
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Softpower International Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.



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

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION
LOAN TRANSACTION**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders of the Company**



A letter from the Board is set out on pages 5 to 14 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular.

A notice convening a Special General Meeting (“SGM”) of Softpower International Limited to be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon Hong Kong on Monday, 1 August 2016 at 10:00 a.m. is set out on pages 33 to 34 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

15 July 2016

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	15
Letter from the Independent Financial Adviser	16
Appendix I – General Information	28
Notice of SGM	33

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Agria Corporation” or “Guarantor”	Agria Corporation, a company with limited liability incorporated and existing under the laws of Cayman Islands and whose shares are being listed and traded on New York Stock Exchange with stock code GRO
“Annual Caps”	annual aggregate maximum amounts for the principal loan outstanding and the interest due under the Loan Agreement as set out in the section headed “Proposed Annual Caps” of this circular
“Availability Period”	the period commencing on the third Banking Day upon fulfilment of all the conditions precedent to the making of the loan under the Loan Agreement and ending on the earlier of (i) the date falling six (6) months upon fulfilment of all the conditions precedent of the Loan Agreement or such other date as may be agreed by the parties thereto in writing and (ii) the date on which the Loan is fully drawn, cancelled or terminated under the provisions of the Loan Agreement
“Banking Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong
“Borrower”	China Victory International Holdings Limited, a company with limited liability incorporated and existing under the laws of Hong Kong, which is an indirect wholly owned-subsiidiary of the Guarantor
“Board”	the board of Directors
“Company”	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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date on which the Loan is drawn down by the Borrower

DEFINITIONS

“Group”	the Company and its subsidiaries
“Guarantee”	a deed of corporate guarantee to be executed by Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee, comprising Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Ms. Yang Li, all being the independent non-executive directors of the Company, to advise the Independent Shareholders as to the fairness and reasonableness of the Loan Agreement and the proposed Annual Caps
“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Loan Agreement, the transaction contemplated thereunder and the proposed Annual Caps
“Independent Shareholders”	Shareholders other than Mr. Lai Guanglin (including its ultimate beneficial owners and their respective associates)
“Interest Rate”	Prime Rate plus 7% of the Loan per annum
“Latest Practicable Date”	14 July 2016, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Lender”	Mao Xing Limited, a wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate principal amount drawn and for the time being outstanding under the Loan Agreement

DEFINITIONS

“Loan Agreement”	the loan agreement in respect of a loan facility up to US\$10,000,000 entered into between the Lender and the Borrower on 11 May 2016
“Material Adverse Effect”	means a material adverse effect on: <ul style="list-style-type: none">(a) the ability of any of the Borrower or the Security Party to perform its obligations under any of the Security Documents to which it is or is to be a party;(b) where applicable, the business, operations, assets, financial, foreign exchange or other condition or prospects of the Borrower or any other Security Party or any Holding Company or Subsidiary of any of them; or(c) the validity or enforceability of any Security Document, the value of any security under any Security Document or the rights or remedies of the Lender under the Security Documents
“Maturity Date”	the date falling three (3) years from the date on which the advance is made (or such later date as shall be agreed to by the Lender in writing prior to the Maturity Date)
“Mortgagor”	Agria Group Limited, a wholly-owned subsidiary of the Guarantor and the sole shareholder of the Borrower
“Percentage Ratio(s)”	the percentage ratio(s) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Prime Rate”	US Dollar Prime rate as quoted by the US Board of Governors of the Federal Reserve System as at the time of drawdown of each tranche (currently is 3.5%)
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

DEFINITIONS

“Security Documents”	the Share Mortgage, 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 Loan Agreement
“Security Party”	each person other than the Borrower who has provided or subsequently provides a guarantee of or security for all or any part of the Borrower’s obligations under the Loan Agreement, and includes, without limitation the Guarantor
“SGM”	the special general meeting of the Company to be convened and held for approving, amongst other things, the Loan Agreement and the proposed Annual Caps
“SFO”	Securities and Futures Ordinance (chapter 571) of the laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Mortgage”	the share mortgage executed or to be executed by the Mortgagor over the entire issued shares in the Borrower in favour of the Lender as security of the Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“US\$”	the United States dollar(s), the lawful currency of the USA
“USA”	the United States of America
“%”	per cent.

* *For reference purpose only, the Chinese name of the PRC entity, authority or facility has been translated into English in this circular. In the event of any discrepancies between the Chinese name of the PRC entity, authority or facility and its respective English translation, the Chinese version shall prevail.*

In this circular, certain amounts quoted in US\$ have been converted into Hong Kong dollars at the reference rate of US\$1.00 to HK\$7.80 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.

LETTER FROM THE BOARD



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

Executive Directors:

Mr. Lai Guanglin (*Chairman*)
Mr. Yu Ben Ansheng (*Chief Executive Officer*)
Mr. Lai Fulin

Registered office:

Canon's Court,
22 Victoria Street
Hamilton HM 12
Bermuda

Non-executive Director:

Mr. U Kean Seng

*Head office and principal place of
business in Hong Kong:*

12th Floor, Phase I, Austin Tower
22-26A Austin Avenue
Tsim Sha Tsui, Kowloon
Hong Kong

Independent non-executive Directors:

Mr. Wong Yee Shuen, Wilson
Mr. Chen Wei Wen
Ms. Yang Li

15 July 2016

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION LOAN TRANSACTION

INTRODUCTION

Reference is made to the Company's announcement dated 11 May 2016. On 11 May 2016, the Lender, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has conditionally agreed to grant to the Borrower a loan facility in the amount of up to US\$10,000,000 (equivalent to approximately HK\$78,000,000) upon and subject to the terms and conditions set out therein.

