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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)

ANNOUNCEMENT

- (1) SUBSCRIPTION OF INNOVATIONPAY SHARES IN CHINA INNOVATIONPAY;**
- (2) SHARE TRANSACTION INVOLVING ISSUE OF PREFERRED SHARES TO CHINA INNOVATIONPAY;**
- (3) STRATEGIC COOPERATION FRAMEWORK AGREEMENT;**
- (4) TECHNOLOGY SERVICE AGREEMENT; AND**
- (5) AMENDMENT TO THE ARTICLES OF THE COMPANY.**

Financial Advisers



(1) THE INNOVATIONPAY SUBSCRIPTION AGREEMENT

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Innovationpay Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and China Innovationpay has conditionally agreed to allot and issue, a total of 194,174,000 Innovationpay Shares at the Innovationpay Subscription Price of HK\$1.03 per Innovationpay Share. The aggregate Innovationpay Subscription Price amounts to approximately HK\$200 million.

(2) THE PREFERRED SHARES SUBSCRIPTION AGREEMENT

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Preferred Shares Subscription Agreement, pursuant to which China Innovationpay has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share. The Preferred Shares (assuming the conversion rights attaching to the Preferred Shares having been fully exercised) represent 2.34% of the number of issued Ordinary Shares as at the date of this announcement and 2.29% of the number of issued Ordinary Shares as enlarged by the allotment and issue of Conversion Shares upon conversion of the Preferred Shares. The aggregate Preferred Shares Subscription Price amounts to approximately HK\$200 million.

The Preferred Shares and the Conversion Shares will be issued pursuant to the Specific Mandate to be obtained at the EGM.

The Preferred Shares Subscription Price and Innovationpay Subscription Price shall be deemed to be paid in full by the issue and allotment of the Innovationpay Shares by China Innovationpay to the Company pursuant to the Innovationpay Subscription Agreement and the issue and allotment of the Preferred Shares by the Company to China Innovationpay pursuant to the Preferred Shares Subscription Agreement respectively.

Completion of the Innovationpay Subscription Agreement and the Preferred Shares Subscription Agreement are inter-conditional and shall take place simultaneously.

(3) STRATEGIC COOPERATION FRAMEWORK AGREEMENT

On 25 June 2015, the Company and China Innovationpay entered into the Strategic Cooperation Framework Agreement pursuant to which the parties shall act as a strategic cooperation partner of each other.

(4) TECHNOLOGY SERVICE AGREEMENT

On 25 June 2015, Beijing Gaohuitong, an indirect wholly-owned subsidiary of China Innovationpay, and Guonong Taifeng, a subsidiary of the Company, entered into the Technology Service Agreement in relation to the development of mobile application and internet payment system for the Company.

(5) AMENDMENT TO THE ARTICLES OF THE COMPANY

In connection with the Preferred Shares Subscription, the Company proposes to amend the Articles to, among others, reflect the creation and issue of the Preferred Shares. Such amendments to the Articles are conditional upon, among others, the passing of a special resolution by the Shareholders at the EGM.

GENERAL

As the applicable ratios in respect of the Preferred Shares Subscription are less than 5% and the Preferred Shares Subscription Agreement involves the issue of the Preferred Shares, the entering into the Preferred Shares Subscription Agreement constitutes a share transaction under the Listing Rules for the Company and is subject to reporting and announcement requirements under the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Preferred Shares Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate, the Share Capital Resolutions and the amendments to the Articles by way of a poll. A circular containing, among others, details relating thereto, is expected to be dispatched to the Shareholders on or before 15 July 2015. None of the Shareholders has a material interest in the Subscriptions, the Specific Mandate, the Share Capital Resolutions or the amendments to the Articles as at the date of this announcement.

The Subscriptions are subject to the fulfillment of a number of conditions precedent set out under the sections headed “Conditions of the Innovationpay Subscription” and “Conditions of the Preferred Shares Subscription” in this announcement. As such, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company, and are recommended to consult their professional advisers if they are in doubt about their position and as to actions that they should take.

THE INNOVATIONPAY SUBSCRIPTION AGREEMENT

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Innovationpay Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and China Innovationpay has conditionally agreed to allot and issue, a total of 194,174,000 Innovationpay Shares at the Innovationpay Subscription Price of HK\$1.03 per Innovationpay Share.

