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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)

MAJOR TRANSACTION IN RELATION TO

**(1) THE FORMATION OF A JOINT VENTURE
TO ENGAGE IN AGRICULTURAL FINANCE BUSINESS IN CHINA AND
(2) THE INVESTMENT IN A COMPANY WHICH ENGAGES IN
FINANCIAL LEASING BUSINESS IN CHINA**

NEW JOINT VENTURE FORMATION

Reference is made to the announcement of the Company dated 23 December 2013 in relation to the memorandum of understanding entered into by the Company and Xinyuan which sets forth the understanding with regard to the possible establishment of a joint venture to engage in agricultural finance business in China.

The Board is pleased to announce that the Group, through its wholly-owned subsidiary, Ever Harvest, entered into the JV Agreement 1 dated 21 March 2014 with Xinyuan to form the New Joint Venture which will engage in agricultural finance business in China. Pursuant to the JV Agreement 1, Ever Harvest has conditionally agreed to make a capital contribution of RMB35.50 million to the New Joint Venture in cash, equivalent to 71% of the total registered capital of the New Joint Venture.

INVESTMENT IN COOPINVEST MENGDA

Separately, Ever Harvest entered into the JV Agreement 2 dated 21 March 2014 with the shareholders of Coopinvest Mengda regarding to its investment in Coopinvest Mengda which principally engages in financial leasing business in China. Pursuant to the JV Agreement 2, Ever Harvest has conditionally agreed to make a capital contribution of RMB70 million to Coopinvest Mengda in cash. After the investment by Ever Harvest, Coopinvest Mengda will be held as to approximately 41.18% by Ever Harvest and approximately 20.08%, 14.71%, 14.12% and 9.91% by the other shareholders, respectively.

LISTING RULES IMPLICATIONS

Since certain relevant percentage ratios in respect of the Investments (including the Call Option and the Capital Contribution Option, the calculation of relevant percentage ratios of which is based on the maximum exercise price of the Call Option at RMB80.86 million and the maximum capital contribution by Ever Harvest in the amount of RMB48 million upon exercise of the Capital Contribution Option by Xinyuan) in aggregate are more than 25% but less than 100%, the entering into of the JV Agreements constitute a major transaction under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Investments, the exercise of the Call Option and the grant of the Capital Contribution Option (which are also sought pursuant to Rule 14.76(2) of the Listing Rules) may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to vote and attend at that general meeting to approve such transactions. As at the date of this announcement, Parko (Hong Kong) Limited, the controlling Shareholder of the Company which holds 742,259,948 Shares, representing approximately 55.88% of the issued share capital of the Company, has given a written certificate to the Company to approve each of the Investments.

A circular containing, among others, further details of the Investments will be despatched to the Shareholders as soon as possible but not later than 30 April 2014, as the Company will require more time to prepare the information required for inclusion in the circular.

As completion of each of the JV Agreements is subject to certain conditions, the transactions thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

NEW JOINT VENTURE FORMATION

Reference is made to the announcement of the Company dated 23 December 2013 in relation to the memorandum of understanding entered into by the Company and Xinyuan which sets forth the understanding with regard to the possible establishment of a joint venture to engage in agricultural finance business in China.

The Board is pleased to announce that the Group, through its wholly-owned subsidiary, Ever Harvest, entered into the JV Agreement 1 dated 21 March 2014 with Xinyuan to set up the New Joint Venture which will engage in agricultural finance business in China.

The principal terms of the JV Agreement 1 are as follows:–

Date: 21 March 2014

Parties: (i) Ever Harvest, a wholly-owned subsidiary of the Company;
and
(ii) Xinyuan.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Xinyuan and its ultimate beneficial owner(s) are Independent Third Parties.

Business scope: Provision of agricultural financial services, including but not limited to asset management, project investments, big data management and equity and debt investments.

