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## **NATIONAL AGRICULTURAL HOLDINGS LIMITED** **國農控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1236)**

### **CLARIFICATION ANNOUNCEMENT**

Reference is made to the the annual report of National Agricultural Holdings Limited (the “**Company**”) for the year ended 31 December 2015 (“**Annual Report**”) posted on the respective websites of The Stock Exchange of Hong Kong Limited and the Company on 28 April 2016. Capitalised terms used but not otherwise defined in this announcement shall have the same meanings ascribed to them in the Annual Report.

As disclosed in the Annual Report, the Company has conducted several fund raising activities during the year ended 31 December 2015 which include (i) the placing and subscription of new shares as disclosed in the announcement of the Company dated 6 February 2015 (“**Placing and Subscription of New Shares**”), (ii) the placing and subscription of unlisted warrants as disclosed in the announcement of the Company dated 2 June 2015 (“**Placing and Subscription of Unlisted Warrants**”), and (iii) the placing of new shares under general mandate as disclosed in the announcement of the Company dated 23 June 2015 (“**Placing of New Shares under General Mandate**”). The Company wishes to provide the shareholders and investing public with additional information in respect of the use of proceeds derived from such funding raising activities.

## USE OF PROCEEDS FROM THE PLACING AND SUBSCRIPTION OF NEW SHARES

The net proceeds from the Placing and Subscription of New Shares were approximately HK\$936.9 million.

The actual use of the net proceeds from the Placing and Subscription of New Shares in the amount of HK\$936.9 million as at 31 December 2015 was as follows:

Intended use of the net proceeds	Actual use of the net proceeds as at 31 December 2015
(i) As disclosed in the announcement of the Company dated 6 February 2015, it was intended that the net proceeds from the Placing and Subscription of New Shares would be applied by the Company together with the net proceeds raised from the previous placing and subscription completed on 22 October 2014, for further capital injection into China Coop Mengda, acquisition of land and/or warehouse(s) and the building and/or renovation of warehouses for the storage of agricultural products, (if any) acquisition of land and/or buildings and the establishment of trading centre(s) for trading of agricultural products and rural land property rights and the remainder (if any) will be served for the development of online transaction management system for the trading platforms of agricultural products and rural land property rights.	(i) to fund the payment of deposit (股權保證金) in the amount of RMB186.9 million (approximately HK\$233.6 million) held in escrow (“ <b>Ji Lin Security Money</b> ”) in respect of the potential acquisition of Ji Lin Agricultural Means of Production Co. Limited* (吉林省農業生產資料股份有限公司), the beneficial owner of a logistic park mainly involved in the business of logistic and storage services (“ <b>Potential Ji Lin Acquisition</b> ”);  (ii) HK\$9.7 million has been used to fund the partial payment of deposit in the amount of RMB200 million (approximately HK\$250 million) held in escrow (“ <b>Wholesale Market Deposit</b> ”) in respect of the possible acquisition of the business and assets of the Chengdu West Agricultural Products Wholesale Market* (成都西部農產品批發市場) which is mainly involved in the business of trading of fruits, dried fruits and other agricultural by-products (“ <b>Potential Wholesale Market Acquisition</b> ”);  (iii) to fund the payment of deposit in the amount of RMB322 million (approximately HK\$401.9 million) held in escrow as earnest money in respect of the possible establishment of a fund (“ <b>Fund Establishment</b> ”);

<b>Intended use of the net proceeds</b>	<b>Actual use of the net proceeds as at 31 December 2015</b>
	<p>(iv) HK\$240.3 million to partially fund the payment of RMB1,220 million as earnest money held in escrow for the potential acquisition of the entire equity interest of China Cooperation (Shanghai) Real Estate Co. Ltd.* (中合(上海)置業有限公司), a company principally engaged in the business of real estate development, property management and investment management (“<b>Potential China Cooperation Acquisition</b>”); and</p> <p>(v) approximately HK\$51.4 million remain unutilised.</p>

As disclosed in the announcements of the Company dated 29 December 2015 and 31 December 2015 respectively, (i) due to prolonged discussion of the Potential Ji Lin Acquisition, the Ji Lin Security Money has been returned to the Company; and (ii) due to prolonged discussion of the Potential Wholesale Market Acquisition, the Wholesale Market Deposit has been returned to the Company.

