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鴻寶資源有限公司

AGRITRADE RESOURCES LIMITED

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Incorporated in Bermuda with limited liability)

(Stock Code: 1131)

CLARIFICATION ANNOUNCEMENT AND QUARTERLY UPDATES REGARDING DEVELOPMENTS REGARDING BUSINESS OPERATIONS AND TRADING SUSPENSION

This announcement is made by Agritrade Resources Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.24A and 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

BACKGROUND

Reference is made to the announcement of the Company dated 30 September 2020 in relation to the claim regarding fraudulent misrepresentation and conspiracy to cause injury and loss (“**Claim**”) against Vikash Kumar, Mattar Shaikha Fatin and New Crossroads Distressed Investment Ltd (“**30th September Announcement**”) and the announcement of the Company dated 3 August 2020 in relation to, amongst other things, the ARL Petition and the Berrio Petition (“**3rd August Announcement**”). The Company wishes to update that the petitioner have since withdrawn the Berrio Petition on 4 September 2020. Unless the context otherwise specified, capitalized terms used herein shall have the same meanings as those defined in the 30th September Announcement or the 3rd August Announcement.

The Company wishes to make certain clarifications in relation to (i) subject matter and details regarding the Claim; (ii) the relationship between the Claim and the ARL Petition; and (iii) the relationships among each of the Defendants in the Claim and the ARL Petition.

CLARIFICATIONS

The 30th September Announcement concerns two different claims namely, (i) fraudulent misrepresentation and (ii) conspiracy to cause injury and loss.

In relation to the claim for fraudulent misrepresentation, in or about November 2019, the 1st Defendant, Vikash Kumar, who was introduced by Mr. Sahoo to the Company, made various false statements and representations to the Company (the “**False Representations**”). The False Representations include false statements and representations that the 1st Defendant is the investment principal of a private equity fund owned by a wealthy family and the 1st Defendant intends to provide funding for the Company for the Group’s operations and debt restructuring. Induced by and acting in reliance of the False Representations, the Company entered into an investment agreement with a company where the 2nd Defendant, Mattar Shikha Fatim, is its director, pursuant to which the Company has paid a sum of US\$5 million, and a loan agreement for the sum of US\$300 million in November 2019. As at the date of this announcement, no funding or loans have been provided to the Company under the said loan agreement despite several drawdown requests have been made by the Company.

In relation to the claim for conspiracy by the Defendants against the Company (“**Conspiracy**”), in or about December 2019, Fair Thermal Power Limited (“**Fair Thermal**”), a wholly-owned subsidiary of the Company and the holding company of SKS Power, entered into a loan agreement for US\$110 million with a company controlled by the 1st Defendant and the 2nd Defendant, which is secured by, among other things, a share charge over the shares of Agritrade Power Holdings Pte Ltd (the “**APHPL**”) (the “**Share Charge**”). In September 2020, the Company was notified that a receiver of the shares in APHPL was appointed pursuant to the Share Charge. In this Conspiracy claim, the Company’s case is that the Defendants caused the Fair Thermal to enter into the loan agreement and the Share Charge as part of the Conspiracy to cause harm to the Company and/or to seize control of the SKS Power Plant away from the Company.

The Company also subsequently discovered an agreement dated 20 May 2020 between Berrio Global Limited (a company incorporated in the British Virgin Islands and wholly owned by Mr. Sahoo) and the 3rd Defendant, New Crossroads Distressed Asset Investment Ltd, pursuant to which the 3rd Defendant will acquire all the shares of Berrio Mauritius from Berrio Global Limited at a consideration of US\$20,000. The 3rd Defendant is controlled and/or owned by the 1st Defendant and the 2nd Defendant is a director of the 3rd Defendant.

Coupled with the illegal, unlawful and fraudulent activities and personal misconduct of Mr. Sahoo as disclosed in the 3rd August Announcement, the Company considers that the 1st Defendant and the 2nd Defendant used the 3rd Defendant to surreptitiously seize control over SKS Power as part of the Conspiracy.

The Company wishes to clarify that, to the best of its knowledge and investigations up to the date of this announcement, the claims for Conspiracy and False Representations in the 30th September Announcement are not related to the ARL Petition.

QUARTERLY UPDATES REGARDING BUSINESS OPERATIONS AND TRADING SUSPENSION

The Company's SEM mine is currently running at a reduced capacity because of depressed coal prices globally and the Company's Merge mine is currently not operating because the Chinese coal miners employed by the Company are unable to gain access to the Merge mine as a result of the COVID-19 outbreak and the related flight and travel restrictions.

Notwithstanding that the subject matter of the ARL petition and Berrio Petition have hampered the Company's visibility over the SKS Power Plant, the Company is aware that the SKS Power Plant is operating at a reduced capacity as a result of the mismanagement by Mr. Ashok Kumar Sahoo and the other defendants in the ARL Petition.

The Company wishes to state that, in addition to the reasons set out in the Company's announcement dated 2 July 2020 for the delay in publication of annual results and annual report, the Company has faced a roadblock in relation to the collection and delivery of documents to the Company's accounting team and auditor as a result of the matters in the ARL Petition. The continued lack of cooperation by the defendants to the ARL Petition have caused difficulties on the accounting, auditing and reporting process which resulting in the Company's accounting team and auditor being unable to obtain sufficient and appropriate documents and/or information (including the accounting records, audit confirmations and supporting documents) to enable them to finish the accounting and audit and procedures and that the announcement of annual results and the annual report.

The Company expects that the judicial process of the ARL Petition will facilitate the Company's access to information for the purposes of the annual results and the annual report.

The Company will keep its shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors should exercise caution when dealing or investing in the securities of the Company.

By order of the Board
Agitrade Resources Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Sim Mingqing
Executive Director

Hong Kong, 14 October 2020

As at the date of this announcement, the Board comprises Mr. Sim Mingqing, Mr. Yew Chu Sern and Mr. Ong Jia Sheng, Jeffrey as executive Directors; Mr. Goh Jun Feng, Ms. Song Kaixin, Cecilia and Mr. Chew Shee Koon, Malcolm as non-executive Directors and Mr. Siu Kin Wai, Mr. Cheng Yu and Mr. Phen Chun Shing Vincent as independent non-executive Directors.