Date

25 June 2015 (after trading hours)

Parties

Issuer: China Innovationpay

Subscriber: the Company

China Innovationpay and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Please refer to the section headed “Information of China Innovationpay” in this announcement for further information on China Innovationpay.

The Innovationpay Subscription

Pursuant to the Innovationpay Subscription Agreement, the Company has conditionally agreed to subscribe for and China Innovationpay has conditionally agreed to allot and issue 194,174,000 Innovationpay Shares at the Innovationpay Subscription Price of HK\$1.03 per Innovationpay Share.

The Innovationpay Subscription Price

The Innovationpay Subscription Price of HK\$1.03 per Innovationpay Share represents:

- (i) a discount of approximately 18.25% to the closing price of HK\$1.26 per Innovationpay Share as quoted on the Stock Exchange on 24 June 2015, being the last trading day immediately preceding the date of the Innovationpay Subscription Agreement; and
- (ii) a discount of approximately 18.25% to the average closing price of approximately HK\$1.26 per Innovationpay Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Innovationpay Subscription Agreement.

The Innovationpay Subscription Price was arrived at after arm’s-length negotiations between the Company and China Innovationpay after taking into account the prevailing market price and the trading volume of the Innovationpay Shares.

The Innovationpay Subscription Price shall be deemed to be paid in full by the issue and allotment of the Preferred Shares by the Company to China Innovationpay pursuant to the Preferred Shares Subscription Agreement.

Adjustment

Save for those set out in the Public Documents up to the date before the Innovationpay Subscription Agreement, in the event that China Innovationpay proposes to sub-divide its ordinary shares or issue any new ordinary shares or any securities convertible into or carry rights of subscription for new ordinary shares from the date of the Innovationpay Subscription Agreement to completion, China Innovationpay shall (a) inform the Company in writing with reasonably sufficient details; and (b) consult with the Company and the parties shall in

good faith negotiate and agree on whether any adjustment shall be made to the number of the Innovationpay Shares and/or the Innovationpay Subscription Price so as to take account of such matters in a fair and reasonable manner, before effecting or entering into any agreement in relation thereto.

Ranking of the Innovationpay Shares

The Innovationpay Shares will rank pari passu in all respects with the other ordinary shares of China Innovationpay in issue as at the Completion Date.

Lock-up of the Innovationpay Shares

Pursuant to the Innovationpay Subscription Agreement, subject to the conditions set out in the paragraph below, within a period up to 18 months from the date of the issue of the Preferred Shares (the “**Lock-up Period**”), the Company unconditionally and irrevocably undertakes that it will not, save with the prior written consent of China Innovationpay, dispose of any of the Innovationpay Shares allotted and issued to it pursuant to the Innovationpay Subscription Agreement or any interests therein (the “**Lock-up**”). The Innovationpay Shares allotted and issued to the Company pursuant to the Innovationpay Subscription Agreement will be deposited in an escrow account with a bank or securities firm in Hong Kong designated by the Company and China Innovationpay on the Completion Date until such Innovationpay Shares are released from the Lock-up.

The Innovationpay Shares will be partially or wholly released from the Lock-up on the occurrence of events set out below and the Company shall be free to dispose of such released Innovationpay Shares without the prior written consent of China Innovationpay:

- (a) during the Lock-up Period, in the event that the Preferred Shares allotted and issued to China Innovationpay pursuant to the Preferred Shares Subscription Agreement could be partially or fully converted into Ordinary Shares, the Innovationpay Shares shall be released from the Lock-up in the same proportion as the Preferred Shares being converted into the Ordinary Shares; or
- (b) in the event that the Preferred Shares allotted and issued to China Innovationpay pursuant to the Preferred Shares Subscription Agreement have been redeemed in accordance with the terms thereof; or
- (c) upon the expiry of the Lock-up Period.

