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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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Financial advisers to the Company

AMASSE CAPITAL
寶 積 資 本

 **建銀国际**
CCB International

THE ACQUISITION

On 11 January 2016 (after trading hours), the Company and the Vendors entered into the SPA, pursuant to which the Company conditionally agreed to purchase (or procure its nominee(s) to purchase) and the Vendors conditionally agreed to procure the sale of the Sale Interest, representing the entire equity interest in the Target Company, at the Consideration of RMB2,685 million (equivalent to approximately HK\$3,192.73 million), which will be satisfied as to RMB1,300 million (equivalent to approximately HK\$1,545.83 million) in cash and the remaining of RMB1,385 million (equivalent to HK\$1,646,903,500 pursuant to the SPA) by the allotment and issue of the Consideration Shares at the Issue Price of HK\$3.2505 per Consideration Share by the Company.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

As at the date of this announcement, Parko, being one of the Vendors, holds approximately 52.52% of the total issued share capital of the Company and therefore is the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the SPA constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

In accordance with the Listing Rules, any Shareholder who has a material interest in the SPA shall abstain from voting on the resolution(s) to approve the SPA and the transactions contemplated thereunder at the EGM. Parko, being one of the Vendors has a material interest in the SPA, and hence Parko and its associates will abstain from voting on the relevant resolution(s) in relation to the SPA and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares at the EGM. In addition, Co-Op Fund V, which holds approximately 4.71% of the total issued share capital of the Company as at the date of this announcement, is a fellow subsidiary of China Co-Op Group and an associate of China Cooperation Real Estate. Given that the SPA is conditional upon the Second Transfer Agreement and China Cooperation Real Estate is a party to the Second Transfer Agreement, the SPA will confer China Cooperation Real Estate a benefit, Co-Op Fund V being an associate of China Cooperation Real Estate therefore also has a material interest in the SPA and hence, Co-Op Fund V and its associates will also abstain from voting on the relevant resolution(s) in relation to the SPA and the transactions contemplated thereunder.

Mr. Chen Li-Jun and Mr. Peng Guojiang, both being the executive Director, are the directors of Parko and have material interest in the transactions contemplated under the SPA, and they had abstained from voting on the resolutions in respect of approving the transactions contemplated under the SPA at the Board meeting.

GENERAL

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the terms of the SPA and the transactions contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held to consider and, if thought fit, pass the resolution(s) to approve, the SPA and the transactions contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

A circular containing, *inter alia*, (i) further details of the SPA and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder; (iii) the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial statement of the enlarged group; and (vii) a notice convening the EGM, will be despatched to the Shareholders on or before 29 February 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment of certain conditions precedent set out in the SPA and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

On 11 January 2016 (after trading hours), the Company and the Vendors entered into the SPA pursuant to which the Company conditionally agreed to purchase (or procure its nominee(s) to purchase) and the Vendors conditionally agreed to procure the sale of the Sale Interest, representing the entire equity interest in the Target Company, at the Consideration of RMB2,685 million (equivalent to approximately HK\$3,192.73 million), which will be satisfied as to RMB1,300 million in cash (equivalent to approximately HK\$1,545.83 million and the remaining of RMB1,385 million (equivalent to HK\$1,646,903,500 pursuant to the SPA) by the allotment and issue of the Consideration Shares at the Issue Price of HK\$3.2505 per Consideration Share by the Company.

THE SPA

Date 11 January 2016

Parties

Purchaser: the Company

Vendors: (i) Parko;
(ii) Vendor A; and
(iii) Vendor B

Target Company: 中合(上海)置業有限公司 (China Cooperation (Shanghai) Real Estate Co. Ltd.*)

As at the date of this announcement, Parko, a controlling shareholder of the Company, holds 1,115,202,292 Shares, representing approximately 52.52% of the total issued share capital of the Company and therefore is a connected person of the Company under the Listing Rules. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, Vendor A, Vendor B and their respective ultimate beneficial owners are Independent Third Parties.

For more details and information of the Vendors, please refer to the section headed “Information on the Vendors” below in this announcement.

Assets to be acquired

Pursuant to the SPA, the Company conditionally agreed to purchase (or procure its nominee(s) to purchase) the Sale Interest, representing the entire equity interest in the Target Company.

Consideration

The Consideration of RMB2,685 million (equivalent to approximately HK\$3,192.73 million) shall be settled by the Company (or its nominee(s)) in the following manner:

- (i) as to RMB1,300 million (equivalent to approximately HK\$1,545.83 million) payable in cash (the “**Cash Consideration**”) at Completion, of which RMB832 million, RMB234 million and RMB234 million shall be paid to Parko, Vendor A and Vendor B respectively; and
- (ii) as to RMB1,385 million (equivalent to HK\$1,646,903,500 pursuant to the SPA) to Parko by way of allotment and issue of the Consideration Shares at the Issue Price of HK\$3.2505 per Consideration Share within 15 Business Days after Parko has settled an outstanding borrowings in the total amount of RMB1,385 million (equivalent to approximately HK\$1,646.90 million) of the Target Group, within 3 months after the Completion, for setting off such borrowings repaid by Parko.

It is expected that the Cash Consideration will be financed by internal resources and/or through equity and debt financing of the Company.

