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鴻寶資源有限公司
AGRITRADE RESOURCES LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1131)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF A VLCC GRADE OIL TANKER

The Board is pleased to announce that on 15 January 2016 (after trading hours), the Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller, in relation to the acquisition of the Vessel at a consideration of US\$38.4 million (approximately HK\$297,600,000).

As the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is required to be disclosed by way of announcement.

INTRODUCTION

The board (the “**Board**”) of directors (the “**Director(s)**”) of Agritrade Resources Limited (the “**Company**”, together with its subsidiaries referred to as the “**Group**”) is pleased to announce that on 15 January 2016 (after trading hours), Sea Oriental Line Pte. Limited (the “**Buyer**”), an indirect wholly-owned subsidiary of the Company, as buyer, entered into a memorandum of agreement (the “**Agreement**”) with Euronav NV (the “**Seller**”), as seller, in relation to the acquisition (the “**Acquisition**”) of a very large crude carrier (the “**VLCC**”). A summary of the major terms of the Agreement is set out below.

THE AGREEMENT

Date: 15 January 2016

Parties:

Buyer: Sea Oriental Line Pte. Limited, an indirect wholly-owned subsidiary of the Company which is incorporated in Singapore

Seller: Euronav NV, a company incorporated in Belgium

The Buyer and its subsidiary are engaged in the shipping freight service from time chartering of leased vessels for and on behalf of customers and the provision of floating storage and relevant logistics services for crude oil and petrochemical products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller is one of the largest crude oil tanker company in the world and is currently listed on both the Euronext exchange and the New York stock exchange.

Asset to be acquired:

A Japanese-built VLCC-grade oil tanker (the “**Vessel**”) with capacity of 298,412 DWT (deadweight tonnage) built in 2001. The Vessel is classified by Bureau Veritas, being one of the leading vessel classification societies in the world and a founding member of International Association of Classification Societies.

Consideration:

Cash consideration of United States dollars (“**US\$**”) 38,400,000.

Payment terms:

- (i) US\$3,840,000, being 10% of the total consideration, will be paid as a deposit to an escrow account jointly appointed by the Seller and the Buyer within three business days upon the signing of the Agreement; and
- (ii) US\$34,560,000, being the remaining 90% of the total consideration, will be paid to the Seller upon the delivery of the Vessel.

Expected time and place of delivery:

The Vessel shall be delivered and taken over safely afloat at a safe and accessible berth or anchorage in Singapore in the Seller's option. The notice of readiness shall not be tendered before 25 January 2016.

BASIS OF CONSIDERATION

The consideration for the Acquisition was determined on normal commercial terms after arm's length negotiations between the parties taking into account of (i) the market intelligence as gathered by the Company from shipbrokers; and (ii) the Company's own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of build in the market.

The consideration will be funded by the internal resources of the Group and it is expected that part of the consideration will be eventually financed by bank borrowings which the Group intends to arrange after the Acquisition.

RELATIONSHIP WITH THE SELLER AND ITS ULTIMATE BENEFICIAL OWNERS

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Seller and its ultimate beneficial owners are not connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company, and are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Save for the transaction disclosed in this announcement, during the twelve-month period prior to the date of the Agreement and this announcement, the Group has not entered into any transaction with any of the Seller or its ultimate beneficial owners or with parties connected or otherwise associated with one another which may require aggregation under Rule 14.22 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are (a) mining, exploration, logistics, sale of coal and other mining-related activities; (b) shipping freight service from time chartering of leased vessels for and on behalf of customers; and (c) the provision of floating storage and relevant logistics services for crude oil and petrochemical products.

In light of the difficult situation in the global commodity market and the persistent strong market demand for floating oil storage and ocean freight service for the oil industry, the Group has been continuously looking for opportunities to further expand its floating storage and ocean freight business by means of acquisition and chartering of new vessels. The Vessel is another VLCC-grade vessel owned by the Group since its first acquisition in February 2015. The Board believes that the Group has accumulated sufficient expertise and experience in the operation and management of the floating storage and ocean freight business and considers that long-term floating storage service and ocean freight (time chartering) contract(s) will be entered into with sizeable international oil giants after the Acquisition, which would contribute stable, sustainable and diversified income and cash flows to the Group on a long-term basis. The Directors believe that the terms of the Agreement, which were normal commercial terms and determined after arm's length negotiations, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is required to be disclosed by way of this announcement.

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

Hong Kong, 15 January 2016

As at the date of this announcement, the Board comprises Mr. Ng Say Pek (Chairman), Mr. Ng Xinwei, Ms. Lim Beng Kim, Lulu and Mr. Ashok Kumar Sahoo as executive Directors; Mr. Wong Man Hung, Patrick (Vice-Chairman) and Mr. Shiu Shu Ming as non-executive Directors and Mr. Chong Lee Chang, Mr. Siu Kin Wai and Mr. Terence Chang Xiang Wen as independent non-executive Directors.