Conditions of the Innovationpay Subscription

Completion of the Innovationpay Subscription Agreement is conditional upon the fulfilment of the following conditions:

- (i) the current listing of the ordinary shares of China Innovationpay not having been cancelled or withdrawn, the ordinary shares of China Innovationpay continuing to be traded on the GEM board of the Stock Exchange at all times from the date of the Innovationpay Subscription Agreement to the Completion Date (save for any temporary suspension pending the publication of the announcement in connection with the

Innovationpay Subscription Agreement or such other period as the Company may agree) and neither the Stock Exchange nor the SFC having indicated that either one of them shall qualify, object to, cancel or withdraw such listing and/or dealings in the ordinary shares of China Innovationpay for reasons related to or arising from the transactions contemplated therein;

- (ii) the listing committee of the Stock Exchange having granted the listing of and the permission to deal in the Innovationpay Shares and such approval and granting of permission not having been withdrawn or revoked;
- (iii) the China Innovationpay Group having obtained all consent from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the Innovationpay Subscription Agreement and any of the transactions contemplated thereunder;
- (iv) the warranties of China Innovationpay set out in the Innovationpay Subscription Agreement remaining true, accurate and not misleading in all material respects at completion by reference to the facts and circumstances subsisting as at the Completion Date;
- (v) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Innovationpay Subscription Agreement, nor shall any action have been taken by any person seeking any of the foregoing, and no statute, rule, regulation or order shall have been enacted, enforced or deemed applicable to the transactions contemplated under the Innovationpay Subscription Agreement, which makes the consummation of which illegal;
- (vi) no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Innovationpay Subscription Agreement or the consummation of the transactions contemplated thereunder having been enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere;
- (vii) the warranties of the Company set out in the Innovationpay Subscription Agreement remaining true, accurate and not misleading in all material respects at completion by reference to the facts and circumstances subsisting as at the Completion Date; and
- (viii) the conditions precedent under the Preferred Shares Subscription Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the Innovationpay Subscription Agreement to become unconditional) and completion of the Preferred Shares Subscription Agreement having been taken place in accordance with its terms simultaneously with the Innovationpay Subscription Agreement.

The Company may in its absolute discretion waive the condition precedent in paragraph (iv) above at any time by notice in writing to China Innovationpay. China Innovationpay may in its absolute discretion waive the condition precedent in paragraph (vii) above at any time by notice in writing to the Company.

In the event that any of the above conditions precedent (other than paragraph (viii) above which shall be fulfilled at the completion of the Innovationpay Subscription) is not fulfilled or waived (as applicable) on or before 26 October 2015 (or such other date as may be agreed amongst the parties thereto), then none of China Innovationpay nor the Company shall be bound to proceed with the transactions contemplated under the Innovationpay Subscription Agreement and the Innovationpay Subscription Agreement shall cease to be of any effect save as to any antecedent breach of the Innovationpay Subscription Agreement.

Completion

Subject to fulfilment or waiver (as the case may be) of the conditions precedent (other than the condition precedent set out in paragraph (viii) under the section headed “Conditions of the Innovationpay Subscription” which shall be fulfilled simultaneously with completion of the Innovationpay Subscription) to the Innovationpay Subscription Agreement, completion of the Innovationpay Subscription Agreement shall take place on the Completion Date. At completion, the Company shall subscribe for, and China Innovationpay shall allot and issue to the Company, 194,174,000 Innovationpay Shares.

THE PREFERRED SHARES SUBSCRIPTION AGREEMENT

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Preferred Shares Subscription Agreement, pursuant to which China Innovationpay has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share.

Date

25 June 2015 (after trading hours)

Parties

Issuer: the Company

Subscriber: China Innovationpay

China Innovationpay and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Please refer to the section headed “Information of China Innovationpay” in this announcement for further information on China Innovationpay.

The Preferred Shares Subscription

Pursuant to the Preferred Shares Subscription Agreement, China Innovationpay has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share.

Upon conversion of the Preferred Shares in full, 49,140,000 Conversion Shares will be allotted and issued, representing (i) approximately 2.34% of the issued Ordinary Shares as at the date of this announcement; and (ii) approximately 2.29% of the issued Ordinary Shares as enlarged by the allotment and issue of the Conversion Shares. The aggregate nominal value of the Conversion Shares is HK\$1,228,500.

