

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NATIONAL AGRICULTURAL HOLDINGS LIMITED

國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

DISCLOSEABLE TRANSACTIONS FINANCE LEASE AGREEMENTS

During the period from 15 July 2014 to 13 January 2015, China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, as the lessor, has entered into the Finance Lease Agreements with Customer A, which is an Independent Third Party, pursuant to which China Coop Mengda agreed to purchase certain equipment specified in the respective Finance Lease Agreement from the supplier(s) selected by Customer A and such equipment will be leased back to the Lessee. The total rental payment under the Finance Lease Agreements was approximately RMB115.0 million (equivalent to approximately HK\$143.8 million).

As more than one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreements in aggregate calculated under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Finance Lease Agreements constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the relevant disclosure requirements under the Listing Rules.

Under Rule 13.15 of the Listing Rules, a general obligation arises where the advance to an entity by the Company and its subsidiaries exceeds 8% of the Company's latest published consolidated total assets. The Advance under the Finance Lease Agreements constitutes an advance to entity under Rule 13.3 of the Listing Rules. Save as the identity of Customer A, the relevant information is disclosed herein in compliance with Rule 13.15 of the Listing Rules.

In April 2015, the Company noted that the transactions contemplated under the Finance Lease Agreements, which were entered into within a 12 month period, in aggregate would constitute discloseable transactions of the Company and an advance to entity under Rule 13.13 of the Listing Rules. The Company admits that the failure to timely comply with the above requirements, including failing to disclose the identity of Customer A in this announcement, constituted a breach of Rules 13.13, 13.15 and Chapter 14 of the Listing Rules, and has forthwith notified the Stock Exchange and has taken step to rectify the breach as soon as possible, including by way of this announcement.

This announcement is made to inform the Shareholders of the major terms of the Finance Lease Agreements.

The Board announces that during the period from 15 July 2014 to 13 January 2015, China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, and Customer A, entered into the Finance Lease Agreements. The principal terms of the Finance Lease Agreements are set out below.

THE FINANCE LEASE AGREEMENTS

Date

First and Second Finance Lease Agreement: 15 July 2014

Third Finance Lease Agreement: 8 August 2014

Fourth Finance Lease Agreement: 19 September 2014

Fifth Finance Lease Agreement: 13 January 2015

Parties

Lessor: China Coop Mengda

Lessee: Customer A

Principal terms

China Coop Mengda agreed to purchase certain IT Equipment as specified in the respective Finance Lease Agreements from supplier(s) selected by Customer A and the IT Equipment will be leased back to Customer A for a term of 3 years. The total amount of consideration paid by China Coop Mengda for purchasing the IT Equipment amounted to approximately RMB97.7 million (equivalent to approximately HK\$122.1 million), of which approximately RMB42.6 million (equivalent to approximately HK\$53.2 million) was financed by internal resources and the remaining approximately RMB55.1 million (equivalent to approximately HK\$68.9 million) was financed by bank borrowings.

As at the date of this announcement, China Coop Mengda has purchased all IT Equipment as specified in the respective Finance Lease Agreement and such IT Equipment were delivered from the suppliers to the Lessee directly for its use.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the suppliers selected by Customer A are Independent Third Parties.

A fixed sum of rental payment (including the principal and interest payment) shall be paid by Customer A to China Coop Mengda in 12 equal quarterly instalments in accordance with the repayment schedule set out in the respective Finance Lease Agreement. In respect of the First and Second Finance Lease Agreements, the repayment date commenced on 15 July 2014 and the remaining rental payment will be paid on a quarterly basis on the 15th of the last month of each quarter. In respect of the Third, Fourth and Fifth Finance Lease Agreements, the repayment date commenced on 25 August 2014, 25 September 2014 and 25 January 2015 respectively and the remaining rental payment will be paid on a quarterly basis on the 25th of the last month of each quarter.

The lease interest rate under the Finance Lease Agreements was calculated on the basis of the Benchmark Interest Rate. An adjustment to the Benchmark Interest Rate shall be, with effect from the date of adjustment, reflected in the rental payment in the lease rate and rental payment in the same proportion and direction.