As Mr. Lai Guanglin, an executive Director, the Chairman of the Board and a controlling Shareholder of the Company holding approximately 57.79% of the issued share capital of the Company, is holding approximately 48.25% of the issued share capital of Agria Corporation, the Borrower is an indirect wholly-owned subsidiary of Agria Corporation and is an associate of Mr. Lai Guanglin and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Loan Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable Percentage Ratios in relation to the proposed Annual Caps exceed 5%, the Loan Agreement and the transaction 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. 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.

The purpose of this circular is to provide you with further information regarding, among other things, (i) details of the Loan Agreement and the transaction contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) the notice of the SGM.

I. THE PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows:

Date	11 May 2016
Lender	Mao Xing Limited, a wholly-owned subsidiary of the Company
Borrower	China Victory International Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Agria Corporation
Principal Amount	The Lender shall provide loan facility to the Borrower during the term of the Loan Agreement provided that the total amount advanced under the Loan Agreement shall not exceed US\$10,000,000 (equivalent to approximately HK\$78,000,000). The amount of any advance repaid during the term of the Loan Agreement shall not be eligible for re-borrowing.
Drawdown	the Borrower may request advancement in the amount of up to US\$10,000,000 in tranches of not less than US\$2,000,000 each on any Banking Day during the Availability Period.
Term	3 years ending on the Maturity Date.
Interest Rate	The Borrower shall pay the interest on the Loan on each of last Banking Day of an interest period (“ Interest Period ”) on half year basis, details of the Interest Period are set out below:

LETTER FROM THE BOARD

The first Interest Period in relation to the Loan shall commence on the Drawdown Date and end on 31 October 2016. Each Interest Period subsequent to the first Interest Period shall commence on the first day subsequent to the preceding Interest Period to the date falling 6 months thereafter;

The interest rate for each Interest Period shall be Prime Rate plus 7% per annum.

Repayment terms

The principal amount of the Loan shall be repayable in full on Maturity Date.

Voluntary Prepayment

The Borrower may voluntarily prepay all or part of the Loan at any time and from time to time after 1 year from the Drawdown Date, provided that the Borrower shall give to the Lender not less than one (1) month's prior written notice specifying the date of prepayment.

In the event that any part of the Loan is prepaid within 1 year from the Drawdown date, the Borrower shall pay penalty fee at US\$100,000 or 3% of the prepayment amount (whichever is higher) to the Lender in the event of such prepayment.

Security for the Loan

The Loan is secured by (a) the Share Mortgage executed by the Mortgagor and (b) 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 Loan Agreement amongst other things.

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 Loan Agreement (the "**Indebtedness**"). In addition, the Guarantor has also guaranteed to pay interest in the same rate and manner as in the Loan Agreement on the Indebtedness from the date of first demand by the Lender to the date of payment and to be responsible for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor.

LETTER FROM THE BOARD

Conditions Precedent The making of the Loan under the Loan Agreement is 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 Loan Agreement;
- (ii) all necessary consents, approvals, authorizations and licenses in relation to the Loan Agreement (including without limitation the Independent Shareholders' approval of Company) having been obtained;
- (iii) the Share Mortgage being duly executed by the Mortgagor together with all documents required pursuant thereto;
- (iv) the Guarantee being duly executed by the Guarantor;
- (v) the board of directors of both Borrower and the Company having approved the Loan Agreement and the Security Documents;
- (vi) 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 USA and Hong Kong) have been or will be completed in order to ensure that the Loan Agreement and the Security Documents are valid and enforceable; and
- (vii) a confirmation or advice under the laws of USA from a qualified lawyer (in form and substance satisfactory to the Lender) that the Loan Agreement are in compliance with any applicable laws, rules and regulations in USA.

Default

If the Borrower fails to pay any sum payable under the 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. In an event of default by the Borrower, the Lender will also have the option to enforce the Share Mortgage in addition to and alongside the Guarantee.

LETTER FROM THE BOARD

II. PROPOSED ANNUAL CAPS

Under the transaction contemplated under the Loan Agreement, the proposed Annual Caps for the next three years are as follows:

	Period from 2 August 2016 ^(Note) to 31 December 2016	Year ending 31 December 2017	Year ending 31 December 2018	Period from 1 January 2019 to 1 August 2019
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\$450,000	US\$1,100,000	US\$1,100,000	US\$650,000
Proposed Annual Caps	US\$10,450,000	US\$11,100,000	US\$11,100,000	US\$10,650,000

Note: the expected Drawdown Date upon fulfillment of the conditions precedent to the Loan Agreement.

The amounts of above proposed Annual Caps have been determined with reference to the aggregate principal amount outstanding under the facility to be granted by the Lender and the annual interest payable under the Loan Agreement, based on the assumption that the Borrower will borrow up to US\$10,000,000 for each of the above periods respectively.

Pursuant to the Loan Agreement, the Borrower shall pay interest on the aggregate principal amount outstanding under the Loan from time to time at Prime Rate plus 7% per annum and such interest shall be paid to the Lender on the last Banking Day of each interest period.

III. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION

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

The terms of the Loan Agreement, including the applicable Interest Rate and the proposed Annual Caps, were agreed by the parties to the Loan Agreement after arm's length negotiations having taken into account the prevailing market interest rates and practices.