Term: 20 years from the date of formation of the New Joint Venture

Initial investment amount: RMB125 million

Total registered capital and capital contributions by the parties: The total registered capital of the New Joint Venture is RMB50 million (or RMB80 million upon the exercise of the Capital Contribution Option by Xinyuan), out of which:

- (i) RMB35.5 million, representing 71% of the total registered capital of the New Joint Venture (or RMB48.0 million, representing 60% of the total registered capital of the New Joint Venture upon the exercise of the Capital Contribution Option by Xinyuan), will be contributed by Ever Harvest; and
- (ii) RMB14.5 million, representing 29% of the total registered capital of the New Joint Venture (or RMB32.0 million, representing 40% of the total registered capital of the New Joint Venture upon the exercise of the Capital Contribution Option by Xinyuan), will be contributed by Xinyuan.

The contributions were determined after arm's length negotiation of the parties and with reference to the initial funding needs of the New Joint Venture and the agreed share of each party in the total registered capital of the New Joint Venture.

The capital contributions shall be payable in cash in accordance with the following schedule:

- (1) 20% of the registered capital (as enlarged by the Capital Contribution Option if exercised by Xinyuan by such time) shall be paid up within 2 months from the date of issuance of the business licence of the New Joint Venture;
- (2) 50% of the registered capital (as enlarged by the Capital Contribution Option if exercised by Xinyuan by such time) shall be paid up within 6 months from the date of issuance of the business licence of the New Joint Venture; and
- (3) 100% of the registered capital (as enlarged by the Capital Contribution Option if exercised by Xinyuan by such time) shall be paid up within 12 months from the date of issuance of the business licence of the New Joint Venture.

If Xinyuan shall exercise the Capital Contribution Option and the new business licence is issued after the 12 month period mentioned in (3) above, the parties shall pay up the entire amount of the enlarged registered capital within 10 business days after issuance of the new business licence.

Conditions precedent of capital contributions:

The obligations of the parties regarding capital contribution are conditional upon:

- (i) the approval of the JV Agreement 1 and the articles of association of the New Joint Venture by the approval authorities, and such other necessary approvals; and
- (ii) the issue of business licence to the New Joint Venture.

Board composition:

The board of directors will comprise 5 directors, 4 of which will be nominated by Ever Harvest and 1 of which will be nominated by Xinyuan. Chairman of the board will be nominated by Ever Harvest. A quorum of a board meeting shall comprise more than two-thirds of all directors.

Restriction on creation of encumbrances and transfer of interests:

None of the joint venture parties shall, except with the prior written consent of the other party, transfer, pledge or create any encumbrance over all or any of the interests in the New Joint Venture held by it.

Capital Contribution Option: Xinyuan is granted by Ever Harvest the Capital Contribution Option pursuant to which Xinyuan has the right at any time within 1 year from the date of the JV Agreement 1 to increase the total registered capital of the New Joint Venture from RMB50 million to RMB80 million, out of which RMB48 million and RMB32 million will be contributed by Ever Harvest and Xinyuan respectively, representing 60% and 40% of the total registered capital of the New Joint Venture respectively.

The amount of capital contribution shall be determined by the chief financial officer of the New Joint Venture if Ever Harvest and Xinyuan fail to agree on the determination of amount of capital contribution of the Capital Contribution Option.

Upon completion of the JV Agreement 1, the New Joint Venture will become an indirect non-wholly owned subsidiary of the Company and the financial information of the New Joint Venture will be consolidated into the consolidated financial statements of the Company.

INVESTMENT IN COOPINVEST MENGDA

Separately, Ever Harvest entered into the JV Agreement 2 dated 21 March 2014 with the shareholders of Coopinvest Mengda regarding to its investment in Coopinvest Mengda which principally engages in financial leasing business in China.

The principal terms of the JV Agreement 2 are as follows:–

Date: 21 March 2014

Parties: (i) Ever Harvest, a wholly-owned subsidiary of the Company;

(ii) Coopinvest;

(iii) 789 Investments Limited (“**789 Investments**”);

(iv) Shandong Jindu Dazhan Group Company Limited* (山東金都大展集團有限公司) (“**Shandong Jindu**”); and

(v) Hebei Mingde Machinery Limited Liability Company* (河北明德機械有限責任公司) (“**Hebei Mingde**”).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Coopinvest, 789 Investments, Shandong Jindu and Hebei Mingde and each of their ultimate beneficial owner(s) are Independent Third Parties.

Business scope: Financial leasing, general leasing business, acquisition of leasing properties, treatment and maintenance of leasing properties and the provision of consultancy and guarantee in leasing transactions.