The Preferred Shares Subscription Price

The Preferred Shares Subscription Price of HK\$4.07 per Preferred Share represents:

- (i) a discount of approximately 16.94% to the closing price of HK\$4.90 per Ordinary Share as quoted on the Stock Exchange on 24 June 2015, being the last trading day immediately preceding the date of the Preferred Shares Subscription Agreement; and
- (ii) a discount of approximately 19.88% to the average closing price of approximately HK\$5.08 per Ordinary Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Preferred Shares Subscription Agreement.

The Preferred Shares Subscription Price was arrived at after arm's-length negotiations between the Company and China Innovationpay after taking into account the prevailing market price and trading volume of the Ordinary Shares.

The Preferred Shares Subscription Price shall be deemed to be paid in full by the issue and allotment of the Innovationpay Shares by China Innovationpay to the Company pursuant to the Innovationpay Subscription Agreement.

Adjustment

Save for those set out in the Public Documents up to the date before the Preferred Shares Subscription Agreement, in the event that the Company proposes to sub-divide its Ordinary Shares or issue any new Ordinary Shares or any securities convertible into or carry rights of subscription for new Ordinary Shares from the date of the Preferred Shares Subscription Agreement to completion, the Company shall (a) inform China Innovationpay in writing with reasonably sufficient details; and (b) consult with China Innovationpay and the parties shall in good faith negotiate and agree on whether any adjustment shall be made to the number of the Preferred Shares and/or the Preferred Shares Subscription Price so as to take account of such matters in a fair and reasonable manner, before effecting or entering into any agreement in relation thereto.

Conditions of the Preferred Shares Subscription

Completion of the Preferred Shares Subscription Agreement is conditional upon the fulfilment of the following conditions:

- (i) the current listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on the Main Board of the Stock Exchange at all times from the date of the Preferred Shares Subscription Agreement to the Preferred Shares Completion Date (save for any temporary suspension pending the publication of the announcement in connection with the Preferred Shares Subscription Agreement or such other period as China Innovationpay may agree) and neither the Stock Exchange nor the SFC having indicated that either one of them shall qualify, object to, cancel or withdraw such listing and/or dealings in the Ordinary Shares for reasons related to or arising from the transactions contemplated therein;
- (ii) the passing of resolutions (special resolution or ordinary resolution, as the case may be) by the Shareholders (other than those who are required by the Listing Rules to abstain from voting, if any) in general meeting approving, among other things:
 - a. the execution, consummation and completion of the Preferred Shares Subscription Agreement;
 - b. the Share Capital Resolutions;
 - c. the Specific Mandate;
 - d. the amendment to Articles in respect of, among others, the creation, allotment and issue of a class of Preferred Shares with the rights, obligations and privileges attaching thereto;
- (iii) the listing committee of the Stock Exchange having granted the listing of and the permission to deal in the Conversion Shares and such approval and granting of permission not having been withdrawn or revoked;
- (iv) the Group having obtained all consent from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the Preferred Shares Subscription Agreement and any of the transactions contemplated thereunder;
- (v) the warranties of the Company set out in the Preferred Shares Subscription Agreement remaining true, accurate and not misleading in all material respects at completion of the Preferred Shares Subscription Agreement by reference to the facts and circumstances subsisting as at the Preferred Shares Completion Date;

- (vi) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Preferred Shares Subscription Agreement, nor shall any action have been taken by any person seeking any of the foregoing, and no statute, rule, regulation or order shall have been enacted, enforced or deemed applicable to the transactions contemplated under the Preferred Shares Subscription Agreement, which makes the consummation of which illegal;
- (vii) no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Preferred Shares Subscription Agreement or the consummation of the transactions contemplated thereunder having been enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere;
- (viii) the warranties of China Innovationpay set out in the Preferred Shares Subscription Agreement remaining true, accurate and not misleading in all material respects at completion by reference to the facts and circumstances subsisting as at the Preferred Shares Completion Date; and
- (ix) the conditions precedent under the Innovationpay Subscription Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the Preferred Shares Subscription Agreement to become unconditional) and completion of the Innovationpay Subscription Agreement having been taken place in accordance with its terms simultaneously with the Preferred Shares Subscription Agreement.