LETTER FROM THE BOARD

Assessment of credit risks in association with the Loan Agreement

The major risk associated with the Loan is the potential default of payment of the Borrower. Therefore, before entering into the 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) the Company had engaged legal adviser to conduct review on the title of the Borrower's shareholdings and is advised that there is no legal restriction on the realisation of the pledged shareholdings when default.
- (4) the Guarantor has been listed on the New York Stock Exchange since 2007 and had market capitalisation of approximately US\$52.4 million as at 29 April 2016. For the year ended 30 June 2015, the Guarantor recorded audited revenue and profit after tax of approximately US\$944.7 million and US\$14.7 million respectively. Moreover, as at 31 December 2015, the Guarantor had unaudited net asset value, net current asset and cash and cash equivalents of approximately US\$164.0 million, US\$134.4 million and US\$17.6 million 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 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 Loan Agreement (including the interest rate) and Annual Caps were agreed after arm's length negotiation between the parties having taken into account the prevailing market interest rates. The Directors (including the independent non-executive Directors) consider that the Loan Agreement and Annual Caps are entered into on normal commercial terms, and the terms of the Loan Agreement 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 Loan Agreement:

- (1) The designated staff of accounting department will monitor and report the liquidity status to the financial controller of the Company on a weekly basis. When the Company receives a notice of drawing from the Borrower at each

LETTER FROM THE BOARD

tranche, the financial controller of the Company will assess the cash position of the Group in advance before allowing drawing of an advance by the Borrower under the facility so that the Company will have sufficient cash flow to operate;

- (2) 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 Annual Caps (stated in the relevant circular of the Company);
- (3) 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.

As such, the Directors are of the view that the Group has established adequate and appropriate internal control procedures to review the continuing connected transaction, the Directors (including all independent non-executive Directors) consider that such procedures can effectively ensure that the continuing connected transaction under the Loan Agreement will be conducted on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Mr. Lai Guanglin, an executive Director and Chairman of the Board, is a connected person of the loan transaction. As such, Mr. Lai Guanglin and Mr. Lai Fulin (the younger brother of Mr. Lai Guanglin, also is an executive Director), who are considered to have a material interest in the Loan Agreement, have abstained from voting on the board resolution approving the Loan Agreement and the transaction contemplated thereunder. Meanwhile, as Mr. U Kean Seng, a non-executive Director, is the Head of Corporate and Legal Affairs of the Agria Corporation, Mr. U Kean Seng has also voluntarily abstained from voting on the board resolution approving the Loan Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the Directors have a material interest in the transaction contemplated under the Loan Agreements or need to abstain from voting on the board resolution approving the Loan Agreement and the transaction contemplated thereunder.

IV. 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 an indirect wholly-owned subsidiary of the Guarantor. The Guarantor is a global agricultural company with three principal business segments: Seed and Grain; Crop Protection, Nutrients and Merchandise; and Rural Services. As at the Latest Practicable Date, the Borrower controls 100% of the equity interest of 北京華奧農科玉育種開發有限公司 (Agria NKY Seeds Co., Ltd*) (“NKY”) through variable interest entity

LETTER FROM THE BOARD

arrangement (“**VIE Structure**”), NKY is an enterprise established in People’s Republic of China principally engaged in research, production and marketing of corn seeds. Based on the unaudited management accounts of the Borrower for the year ended 31 December 2015 provided by the Borrower to the Company, the unaudited net assets value of the Borrower was approximately US\$21.5 million as at 31 December 2015. Whereas NKY, being one of the major investments in China through a subsidiary of the Borrower, recorded revenue and profit after tax of approximately RMB112.2 million and RMB10.6 million respectively in 2015 based on its audited financial statements for the year ended 31 December 2015. Moreover, as at 31 December 2015, the net asset value, net current asset, and cash and cash equivalents of NKY amounted to approximately RMB143.1 million, RMB65.1 million and RMB6.5 million respectively.

In the event of any default by Borrower of the Loan Agreement, the Company intends to enforce the Guarantee to demand the Guarantor to repay all outstanding amounts in the first place. If the Guarantor is unable to repay any part of the outstanding amounts, the Company has discretion to enforce the Share Mortgage to recover the outstanding balance. In such case, it will constitute a notifiable transaction for the Company under Rule 14.75 of the Listing Rules, and the Company will comply with all the relevant requirements of the Listing Rules, including but without limitation to publishing further announcement(s) to make further disclosure of certain information in relation to the VIE arrangements in accordance with the guidance letter HKEx-GL77-14 issued by the Stock Exchange.

The Company hereby draws the attention of the Shareholders and investors to the fact that the enforcement of the Share Mortgage substantially depends on the due existence and validity of the VIE Structure. As stated in a legal opinion issued by the Company’s PRC lawyer, the VIE Structure is legal, effective and through which the Borrower can exercise control over NKY. In the event of defaults by the Borrower under the Loan Agreement, the Company has absolute discretion to enforce the Share Mortgage. Prior to exercising such discretion to enforce the Share Mortgage, the Company will take all steps reasonably necessary in the circumstances, including but without limitation to seeking further legal opinion from PRC lawyer, to ensure the legality and validity of the VIE Structure. Should the VIE Structure become invalid or violate any applicable laws, rules and regulations (including the Listing Rules) at the time of enforcing the Share Mortgage, the Company will not rely on the Share Mortgage to recover the outstanding amount from the Borrower, but will take legal proceedings (including but without limitation to any winding up proceedings, if appropriate) against the Borrower for remedy instead.