The Consideration was determined after arm’s length negotiations between the Company and the Vendors, with reference to (i) the preliminary indicative valuation of the Property of RMB3,330 million (equivalent to approximately HK\$3,959.70 million) as at 31 October 2015 prepared by an independent valuer; (ii) the unaudited net assets value of the Property Company of approximately RMB840 million (equivalent to approximately HK\$998.84 million) as at 31 December 2014; and (iii) Parko will have to settle an outstanding bank borrowings in the total amount of approximately RMB1,385 million (equivalent to approximately HK\$1,646.90 million) of the Target Group.

The said independent valuer has valued the Property by the direct comparison approach assuming sale of the Property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The adjusted net assets value of the Property Company (the “**Adjusted NAV**”) after taking into account the preliminary indicative valuation of the Property is as follows:–

Net assets value of the Property Company as at 31 December 2014	RMB840,000,000
Less: Carrying amount of the Property as at 31 December 2014	RMB2,424,000,000
Add: Preliminary valuation of the Property as at 30 October 2015	RMB3,330,000,000
Adjusted NAV	RMB1,746,000,000

The Cash Consideration, which was determined with reference to the consideration to be paid by the Vendors under the Second Transfer Agreement, represents a discount of 25.54% to the Adjusted NAV.

Accordingly, the Directors (excluding Mr. Chen Li-Jun and Mr. Peng Guojiang who had abstained from voting at the Board meeting approving the SPA and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares represent (i) approximately 23.86% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of issue of the Consideration Shares).

The Issue Price of HK\$3.2505 per Consideration Share represents:

- (i) a premium of approximately 7.99% over the closing price of HK\$3.01 per Share, as quoted on the Stock Exchange on 11 January 2016, being the date of the SPA;
- (ii) a premium of approximately 0.08% over the average closing price of approximately HK\$3.248 per Share, as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the SPA;
- (iii) a discount of approximately 1.77% to the average closing price of approximately HK\$3.309 per Share, as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the SPA;
- (iv) the average closing price of HK\$3.2505 per Share, as quoted on the Stock Exchange for the last twenty consecutive trading days immediately prior to the date of the SPA; and

- (v) a premium of approximately 165.13% over the net asset value of approximately HK\$1.226 per Share (based on the unaudited net asset value attributable to owners of the Company of approximately RMB2,189 million (equivalent to approximately HK\$2,602.94 million and 2,123,259,468 Shares in issue as at the date of the SPA).

The aggregate nominal value of the Consideration Shares is approximately HK\$12.67 million. The Consideration Shares will be issued and allotted pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

The Consideration Shares shall be issued as fully paid and shall rank *pari passu* in all respects with the Shares then in issue. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price was arrived at on arm's length negotiations between the Company and Parko, with reference to the average closing price per Share for the last twenty consecutive trading days immediately prior to the date of the SPA and the unaudited net assets value per Share of the Group.

In light of the above, the Directors (excluding Mr. Chen Li-Jun and Peng Guojiang who had abstained from voting at the Board resolutions approving the SPA and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Issue Price is fair and reasonable.

Conditions precedent

Completion is conditional upon satisfaction of the following conditions precedent:

- (a) the Company having completed the due diligence on the Target Group to its satisfaction, including but not limited to the legal and the financial due diligence;
- (b) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the SPA and the transactions contemplated thereunder, including but not limited to the Acquisition and the issue of the Consideration Shares;
- (c) the transaction document(s) for the sale and purchase of the entire equity interest contemplated under the First Transfer Agreement having been entered into and the Target Company having paid the consideration for acquiring the entire interest of the Property Company and obtained completion confirmation from Shanghai UAEE;
- (d) the listing committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares and such approval and granting of permission not being subsequently withdrawn or revoked;
- (e) the Vendors having obtained all the relevant approval, consents and notices for the SPA and the transaction contemplated thereunder in accordance with the relevant laws and regulations, including but not limited to all requisite approval from authorities and the internal decision-making procedures;

- (f) the Target Group and its respective shareholders having obtained all the relevant authorization and approval for the SPA and the transactions contemplated thereunder, including the approval from the Target Group's board of directors and shareholders' meeting;
- (g) Shanghai FET and Changfeng EBD having obtained all the necessary document(s) and approval(s) in relation to the sale of 51% and 49% equity interest in the Property Company respectively;
- (h) the Vendors' warranties in the SPA being true, accurate and not misleading from the date of the SPA to the Completion Date; and
- (i) there are no material adverse change in respect of the business, assets and operations of the Target Group which has been found or known or could have been reasonably predicted from the date of the SPA;
- (j) the First Transfer Agreement and the Second Transfer Agreement having been completed; and
- (k) the Bidding having successfully awarded to and completed by the Target Company.

If any of the above conditions for whatever reason have not been fulfilled or waived (except conditions (b), (c), (d), (g), (h), (j) and (k) set out above which are not waivable) on or before the Long Stop Date, the Company and the Vendors shall have the right to terminate the SPA in writing under the terms and conditions of the SPA and all rights and obligations thereunder will cease and terminate and neither of the parties thereto will have any claim against the other for costs, damages, compensation or otherwise except for antecedent breach of provisions of the SPA.

