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*(Incorporated in Bermuda with limited liability)  
(Stock Code: 00380)*

## **DISCLOSEABLE AND CONNECTED TRANSACTION DEED OF NOVATION**

Reference is made to the Company's announcement dated 11 May 2016 (the "**Announcement**") and circular dated 15 July 2016 (the "**Circular**") in relation to a loan agreement dated 11 May 2016 signed between the Lender, a wholly-owned subsidiary of the Company, and the Borrower, which constituted a discloseable and continuing connected transaction for the Company under the Listing Rules. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular.

On 15 December 2017 (after trading hours), the Lender has entered into a deed of novation (the "**Deed of Novation**") with the Borrower and Agria Group Limited (the "**New Borrower**"), pursuant to which the Borrower agreed to novate and the New Borrower agreed to assume, from the date of the Deed of Novation, all the Borrower's rights and obligations in and under the Loan Agreement, upon and subject to the terms and conditions set out therein. Accordingly, the Borrower is released from any obligation under the Loan Agreement to be performed on or after the date of the Deed of Novation.

The Share Mortgage and the Guarantee executed in favour of the Lender pursuant to the Loan Agreement remain in force as a continuing security for the obligations and liabilities of the New Borrower under the Loan Agreement.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Lai Guanglin, an executive Director and the Chairman of the Company, who holds approximately 57.79% 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 Agria Corporation, the Borrower and the New Borrower are respectively an indirect and a direct wholly-owned subsidiary of Agria

Corporation and 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 transaction contemplated under the Deed of Novation constitutes a connected transaction of the Company under Rule 14A.31 of the Listing Rules.

As one or more applicable percentage ratios in respects of the transactions contemplated under the Deed of Novation exceeds 5% for the Company, the Deed of Novation and the transaction 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 transaction 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.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transaction contemplated under the Deed of Novation, 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 transaction contemplated under the Deed of Novation.

An independent board committee, comprising the independent non-executive Directors of the Company (the "**Independent Board Committee**") will be established to advise the Independent Shareholders in relation to the Deed of Novation and the transaction contemplated thereunder. An independent financial adviser will also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, (i) further information on the Deed of Novation and the transaction contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice by an independent financial adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Reference is made to the Announcement and the Circular in relation to a loan agreement dated 11 May 2016 signed between the Lender, a wholly-owned subsidiary of the Company and the Borrower, which constituted a discloseable and continuing connected transaction for the Company under the Listing Rules. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular.

## I. INTRODUCTION

On 15 December 2017 (after trading hours), the Lender has entered into the Deed of Novation with the Borrower and the New Borrower, a company incorporated under the laws of British Virgin Islands and a direct wholly-owned subsidiary of Agria Corporation, pursuant to which the Borrower agreed to novate and the New Borrower agreed to assume,

from the date of the Deed of Novation, all the Borrower's rights and obligations in and under the Loan Agreement, upon and subject to the terms and conditions set out therein. Accordingly, the Borrower is released from any obligation under the Loan Agreement to be performed on or after the date of the Deed of Novation.

The Share Mortgage and the Guarantee executed in favour of the Lender pursuant to the Loan Agreement remain in force as a continuing security for the obligations and liabilities of the New Borrower under the Loan Agreement.

## **II. REASONS FOR AND BENEFITS OF THE DEED OF NOVATION**

The terms of the Deed of Novation were agreed by the parties after arm's length negotiations. Having considered that (1) the novation does not involve a material change to the terms of the Loan Agreement; (2) the Share Mortgage and the Guarantee executed in favour of the Lender pursuant to the Loan Agreement remain in force as a continuing security for the obligations and liabilities of the New Borrower under the Loan Agreement; and (3) the net assets value of the group of the New Borrower (i.e. the direct holding company of the Borrower) covers the maximum amount of the Loan, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the independent financial advisor) consider that the Deed of Novation and the transaction contemplated thereunder is entered into on normal commercial terms, and the terms of the Deed of Novation and the transaction contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **III. 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 Hong Kong principally engaged in investment holding. The Borrower is a direct wholly-owned subsidiary of the New Borrower and an indirect wholly-owned subsidiary of the Guarantor.

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

## **IV. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Lai Guanglin, an executive Director and the Chairman of the Company, who holds approximately 57.79% 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 Agria Corporation, the Borrower and the New Borrower are respectively an indirect and a direct wholly-owned subsidiary of Agria

Corporation and 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 transaction contemplated under the Deed of Novation constitutes a connected transaction of the Company under Rule 14A.31 of the Listing Rules.

As one or more applicable percentage ratios in respects of the transactions contemplated under the Deed of Novation exceeds 5% for the Company, the Deed of Novation and the transaction 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 transaction 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.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transaction contemplated under the Deed of Novation, will abstain from voting at a special general meeting to be convened by the Company for the purpose of considering and, if thought fit, approving the terms of the Deed of Novation and the transaction contemplated thereunder ("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 transaction contemplated under the Deed of Novation. As such, Mr. Lai Guanglin and Mr. Lai Fulin (the younger brother of Mr. Lai Guanglin), the executive Directors, have abstained from voting at the relevant board meeting for approving the Deed of Novation and the transaction contemplated thereunder. Meanwhile, as Mr. U Kean Seng, a non-executive Director of the Company, is a Head of Corporate and Legal Affairs of the Guarantor, Mr. U Kean Seng has voluntarily abstained from voting at the relevant board meeting for approving the Deed of Novation. Apart from the above, none of the Directors has a material interest in the transaction under the Deed of Novation or, is required to abstain from voting on the board resolution for considering and approving the Deed of Novation and the transaction contemplated thereunder.

## **V. GENERAL**

The SGM will be convened to seek the Independent Shareholders' approval regarding the Deed of Novation and the transaction contemplated thereunder.

The Independent Board Committee will be established to consider the terms of the Deed of Novation and the transactions contemplated thereunder and advise the Independent Shareholders as to whether the Deed of Novation and the transactions contemplated thereunder were entered into in the ordinary and usual course of business, and the terms of the Deed of Novation and the transactions contemplated thereunder were 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 Deed of Novation and the transactions contemplated thereunder.

The circular containing, among other things, (i) further information on the Deed of Novation and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice by an independent financial adviser to both the Independent Board Committee and the Independent Shareholders; and (iv) notice of the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

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

Hong Kong, 15 December 2017

*As at the date of this announcement, the Board comprises Mr. Lai Guanglin, Mr. Yu Ben Ansheng and Mr. Lai Fulin as executive Directors; Mr. U Kean Seng as non-executive Director; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive Directors.*