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Lai Guanglin, an executive Director, the Chairman of the Board and a controlling Shareholder holding approximately 57.79% of the issued share capital of the Company, is holding approximately 48.25% of the issued share capital of Agria Corporation, the Borrower is an indirect wholly-owned subsidiary of Agria Corporation and is an associate of Mr. Lai Guanglin and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As such, the transaction contemplated under the Loan Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable Percentage Ratios in relation to the proposed Annual Caps exceed 5%, the Loan Agreement 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.

SGM

Set out on pages 33 to 34 of this circular is a notice convening the SGM which will be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon Hong Kong on Monday, 1 August 2016 at 10:00 a.m. for the purpose of considering and if thought fit approving the Loan Agreement and the transaction contemplated thereunder.

The Loan Agreement and the transaction contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the SGM to be taken by way of a poll. As mentioned above, Mr. Lai Guanglin and his associates will abstain from voting for the relevant resolution at the SGM due to their interest in the concerned transaction. Other than the above, no other Shareholders have material interest in the above transaction and will abstain from voting at the SGM.

As at the Latest Practicable Date, Mr. Lai Guanglin (including his associates) is entitled to voting rights of 770,552,120 Shares (representing approximately 57.79% of the total voting rights of the holders of the Shares). Mr. Lai Guanglin (including his associates) controls or is entitled to control over the entire voting right in respect of his Shares. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Lai Guanglin (including his associates); and (ii) no obligation or entitlement of Mr. Lai Guanglin (including his associates) as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the SGM is enclosed. Whether or not you wish to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the SGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM (or any adjourned meeting) if you so wish.

RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Loan Agreement and the transaction contemplated thereunder, including the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE BOARD

The letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular and the letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the Loan Agreement and the transaction contemplated thereunder, including the proposed Annual Caps are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at SGM.

The Board considers that the terms of the Loan Agreement and the transaction contemplated thereunder (including the proposed Annual Caps) are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By Order of the Board
Softpower International Limited
Lai Guanglin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

15 July 2016

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION LOAN TRANSACTION

We refer to the circular dated 15 July 2016 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Loan Agreement and the transaction contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the SGM. VBG Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Loan Agreement, as set out on pages 16 to 27 of the Circular.

Having taken into account of the advice of the Independent Financial Adviser, we consider that the Loan Agreement is on normal commercial terms, and that the continuing connected transaction together with the proposed Annual Caps are in the best interests of the Company and the Shareholders as a whole. We also consider that the continuing connected transaction and the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Loan Agreement and the proposed Annual Caps.

Yours faithfully,
the Independent Board Committee

Mr. Wong Yee Shuen, Wilson
*Independent non-executive
Director*

Mr. Chen Wei Wen
*Independent non-executive
Director*

Ms. Yang Li
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement for the purpose of inclusion in this circular.



18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

15 July 2016

*To: The independent board committee and the independent shareholders
of Softpower International Limited*

Dear Sirs,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 15 July 2016 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in this Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 11 May 2016 (the “**Announcement**”). On even date, the Lender (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to grant to the Borrower a loan facility of up to US\$10,000,000, upon and subject to the terms and conditions set out therein.

According to the Letter from the Board, the Loan Agreement and the transaction contemplated thereunder constitute a discloseable and continuing connected transaction for the Company under Chapters 14 and 14A of the Listing Rules respectively, and are subject to the reporting, announcement, independent shareholders’ approval and annual review requirements.

The Independent Board Committee comprising Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Ms. Yang Li (all being independent non-executive Directors), has been established to advise the Independent Shareholders on (i) whether the terms of the Loan Agreement (including the proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the Loan Agreement is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

resolution to approve the Loan Agreement and the proposed Annual Caps at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Loan Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and this Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the SGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in this Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in this Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs or future prospects of the Group, Agria Corporation, the Mortgagor, the Borrower or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Loan Agreement. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Loan Agreement, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Loan Agreement

Information on the Group

The Group is principally engaged in trading of construction materials, mainly pipes and fittings in Hong Kong and Macau. Hence, the entering into of the Loan Agreement is not conducted in the ordinary and usual course of business of the Group.

Set out below is the audited consolidated financial information of the Group for the five consecutive years ended 31 December 2015 as extracted from the annual report for the year ended 31 December 2015 of the Company (the “**2015 Annual Report**”):

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	611,534	553,845	504,143	455,127	438,395
Profit for the year	34,023	21,729	16,661	13,700	12,725

	As at 31 December				
	2015	2014	2013	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net asset value	385,126	351,077	331,228	312,626	297,457

As depicted by the above table, the Group's revenue and profitability have expanded persistently at compound annual growth rates of approximately 8.68% and 27.87% per year respectively during the past five consecutive years. Over the same years, the Group has also been recording a continual steady growth in net asset value. According to the 2015 Annual Report, as at 31 December 2015, the Group had audited cash and bank balances of approximately HK\$154.4 million, representing an increase of approximately 26.87% as compared to that of approximately HK\$121.7 million as at 31 December 2014.

As advised by the Directors, the Group has been principally engaged in trading of pipes and fittings since its listing on the Stock Exchange in December 2000. Leveraging on its well established track record and experienced management, the Group is expecting to capture greater market share in the construction market in Hong Kong in future.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on the Borrower

With reference to the Letter from the Board, the Borrower is a limited company incorporated in Hong Kong principally engaged in investment holding and controls the entire equity interest of 北京華奧農科玉育種開發有限責任公司 (Agria NKY Seeds Co., Ltd*) (“NKY”) through variable interest entity arrangement (the “VIE Structure”). NKY is an enterprise established in the PRC principally engaged in research, production and marketing of corn seeds.

