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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)**

### INSIDE INFORMATION

#### MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE ACQUISITION

This announcement is made by National Agricultural Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that, on 1 August 2014 (after trading hours), the Company entered into a memorandum of understanding (“**MOU**”) with Sinoagri Agricultural Machinery Holdings Company Limited\* (中農集團農機控股有限公司) (“**Sinoagri Machinery Holdings**”) in relation to the possible acquisition by the Company of an interest in Hebei Sinoagri Boyuan Agricultural Machinery Company Limited\* (河北中農博遠農業裝備有限公司) (“**Hebei Sinoagri Boyuan**”) (“**Possible Transaction**”).

#### THE MOU

Date: 1 August 2014

Parties: (i) the Company; and  
(ii) Sinoagri Machinery Holdings.

Sinoagri Machinery Holdings is a company established under the laws of the People’s Republic of China (“**PRC**”) with limited liability. It is principally engaged in the manufacturing and sales of agricultural machinery.

Hebei Sinoagri Boyuan is a company established under the laws of the PRC with limited liability. It is principally engaged in the manufacturing and sales of agricultural machinery and is based in Hebei Province of the PRC. As at the date of this announcement, Hebei Sinoagri Boyuan has a registered capital of RMB50 million and Sinoagri Machinery Holdings holds 55% interests in Hebei Sinoagri Boyuan.

Pursuant to the MOU, it is proposed that the Company may acquire not more than 51% of the equity capital in Hebei Sinoagri Boyuan through acquisition of existing shares and/or subscription of new shares. The method of acquisition and the amount of equity capital to be acquired and/or subscribed for by the Company, if at all, shall be subject to further negotiation of the parties.

The parties to the MOU would continue to negotiate with a view to finalising a formal agreement with regard to the Proposed Transaction.

## **REASONS FOR THE POSSIBLE TRANSACTION**

The Group is principally engaged in businesses which include rural financial services, trading in agricultural means of production, urbanisation development, and the development, production and sale of IT products in the financial sector.

It is the Company's strategy to review from time to time potential business opportunities and investments to enhance the shareholders value. The Group has been trying to identify suitable investment opportunities which could provide a sustainable stream of cash flow and profit in the long run.

Hebei Sinoagri Boyuan is one of the pioneers in the research and development and the manufacturing of corn harvesting machines in China. Its principal business activities include the manufacturing and sale of agricultural machinery, such as corn harvesting machines and wheat harvesting machines. Sinoagri Machinery Holdings is ultimately controlled by All China Federation of Supply and Marketing Cooperatives\* (中華供銷合作總社), which is an institutional organization under the State Council of the Central People's Government of the PRC. The Directors believe that the Possible Transaction, if materialised, could help the Company to realise its objectives of serving the agricultural sector. The Directors believe that the Possible Transaction, if materialised, would also expand the scope of the Group's existing business which may enhance its profitability and achieve a better return for the shareholders of the Company. The Directors are of the view that the Possible Transaction is a good business opportunity to the Group and is in the interest of the Group and the shareholders of the Company as a whole.

## **NATURE OF THE MOU**

The MOU does not constitute any legally binding commitment in respect of the Possible Transaction, save and except that each party agrees to be legally bound by certain confidentiality obligations and provisions as to costs incurred for the preparation of the MOU. The Possible Transaction is subject to the negotiation of the formal agreement between the parties and the execution and completion of the formal agreement, if any.

## GENERAL

Further announcement(s) in relation to the Possible Transaction will be made by the Company as and when appropriate in compliance with the Listing Rules.

**Shareholders of the Company and potential investors should note that the MOU only sets out the understanding with regard to the Possible Transaction, and that the MOU is not legally binding save and except for the provisions afore-mentioned. In the event that legally binding definitive agreement is agreed or signed, further announcement(s) will be made by the Company in compliance with the Listing Rules. As the Possible Transaction may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 4 August 2014

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

\* *for identification purposes only and should not be regarded as official name*