As at the date of this announcement, none of the above conditions precedent have been fulfilled and none of the parties has waived or has any intention to waive any of the conditions precedent. The Company will consider to waive the condition precedents (except condition (b), (c), (d), (g), (h), (j) or (k)) under the circumstances as and when appropriate. The substance of the SPA will not be affected if any of the conditions precedent (except condition (b), (c), (d), (g), (h), (j) or (k)) is being waived.

The SPA will be conditional on the First Transfer Agreement and the Second Transfer Agreement but the First Transfer Agreement and the Second Transfer Agreement will not be conditional on the SPA.

Completion

Completion shall take place on the Completion Date after all the conditions precedent to the SPA have been fulfilled or waived.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the date of issue of the Consideration Shares, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after issue of the Consideration Shares:

	At the date of this announcement		Immediately after issue of the Consideration Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Parko	1,115,202,292	52.52	1,621,863,882	61.670
Ms. Wen Yuanyi (<i>Note</i>)	107,864	0.01	107,864	0.004
Public Shareholders	1,007,949,312	47.47	1,007,949,312	38.326
Total	2,123,259,468	100.00	2,629,921,058	100.00

Note: By virtue of the SFO, Ms. Wen Yuanyi, a Director, is deemed to be interested in the Shares held by Precursor Managements Inc. for the purposes of Part XV of the SFO.

INFORMATION ON THE GROUP

The Group 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 ON THE VENDORS

Parko is a controlling shareholder of the Company holding 1,115,202,292 Shares, representing approximately 52.52% of the total issued share capital of the Company as at the date of this announcement and is a connected person of the Company. It is principally engaged in the business of investment holding.

Vendor A is a company established under the laws of the PRC with limited liability and is principally engaged in the business of asset management, fund investment, corporate finance, management and investment advisory services, and equity investment management. The ultimate beneficial owner of Vendor A, namely Mr. Chen Jin Kui, is a businessman who has over 15 years experience of equity investment and assets management; and is particularly familiar with textiles, new materials and electronics industries in the PRC.

Vendor B is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding. The ultimate beneficial owner of Vendor B, namely Mr. So Kin Wah, is a businessman who has over 40 years experience in the industry of jewellery, jade and precious stone in Hong Kong.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, as at the date of this announcement, (i) each of the Vendor A, Vendor B and their ultimate beneficial owners does not have any (prior or current) business relationships and/or any other connections or relationships with the Company and its connected persons; (ii) apart from the SPA, there is no other arrangement or agreement between (a) the Company and the Vendors (including their ultimate beneficial owners); and (b) any connected persons of the Company and the Vendors (including their ultimate beneficial owners).

Vendor A and Vendor B, being the vendors to the Acquisition, were introduced by Parko under the Acquisition. During the negotiation process, the Company principally discussed with Parko who represented the Vendors and Vendor A and Vendor B did not actively involved in the negotiation.

Pursuant to the Second Transfer Agreement, the intended acquisition cost of the Sale Interest for each of Parko, Vendor A and Vendor B was RMB832 million, RMB234 million and RMB234 million respectively.

INFORMATION ON THE TARGET GROUP

(i) The Restructuring

Prior to Completion, it is contemplated that the Target Group will be restructured (the “**Restructuring**”) as follow:

As at the date of this announcement, the Property Company is owned as to 51% and 49% by Shanghai FET and Changfeng EBD, respectively. Shanghai FET is beneficially owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government (“**Shanghai SASAC**”) while Changfeng EBD is, through 上海長風投資發展有限公司 (Shanghai Changfeng Investment and Development Company Limited*) (“**Changfeng Investment**”), beneficially owned by State-owned Assets Supervision and Administration of Shanghai Putuo District (“**Putuo SASA**”). To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, Shanghai SASAC and Putuo SASA are Independent Third Parties.

On 16 July 2015, Shanghai FET and Changfeng EBD entered into a conditional sale and purchase framework agreement (the “**First Transfer Agreement**”) with the Target Company, pursuant to which, among other things, Shanghai FET and Changfeng EBD conditionally agreed to sell and the Target Company conditionally agreed to purchase the entire equity interest in the Property Company (the “**First Transfer**”). Further, according to the First Transfer Agreement, Shanghai FET and Changfeng EBD shall repay other liabilities of the Property Company before the completion of the First Transfer, save for the outstanding bank borrowings of the Property Company in the total amount of RMB1,385 million. The outstanding bank borrowings of the Property Company in the amount of RMB1,385 million is equivalent to the outstanding bank borrowings to be settled by Parko under the SPA.

The settlement of the liabilities of the Property Company, save for the outstanding bank borrowings of the Property Company in the total amount of RMB1,385 million, by Shanghai FET and Changfeng EBD is one of the terms under the First Transfer Agreement. Further, the settlement of the outstanding borrowing of the Target Group in the amount of RMB1,385 million, which is equivalent to the said borrowings of the Property Company, by Parko is one of the terms under the SPA.

