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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
UPDATE IN RESPECT OF
POTENTIAL DEFAULT OF THE FINANCE LEASE AGREEMENTS

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 “**SFO**”).

References are made to the announcements of the Company dated 24 July 2015, 14 August 2015 and 16 May 2016 (the “**Announcements**”) in respect of the potential default of the Finance Lease Agreements (as defined in the Announcements). Terms defined in the Announcements shall have the same meanings when used herein, unless the context requires otherwise.

**THE ECONOMIC CRIME DIVISION OF THE PUBLIC SECURITIES AUTHORITY
IN BEIJING (THE “BEIJING PUBLIC SECURITIES AUTHORITY”) AND CHINA
SECURITIES REGULATORY COMMISSION (THE “CSRC”)**

Given the denial made by Central China Securities Co. Ltd. (the “**Lessee**”) of the fact that it had entered into the Finance Lease Agreements with China Coop Mengda, China Coop Mengda reported the case to Beijing Public Security Bureau on 24 July 2015 and to CSRC on 27 July 2015.

Beijing Public Security Bureau accepted the case on 13 April 2016. Besides, on 11 March 2016, in response to the report made by China Coop Mengda, Henan Bureau of CSRC (the “**Henan Bureau**”) required China Coop Mengda to provide further information for investigation; thereafter, Henan Bureau commenced investigation on the alleged default by the Lessee under the case. On 27 September 2016, China Coop Mengda received a letter stating that the Lessee was not in breach of any securities laws and regulations.

XICHENG DISTRICT PEOPLE’S COURT OF BEIJING CITY* (THE “XICHENG DISTRICT COURT”)

On 12 August 2015, China Coop Mengda initiated civil proceedings against the Lessee and 上海京文電子科技有限公司, the designated payor under the Finance Lease Agreements, at the Xicheng District Court in relation to the default of rental payments payable to China Coop Mengde pursuant to the Finance Lease Agreements. After examination, the Xicheng District Court has accepted the case. Afterwards, the Lessee challenged the jurisdiction of the Xicheng District Court and China Coop Mengde was informed to transfer the case to Henan Public Securities Authority. As the Company believes that this would exert significant impact on the adjudication of the case, China Coop Mengda made application to the Xicheng District Court for the withdrawal of the case on 15 December 2015 for strategic reasons.

With an aim to settle the disputes and considered the case has been accepted by the Beijing Public Securities Authority and for strategic reasons, China Coop Mengda reinitiated proceedings at the Xicheng District Court for the potential default on one of the Finance Lease Agreements on 14 July 2016. The Xicheng District Court has accepted the case.

As at the date of this announcement, the case is currently under investigation of the Beijing Public Security Bureau, while the proceedings of first instance of the case has been commenced by the Xicheng District Court.

The Company will make further announcement(s) to keep its shareholders and potential investors posted for any development in this regard as and when appropriate in compliance with the Listing Rules and the SFO.

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

Hong Kong, 31 October 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*