#### **USE OF PROCEEDS FROM THE PLACING AND SUBSCRIPTION OF UNLISTED WARRANTS**

The net proceeds from the Placing and Subscription of Unlisted Warrants were approximately HK\$66.3 million and additional net proceeds from the partial exercise of such unlisted warrants were approximately HK\$828.5 million.

The actual use of the net proceeds from the Placing and Subscription of Unlisted Warrants in the amount of HK\$894.8 million as at 31 December 2015 was as follows:

<b>Intended use of the net proceeds</b>	<b>Actual use of the net proceeds as at 31 December 2015</b>
<p>(i) As disclosed in the announcement of the Company dated 2 June 2015, assuming full exercise of subscription rights attached to the maximum of the warrants at the exercise price, it was intended that the total net proceeds of approximately HK\$1,127.3 million would be applied by the Company in a manner of which:</p> <p>a. approximately HK\$375 million was to be allocated for investment in a tea leaves trading platform (details of which are disclosed in the Company's announcement dated 24 December 2014);</p> <p>b. approximately HK\$375 million was to be allocated for investment in a processing plant for agricultural by-products; and</p> <p>c. approximately HK\$377 million was to be allocated for future investment(s) and/or acquisition(s), as and when appropriate including but not limited to a possible acquisition of Sino-agri Agricultural Machinery Holdings Company Limited* (中農集團農機控股有限公司).</p>	<p>(i) fund the payment of deposit in the amount of RMB528 million (approximately HK\$676.7 million) held in escrow as earnest money ("<b>Fund Establishment Retainer Money</b>") in respect of the Fund Establishment; and</p> <p>(ii) HK\$218.1 million to partially fund the payment of RMB1,220 million as earnest money held in escrow for the potential acquisition of the entire equity interest of China Cooperation (Shanghai) Real Estate Co. Ltd.* (中合(上海)置業有限公司), a company principally engaged in the business of real estate development, property management and investment management.</p>

As disclosed in the announcement of the Company dated 31 December 2015, as the parties are still in discussion in respect of the Fund Establishment and the Company may make less capital commitment to the fund as expected, the Fund Establishment Retainer Money in the amount of not exceeding RMB450 million would be returned to the Company. As disclosed in the announcement of the Company dated 31 March 2016, under the direction given by the Company, the refund of the Fund Establishment Retainer Money in the amount of approximately RMB250 million (approximately HK\$299.8 million) was transferred to Shi Jia Zhuang Ao Yuan Trading Company Limited\* (石家莊奧源貿易有限公司) for the purpose of settling the earnest money in respect of the acquisition of 100% equity interest in 中合(上海)置業有限公司 (China Cooperation (Shanghai) Real Estate Co. Ltd.\*). Subsequently, such sum has been refunded to the Company on 30 March 2016.

It is the Company's strategy to review from time to time potential investment opportunities. The Board has decided to change the intended use of proceeds from the Placing and Subscription of Unlisted Warrants primarily due to the prolonged negotiations with counter-parties in several proposed transactions. The Fund Establishment aims to invest in among other things sales of agricultural products and renewable resources. The Directors believe that the Fund Establishment, if materialised, could help the Company to realize its plan to develop its objectives of serving the agricultural sector in the sectors of "Trading in Agricultural Means of Production" and "Urbanization Planning, Operating and Managing". Further details in respect of the Fund Establishment is disclosed in the announcements of the Company dated 25 August 2015, 27 August 2015 and 31 December 2015. In addition, the Potential China Cooperation Acquisition will allow the Company to acquire an exhibition centre mainly used as a platform and venue for trade exhibitions, conferences and meetings and two office buildings mainly used for rental units (the "**Property**"). The Directors are of the view that as the Property is strategically located in the Eastern starting point of the "One Belt One Road" strategy initiated by the PRC Government and the exhibition centre is the designated international merchandising trading platform under the "One Belt One Road" policy, it will allow the Company to leverage on the advantages and resources of the Shanghai Trans-National Procurement Centre and provide an ideal forum for implementing integral functions of the Company's agricultural trading platform. Further details in respect of the Potential China Cooperation Acquisition is disclosed in the announcement of the Company dated 11 January 2016.