As aforesaid, the Borrower is an investment holding company, and we noted from the unaudited management accounts of the Borrower for the year ended 31 December 2015 that its net asset value was approximately US\$21.5 million as at 31 December 2015. Whereas NKY, being one of the major investments in the PRC through a subsidiary of the Borrower, recorded revenue and profit after tax of approximately RMB112.2 million and RMB10.6 million respectively in 2015 based on its audited financial statements for the year ended 31 December 2015. Moreover, as at 31 December 2015, the net asset value, net current asset, and cash and cash equivalents of NKY amounted to approximately RMB143.1 million, RMB65.1 million and RMB6.5 million respectively.

Information on the Guarantor

With reference to the Letter from the Board, the Guarantor is a company with limited liability incorporated in the Cayman Islands, whose shares are listed and traded on the New York Stock Exchange. The Guarantor is a global agricultural company with three principal business segments: seed and grain; crop protection, nutrients and merchandise; and rural services.

Based on publicly available information at its company web-site (<http://www.agriacorp.com>) and the web-site of the New York Stock Exchange (<https://www.nyse.com/quote/XNYS:GRO>), the Guarantor has been listed on the New York Stock Exchange since 2007 and had market capitalisation of approximately US\$52.4 million as at 29 April 2016. For the year ended 30 June 2015, the Guarantor recorded audited revenue and profit after tax of approximately US\$944.7 million and US\$14.7 million respectively. Moreover, as at 31 December 2015, the Guarantor had unaudited net asset value, net current asset and cash and cash equivalents of approximately US\$164.0 million, US\$134.4 million and US\$17.6 million respectively.

Reasons for the entering into of the Loan Agreement

As extracted from the Letter from the Board, the Company would like to seize the opportunity to obtain greater returns for the Shareholders. The Loan will provide interest income to the Group. Having considered the good financial position and cash surplus of the Group, security of the Loan and the favorable Interest Rate, the Company is of the view that the advance of the Loan is a good investment opportunity for the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have further enquired into the Directors regarding the reasons for the entering into of the Loan Agreement. As mentioned in the section headed “Information on the Group” of this letter of advice, the Group has been principally engaged in trading of pipes and fittings since its listing on the Stock Exchange in December 2000. During the past five consecutive years, the Group’s revenue and profitability expanded persistently at compound annual growth rates of approximately 8.68% and 27.87% per year respectively. As at 31 December 2015, the Group had abundant cash and bank balances of approximately HK\$154.4 million. As confirmed by the Directors, the trading of pipes and fittings business is rather stable, and the Company had not identified any potential projects or investment opportunities with substantial capital requirement for the Group to pursue as at the Latest Practicable Date. Accordingly, the Directors are of the view that the entering into of the Loan Agreement would allow the Group to seize higher returns for the Shareholders from its abundant cash, the majority of which is currently placed as fixed deposits in banks.

From our discussion with the Directors, we understand that the Company considers the major risk associated with the advance of the Loan to be the potential default of payment by the Borrower. As being detailed in the section headed “Principal terms of the Loan Agreement” of this letter of advice, the Loan is secured by the Guarantee and the Share Mortgage and there are provisions under the Loan Agreement protecting the Lender under situation of default by the Borrower.

Having considered the above and balanced against the default risk associated with the advance of the Loan which has been addressed under the Loan Agreement, we concur with the Directors that the entering into of the Loan Agreement, although is not conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Loan Agreement

As extracted from the Letter from the Board, the principal terms of the Loan Agreement dated 11 May 2016 are as follows:

Lender	Mao Xing Limited, a wholly-owned subsidiary of the Company
Borrower	China Victory International Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Agria Corporation
The facility	The Lender shall provide loan facility to the Borrower during the term of the Loan Agreement provided that the total amount advanced under the Loan Agreement shall not exceed US\$10,000,000. The amount of any advance repaid during the term of the Loan Agreement shall not be eligible for re-borrowing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Drawdown	<p>The Borrower may request the making of the advance in the amount of up to US\$10,000,000 in tranches of not less than US\$2,000,000 each on any Banking Day during the Availability Period. The term of the Loan shall be three years ending on the Maturity Date.</p>
Interest Rate	<p>The Borrower shall pay the interest on the Loan on each of the last Banking Day of an interest period (the “Interest Period”) on half yearly basis, details of the Interest Period are set out below:</p> <p>The first Interest Period in relation to the Loan shall commence on the Drawdown Date and shall be ending on 31 October 2016. Each Interest Period subsequent to the first Interest Period shall commence on the first day subsequent to the preceding Interest Period to the date falling six months thereafter.</p> <p>The interest rate for each Interest Period shall be Prime Rate plus 7% per annum.</p>
Repayment terms	<p>The principal amount of the Loan shall be repayable in full on the Maturity Date.</p>
Voluntary prepayment	<p>The Borrower may voluntarily prepay all or part of the Loan at any time and from time to time after one year from the Drawdown Date, provided that the Borrower shall have given to the Lender not less than one (1) month’s prior written notice specifying the date of prepayment.</p> <p>In the event that any part of the Loan is prepaid within one year from the Drawdown Date, the Borrower shall pay penalty fee at US\$100,000 or 3% of the prepayment amount (whichever is higher) to the Lender in the event of such prepayment.</p>
Security for the Loan	<p>The Loan is secured by (a) the Share Mortgage executed by the Mortgagor; and (b) 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 Loan Agreement among other things.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under 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 Loan Agreement (the “**Indebtedness**”). In addition, the Guarantor has also guaranteed to pay interest in the same rate and manner as in the Loan Agreement on the Indebtedness from the date of first demand by the Lender to the date of payment and to be responsible for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor.

