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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)

CONNECTED TRANSACTION
LOAN AGREEMENT

LOAN AGREEMENT

On 28 April 2016, the Company entered into the Loan Agreement with the Borrower, being a connected person of the Company at subsidiary level under the Listing Rules, in relation to the loan advancement in the amount of HK\$50 million made on 26 August 2015.

LISTING RULES IMPLICATIONS

Since the Borrower is a connected person of the Company at subsidiary level under the Listing Rules, the transactions contemplated under the Loan Agreement constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As all of the applicable ratios for the transactions contemplated under the Loan Agreement calculated under Rule 14.07 of the Listing Rules are less than 5%, the advancement of the Loan is only subject to the reporting and announcement requirements and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

This announcement is made to inform the Shareholders of the major terms of the Loan Agreement.

References are made to the announcement of National Agricultural Holdings Limited (the “**Company**”) dated 31 March 2016 in relation to the annual results for the year ended 31 December 2015 (the “**Annual Results Announcement**”) and the annual report of the Company for the year ended 31 December 2015 (the “**Annual Report**”).

The Company would like to supplement the information under note (a) under the heading “13. Amounts Due from Related Parties” on page 19 of the Annual Results Announcement as further sets out in this announcement and would like to replace the English company name of “Dongyue Holdings Limited (for identification purpose only)” as disclosed in the Annual Results Announcement and the Annual Report with its English registered company name “Dongyue Industrial Limited”.

THE LOAN AGREEMENT

On 28 April 2016, the Company entered into the Loan Agreement with the Borrower, being a connected person of the Company at subsidiary level under the Listing Rules, in relation to the loan advancement in the amount of HK\$50 million made on 26 August 2015.

The principal terms and conditions of the Loan Agreement are set out as follows:

Date

28 April 2016

Parties

1. The Company as the Lender; and
2. Dongyue Industrial Limited (東越控股有限公司) as the Borrower.

As at the date of this announcement, the Borrower is an indirect wholly-owned subsidiary of China Co-Op Group, which in turn holds approximately 83.83% interest in Coopinvest Company which holds approximately 12.96% interest in China Coop Mengda, an indirect non-wholly owned subsidiary of the Company. The Borrower is a connected person of the Company at subsidiary level under the Listing Rules.

Loan amount

HK\$50 million

Term

From the date of loan advancement on 26 August 2015 to 4 May 2016.

Interest rate

5.1% per annum, having taking into account the prevailing benchmark lending rate in Hong Kong dollars. The interest payable shall be retrospectively accrued from the loan advancement date up to the loan repayment date.

Repayment

The Borrower shall repay any outstanding principal under the Loan Agreement together with all interest retrospectively accrued thereon due and payable to the Lender in full on or before 4 May 2016.

Security

No security or guarantee is required to be provided by the Borrower in favour of the Company in respect of the Loan.

Purpose of the Loan

The Loan shall be applied and used by the Borrower for its short-term operating funding needs.

UPDATE ON THE REPAYMENT OF THE LOAN

As at the date of this announcement, the Company had received repayment of the Loan and the interests accrued thereon in full in the total amount of HK\$51.7 million from the Borrower.

It was disclosed in the Annual Results Announcement that, in the opinion of the Directors, the Loan as at 31 December 2015 could not be recovered and was fully impaired. The Company would like to supplement and clarify that, the Company had made several attempts to demand repayment and was not able to obtain the financial information of the Borrower as at 31 December 2015 to assess its financial position and was unable to assess its recoverability and were in doubt of the recoverability due to the delay in repayment. As such, a provision of HK\$50 million was provided as at 31 December 2015.

INFORMATION OF THE PARTIES

Information of the Group

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

Information of the Borrower

The Borrower is a company with limited liability incorporated in Hong Kong which primarily engages in investment and trading of securities. It is an indirect wholly-owned subsidiary of China Co-Op Group, which in turn holds approximately 83.83% interest in Coopinvest Company which holds approximately 12.96% interest in China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, and hence the Borrower is a connected person of the Company at subsidiary level under the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The terms of the Loan Agreement were determined after arm's length negotiations between the Company and the Borrower.

Having considered the business relationship with the group companies of China Co-Op Group and the short-term nature of the Loan, the Directors consider that the Loan could facilitate the maintenance of good business relationship with China Co-Op Group. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has material interest in the transactions contemplated under the Loan Agreement and are required to abstain from voting on the relevant board resolutions to approve the Loan Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Since the Borrower is a connected person of the Company at subsidiary level under the Listing Rules, the transactions contemplated under the Loan Agreement constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable ratios for the transactions contemplated under the Loan Agreement calculated under Rule 14.07 of the Listing Rules are less than 5%, the advancement of the Loan is only subject to the reporting and announcement requirements and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Due to an inadvertent oversight, the Company mistakenly believed that the loan advancement did not constitute a connected transaction of the Company under the Listing Rules. The Company admits its failure to timely comply with Rules 14A.34 and 14A.35 of the Listing Rules, and has taken step to rectify the breach as soon as practicable, including by way of making this announcement.

The Company will strengthen its internal control in monitoring connected transactions by, among other things, provision of specific training on relevant requirements of the Listing Rules to the relevant staff who is responsible for monitoring any such transactions and enhance the internal reporting procedures in respect of transactions of this nature.

DEFINITIONS

“Board”	the board of Directors
“Borrower”	Dongyue Industrial Limited (東越控股有限公司), a connected person of the Company at subsidiary level under the Listing Rules
“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 Mengda 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“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
“Directors”	the directors of the Company

“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	the Company, and the lender under the Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan advanced by the Lender to the Borrower in the sum of HK\$50 million on 26 August 2015
“Loan Agreement”	the loan agreement regarding the Loan entered into among the Lender and the Borrower on 28 April 2016
“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
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *for identification purpose only*

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

Hong Kong, 9 May 2016

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang and Ms. Wen Yuanyi, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue.