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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 CAPITAL CONTRIBUTION AGREEMENT

Financial adviser to the Company



The Board announces that the Group, through its wholly-owned subsidiary, Ever Harvest, entered into the Capital Contribution Agreement dated 14 August 2014 with China Coop Mengda, pursuant to which Ever Harvest has conditionally agreed to make further capital contribution to China Coop Mengda within the range of RMB200,000,000 to RMB391,124,000. The final amount of capital contribution is to be determined by Ever Harvest and China Coop Mengda on the Capital Contribution Determination Date.

Upon completion of the Capital Contribution, on the assumption that all Other Shareholders will not make any further capital contribution to China Coop Mengda, the equity interests held by Ever Harvest in China Coop Mengda will be increased from approximately 41.18% to approximately 82.18% (based on the maximum capital contribution of RMB391,124,000) .

Since certain relevant percentage ratio(s) in respect of the Capital Contribution (after aggregation with the Initial Capital Contribution) pursuant to Rule 14.22 of the Listing Rules are more than 25% but less than 100%, the entering into of the Capital Contribution Agreement constitutes 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 Capital Contribution 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 677,438,392 Shares, representing approximately 51.0% of the issued share capital of the Company, has given a written certificate to the Company to approve the Capital Contribution.

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

As completion of the Capital Contribution Agreement 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.

THE CAPITAL CONTRIBUTION AGREEMENT

Date: 14 August 2014

Parties: (i) Ever Harvest
(ii) China Coop Mengda

Pursuant to the Capital Contribution Agreement, Ever Harvest has conditionally agreed to make further capital contribution to China Coop Mengda within the range of RMB200,000,000 to RMB391,124,000. The final amount of capital contribution is to be determined by Ever Harvest and China Coop Mengda on the Capital Contribution Determination Date.

The current registered capital of China Coop Mengda is RMB170 million. Subject to the fulfilment of the conditions precedents of the Capital Contribution Agreement, the Capital Contribution shall be made by Ever Harvest which will be recognised as the registered capital of China Coop Mengda, and the registered capital of China Coop Mengda will be increased accordingly.

The obligation of Ever Harvest to make the Capital Contribution is conditional upon:

- (i) the approval of the Capital Contribution by the board of directors of Ever Harvest;
- (ii) Ever Harvest having obtained the necessary funding for the Capital Contribution;
- (iii) the approval of the Capital Contribution and the increase in registered capital by the Other Shareholders and the execution of ancillary documents in relation to the Capital Contribution and the increase in registered capital;

- (iv) the approval of the Capital Contribution and the increase in registered capital by the board of directors of China Coop Mengda; and
- (v) the approval of the Capital Contribution and the increase in registered capital by the approval authorities and the issuance of new business licence to China Coop Mengda.

If any of the conditions precedents under the Capital Contribution Agreement is not fulfilled on or before 14 February 2015 (or such other date as Ever Harvest and China Coop Mengda may agree in writing), the Capital Contribution Agreement shall terminate and all obligations of each of the parties shall cease and no party shall have any claim against the other party in respect of the Capital Contribution Agreement.

The Capital Contribution was determined after arm's length negotiation between Ever Harvest and China Coop Mengda and with reference to the funding needs of China Coop Mengda. The Capital Contribution shall be paid in cash within 60 days after obtaining the approval of the Capital Contribution and the increase in registered capital by the approval authorities and the issuance of new business licence to China Coop Mengda.

The Directors are of the view that the terms of the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

SHAREHOLDING STRUCTURE OF CHINA COOP MENGDA

Assuming that none of the Other Shareholders will make any further capital contribution into China Coop Mengda, the shareholding structure of China Coop Mengda immediately before and after completion of the Capital Contribution is set out below:

Name of shareholder	Immediately before completion of the Capital Contribution		Immediately after completion of the Capital Contribution (based on minimum capital contribution of RMB200,000,000)		Immediately after completion of the Capital Contribution (based on maximum capital contribution of RMB391,124,000)	
	Amount of capital contribution made (RMB million)	Approximate percentage of interest in China Coop Mengda (%)	Amount of capital contribution made (RMB million)	Approximate percentage of interest in China Coop Mengda (%)	Amount of capital contribution made (RMB million)	Approximate percentage of interest in China Coop Mengda (%)
Ever Harvest	70.00	41.18	270.00	72.97	461.12	82.18
Coopinvest Company Limited*	45.75	26.91	45.75	12.36	45.75	8.15
789 Investments Limited	20.40	12.00	20.40	5.51	20.40	3.64
Shangdong Jindu Dazhan Group Company Limited*	17.00	10.00	17.00	4.59	17.00	3.03
Hebei Mingde Machinery Limited Liability Company*	16.85	9.91	16.85	4.55	16.85	3.00
Total	170.00	100.00	370.00	100.00	561.12	100.00

FINANCIAL INFORMATION OF CHINA COOP MENGDA

According to the audited financial statements of China Coop Mengda, the net asset value of China Coop Mengda was approximately RMB96.82 million as at 31 Decemeber 2013. The following table shows the audited results of China Coop Mengda for the year ended 31 December 2013 as extracted from the accountants' report of China Coop Mengda.