Default

If the Borrower fails to pay any sum payable under the 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. In the event of default by the Borrower, the Lender will also have the option to enforce the Share Mortgage in addition to and alongside the Guarantee.

We noted that the loan facility under the Loan Agreement is up to US\$10,000,000. As confirmed by the Directors, the maximum loan facility was determined after arm’s length negotiations between the Group and the Borrower taking into account (i) the Borrower’s working capital requirement; and (ii) the financial resources available to the Group. In light of that (i) the Group’s revenue and profitability have expanded persistently during the past five consecutive years; and (ii) the Group had abundant cash and bank balances of approximately HK\$154.4 million as at 31 December 2015, the majority of which is currently placed as fixed deposits in banks; and (iii) the maximum loan facility of US\$10,000,000 represents about half of the Group’s existing cash on hand, we concur with the Directors that the maximum loan amount is fair and reasonable.

Pursuant to the Loan Agreement, the interest on the Loan payable by the Borrower to the Lender will be Prime Rate plus 7% per annum, with the Prime Rate being the US Dollars best lending rate as quoted by the US Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) as at the time of drawdown of each tranche of the Loan. As advised by the Directors and based on our understanding, it is a common practice for commercial banks in Hong Kong to charge interest on corporate loans at rates with reference to the Hong Kong Interbank Offered Rate (HIBOR), the London Interbank Offered Rate (LIBOR) or the best lending rate (Prime rate). In addition, according to the web-site of the Federal Reserve (<http://www.federalreserve.gov>), the US Dollars best lending rate as quoted by the Federal Reserve was 3.5% as at the Latest Practicable Date. It has not fluctuated since 2009 but the Federal Reserve started to raise the US Dollars best lending rate in December 2015. As referred to in some commentary and news report published by New

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

York Times and Financial Times, the Federal Reserve was holding the US Dollars best lending rate at historically low levels to support economic growth by encouraging borrowing and risk-taking. Nevertheless, the Federal Reserve plans to raise rates, gradually reducing those incentives, as the economy gains strength.

As aforementioned, the Group had abundant cash and bank balances of approximately HK\$154.4 million as at 31 December 2015, the majority of which is currently placed as fixed deposits in banks. In this relation, we understand from the Directors that the average effective interest rate of those fixed deposits is approximately 0.6%. On the other hand, the Group also had trade loan borrowings of approximately HK\$73.0 million as at 31 December 2015, bearing effective interest rate per annum of approximately 2.51%. With the above being the case, the Interest Rate, assuming to be 10.5% per annum (i.e. 3.5% + 7%), is significantly above both the rates the Group received from its deposits (i.e. 0.6%) and paid for its borrowings (i.e. 2.51%). Even in the extreme scenario that the Prime Rate falls to zero, the Interest Rate, in such event will become 7%, would be higher than both the current rates the Group received from its deposits and paid for its borrowings. Furthermore, from our research over the web-site of the Stock Exchange at www.hkex.com.hk regarding provision of financial assistance to either independent third parties or connected persons by listed companies in Hong Kong, we noted that there were around 35 such announcements (the “**Comparables**”) dated from 12 April 2016 to 11 May 2016 (being the one-month period prior to and including the date of the Loan Agreement). We chose the said one-month research period due to its recency before the signing of the Loan Agreement and we consider the Comparables to be representative. As far as we are aware of, the Comparables are also exhaustive. Out of the 35 Comparables, nearly half of them carried interest rates of less than or equal to 10.5% while the remaining Comparables carried interest rates of above 10.5%. That is to say, the increment of 7% (making the Interest Rate 10.5% per annum as at the Latest Practicable Date) is close to the median rate charged by other listed companies in Hong Kong and thus is justifiable based on market comparison. Taking into account all of the above, we are of the opinion that the 7% increment is fair and reasonable.

Since the Interest Rate comprises the Prime Rate, being a common reference for commercial banks in Hong Kong to charge interest on corporate loans and is generally expected to rise in coming years, as well as the 7% increment, which is already above both the current rates the Group received from its deposits and paid for its borrowings and is justifiable based on market comparison, we are of the view that the Interest Rate is fair and reasonable so far as the Independent Shareholders are concerned.

Regarding the possible credit risks of the Group under the Loan Agreement, we noted that pursuant to the Loan Agreement, the Loan is secured by (a) the Share Mortgage executed by the Mortgagor; and (b) 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 Loan Agreement. Under the Guarantee, the Guarantor has irrevocably and unconditionally guaranteed and undertaken as principal obligor on first demand by the Lender to pay the Indebtedness. The Guarantor has also guaranteed to pay interest in the same rate and manner as in the Loan Agreement on the Indebtedness from the date of first demand by the Lender

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to the date of payment and to be responsible for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor. In addition, if the Borrower fails to pay any sum payable under the 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.

In the event of any default by the Borrower of the Loan Agreement, the Company intends to enforce the Guarantee to demand the Guarantor to repay all outstanding amounts in the first place. If the Guarantor is unable to repay any part of the outstanding amounts, the Company has discretion to enforce the Share Mortgage to recover the outstanding balance.