## **USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The net proceeds from the Placing of New Shares Under General Mandate were approximately HK\$240.3 million.

The actual use of the net proceeds from the Placing of New Shares Under General Mandate in the amount of HK\$240.3 million as at 31 December 2015 was as follows:

<b>Intended use of the net proceeds</b>	<b>Actual use of the net proceeds as at 31 December 2015</b>
<p>(i) As disclosed in the announcement of the Company dated 23 June 2015, it was intended that the net proceeds from the Placing of New Shares Under General Mandate would be applied by the Company in the following manner:</p> <p>a. approximately HK\$200 million was to be allocated for possible acquisition of the Wholesale Market, including ownership of properties and land use right of the Wholesale Market; and</p> <p>b. approximately HK\$40.3 million was to be allocated for working capital.</p>	<p>(i) HK\$240.3 million had been used to partially fund the payment of the Wholesale Market Deposit in respect of the Potential Wholesale Market Acquisition.</p>

As disclosed in the announcement of the Company dated 29 December 2015, due to prolonged discussion of the Potential Wholesale Market Acquisition, the Wholesale Market Deposit has been returned to the Company.

## GENERAL

After the return of all the aforementioned funds, an amount of approximately HK\$535 million of the proceeds from the Placing and Subscription of New Shares, Placing and Subscription of Unlisted Warrants and Placing of New Shares under General Mandate remain unutilised as at 31 December 2015. In addition, the Fund Establishment Retainer Money refunded to the Company on 30 March 2016 in the amount of approximately HK\$299.8 million remain unutilised. It is currently intended that such unutilised proceeds will be used in the following manner: (i) approximately HK\$2.9 million (RMB2.45 million) to finance the joint venture company to be established between the Company and Sichuan Agricultural Means of Production Group Company Limited\* (四川省農業生產資料集團有限公司) to develop and operate a sub-platform of the China Agricultural Trading Platform (中國農業交易平台) in Sichuan Province, the PRC, to perform electronic spot commodities trading and to offer related logistics, finance, information, quality control and other supporting services to its trading participants, further details of which are disclosed in the announcement of the Company dated 6 May 2016; and (ii) approximately HK\$57.3 million (RMB49 million) to finance the joint venture enterprise to be established between the Company and Guangdong New Co-Op Skyrise Investment Co., Ltd\* (廣東新供銷天成投資有限公司) to engage in, among other things, electronic commerce and operation of the platform, of which further details are disclosed in the announcement of the Company dated 4 July 2016. It is currently intended that the remaining unutilised proceeds of HK\$774.6 million will be invested in (i) the establishment of a joint venture enterprise with Dalian Renewable Energy Exchange Company Limited\* (大連再生資源交易所有限公司) to jointly operate a clearing centre for bulk commodities; (ii) further development of the AgriPay System (農匯通); (iii) development of an electronic business to consumer platform to trade agricultural products; and (iv) development of a tea leaves trading platform.

For and on behalf of  
**National Agricultural Holdings Limited**  
**Chen Li-Jun**  
*Chairman*

Hong Kong, 5 September 2016

*As at the date of this announcement, the Board comprises five executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Ms. Wen Yuanyi and Mr. Chen Li An, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue.*

\* *For identification purposes only*