China Innovationpay may in its absolute discretion waive the condition precedent in paragraph (v) above at any time by notice in writing to the Company. The Company may in its absolute discretion waive the condition precedent in paragraph (viii) above at any time by notice in writing to China Innovationpay.

In the event that any of the above conditions precedent (other than paragraph (ix) above which shall be fulfilled at the completion of the Preferred Shares Subscription) is not fulfilled or waived (as applicable) on or before 26 October 2015 (or such other date as may be agreed amongst the parties thereto), then none of China Innovationpay nor the Company shall be bound to proceed with the transactions contemplated under the Preferred Shares Subscription Agreement and the Preferred Shares Subscription Agreement shall cease to be of any effect save as to any antecedent breach of the Preferred Shares Subscription Agreement.

Subscription Completion

Subject to fulfilment or waiver (as the case may be) of the conditions precedent (other than the condition precedent set out in paragraph (ix) under the section headed “Conditions of the Preferred Shares Subscription” which shall be fulfilled simultaneously with completion of the Preferred Shares Subscription) to the Preferred Shares Subscription Agreement, completion shall take place on the Preferred Shares Completion Date. At completion, China Innovationpay shall subscribe for, and the Company shall allot and issue to China Innovationpay, 49,140,000 Preferred Shares.

Information on the Preferred Shares

A summary of the principal terms of the Preferred Shares is set out below:

- Issue price: HK\$4.07 per Preferred Share
- Dividends: None of the Preferred Shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution.
- Return on capital: On a return of capital on liquidation or otherwise (but not on conversion or redemption), the Preferred Shares shall confer on the Preferred Shareholders the right to be paid, in priority to any return of assets in respect of any other class of shares in the capital of the Company, pari passu as between themselves an amount equal to the aggregate Preferred Shares Subscription Price of the Preferred Shares. The Preferred Shares shall not confer the holders thereof any further or other right to participate in the assets of the Company.
- Transferability: The Preferred Shares shall not be transferable.
- Voting: The Preferred Shareholder(s) shall not be entitled to attend or vote at any general meeting of the Company by reason only of him/her/it being the holder(s) of the Preferred Shares, unless a resolution is to be proposed at a general meeting for winding up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the Preferred Shareholder(s), in which event the Preferred Shares shall confer on the Preferred Shareholder(s) the right to receive notice of, and to attend and vote at, the general meeting, save that such Preferred Shareholder(s) may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights and privileges of the Preferred Shareholder(s). In such event, the votes of the Preferred Shareholders shall be counted on as converted basis.
- Conversion: Subject to requirements stated in the below paragraph, the Preferred Shares shall be convertible into Ordinary Shares within 5 Business Days by the Preferred Shareholders serving the conversion notice to the Company on any Business Day within the conversion period, without the payment of any additional consideration thereof, into such number of fully-paid Ordinary Shares:
- (i) immediately after such conversion, the public float of the Ordinary Shares remains above the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange;

- (ii) Parko remains to hold more than 51% of the total issued share capital of the Company (assuming full conversion of all outstanding securities issued by the Company convertible into or exchange for, or warrants, rights or options or agreements to grant warrants, rights or options, to purchase or to subscribe for, shares of the Company);
- (iii) to the extent that following such conversion, the relevant Preferred Shareholder and parties acting in concert with it, taken together, shall not directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
- (iv) each conversion of the Preferred Shares into Ordinary Shares shall not be less than 1,000,000 Preferred Shares, unless the outstanding Preferred Shares is less than 1,000,000 Preferred Shares in which case the whole (but not part only) of that number of Preferred Shares may be converted into Ordinary Shares.

The Company has the right, exercisable immediately following the end of the 18-month anniversary from the date of the issue of the Preferred Shares, to require mandatory conversion of all outstanding Preferred Shares into Ordinary Shares, subject to the headroom available for conversion and restrictions set out in the paragraph above.

