan Agreement and the Proposed Annual Caps; and (iv) notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.



## VIII. DEFINITIONS

In this announcement, unless the context otherwise requires, shall have the following meanings:

<b>“2016 Loan Agreement”</b>	the loan agreement dated 11 May 2016 entered into between the Lender (as the lender) and China Victory International Holdings Limited (as the borrower) in respect of a loan facility up to US\$10,000,000, details of which are set out in the Company’s circular dated 15 July 2016;
<b>“2019 Loan Agreement”</b>	the loan agreement dated 9 May 2019 entered into between the Lender and the Borrower for renewal of the Loan and Proposed Annual Caps for a further three years from the Effective Date of the 2019 Loan Agreement;
<b>“associates”</b>	shall have the same meaning as ascribed thereto under the Listing Rules;
<b>“Board”</b>	the board of Directors;
<b>“Borrower”</b>	Agria Group Limited, a wholly-owned subsidiary of the Guarantor;
<b>“Banking Day”</b>	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong;
<b>“Circular”</b>	the circular to be issued by the Company to the Shareholders in accordance with the Listing Rules in respect of the 2019 Loan Agreement, the Security Documents, the Proposed Annual Caps and the transactions contemplated thereunder;
<b>“Company”</b>	Softpower International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
<b>“Deed of Novation”</b>	a deed of novation dated 15 December 2017 entered into amongst the Lender, China Victory International Holdings Limited and the New Borrower in relation to novation of the rights and liabilities under the 2016 Loan Agreement;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Effective Date of the 2019 Loan Agreement”</b>	means 1 August 2019 subject to the fulfillment of conditions precedent in 2019 Loan Agreement;

<b>“Group”</b>	the Company and its subsidiaries;
<b>“Guarantee”</b>	a deed of corporate guarantee to be executed by Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the 2019 Loan Agreement;
<b>“Guarantor”</b>	Agria Corporation, a company with limited liability incorporated and existing under the laws of Cayman Islands
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Shareholders”</b>	The Shareholder(s) (other than the Lender and its associate) who are not required to abstain from voting on the resolution to be proposed at the SGM to approve the continuing connected transaction contemplated under the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder;
<b>“Independent Board Committee”</b>	The independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the 2019 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder;
<b>“Interest Rate”</b>	Ten point five per cent (10.5%) of the Loan per annum;
<b>“Lender”</b>	Mao Xing Limited, a wholly-owned subsidiary of the Company;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Loan”</b>	the aggregate principal amount drawn and for the time being outstanding under the 2019 Loan Agreement;
<b>“Maturity Date”</b>	the date falling three (3) years from the Effective Date of the 2019 Loan Agreement (i.e. 31 July 2022);
<b>“Percentage Ratio(s)”</b>	the percentage ratio(s) under Rule 14.07 of the Listing Rules;
<b>“Proposed Annual Caps”</b>	annual aggregate maximum amounts for the principal loan outstanding and the interest due under the 2019 Loan Agreement as set out in the section headed “Proposed Annual Caps” of this announcement;

<b>“Security Documents”</b>	the Guarantee and any other document executed from time to time by whatever person as a further guarantee of or security for all or any part of the Borrower’s obligations under the 2019 Loan Agreement;
<b>“Shareholder(s)”</b>	holder(s) of the shares in the share capital of the Company;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“US\$”</b>	The US dollar(s), the lawful currency of the United State of American;
<b>“%”</b>	per cent.

*In this announcement, certain amounts quoted in US\$ have been converted into Hong Kong dollars at the reference rate of US\$1.00 to HK\$7.85 for information purpose only. Such conversion should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.*

By order of the Board  
**Softpower International Limited**  
**Lai Fulin**  
*Chairman*

Hong Kong, 9 May 2019

*As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive directors.*