We understand from the Letter from the Board that the enforcement of the Share Mortgage substantially depends on the due existence and validity of the VIE Structure. As stated in a legal opinion issued by the Company's PRC lawyer, the VIE Structure is legal, effective and through which the Borrower can exercise control over NKY. In the event of defaults by the Borrower under the Loan Agreement, the Company has absolute discretion to enforce the Share Mortgage. According to the Directors, prior to exercising such discretion to enforce the Share Mortgage, the Company will take all steps reasonably necessary in the circumstances, including but without limitation to seeking further legal opinion from its PRC lawyer, to ensure the legality and validity of the VIE Structure. Should the VIE Structure become invalid or violate any applicable laws, rules and regulations at the time of enforcing the Share Mortgage, the Company will not rely on the Share Mortgage to recover the outstanding amount from the Borrower, but will take legal proceedings (including but without limitation to any winding up proceedings, if appropriate) against the Borrower for remedy instead. We concur with the Directors that the above arrangement is in the interests of the Company and the Shareholders as a whole.

Furthermore, we noted from the unaudited management accounts of the Borrower for the year ended 31 December 2015 that its net asset value was approximately US\$21.5 million as at 31 December 2015. The Borrower is an investment holding company with NKY as one of its major investments in the PRC through a subsidiary. In this relation, we noted that NKY recorded revenue and profit after tax of approximately RMB112.2 million and RMB10.6 million respectively in 2015 based on its audited financial statements for the year ended 31 December 2015. Moreover, as at 31 December 2015, the net asset value, net current asset, and cash and cash equivalents of NKY amounted to approximately RMB143.1 million, RMB65.1 million and RMB6.5 million respectively. On the other hand, based on publicly available information at its company web-site (<http://www.agriacorp.com>) and the web-site of the New York Stock Exchange (<https://www.nyse.com/quote/XNYS:GRO/sec>), for the year ended 30 June 2015, the Guarantor recorded audited revenue and profit after tax of approximately US\$944.7 million and US\$14.7 million respectively. Moreover, as at 31 December 2015, the Guarantor had unaudited net asset value, net current asset and cash and cash equivalents of approximately US\$164.0 million, US\$134.4 million and US\$17.6 million respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The above data aims to give Shareholders a reference on the latest financial performance and position of the Borrower, NKY and the Guarantor. Given that the latest net asset values of all of the Borrower, NKY and the Guarantor cover the maximum loan facility of US\$10,000,000 under the Loan Agreement, we concur with the Directors that the security for the Loan is fair and reasonable and the possible default risk from the Borrower is likely to be low and manageable.

In light of the foregoing, we consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The proposed Annual Caps

Under the Loan Agreement, the proposed caps for the maximum principal loan outstanding, the maximum interest amounts and the proposed Annual Caps of the facility for the relevant periods during the term of the Loan Agreement are as follows:–

	Period from 2 August 2016 ^(Note) to 31 December 2016	Year ending 31 December 2017	Year ending 31 December 2018	Period from 1 January 2019 to 1 August 2019
Maximum principal loan outstanding	US\$10,000,000	US\$10,000,000	US\$10,000,000	US\$10,000,000
Approximate maximum interest amounts	US\$450,000	US\$1,100,000	US\$1,100,000	US\$650,000
Proposed Annual Caps	US\$10,450,000	US\$11,100,000	US\$11,100,000	US\$10,650,000

Note: The expected Drawdown Date upon fulfilment of the conditions precedent to the Loan Agreement.

As referred to in the Letter from the Board, the above proposed Annual Caps were determined with reference to the aggregate principal amount outstanding under the facility to be granted by the Lender and the annual interest payable under the Loan Agreement, based on the assumption that the Borrower will borrow up to US\$10,000,000 for each of the above periods.

Pursuant to the Loan Agreement, the loan facility of up to US\$10,000,000 will be granted by the Lender to the Borrower at the Interest Rate. From our search result from the web-site of the Federal Reserve (<http://www.federalreserve.gov>), the US Dollars best lending rate as quoted by the Federal Reserve was 3.5% as at the Latest Practicable Date. As such, the Interest Rate was 10.5% as at the Latest Practicable Date. Since the proposed Annual Caps are expected to cover the aggregate amount (including interests) repayable by the Borrower to the Lender assuming that the Borrower will draw down the maximum of US\$10,000,000 from the facility at the Interest Rate of 10.5% under the Loan Agreement, we consider that the proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders should note that as the proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 1 August 2019, and they do not represent forecasts of revenues or costs to be recorded from the Loan Agreement. Consequently, we express no opinion as to how closely the actual revenue and cost to be incurred under the Loan Agreement will correspond with the proposed Annual Caps.

4. Compliance with the Listing Rules

We understand that the Group shall establish a system of internal control measures as detailed in the section headed “Internal control measures for the Loan” of the Letter from the Board to govern the implementation of the Loan Agreement. In this relation, we have obtained and read through the relevant internal control measures of the Company and discussed with the Company on how such measures will practically be carried out. Based on our discussion with the Directors and in accordance with the Company’s internal control measures, the designated staff of accounting department of the Company will monitor and report the liquidity status of the Group to the financial controller of the Company on a weekly basis, and the financial controller of the Company will assess the cash position of the Group in advance before allowing drawing of an advance by the Borrower. The financial controller of the Company will also report to the senior management on a monthly basis and the Directors (including the independent non-executive Directors) on a half yearly basis regarding the Loan status. We are of the view that the former control measures could ensure that the Company will have sufficient cash flow to fulfil its own operating requirement before advancing the Loan whilst the latter measure could ensure that the status of the Loan will be monitored regularly by the senior management of the Company, in particular the independent non-executive Directors.