Conversion of the Preferred Shares shall be effected in such manner as the Directors shall, subject to the Articles and to any other applicable law and regulations, from time to time determine, including without limitation, by way of redemption or repurchase of such Preferred Shares and the issue of the relevant number of Ordinary Shares resulting from such conversion (with such Preferred Shares being redeemed or repurchased out of the proceeds of such issue of Ordinary Shares in accordance with and for the purposes of Section 37(3) of the Companies Law of the Cayman Islands), or by way of re-designation of Preferred Shares into Ordinary Shares without further approval of the Shareholders. Any Preferred Shares redeemed or repurchased upon conversion shall be treated as cancelled.

Conversion period: The period commencing from the Preferred Shares Completion Date and ending on the 18-month anniversary of the issue date of the Preferred Shares.

Conversion price: HK\$4.07. The conversion price shall from time to time be adjusted upon occurrence of the following events:

- (a) consolidation or subdivision or reclassification become of a different nominal amount of the Ordinary Shares;
- (b) capitalisation of profits or reserves;
- (c) issue Ordinary Shares paid out of distributable profits or reserves and/or share premium accounts issued in lieu of the whole or any part of a cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received but only to the extent that the market value of such Ordinary Shares exceeds 110% of the amount of dividend which the Shareholders could elect to or would otherwise receive in cash and which would not have constituted a capital distribution;
- (d) capital distribution;
- (e) offer of new Ordinary Shares for subscription by way of rights, or grant to all Shareholders any options or warrants to subscriber for new Ordinary Shares, at a price which is less than the 90% of the market price at the then current market price;
- (f) issue wholly for cash being made by the Company of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares, and the total effective consideration per Ordinary Share initially receivable for such securities is less than the then current market price;
- (g) modification of rights of conversion or exchange or subscription attached to any securities so that the total effective consideration per Ordinary Share initially receivable for such securities shall be less than the then current market price;
- (h) issue of Ordinary Shares being made wholly for cash at a price per Ordinary Share which is less than the then current market price; and
- (i) if both the Company and all Preferred Shareholders consider that an adjustment to the conversion price should be made as a result of events or circumstances not being referred above, the Company shall, as agreed with the Preferred Shareholders, appoint an independent financial adviser or a certified public accountant firm acceptable to the Preferred Shareholders and the Company, at the Company's cost, to determine as soon as practicable what adjustment (if any) to the conversion price is fair and reasonable to take account thereof and the date on which such adjustment should take effect.

Conversion rate: One Preferred Share is convertible into one Ordinary Share (subject to adjustment of the conversion price), which is determined by dividing the Preferred Shares Subscription Price by the conversion price in effect at the time of conversion, provided that the conversion price shall not be less than the then subsisting par value of an Ordinary Share into which such Preferred Share is convertible.

Redemption: To the extent that there shall be any Preferred Shares which have not been converted into Ordinary Share on the 18-month anniversary of the issue date of the Preferred Shares, the Company (or its nominee at the option of the Company) shall redeem such Preferred Shares in full at an amount equal to the total of the aggregate Preferred Shares Subscription Price of the Preferred Shares to be redeemed plus the interests for the period between the date of the issue of the Preferred Shares and the date of redemption (both dates inclusive) (with reference to the 1 to 3 year lending rate of the People's Bank of China as at the date of serving a notice to China Innovationpay for redemption) of the aggregate Subscription Price of the Preferred Shares to be redeemed.

Mandate for the issue of the Preferred Shares

The Preferred Shares and the Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

Ranking

The Conversion Shares will rank pari passu in all respects with the Ordinary Shares in issue as at the date of allotment and issue of the Conversion Shares.

Listing application

No application will be made for the listing of, or permission to deal in, the Preferred Shares on the Stock Exchange. An application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

STRATEGIC COOPERATION FRAMEWORK AGREEMENT

On 25 June 2015, the Company and China Innovationpay entered into the Strategic Cooperation Framework Agreement pursuant to which the parties shall act as a strategic cooperation partner of each other.

Pursuant to the Strategic Cooperation Framework Agreement, amongst other things, (i) China Innovationpay shall provide all-rounded software and hardware payment solutions plan to the Company for its fund collection and clearance services; (ii) China Innovationpay shall cooperate with the Company in relation to the development of mobile application for Agripay system and the development of Agripay system pre-paid card if required by the Company in the future and to consider to invite China Innovationpay as its partner; (iii) the Company and

China Innovationpay shall explore the opportunities for the development of financial products and services in the agriculture product chain; (iv) the Company and China Innovationpay shall explore the development of personal credit information system for rural village; and (v) the Company and China Innovationpay shall develop online financial platform to fulfill the financial need of the farmers (collectively, the “**Proposed Cooperation**”).