The total rental payment (including the interest payment) of the Finance Lease Agreements was approximately RMB115 million (equivalent to approximately HK\$143.8 million). The interest rate on the date of the First, Second and Third Finance Lease Agreements was 12.55%. While the interest rate on the date of the Fourth and Fifth Finance Lease Agreements was 12.58% and 12.15% respectively.

Ownership of the IT Equipment

China Coop Mengda has the ownership of the IT Equipment during the lease term. During the lease term, Customer A shall have the right to occupy and use the IT Equipment. Customer A shall be responsible for the maintenance and repair of the IT Equipment and the related expenses and shall also bear the risk and rewards of ownership of the IT Equipment. Upon expiry of the lease term, provided that Customer A has made full payment of the rental payment and has not been in breach of the respective Finance Lease Agreements, Customer A shall have an option to either (i) purchase the IT Equipment at an agreed nominal amount of RMB100 (equivalent to approximately HK\$125) upon which the title of the IT Equipment shall vest in Customer A; (ii) renew the lease on such terms and conditions to be agreed between the parties; or (iii) return the IT Equipment to China Coop Mengda.

Guarantee

Pursuant to the Finance Lease Agreements, in the event that there is a decrease in the Lessee's credit or the occurrence of other events which affect China Coop Mengda's claims under the Finance Lease Agreements, China Coop Mengda could request the Lessee to provide guarantee to secure the repayment of debt and the obligation and responsibility of the Lessee under the Finance Lease Agreements.

Default

If default is committed on the part of the Lessee, China Coop Mengda shall be entitled to, (a) demand the Lessee to take rectification measures within a specified time period; (b) prohibit the Lessee from using the leased asset; (c) demand repayment of all rent and other monies, whether it has become due and payable by the Lessee; (d) without recourse to legal action, take physical possession of the relevant leased asset; (e) claim for compensation for any losses incurred against the Lessee; and (f) terminate the respective Finance Lease Agreement.

INFORMATION OF THE GROUP AND CHINA COOP MENGDA

The principal activities of the Group are finance leasing, research, development, distribution of software and provision of related maintenance usage and information services in the PRC. China Coop Mengda is principally engaged in the provision of the finance leasing services.

CREDIT ASSESSMENT

The Group has appropriate internal control policy in place for conducting credit assessment on the lessee and maintaining credit control on approving finance lease to lessee. Before entering into a finance lease agreement with a lessee, China Coop Mengda would conduct preliminary assessment on the lessee including reviewing the business licence, articles and financial statements provided by the lessee. If China Coop Mengda is satisfied with the application after the preliminary assessment, it will perform an in-depth due diligence on the lessee by preparing an internal credit assessment report. Due diligence on the lessee generally includes gaining a thorough understanding of the lessee's business, projects, production process, assets and liabilities, cash flows, source of funds for payment, intended usage of the loan or proceeds, credit history as well as assessing the significance of the loan to the applicant. When the due diligence is completed, the approval committee of China Coop Mengda would review the due diligence findings and consider whether to approve the application. Each financial lease transaction undertaken by China Coop Mengda is subject to the monitoring of credit risk by a designated risk committee.

The Advance was made with reference to the credit assessment on the Lessee performed by China Coop Mengda. China Coop Mengda had made an estimate on the future profits and cash flow of the Lessee in the next 3 years and estimated that the Lessee shall have sufficient cash for repayment of the Advance. In addition, it considered that the risk of default of the Lessee was relatively low after taking into account various factors in the credit assessment, for example, (i) serious adverse impact on the Lessee's reputation in the event of breach of the Finance Lease Agreements, and (ii) disruption on the operation of the Lessee in the event that China Coop Mengda took possession of the IT Equipment. The finance lease receivables are secured over the IT Equipment leased. In addition, pursuant to the Finance Lease Agreements, in the event of default, China Coop Mengda could take physical possession of the IT Equipment without recourse to legal action. Accordingly, China Coop Mengda is of the view that the risks involved in the Advance made to Lessee were relatively low.