According to the regulatory requirements in the PRC, the sale and purchase of state owned assets and equity in Shanghai is subject to, among other things, a bidding process (the “**Bidding**”) to be conducted on the platform of Shanghai UAEE. Therefore, completion of the First Transfer is conditional on, among other things, completion of the Bidding. The Bidding process is summarized as below:

- (1) Shanghai FET and Changfeng EBD will issue an announcement (the “**Bidding Announcement**”) containing, among others, the initial bidding price for the Bidding (the “**Initial Bidding Price**”) on the Shanghai UAEE. The Bidding is subject to an announcement period of no less than 20 business days from the date of the Bidding Announcement. Shanghai FET and Changfeng EBD can publish the Bidding Announcement at any time after each of them have performed the relevant procedures including but not limited to the obtaining of approval by their respective shareholders in relation to the disposal of their respective equity interest in the Property Company. As at the date of this announcement, Shanghai FET has obtained the said approval whereas Changfeng EBD has not obtained the said approval. It is expected that Changfeng EBD will obtain the said approval on or before 31 March 2016.
- (2) Immediately after the publication of the Bidding Announcement, qualified bidders, including the Target Company, can register with Shanghai UAEE, submit the bidding proposal and transfer the relevant deposit, being 30% of the Initial Bidding Price, into the account of Shanghai UAEE. In the event that (i) the Target Company does not win the Bidding; (ii) the Target Company withdraws from the Bidding; or (iii) the Bidding is terminated for whatsoever reason, the relevant deposit will be refunded by Shanghai UAEE within 3 business days from the refund application.
- (3) In the event that the Bidding is successfully awarded, the relevant deposit will be applied as partial settlement for the final bidding price of the Bidding (the “**Final Bidding Price**”) while the remaining Final Bidding Price will be paid by the successful bidder to Shanghai FET and Changfeng EBD directly. It is expected that the Bidding will be completed in about 25 business days from the date of the Bidding Announcement.

As at the date of this announcement, the Target Company is owned as to 51% and 49% by China Cooperation Real Estate and Shanghai Rongtong, respectively. China Cooperation Real Estate is beneficially owned as to 94%, 3% and 3% by China Co-Op Group, 內蒙古農牧業生產資料股份有限公司 (Inner Mongolia Agriculture and Animal Husbanding Means of Production Company Limited*) (“**Inner Mongolia AAMMP**”)

and 河北省農業生產資料有限公司 (Hebei Agriculture Means of Production Company Limited*) (“**Hebei AMP**”) respectively while Shanghai Rongtong is owned as to (i) 10% by 上海跨國採購發展(集團)有限公司 (Shanghai International Sourcing Promotion (Group) Co., Ltd*) (“**Shanghai International Sourcing**”) which in turn is, through Shanghai FET, wholly owned by Shanghai SASAC; and (ii) 90% by 上海萬農投資有限公司 (Shanghai Wannong Investment Company Limited*) (“**Shanghai Wannong**”) which in turn is owned as 90% and 10% by Ms. Shi Ling Ling and Mr. Zhang Qin respectively.

As at the date of this announcement, China Co-Op Group holds approximately 83.83% interest in 中合聯投資有限公司 (Coopinvest Company Limited*) which is a substantial shareholder and holds approximately 12.96% interest in 中合盟達融資租賃有限公司 (China Coop Mengda Financial Leasing Co., Ltd*), an indirect non-wholly owned subsidiary of the Company. Accordingly, China Co-Op Group is a connected person of the Company at subsidiary level under the Listing Rules.

As at the date of this announcement, Hebei AMP holds 51% of the issued share capital of Million Rich Hong Kong Holdings Company Limited which holds 100% of the issued share capital of Parko, the controlling shareholder of the Company. Accordingly, Hebei AMP is a connected person of the Company under the Listing Rules.

Given that China Cooperation Real Estate is a non-wholly owned subsidiary of China Co-Op Group, it is an associate of China Co-Op Group and a connected person of the Company at subsidiary level under the Listing Rules.

