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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)

INSIDE INFORMATION

LETTER OF INTENT

IN RELATION TO FORMATION OF A JOINT VENTURE

This announcement is made by National Agricultural Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

THE LOI

The board of directors (the “**Directors**”) of the Company (the “**Board**”) is pleased to announce that on 15 July 2016, the Company and Dalian Renewable Energy Exchange Company Limited* (大連再生資源交易所有限公司) (“**Dalian Exchange**”) entered into a letter of intent (the “**LOI**”) to establish a joint venture enterprise (the “**JV Company**”) – Gongxiao (Dalian) Commodity Clearing Centre Company Limited* (供銷(大連)商品清算中心有限公司) (the new company name proposed by the parties), to jointly operate a clearing centre for bulk commodities in order to (i) provide a unified settlement and transaction risk controls for various factor markets and platforms of Dalian Renewable Energy Exchange and/or bulk commodity exchanges and/or other exchanges; and (ii) promote the development of financial derivatives and the establishment of value-added financial service markets and rating standards (the “**Possible Cooperation**”).

The parties are in the course of having discussions in relation to the Possible Cooperation. As at the date of this announcement, no formal agreement has been entered into relating to the Possible Cooperation.

ABOUT DALIAN EXCHANGE

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 Dalian petroleum, and providing logistics, settlement, informatics, financing and training service in the PRC.

As at the date of this announcement, China Co-Op Group Company Limited* (中國供銷集團有限公司), the holding company of Dalian Exchange, holds approximately 83.83% interest in Coopinvest Company Limited* (中合聯投資有限公司) which is a substantial shareholder and holds approximately 12.96% interest in China Coop Financial Leasing Co., Ltd* (中合盟達融資租賃有限公司), an indirect non-wholly owned subsidiary of the Company. Dalian Exchange is therefore a connected person of the Company at the subsidiary level. The Possible Cooperation, if materialized, may constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE LOI

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.

It is the Company's strategy to review from time to time potential business opportunities in rural finance and e-commerce to enhance the value of the Company's shares. The Directors believe that various factor market in China is embracing opportunities to develop prosperously, which requires a standardized and independent clearing function advanced and innovative in nature. The clearing centre to be jointly established by the Company and Dalian Exchange is expected to be developed into an integrated auxiliary services platform which provides professional financial services in various factor markets within China, which is in line with the operation purpose of the Company to further improve and promote the Agripay business and to develop the agricultural internet finance sector.

Having considered the above, the Directors are of the view that the Possible Cooperation is in the interests of the Company and the shareholders of the Company as a whole.

NATURE OF THE LOI

The LOI does not constitute any legally binding commitment in respect of the Possible Cooperation. The Possible Cooperation is subject to the negotiation of formal legally binding agreements including but not limited to capital contribution agreement, joint venture agreement and articles of the JV Company.

GENERAL

The Possible Cooperation, if materialized, may constitute a notifiable transaction and/or a connected transaction of the Company under Chapter 14 and/or Chapter 14A of the Listing Rules. Further announcement(s) in relation to the Possible Cooperation will be made by the Company as and when appropriate in compliance with the Listing Rules.

Shareholders and potential investors should note that the LOI only sets out the understanding with regard to the Possible Cooperation, and that the LOI is not legally binding. In the event that legally binding definitive agreement is agreed or signed, further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate. As the Possible Cooperation may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 July 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. Chen Li An, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung, and Mr. Fan William Chung Yue.

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