Term: 30 years from the date of formation of Coopinvest Mengda

Total registered capital: RMB170 million

Capital contributions by the parties: Ever Harvest has conditionally agreed to make capital contribution to Coopinvest Mengda in the amount of RMB70 million.

The following sets forth the interests to be held by each of the joint venture parties in Coopinvest Mengda after the investment by Ever Harvest:

Party	Amount of capital contribution made	Approximate percentage of interest in Coopinvest Mengda
Coopinvest	RMB34.15 million	20.08%
789 Investments	RMB25.00 million	14.71%
Shandong Jindu	RMB24.00 million	14.12%
Hebei Mingde	RMB16.85 million	9.91%
Ever Harvest	RMB70 million	41.18%
Total	RMB170 million	100.00%

The contribution by Ever Harvest was determined after arm's length negotiation of the joint venture parties and with reference to the funding needs of Coopinvest Mengda and the agreed share of each party in the total registered capital of Coopinvest Mengda, and shall be payable in two installments. The first installment, being 50% of the agreed contribution amount, shall be paid within 60 days after the fulfilment of conditions precedent. The remaining 50% of the agreed contribution amount, shall be paid within 10 business days after the issuance of the new users licence of Coopinvest Mengda.

Conditions precedent of capital contribution by Ever Harvest: The obligations of Ever Harvest regarding capital contribution are conditional upon:

- (i) the approval of the JV Agreement 2 and the articles of association of Coopinvest Mengda by the approval authorities; and
- (ii) the issue of business licence to Coopinvest Mengda.

Board composition:	The board of directors will comprise 7 directors, 4 of which will be nominated by Ever Harvest and each of Coopinvest, 789 Investments and Shangdong Jindu will nominate 1 director. Chairman of the board will be nominated by Ever Harvest. A quorum of a board meeting shall comprise more than two-thirds of all directors.
Restriction on creation of encumbrances and transfer of interests:	None of the joint venture parties shall, except with the prior written consent of the other parties, transfer, pledge or create any encumbrance over all or any of the interests in Coopinvest Mengda held by it.
Call Option:	<p>Ever Harvest is granted by Hebei Mingde the Call Option pursuant to which Ever Harvest has the right at any time within 2 years after the date of JV Agreement 2 to acquire from Hebei Mingde its entire equity interest (representing approximately 9.91% of the total registered capital) in Coopinvest Mengda.</p> <p>The exercise price of the Call Option shall be determined in accordance with the following formula:</p> <p>$9.91\% \times (\text{annualised annual income generated from the subsisting lease contracts entered into by Coopinvest Mengda at the time of the exercise of the Call Option} - \text{annualised direct finance costs in connection with such subsisting lease contracts}) \times 8$</p> <p>provided that the exercise price of the Call Option shall not exceed RMB80.86 million in any event.</p> <p>To exercise the Call Option, Ever Harvest shall issue a written exercise notice (by post or by e-mail) which specifies the completion date, the exercise price and the calculation method. The exercise price shall be determined by the chief financial officer of Coopinvest Mengda if Ever Harvest and Hebei Mingde fail to agree on the determination of exercise price of the Call Option.</p> <p>Within 90 business days after completion of the relevant registrations with the relevant authorities, Ever Harvest shall pay Hebei Mingde the exercise price of the Call Option.</p> <p>Coopinvest, 789 Investments and Shangdong Jindu agree to waive their pre-emptive rights in connection with the interests of Hebei Mingde and will fully assist in executing the relevant documents and completing the approval and registration procedures in connection with the transfer.</p>

Upon completion of the JV Agreement 2, Coopinvest Mengda will become an indirect non-wholly owned subsidiary of the Company and the financial information of the Coopinvest Mengda will be consolidated into the consolidated financial statements of the Company.

FINANCIAL INFORMATION ON COOPINVEST MENGDA

Coopinvest Mengda commenced operations in 2013. Set out below are the audited financial information of Coopinvest Mengda prepared in accordance with PRC GAAP for the financial year ended 31 December 2013:

	For the year ended 31 December 2013 (RMB)
Net profit (loss) before tax and extraordinary items	6,948,493
Net profit (loss) after tax and extraordinary items	5,208,155

As at 31 December 2013, the audited net asset value of Coopinvest Mengda was approximately RMB102.56 million.