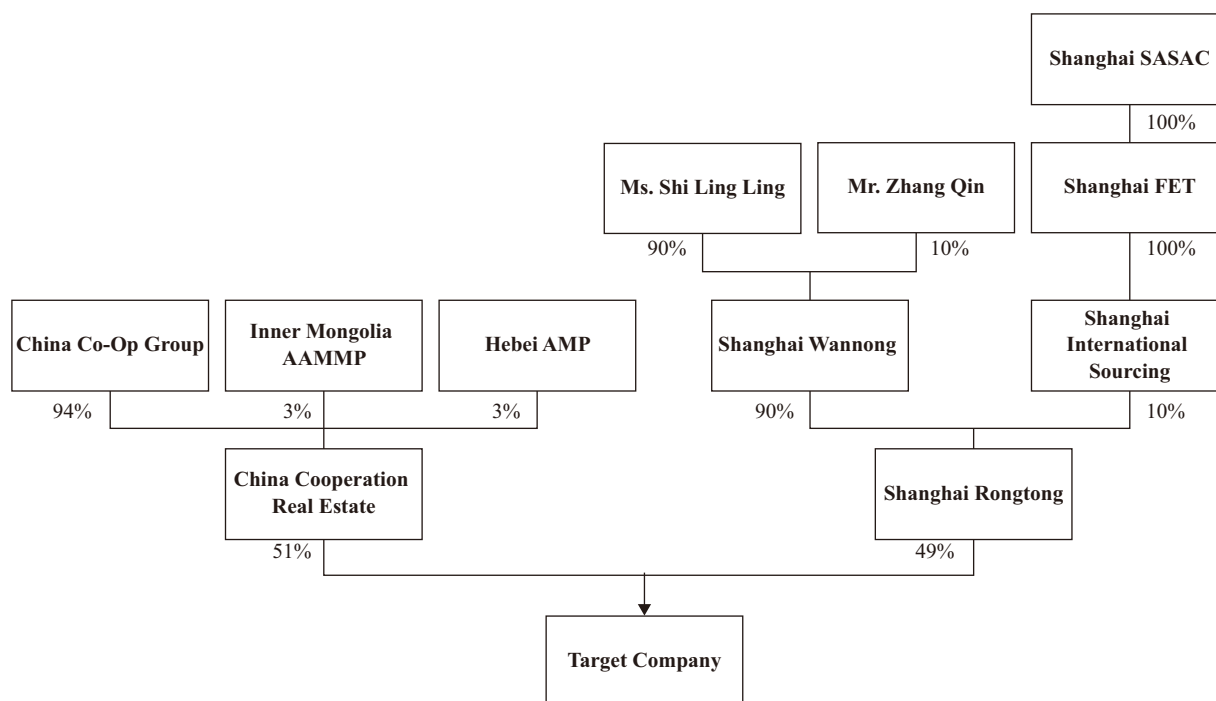
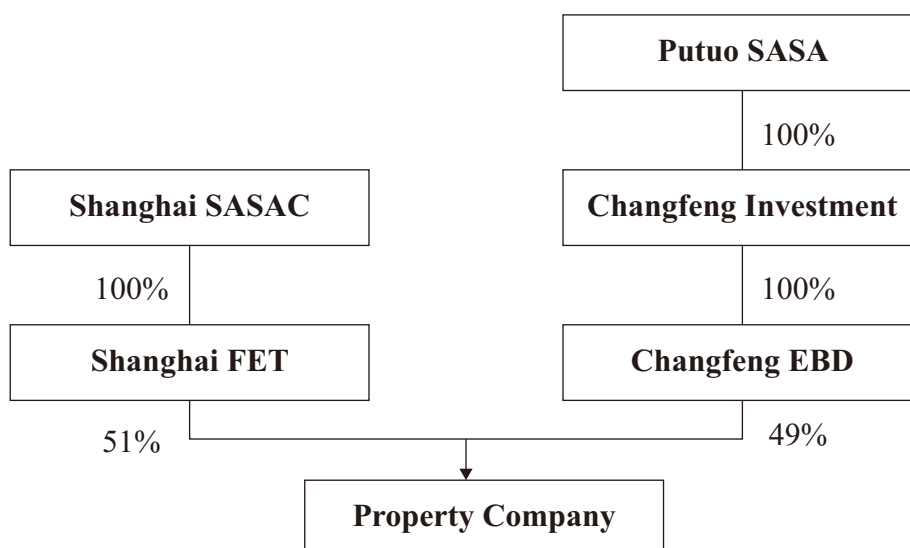
Save for disclose above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiry, as at the date of this announcement, each of the ultimate beneficial owners of China Cooperation Real Estate and Shanghai Rongtong are Independent Third Parties.

Pursuant to a sale and purchase agreement dated 6 September 2015 and as supplemented by a supplemental agreement dated 11 January 2016 entered into by and among China Cooperation Real Estate, Shanghai Rongtong, the Target Company, Parko, Vendor A and Vendor B (collectively, the “**Second Transfer Agreement**”), China Cooperation Real Estate and Shanghai Rongtong agreed to sell and Parko, Vendor A and Vendor B agreed to purchase (or procure their nominee(s) to purchase) the entire equity interest in the Target Company at a total consideration of RMB1,300 million.

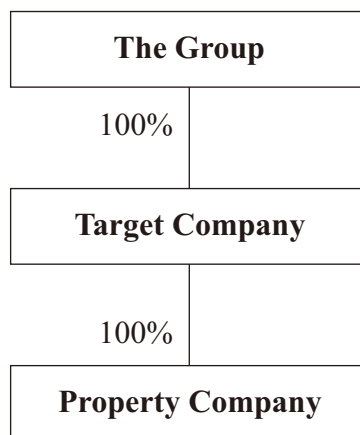
Pursuant to the SPA, the Vendors will procure the transfer of the entire equity interest of the Target Company from China Cooperation Real Estate and Shanghai Rongtong to the Company (or its nominee(s)) directly.

Set out below is graphics showing the shareholding structure of (i) each of the Property Company and the Target Company as at the date of this announcement and (ii) the Target Group upon Completion:

(i) *each of the Property Company and the Target Company as at the date of this announcement*



(ii) *the Target Group upon Completion*



Prior to the negotiation between the Company and the Vendors in respect of the Acquisition, (i) the First Transfer Agreement, the Second Transfer Agreement and the related arrangements, without limitation to the Bidding, have already been entered into and/or the major terms thereunder have been agreed; and (ii) the said Agreements have been approved by the ultimate beneficial owners of the parties to the said Agreements, majority of whose are PRC government authorities, hence there will be additional cost and time burden and uncertain for the Company to step in for any new agreement and/or arrangement which would be subject to, among others, the obtaining of the approval from the said PRC government authorities.