	For the period from 17 August 2012 (date of establishment) to 31 December 2012 (RMB'000)	For the year ended 31 December 2013 (RMB'000)
Net (loss) profit before tax and extraordinary items	(13)	3,215
Net (loss) profit after tax and extraordinary items	(13)	2,399

REASONS FOR AND BENEFITS OF THE CAPITAL CONTRIBUTION

China Coop Mengda is principally engaged in general leasing business, in particular leasing of movable properties (such as industrial equipment) and financial leasing business. The Company is of the view that the Capital Contribution could help enhance the capability of China Coop Mengda to provide general leasing and financial leasing services. According to the Measures on Administration of Investment of Foreign Enterprises in Leasing Business (外商投資租賃業管理辦法), China Coop Mengda is only allowed to engage in general leasing and financial leasing projects with a maximum aggregate leasing value of about 10 times of its net asset value. Increasing the registered capital of China Coop Mengda through the Capital Contribution could raise the maximum aggregate leasing value that China Coop Mengda could engage in, and provide a gateway for it to generate more revenue for the Group.

GENERAL INFORMATION

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.

The principal business of Ever Harvest is investment holding.

China Coop Mengda is principally engaged in general leasing business, in particular leasing of movable properties (such as industrial equipment) and financial leasing business.

LISTING RULES IMPLICATIONS

Since certain relevant percentage ratio(s) in respect of the Capital Contribution (after aggregation with the Initial Capital Contribution) pursuant to Rule 14.22 of the Listing Rules are more than 25% but less than 100%, the entering into of the Capital Contribution Agreement constitutes 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 Capital Contribution 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.

To the best of the Directors's knowledge, no Shareholder would be required to abstain from voting were the Company to convene a general meeting to approve the Capital Contribution. As at the date of this announcement, Parko (Hong Kong) Limited, the controlling Shareholder of the Company which holds 677,438,392 Shares, representing approximately 51.0% of the issued share capital of the Company, has given a written certificate to the Company to approve the Capital Contribution and confirms that neither it nor its associates have any 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 Capital Contribution.

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

As completion of the Capital Contribution Agreement 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

“Board”	the board of Directors
“Capital Contribution”	the proposed further capital contribution to be made by Ever Harvest to China Coop Mengda within the range of RMB200,000,000 to RMB391,124,000 under the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement entered into between Ever Harvest and China Coop Mengda dated 14 August 2014 in relation to the proposed capital contribution to be made by Ever Harvest into China Coop Mengda

“Capital Contribution Determination Date”	the date which shall be not later than 30 days after the fulfilment of the condition precedent of the Capital Contribution Agreement that Ever Harvest having obtained the necessary funding for the Capital Contribution, by which the final amount of capital contribution to be made by Ever Harvest into China Coop Mengda shall be agreed upon between Ever Harvest and China Coop Mengda
“China Coop Mengda”	China Coop Financial Leasing Co., Ltd.* (中合盟達融資租賃有限公司), a limited liability company established in the PRC on 17 August 2012
“Company”	National Agricultural Holdings Limited (國農控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) 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”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Capital Contribution”	the initial capital contribution made by Ever Harvest into China Coop Mengda in the amount of RMB70 million on 4 June 2014 pursuant to the joint venture agreement dated 21 March 2014 entered into among Ever Harvest and the Other Shareholders (for further details, please refer to the circular of the Company dated 6 June 2014)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Shareholders”	other shareholders of China Coop Mengda, namely Coopinvest Company Limited* (中合聯投資有限公司), 789 Investments Limited, Shangdong Jindu Dazhan Group Company Limited* (山東金都大展集團有限公司) and Hebei Mingde Machinery Limited Liability Company* (河北銘德機械有限責任公司)
“PRC”	the People’s Republic of China

“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *for identification purpose only*

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

Hong Kong, 14 August 2014

As at the date of this announcement, the Board 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.