REASONS AND BENEFITS FOR ENTERING INTO THE JV AGREEMENTS

Background of rural finance

According to the “Several opinions on thoroughly deepening of the rural reform and promoting the rural modernization” issued by the State Council in January 2014 (“**No. 1 Central Document**”), the “agricultural sector, rural areas and farmers” has been remaining as the national development focus for 11 consecutive years. The No. 1 Central Document promotes the strengthening of the provision of commercial and financial services to the “agricultural sector, rural areas and farmers” and small enterprises at counties level, the development of rural cooperative finance and rural finance institution and the improvement of the rural finance management system. The Directors believe that these government policies would bring huge opportunities to the development of rural finance. The implementation of the supportive agricultural policies by the central government to promote the modernization of agricultural sector would raise capital demand for the development of the “agricultural sector, rural areas and farmers”.

The Company wishes to seize the opportunities brought by the “agricultural sector, rural areas and farmers” reform to lay a solid foundation of the Group’s business and provide a driving force to its continuous business development.

Reasons and benefits for entering into the JV Agreement 1

The business objectives of the New Joint Venture is to provide efficient and speedy finance and payment services and integrated solutions platform to the “agricultural sector, rural areas and farmers” with the use of modern information technology. The Directors believe that the implementation of the “agricultural sector, rural areas and farmers” supportive government policies would continuously increase the rural capital demand, and the Group could benefit from its operation of the rural finance business through its investment in the New Joint Venture.

Reasons and benefits for entering into the JV Agreement 2

The business objectives of Coopinvest Mengda is to provide financial leasing service and to play an important role in the development of the “agricultural sector, rural areas and farmers” in the PRC. The Directors believe that the implementation of the supportive government policies for the “agricultural sector, rural areas and farmers” would continuously increase the rural capital demand, and the Investment in Coopinvest Mengda would help the Group to establish its foothold in the rural finance business which could bring new source of income and benefit to the Group.

The Directors consider that the terms of the JV Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is principally engaged in the development, production and sale of IT products in the financial sector. Its line of products covers various sectors including real-time market data, entrusted trading platforms, real-time securities analysis terminals, financial databases, data services for real-time information, information dissemination services, web-based financial service platform and financial education system.

The proposed New Joint Venture will bring together the Group’s expertise in financial information technology with Xinyuan’s financing capabilities and together with the investment in Coopinvest Mengda will provide the Group with robust opportunities in the rural financial services sector, including but not limited to asset management, guarantee, financial leases, big data management and equity and debt investments.

Through the relationship with Hebei Supply and Marketing Cooperative* (河北省供銷合作總社), which indirectly controls Parko (Hong Kong) Limited, the controlling Shareholder of the Company, it is expected that the Group would have exposures to other new and potential business opportunities in China’s “agricultural sector, rural areas and farmers”, which encompass the businesses of rural financial services, trading in agricultural means of production, and urbanization.

Xinyuan is an investment holding company controlled by Coopinvest.

Coopinvest is principally engaged in pawn business, microfinance, financial leases, equity investment and fund investment.

789 Investments is principally engaged in equity investment, commercial property investment and investment consultancy.

Shandong Jindu is principally engaged in the production and sale of fire refractory materials, fine chemicals, calcium oxide, specialty waxes and wax emulsions.

Hebei Mingde is principally engaged in the production and international trading of auto parts. Auto parts are mainly exported to North America and Europe.