In view of (i) the Vendors will not receive any premium of the Cash Consideration over the consideration for the Sale Interest to be paid under the Second Transfer Agreement; (ii) completion of the Bidding is subject to uncertainty, including but not limited to the final bidding price for the Bidding; (iii) the Vendors will bear the responsibility and/or obligation to complete, or procure to complete, the arrangements under the Restructuring, including but not limited to the transactions contemplated under the First Transfer Agreement and the Second Transfer Agreement and the Bidding, the Company will be benefited from elimination of risk, time and cost burden on the involvement in the Restructuring which is in the interests of the Company and the Shareholders as a whole.

Considering the final bidding price for the Bidding could be higher or lower than the consideration under the Second Transfer Agreement, there is a possibility that China Cooperation Real Estate and Shanghai Rongtong would receive a gain from the Second Transfer. Having said that, the Company could save additional risk, cost and time burden to step in for any new agreement and/or arrangement and the direct involvement in the Restructuring as discussed above.

It is the Company's intention not to impose extra burden to the gearing level and cashflow of the Company, the Company negotiated with the Vendors but only Parko showed the willingness to repay the significant outstanding borrowings of the Target Group and accept new Shares as consideration. The Directors consider that having Parko to settle the outstanding borrowings of the Target Group which will be settled by issue of the Consideration Shares, the Company will not bear additional burden to the gearing level and liquidity position of the Company and will benefit from further consolidating the relationship between Parko and the Company as confidence, commitment and continuing support of the controlling shareholder of the Company is crucial to ensure the business stability and long term development of the Group.

The involvement of Vendor A and Vendor B under the Restructuring has been previously established prior the negotiation between the Company and the Vendors in respect of the Acquisition. Further, the Company principally discussed with Parko who represented the Vendors and Vendor A and Vendor B did not actively involved in the negotiation during the negotiation process, the role and involvement of Vendor A and Vendor B are not significant in the Acquisition.

(ii) The Target Company

(a) Background information

The Target Company is a company established on 25 December 2014 under the laws of the PRC with limited liability and is principally engaged in the business of real estate development, property management and investment management. As at the date of this announcement, its registered capital is RMB39 million.

As at the date of this announcement, the Target Company, which is established for the purpose of the Bidding, has yet to have any operation and asset.

(b) Financial information

According to the unaudited financial statements of the Target Company, prepared in accordance with the PRC GAAP, its net assets as at 31 December 2014 were nil. The Target Company recorded nil profit for the financial year ended 31 December 2014 which was less than one month since its incorporation.

(iii) The Property Company

(a) Background information

The Property Company is a company established under the laws of the PRC with limited liability and is principally engaged in the business of property development, leasing and management. As at the date of this announcement, its registered capital is RMB990.58 million. The principal asset of the Property Company is the Property.

The Property, which is owned by the Property Company, is located at No. 235 Yun Ling East Road, Putuo District, Shanghai, the PRC and is erected on a parcel of land with a site area of approximately 38,364.50 sq.m.. The Property is comprised of (i) a 6-storey convention and exhibition center with a gross floor area of approximately 43,991 sq.m. (the “**Exhibition Center**”); (ii) two office buildings (the “**Office Buildings**”), namely a 17-storey office building and a 20-storey office building with a total gross floor area of approximately 50,607 sq.m.; and (iii) a retail podium with a gross floor area of approximately 2,246 sq.m.; and (iv) approximately 827 car parking spaces. The Exhibition Centre is mainly use as a platform and venue for trade exhibitions, conferences and meetings while the Office Buildings are mainly rental office units.

The construction of the Property has been completed and has obtained all the relevant certificates and licences, save for the property ownership certificate. According to the PRC legal adviser of the Company, the application for the said certificate is an administrative procedure and there is no material legal impediment to obtain the same subject to obtaining of the certification of completion of the construction (the “**Completion Certification**”). As at the date of this announcement, the Property Company is in the process of applying for the Completion Certification which is expected to be obtained in or before June 2016 and it is expected that the property ownership certificate will be obtained in or before December 2016. In accordance with relevant laws of the PRC, the transfer of the Property by the Property Company in the future will be restricted if the property ownership certificate is not obtained because the transfer is subject to a ownership registration process. According to the legal opinion issued by the PRC legal adviser of the Company, in accordance with the Administration Rules of Advance-sale of Urban Commercial Housing issued by Ministry of Construction (Ministry of Housing and Urban-Rural Construction), as the Property Company has obtained the Advance-sale Permit in respect of the Property, the leasing of the Property is legal without the property ownership certificate.

The major business activities of the Property Company are as follows:-

- (1) it lends the rental halls and the relevant supporting facilities and equipment under the Exhibition Center and provides related support services.
- (2) it lends the office units under the Office Buildings.

In view of (i) the current major activities of the Property Company is legal under the relevant PRC laws, rules and regulations without the property ownership certificate; and (ii) there is no material legal impediment to obtain the property ownership certificate, the Company therefore determined to proceed with the Acquisition.

(b) *Financial information*

According to the unaudited financial statements of the Property Company, its net assets as at 31 December 2014 were approximately RMB840 million (equivalent to approximately HK\$998.84 million).