In addition, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the values of the advance of the Loan must be restricted by the proposed Annual Caps for the periods concerned under the Loan Agreement; (ii) the terms of the Loan Agreement (together with the proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors’ annual review on the terms of the Loan Agreement (together with the proposed Annual Caps) must be included in the Company’s subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide a letter to the Board confirming, among other things, that the advance of the Loan is carried out in accordance with the pricing policies of the Company, and the proposed Annual Caps are not being exceeded. In the event that the total amounts of the Loan exceed the proposed Annual Caps, or that there is any material amendment to the terms of the Loan Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With the Company's internal control measures together with the stipulated requirements for continuing connected transactions of the Listing Rules in place, the advance of the Loan under the Loan Agreement will be monitored and thus the interest of the Independent Shareholders may be safeguarded.

RECOMMENDATION

Having taken into consideration of the factors and reasons as stated above, we are of the opinion that (i) the terms of the Loan Agreement (including the proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Loan Agreement, although is not conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Loan Agreement and the proposed Annual Caps, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Director

1. RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) contained in the Listing Rules, were as follows:

(i) Long positions in shares

Name of Director	Type of interests	Number of shares	Approximate percentage of interests
Lai Guanglin	Interest of controlled corporation	770,552,120 <i>(Note 1)</i>	57.79%
Yu Ben Ansheng	Beneficial owner and interest in a controlled corporation	149,000,000 <i>(Note 2)</i>	11.18%

Notes:

- These shares are held by Singapore Zhongxin Investment Company Limited, which is wholly and beneficially owned by Mr. Lai Guanglin, an executive Director and the Chairman of the Company. Accordingly, Mr. Lai is deemed to be interested in such shares under the SFO.
- These shares are held by King Jade Holdings Limited, which is wholly and beneficially owned by Mr. Yu Ben Ansheng, an executive Director and the Chief Executive Officer of the Company. Accordingly, Mr. Yu is deemed to be interested in such shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in shares

Name of Shareholders	Type of interests	Number of Shares	Approximate percentage of interests
Singapore Zhongxin Investment Company Limited ^(Note 1)	Beneficial owner	770,552,120	57.79%
Li Juan ^(Note 2)	Interest of spouse	770,552,120	57.79%
King Jade Holdings Limited ^(Note 3)	Beneficial owner	146,000,000	10.95%

Notes:

- Singapore Zhongxin Investment Company Limited is wholly and beneficially owned by Mr. Lai Guanglin, an executive Director and the Chairman of the Company. Accordingly, Mr. Lai is deemed to be interested in such shares under the SFO.
- Ms. Li Juan, the spouse of Mr. Lai Guanglin, is also deemed to be interested in Mr. Lai's interest in the Company under the SFO.
- King Jade Holdings Limited is wholly and beneficially owned by Mr. Yu Ben Ansheng, an executive Director and the Chief Executive Officer of the Company. Accordingly, Mr. Yu is deemed to be interested in such shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, so far as known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' OTHER INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest audited financial statements of the Company were made up.

7. EXPERT AND CONSENT

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they appear.

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

Name	Qualification
VBG Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2015), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (a) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda, and the head office and principal place of business in Hong Kong of which is at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Estera Management (Bermuda) Limited at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and the Hong Kong branch share registrar and transfer office of which is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) Mr. Cheng Siu Kwan, aged 46, joined the Company as the Financial Controller in December 2012 and has been appointed as the Company Secretary of the Company in February 2013. Mr. Cheng is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of

Certified Public Accountants. Prior to joining the Company, Mr. Cheng held various finance positions at a number of companies listed on The Stock Exchange of Hong Kong Limited and has over 20 years of experience in auditing, finance and accounting.

- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) this circular;
- (b) the Loan Agreement;
- (c) the letter from the Independent Board Committee as set out in this circular;
- (d) the letter from the Independent Financial Adviser as set out in this circular; and
- (e) the written consent of the Independent Financial Adviser.

NOTICE OF SGM



(Incorporated in Bermuda with limited liability)

(Stock Code: 00380)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Softpower International Limited (the “**Company**”) will be held at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon Hong Kong on Monday, 1 August 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the loan agreement dated 11 May 2016 (the “**Loan Agreement**”) entered into by Mao Xing Limited (the “**Lender**”), a wholly-owned subsidiary of the Company, as lender, and China Victory International Holdings Limited (the “**Borrower**”) as borrower, in relation to the loan facility in the amount of up to US\$10,000,000 (equivalent to approximately HK\$78,000,000) which the Lender has conditionally agreed to grant to the Borrower constituting continuing connected transaction (the “**Continuing Connected Transaction**”) for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (details of the Loan Agreement are set out in the Company’s circular dated 15 July 2016 (the “**Circular**”) and copies of the Loan Agreement and the Circular have been tabled at the meeting and marked “A” and “B” respectively for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved confirmed and ratified;
- (b) the proposed Annual Caps (as defined and more particularly described in the Circular) in respect of the Continuing Connected Transaction be and are hereby approved and confirmed; and
- (c) the directors of the Company be and are hereby authorized to do such acts and execute such other documents as they may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the Loan Agreement and the proposed Annual Caps and the transaction contemplated thereunder.”

By order of the Board
Softpower International Limited
Lai Guanglin
Chairman

Hong Kong, 15 July 2016

NOTICE OF SGM

Notes:

1. A form of proxy for use at the SGM or any adjournment thereof is enclosed.
2. A shareholder of the Company (a “**Shareholder**”) entitled to attend and vote at the SGM convened by the above notice (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
3. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting at the meeting should he/she/it wish. If a Shareholder attend and vote at the SGM, the authority of his/her/its proxy will be deemed to be revoked.