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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)

CONTINUING CONNECTED TRANSACTIONS JOINT OPERATION AGREEMENT

INSIDE INFORMATION

JOINT OPERATION AGREEMENT

On 31 December 2015, the Company and Dalian Exchange entered into the Joint Operation Agreement pursuant to which the Company shall provide, among others, fund management services to Dalian Exchange.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Co-Op Group, the holding company of Dalian Exchange, holds approximately 83.83% interest in Coopinvest Company which is a substantial shareholder and holds approximately 12.96% interest in China Coop Mengda, an indirect non-wholly owned subsidiary of the Company. Dalian Exchange is therefore a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Joint Operation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) Dalian Exchange is a connected person of the Company at the subsidiary level; (ii) the Transactions are on normal commercial terms; (iii) the Board have approved the Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of Transactions are fair and reasonable and that the Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INCREASE IN REVENUE

Based on a preliminary assessment of the unaudited management accounts of the Group currently available to the Board, it is expected that the Group will record a substantial growth of over approximately 300% in the revenue of the Company for the year ending 31 December 2015 as compared to 2014, primarily due to the transactions under the Joint Operation Agreement.

As at the date of this announcement, the Company is still assessing the profit and loss position of the Group for the year ending 31 December 2015 and further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules and the SFO. The information contained in this announcement is only based on the assessment by the Board in accordance with the unaudited management accounts of the Group currently available, and is not based on any information or figures which have been audited or reviewed by the Company's auditors and may be subject to possible adjustments.

Shareholders and potential investors are advised to read carefully the audited consolidated annual results announcement of the Company for the year ending 31 December 2015 which will be published in due course after the end of the period.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of the Company dated 7 May 2015 in relation to the framework agreement regarding the possible cooperation in fund management with Dalian Exchange.

JOINT OPERATION AGREEMENT

On 31 December 2015, the Company and Dalian Exchange entered into the Joint Operation Agreement which, among others, sets out the service fees for the Company to provide certain fund management services to Dalian Exchange.

The principal terms of the Joint Operation Agreement are set out below:

Date

31 December 2015

Parties

- (a) The Company; and
- (b) Dalian Exchange

Subject matter

Pursuant to the Joint Operation Agreement, the parties agreed with the following:

(i) Fund managing services

The Company shall collect and manage funds for Dalian Exchange. The interests earned from processing the funds shall be calculated based on the daily lending rate of the People's Bank of China plus 20%. The interests earned from processing the funds will be shared equally between the Company and Dalian Exchange.

(ii) Financing

The Company shall provide finance facilities to traders of Dalian Exchange who are also registered member of the Agripay System for an amount up to 50% of the total amount of funds deposited by such trader. The interests earned from providing the finance facilities will be belonged to the Company and shall be calculated based on the daily lending rate of the People's Bank of China plus 20% but not exceeding annual interest rate of 12%.

(iii) Trader membership fee

Dalian Exchange would charge an annual trader membership fee of about RMB1 million and an annual management fee of about RMB100,000 from each trader of Dalian Exchange who is also a registered member of the Agripay System. The relevant income will be shared equally between the Company and Dalian Exchange. The exact fee charged by Dalian Exchange shall be according to the relevant contract entered into between Dalian Exchange and the trader.

(iv) Transaction handling fee

For each transaction, Dalian Exchange would charge a transaction handling fee of about 0.1% of the total transaction fee from each party of the transaction depending on the type of transactions. The relevant income will be shared equally between the Company and Dalian Exchange.

Pricing policy

The abovementioned service fees are at rates no less favourable to the Group than rates at which the Group charged to Independent Third Parties. The service fees were determined based on a number of factors, including but not limited to, size of the fund, amount of finance facilities, number of members, volume of transactions.

Term

The agreement shall be effective as from 7 May 2015 to 31 December 2015.

Transaction amount

The transaction amount for the Transactions for the year ending 31 December 2015 was approximately RMB400 million. The annual cap in respect of the Transactions for the financial year ending 31 December 2015 is RMB400 million.

INFORMATION ABOUT THE PARTIES

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.

Dalian Exchange is a company established in the PRC with limited liability. It is principally engaged in operating an integrated commodities and services trading platform for renewable energy, agricultural by-products, agricultural means of production and financial rights in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is of the view that the cooperation with Dalian Exchange will further enhance the usage and development of the Agripay System and could help the Company to realize its objectives of developing the agricultural finance sector.

Having considered the above, the Directors are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

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By virtue of Rule 14A.101 of the Listing Rules, as (i) Dalian Exchange is a connected person of the Company at the subsidiary level; (ii) the Transactions are on normal commercial terms; (iii) the Board have approved the Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of Transactions are fair and reasonable and that the Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, none of the Directors has a material interest in the Joint Operation Agreement and is required to be abstained from voting on the relevant board resolutions to approve the Joint Operation Agreement and the transactions contemplated thereunder.

INCREASE IN REVENUE

This announcement is also made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Based on a preliminary assessment of the unaudited management accounts of the Group currently available to the Board, it is expected that the Group will record a substantial growth of over approximately 300% in the revenue of the Company for the year ended 31 December 2015 as compared to 2014, primarily due to the transactions under the Joint Operation Agreement.

As at the date of this announcement, the Company is still assessing the profit and loss position of the Group for the year ending 31 December 2015 and further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules and the SFO. The information contained in this announcement is only based on the assessment by the Board in accordance with the unaudited management accounts of the Group currently available, and is not based on any information or figures which have been audited or reviewed by the Company's auditors and may be subject to possible adjustments.

Shareholders and potential investors are advised to read carefully the audited consolidated annual results announcement of the Company for the year ending 31 December 2015 which will be published in due course after the end of the period.

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DEFINITIONS

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

“Agripay System”	a cash settlement system jointly established by the Company and 廣州銀聯網絡支付有限公司 (Guangzhou UnionPay Network Payment Co., Ltd)
“Board”	the board of Directors
“China Co-Op Group”	中國供銷集團有限公司 (China Co-Op Group Company Limited*), a company established in the PRC and the wholly owned subsidiary of 中華全國供銷合作總社 (All China Federation of Supply and Marketing Cooperatives*)

“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
“Coopinvest Company”	中合聯投資有限公司 (Coopinvest Company Limited*), a company established in the PRC and a substantial shareholder of China Coop Mengda
“Dalian Exchange”	大連再生資源交易所有限公司 (Dalian Renewable Energy Exchange Company Limited*), a company established in the PRC with limited liability
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Joint Operation Agreement”	the agreement entered into between the Company and Dalian Exchange on 31 December 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions” the transactions under the Joint Operation Agreement

“%” per cent

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

Hong Kong, 31 December 2015

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, 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. Chan Siu Wing Raymond.

** for identification only and shall not be regarded as its official name*