Set out below is the financial information of the Property Company, as prepared in accordance with the HKFRS, for the financial years ended 31 December 2013 and 2014 and for the nine months ended 30 September 2015:

	For the financial year ended 31 December 2013 <i>Approximate RMB'000</i>	For the financial year ended 31 December 2014 <i>Approximate RMB'000</i>	For the nine months ended 30 September 2015 <i>Approximate RMB'000</i>
Net loss before taxation	(10,148)	(115,540)	(92,669)
Net loss after taxation	(10,148)	(115,540)	(92,669)

As shown in the above table, for the year ended 31 December 2014, the Property Company recorded a net loss of approximately RMB115.5 million when compared to a loss of approximately of RMB10.1 million for the corresponding period in 2013. The increased loss was mainly attributable to the increased finance costs on bank loans and increased depreciation.

REASONS AND BENEFITS FOR THE ACQUISITION

The Company has been striving to further develop the “agricultural, rural areas and farmers” sector and implement its strategic plans for the agricultural business.

The Property is strategically located in the Eastern starting point of the “One Belt One Road” strategy as initiated by the PRC Government. The Exhibition Centre is also the designated international merchandising trading platform under the “One Belt One Road” policy. The Exhibition Centre, which is known as the Shanghai Trans-National Procurement Centre and which is capable of undertaking business activities in connection with the “One Belt One Road” strategy as initiated by the PRC Government, forms an integral part of the Property and by making use of the Shanghai Trans-National Procurement Centre as the Group’s agricultural trading platform, the Company will be able to leverage on the advantages as well as the resources of the Shanghai Trans-National Procurement Centre and thereby providing an ideal forum for implementing integral functions of the Company’s agricultural trading platform, such as exhibition centres, trading centres and big-data collection centres, with a view to processing, segmenting and utilising the transaction data of large number of agricultural industry participants, which include vital information transaction history and behaviour. Following the successful implementation of the Company’s agricultural trading platform, the Company will also engage in discussions with other major players of the internet industry to bolster cooperation and explore further business opportunities. Accordingly, the Directors are of the view that the Group’s exposure and development in the PRC agricultural sector will be further enhanced through the Acquisition. The intended use of the Property, mainly the Exhibition Centre, by the Company is within the permitted land use of the Property.

Since the Office Buildings are part and parcel to the Acquisition while it is not the core business of the Group to investment in commercial property, it is the current intention of the Group to dispose the Office Buildings at a favourable price after Completion, subject to the then market condition, and thus the Office Buildings will be reported as “Property held for sale” in its balance sheet.

As at the date of this announcement, the Company does not require/intend to make further capital investment/commitment in relation to the Property.

The Board believes that the Acquisition is in line with the development strategy of the Group and help the Group to achieve its objectives for serving the agricultural sector and facilitate the sustainable development of the Group in the long run and create synergies amongst the operations between the Group’s existing business.

The Directors (excluding Mr. Chen Li-Jun and Mr. Peng Guojiang who had abstained from voting at the Board resolutions approving the SPA and the transactions contemplated thereunder, and the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Acquisition is in the interests of the Company and its Shareholders as a whole and that the terms and conditions of the SPA are fair and reasonable and on normal commercial terms.

As at the date of this announcement, the Company (i) intends to continue its existing businesses; (ii) currently does not have plan to dispose, scaledown and/or terminate its existing businesses and/or major operating assets; and (iii) save as the ongoing transactions which have been published by way of public announcement and an proposed capital injection in Guangdong New Co-Op Skyrise Investment Co., Ltd., the purpose of which is to complement the Company's existing business activities, the Company currently does not have concrete plan to acquire any new business and it does not anticipate any injection of any new business which deviates from its principal business activities.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements.

As at the date of this announcement, Parko, being one of the Vendors, holds 1,115,202,292 Shares, representing approximately 52.52% of the total issued share capital of the Company and therefore is the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the SPA constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirements.

In accordance with the Listing Rules, any Shareholder who has a material interest in the SPA shall abstain from voting on the resolution(s) to approve the SPA and the transactions contemplated thereunder at the EGM. Parko, being one of the Vendors, has a material interest in the SPA, and hence, Parko and its associates will abstain from voting on the relevant resolution(s) in relation to the SPA and the transactions contemplated thereunder, including the allotment and issue of the Consideration Shares at the EGM. In addition, Co-Op Fund V, which holds 100,000,000 shares, representing approximately 4.71% of the total issued share capital of the Company as at the date of this announcement, is a fellow subsidiary of China Co-Op Group and an associate of China Cooperation Real Estate. Given that the SPA is conditional upon the Second Transfer Agreement and China Cooperation Real Estate is a party to the Second Transfer Agreement, the SPA will confer China Cooperation Real Estate a benefit, Co-Op Fund V being an associate of China Cooperation Real Estate therefore also has a material interest in the SPA and hence, Co-Op Fund V and its associates will also abstain from voting on the relevant resolution(s) in relation to the SPA and the transactions contemplated thereunder.

Mr. Chen Li-Jun and Mr. Peng Guojiang, both being the executive Director, are the directors of Parko and have material interest in the transactions contemplated under the SPA, and they had abstained from voting on the resolutions in respect of approving the transactions contemplated under the SPA at the Board meeting.