INFORMATION OF CUSTOMER A

Customer A is a company incorporated in the PRC with limited liability which primarily engages in brokerage, investment consultancy and financial advisory, securities underwriting and sponsorship, proprietary trading, asset and fund management and direct investment, agency sale of funds, introducing broker for futures companies and financing business in the PRC, shares of which are listed on the Main Board of the Stock Exchange.

China Coop Mengda commenced business relationship with Customer A since year 2013, which is one of the largest customers of China Coop Mengda.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Customer A and its ultimate beneficial owner are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENTS

The terms of the Finance Lease Agreements including the rental payments and lease interest rates have been agreed after arm's length negotiation between the parties with reference to the prevailing market rates for finance lease for similar asset(s).

The entering into of the Finance Lease Agreements is in the ordinary and usual course of business of China Coop Mengda. It is expected that China Coop Mengda will earn an aggregate interest income of approximately RMB17.3 million (equivalent to approximately HK\$21.6 million), being the total rental payment under the Finance Lease Agreements after deducting the consideration paid for the purchase of the IT Equipment.

The Directors are of the view that the terms of the Finance Lease Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreements in aggregate calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Finance lease Agreements constituted discloseable transactions for the Company under Chapter 14 of the Listing Rules and are therefore subject to the relevant disclosure requirements under the Listing Rules. The disclosure obligations under Chapter 14 of the Listing Rules were first triggered upon the entering of the Second Finance Lease Agreement.

Under Rule 13.15 of the Listing Rules, a general obligation arises where the advance to an entity by the Company and its subsidiaries exceeds 8% of the Company's latest published consolidated total assets. The Advance under the Finance Lease Agreements constitutes an advance to entity under Rule 13.3 of the Listing Rules. Save as the identity of Customers A, the relevant information is disclosed herein in compliance with Rule 13.15 of the Listing Rules.

In April 2015, the Company noted that the transactions contemplated under the Finance Lease Agreements, which were entered into within a 12 month period, in aggregate would constitute discloseable transactions of the Company and an advance to entity under Rule 13.13 of the Listing Rules. The Company admits that the failure to timely comply with the above requirements, including failing to disclose the identity of Customer A in this announcement, constituted a breach of Rules 13.13, 13.15 and Chapter 14 of the Listing Rules, and has forthwith notified the Stock Exchange and has taken step to rectify the breach as soon as possible, including by way of this announcement.

The Group will strengthen its internal control in monitoring notifiable transactions by, among other things, provision of specific training on relevant acquirements of the Listing Rules to the

staff of China Coop Mengda who is responsible for monitoring the entering into of the finance lease transactions. China Coop Mengda is also required to report regularly to the Company details of finance lease arrangement on a monthly basis and prior to entering into of any finance lease agreements.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Advance”	an aggregate amount of approximately RMB97.7 million (equivalent to approximately HK\$122.1 million) advanced by China Coop Mengda to the Lessee by way of payment of the consideration of the relevant leased assets to the relevant supplier(s) pursuant to the terms and conditions of the Finance Lease Agreements
“Benchmark Interest Rate”	1 to 3 years benchmark interest rate of Renminbi loans of the People’s Bank of China
“Board”	the board of Directors
“China Coop Mengda”	中合盟達融資租賃有限公司 (China Coop Financial Leasing Co., Ltd*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Company”	National Agricultural Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Customer A” or “Lessee”	a company incorporated in the PRC with limited liability which primarily engages in brokerage, investment consultancy and financial advisory, securities underwriting and sponsorship, proprietary trading, asset and fund management and direct investment, agency sale of funds, introducing broker for futures companies and financing business in the PRC, shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Finance Lease Agreement(s)”	individually or collectively, as the case may be, the finance lease agreement(s) entered into between China Coop Mengda and Customer A during the period from 15 July 2014 to 13 January 2015

* *for identification purpose only and should not be regarded as an official name*

“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of the Company and its connected persons
“IT Equipment”	certain IT equipment as set out in the respective Finance Lease Agreements, including amongst others, server, desktop computer and notebook computer
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.25. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

Hong Kong, 13 May 2015

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. Law Yee Kwan Quinn and Mr. Fan William Chung Yue.