The Strategic Cooperation Framework Agreement does not constitute any legally binding commitment in respect of the Proposed Cooperation. The Proposed Cooperation is subject to the negotiation and execution of the formal agreement between the relevant parties, if any.

TECHNOLOGY SERVICES AGREEMENT

On 25 June 2015, Beijing Gaohuitong, an indirect wholly-owned subsidiary of China Innovationpay and Guonong Taifeng, entered into the legally binding Technology Service Agreement, pursuant to which Beijing Gaohuitong shall develop mobile application and internet payment system for Guonong Taifeng and assist Guonong Taifeng to conduct online fund settlement.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS, ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT AND THE TECHNOLOGY SERVICE AGREEMENT

The Directors are of the view that the Subscriptions, the Strategic Cooperation Framework Agreement and the Technology Service Agreement present a good opportunity for the parties to leverage on their respective strengths to pursue an all-embracing strategic collaboration in areas such as agriculture-related payment and financial services in respect of trading of agricultural products, with a view to jointly establishing an electronic platform for comprehensive financial services that will cater the needs for new rural reconstructions. The strategic collaboration will also further enhance the development of the Agripay system and could help the Company to realize its objectives of developing the agricultural finance sector.

The Directors consider that the terms of the Innovationpay Subscription Agreement, the Preferred Shares Subscription Agreement, the Strategic Cooperation Framework Agreement and the Technology Service Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE COMPANY

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

INFORMATION OF CHINA INNOVATIONPAY

China Innovationpay principally engages in general trading of electronic products, prepaid card business, and development and operation of tourism VIP card products, online booking services of air-tickets and hotels.

EFFECT OF THE PREFERRED SHARES SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE ON THE COMPANY

Save for 80,000,000 outstanding warrants issued by the Company on 2 June 2015 and 19,500,000 share options granted by the Company on 2 April 2015, the Company has no outstanding convertible securities, options, warrants or derivatives in issue, which are convertible or exchangeable into Ordinary Shares as at the date of this announcement.

The table below sets out the effect of the Preferred Shares Subscription on the shareholding structure of the Company immediately upon (i) the completion of the Preferred Shares Subscription; and (ii) conversion in full of the Preferred Shares, and assuming no other Ordinary Shares will be allotted and issued between the date of this announcement and the date until the Preferred Shares have been fully converted:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Preferred Shares Subscription		Immediately upon full conversion of the Preferred Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Parko	1,115,202,292	53.10	1,115,202,292	53.10	1,115,202,292	51.88
China Innovationpay	–	–	–	–	49,140,000	2.29
Other Shareholders	985,165,176	46.90	985,165,176	46.90	985,165,176	45.83
Total	<u>2,100,365,468</u>	<u>100.00</u>	<u>2,100,365,468</u>	<u>100.00</u>	<u>2,149,505,468</u>	<u>100.00</u>

AMENDMENT TO THE ARTICLES OF THE COMPANY

The Board proposes to amend the Articles to, among others, reflect the creation and issue of the Preferred Shares with the rights, privileges and restrictions set out thereto. Further information of the amendments will be stated in the circular to be despatched to the Shareholders. The amendments to the Articles are conditional upon, among others, the passing of a special resolution by Shareholders at the EGM.

GENERAL

As the applicable ratios in respect of the Preferred Shares Subscription are less than 5% and the Preferred Shares Subscription Agreement involves the issue of the Preferred Shares, the entering into the Preferred Shares Subscription Agreement constitutes a share transaction under the Listing Rules for the Company and is subject to reporting and announcement requirements under the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Preferred Shares Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate, the Share Capital Resolutions and the amendments to the Articles by way of a poll. A circular containing, among others, details relating thereto, is expected to be dispatched to the Shareholders on or before 15 July 2015. None of the Shareholders has a material interest in the Subscriptions, the Specific Mandate, the Share Capital Resolutions or the amendments to the Articles as at the date of this announcement.