GENERAL

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the SPA and the transactions contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and Independent Shareholders in this regard. The Company will issue an announcement after the Independent Financial Adviser has been appointed.

The EGM will be convened and held to consider and, if thought fit, pass the resolution(s) to approve, the SPA and the transactions contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares.

A circular containing, *inter alia*, (i) further details of the SPA and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder; (iii) the letter of advice from Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial statement of the enlarged group; and (vii) a notice convening the EGM, will be despatched to the Shareholders on or before 29 February 2016 as additional time is required for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the fulfillment of certain conditions precedent set out in the SPA and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest by the Company (or its nominee(s)) to be procured by the Vendors in accordance with the terms and conditions of the SPA
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Bidding”	has the meaning given to it under the sub-section headed “The Restructuring” under the section headed “Information on the Target Group”
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or other public holidays) on which licensed banks in Hong Kong are generally open for business

“Changfeng EBD”	上海長風生態商務區投資發展有限公司 (Shanghai Changfeng Ecological Business District Investment and Development Co. Ltd.*), a company established in the PRC with limited liability
“China Cooperation Real Estate”	中合置業有限公司 (China Cooperation Real Estate Corporation*), a company established in the PRC with limited liability
“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”	completion of the Acquisition pursuant to the terms and conditions of the SPA
“Completion Date”	the date falling the 5 Business Days after all the conditions precedent to the SPA have been fulfilled or waived (or such other date as the parties to the SPA may agree in writing)
“connected person(s)”	has meanings ascribed to it under the Listing Rules
“Consideration”	the maximum total consideration for the Acquisition in the amount of RMB2,685 million
“Consideration Share(s)”	506,661,590 new Shares to be issued by the Company at the Issue price of HK\$3.2505 per Consideration Share as part of the payment of the Consideration
“controlling shareholder(s)”	has meanings ascribed to it under the Listing Rules
“Co-Op Fund V”	中合供銷五期(上海)股權投資基金合夥企業(有限合夥)(China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership)
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held and convened to consider and, if though fit, to approve by the Independent Shareholders, among other things, the SPA and the transactions contemplated thereunder, including the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares

“First Transfer Agreement”	has the meaning given to it in the sub-section headed “The Restructuring” under the section headed “Information on the Target Group”
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board, comprising Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung, Mr. Fan William Chung Yue and Mr. Chan Siu Wing Raymond, being all the independent non-executive Directors, which has been formed to make recommendation to the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder, including but not limited to the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder, including but not limited to the Acquisition and the grant of the Specific Mandate for the allotment and issue of the Consideration Shares
“Independent Shareholders”	Shareholders other than Parko, Co-Op Fund V and its associates
“Independent Third Party(ies)”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 14A of the Listing Rules and independent of the connected persons of the Company and their associates (as defined in the Listing Rules)
“Issue Price”	HK\$3.2505 per Consideration Share, being the average closing price per Share for the last twenty consecutive trading days immediately prior to the date of the SPA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2016 or such other date as may be agreed by the Company and the Vendors

“Parko”	Parko (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and being one of the Vendors
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Property”	the property located at No. 235 Yun Ling East Road, Putuo District, Shanghai, the PRC, which has a total gross floor area of approximately 96,844 sq.m. erected on a piece of land with a site area of approximately 38,364.50 sq.m., details of which are described in the sub-section headed “(iii) The Property Company – (a) Background information” under the section headed “Information on the Target Group” in this announcement
“Property Company”	上海長風跨采投資有限公司 (Shanghai Changfeng International Sourcing and Investment Co. Ltd.*), a company established in the PRC with limited liability and the owner of the Property
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in the Target Company
“Second Transfer Agreement”	has the meaning given to it in the sub-section headed “The Restructuring” under the section headed “Information on the Target Group”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai FET”	上海外經貿投資(集團)有限公司 (Shanghai Foreign Economic and Trade Investment Group Co. Ltd.*), a company established in the PRC with limited liability
“Shanghai Rongtong”	上海融通農畜產品發展有限公司 (Shanghai Rongtong Agriculture & Livestock Products Promotion Co. Ltd.*), a company established in the PRC with limited liability
“Shanghai UAEE”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“Share(s)”	ordinary share(s) of HK\$0.025 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“SPA”	the sale and purchase agreement dated 11 January 2016 and entered into among the Company and the Vendors in relation to the Acquisition
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares to be sought from the Independent Shareholders at the EGM
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	中合(上海)置業有限公司 (China Cooperation (Shanghai) Real Estate Corporation*), a company established in the PRC with limited liability
“Target Group”	collectively, the Target Company and the Property Company
“Vendor A”	匯鼎資本管理有限公司 (Hui Ding Capital Management Co. Ltd.*), a company established in the PRC with limited liability
“Vendor B”	Bright Glory Asia Investment Limited (輝煌亞洲投資有限公司), a company incorporate in Hong Kong with limited liability
“Vendors”	collectively, Parko, Vendor A and Vendor B
“%”	per cent

For the purpose of this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.1891. 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 of
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

Hong Kong, 11 January 2016

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 purpose only