WRITTEN SHAREHOLDER'S APPROVAL

Since certain relevant percentage ratios in respect of the Investments (including the Call Option and the Capital Contribution Option, the calculation of relevant percentage ratios of which is based on the maximum exercise price of the Call Option at RMB80.86 million and the maximum capital contribution by Ever Harvest in the amount of RMB48 million upon exercise of the Capital Contribution Option by Xinyuan) in aggregate are more than 25% but less than 100%, the entering into of the JV Agreements (including the Call Option and the Capital Contribution Option) constitute a major transaction under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Investments, the exercise of the Call Option and the grant of the Capital Contribution Option (which are also sought pursuant to Rule 14.76(2) of the Listing Rules) may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to vote and attend at that general meeting to approve such transactions.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, the counterparties to the JV Agreements are Independent Third Parties and therefore no Shareholder would be required to abstain from voting were the Company to convene a general meeting. As at the date of this announcement, Parko (Hong Kong) Limited, the controlling Shareholder of the Company which holds 742,259,948 Shares, representing approximately 55.88% of the issued share capital of the Company, has given a written certificate to the Company to approve each of the Investments and confirms that neither it nor its associates have any material interest in any of the above transactions. Therefore, the Company proposes, under Rules 14.44 of the Listing Rules, to make use of a written shareholder approval, and no general meeting of the Company will be held regarding the Investments, the exercise of the Call Option and the grant of the Capital Contribution Option.

A circular containing, among others, further details of the Investments will be despatched to the Shareholders as soon as possible but not later than 30 April 2014, as the Company will require more time to prepare the information required for inclusion in the circular.

As completion of the JV Agreements is subject to certain conditions, the transactions thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“789 Investments”	789 Investments Limited, a limited liability company incorporated in the United Kingdom
“Call Option”	the call option granted by Hebei Mingde in favour of Ever Harvest to acquire all interests held by Hebei Mingde in Coopinvest Mengda
“Capital Contribution Option”	the capital contribution option granted by Ever Harvest in favour of Xinyuan to contribute additional capital to the New Joint Venture such that Xinyuan and Ever Harvest will be holding 40% and 60% of the total registered capital of the New Joint Venture, respectively after such capital contribution
“Company”	National Agricultural Holdings Limited (formerly known as Qianlong Technology International Holdings Limited) a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Coopinvest”	Coopinvest Company Limited* (中合聯投資有限公司), a company established in the PRC and an indirect subsidiary of All China Federation of Supply and Market Cooperatives* (中華供銷合作總社), an institutional organisation under the State Council of the Central People’s Government of the PRC
“Coopinvest Mengda”	Coopinvest Mengda Financing and Leasing Company Limited* (中合盟達融資租賃有限公司), a limited liability company established in the PRC on 17 August 2012
“Director”	a director of the Company
“Ever Harvest”	Ever Harvest Inc Limited (禾恒有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hebei Mingde”	Hebei Mingde Machinery Limited Liability Company* (河北明德機械有限責任公司), a company established in the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region, the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is(are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of any of the Company and its subsidiaries
“Investment in Coopinvest Mengda”	the capital contribution in Coopinvest Mengda by Ever Harvest pursuant to the JV Agreement 2 and the transactions contemplated thereunder (including the Call Option)
“Investments”	the New Joint Venture Formation and the Investment in Coopinvest Mengda
“JV Agreement 1”	a joint venture agreement dated 21 March 2014 entered into between Ever Harvest and Xinyuan
“JV Agreement 2”	a joint venture agreement dated 21 March 2014 entered into among Ever Harvest, Coopinvest, 789 Investments, Shandong Jindu and Hebei Mingde
“JV Agreements”	JV Agreement 1 and JV Agreement 2
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Joint Venture”	a sino-foreign joint venture to be formed by Ever Harvest and Xinyuan pursuant to the JV Agreement 1
“New Joint Venture Formation”	the formation of the New Joint Venture pursuant to the JV Agreement 1 and the transactions contemplated thereunder (including the Capital Contribution Option)
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Shandong Jindu”	Shandong Jindu Dazhan Group Company Limited* (山東金都大展集團有限公司), a company established in the PRC
“Share(s)”	share(s) of nominal value of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyuan”	Xinyuan Taifeng Agricultural Asset Management (Beijing) Company Limited* (新源泰豐農業資產管理(北京)有限公司), a company established in the PRC which is controlled by Coopinvest

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

Hong Kong, 23 March 2014

As at the date of this announcement, the Board of the Company comprises six executive Directors, being Mr. Chen Li-Jun, Mr. Zhang Yanhui, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yuliang and Ms. Wen Yuanyi, and five independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Tsai Jeng-Yang, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan Quinn.

* *For identification purposes only and should not be regarded as the official name*