The Subscriptions are subject to the fulfillment of a number of conditions precedent set out under the section headed “Conditions of the Innovationpay Subscription” and “Conditions of the Preferred Shares Subscription” in this announcement. As such, the Subscriptions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company, and are recommended to consult their professional advisers if they are in doubt about their position and as to actions that they should take.

DEFINITIONS

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

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Articles”	the articles of association of the Company
“Beijing Gaohuitong”	Beijing Gaohuitong Commercial Management Co. Limited, an indirect wholly owned subsidiary of China Innovationpay
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“China Innovationpay”	China Innovationpay Group Limited, a company incorporated in the Bermuda with limited liability and the issued shares of which are listed on the GEM board of the Stock Exchange
“China Innovationpay Group”	China Innovationpay and its subsidiaries as at the date of this announcement
“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

“Completion Date”	the fifth Business Day from and excluding the day on which the last of the conditions precedent set out in paragraphs (ii) and (iii) under the section headed “Conditions of the Innovationpay Subscription” in this announcement has been fulfilled (or such other date as the parties may agree in writing)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Conversion Share(s)”	the Ordinary Share(s) to be issued upon conversion of the Preferred Share(s)
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the transactions contemplated under the Preferred Shares Subscription Agreement, the Specific Mandate, the Share Capital Resolutions and amendment to the Articles
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries as at the date of this announcement
“Guonong Taifeng”	北京市國農泰豐農業諮詢有限公司 (Beijing Guonong Taifeng Agricultural Consultancy Co., Ltd.*), an indirect partly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Innovationpay Share(s)”	194,174,000 ordinary share(s) of HK\$0.01 each in the share capital of China Innovationpay
“Innovationpay Subscription”	the subscription of the Innovationpay Shares under the Innovationpay Subscription Agreement
“Innovationpay Subscription Agreement”	the subscription agreement dated 25 June 2015 entered into between the Company and China Innovationpay
“Innovationpay Subscription Price”	HK\$1.03 per Innovationpay Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)”	the ordinary share(s) of the Company

“Parko”	Parko (Hong Kong) Limited, a limited company incorporated in Hong Kong and the controlling shareholder of the Company holding approximately 1,115,202,292 Ordinary Shares representing approximately 53.10% issued share capital of the Company as at the date of this announcement
“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
“Preferred Share(s)”	49,140,000 convertible preferred share(s) with par value of HK\$0.025 each to be issued by the Company to China Innovationpay pursuant to the Preferred Shares Subscription Agreement
“Preferred Shareholder(s)”	the holder(s) of the Preferred Share(s)
“Preferred Shares Completion Date”	the fifth Business Day from and excluding the day on which the last of conditions precedent set out in paragraphs (ii), (iii) and (iv) under the section headed “Conditions of the Preferred Shares Subscription” in this announcement has been fulfilled (or such other date as the parties may agree in writing)
“Preferred Shares Subscription”	the subscription of the Preferred Shares under the Preferred Shares Subscription Agreement
“Preferred Shares Subscription Agreement”	the preferred shares subscription agreement dated 25 June 2015 entered into between China Innovationpay and the Company
“Preferred Shares Subscription Price”	HK\$4.07 per Preferred Share
“Public Documents”	the annual, quarterly or interim reports, circulars and announcements of China Innovationpay or the Company published on the website of the Stock Exchange
“SFC”	the Securities and Futures Commission
“Share Capital Resolutions”	the special resolutions to be passed by the Shareholders in the EGM approving the issue of 49,140,000 Preferred Shares with the rights, privileges and restrictions set out thereto
“Shareholder(s)”	holder(s) of the Ordinary Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Preferred Shares and the Conversion Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement entered into between the Company and China Innovationpay on 25 June 2015
“Subscriptions”	the Innovationpay Subscription and the Preferred Shares Subscription
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Technology Service Agreement”	the technology service agreement entered into between Guonong Taifeng and Beijing Gaohuitong on 25 June 2015
“%”	per cent

* *for identification purpose only*

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

Hong Kong, 25 June 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. Fan William Chung Yue and Mr. Chu Kin Wang Peleus.