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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)

QUARTERLY UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

This announcement is made by National Agricultural Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A 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 (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 28 March 2017, 16 May 2017, 19 June 2017, 23 June 2017, 4 July 2017, 25 July 2017, 18 August 2017, 3 November 2017, 12 March 2018, 28 March 2018, 2 July 2018, 1 August 2018 and 9 August 2018 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements.

UPDATE ON IMPLEMENTATIONS OF THE RESUMPTION PROPOSAL AND SATISFYING THE RESUMPTION CONDITIONS

The following table sets forth a summary of key events occurred and an update on certain major pending events:

Key events	Status
Conduct comprehensive review of the internal control system of the Company to strengthen the Group’s internal control	The Board is in the process of finalising the terms of engagement of the internal control reviewer.
Announcement of the annual results for the financial year ended 31 December 2016 and annual results for the financial year ended 31 December 2017 (the “ Annual Results ”) and the notice of annual general meeting	The Auditor is taking steps to follow up with certain unresolved audit matters in the Forensic Report and is preparing the Annual Results.

It was originally expected that the Annual Results would be available in around October 2018. It is expected that additional time is required for the Company to publish the Annual Results.

The delay in publication of the Annual Results was mainly due to the unavailability of certain relevant records and the departure of various personnel involved who could not be located. The Company has been using its best endeavours to ascertain the relevant information despite the difficulties encountered due to lack of relevant records and departure of the relevant personnel. In addition, as referred in the Company's announcement dated 12 March 2018, RMB1.85 billion deposits (the "**Deposits**") were deposited at certain bank accounts of the Group and Mr. Chen Li Jun ("**Mr. Chen**"), the former chairman and an executive director of the Company, had provided an undertaking to the Board that he will use his best endeavours to ensure such Deposits shall remain in the relevant bank accounts until the Board shall have approved any use or transfer of the Deposits. Certain key issues identified by the Auditor in its audit work in this regard are summarised as follows:

- a) Although there was undertaking/representation provided by Mr. Chen, based on the relevant information available to the Auditor, RMB1.75 billion and RMB100 million were transferred out of the relevant bank accounts on 1 September 2017 and 4 September 2017 respectively. According to the ledger of Guonong Taifeng Agricultural Consulting Limited* (國農泰豐農業諮詢有限公司) ("**Guonong Taifeng**"), the Deposits had been used to purchase certain financial products on 30 September 2017. However, according to the bank slips inspected by the Auditor, the Auditor noted that RMB1.75 billion was transferred to Guangzhou Parko Investment Limited* (廣州百豪投資有限公司) ("**Guangzhou Parko**"), a subsidiary of Parko (Hong Kong) Limited which is the controlling shareholder of the Company, and RMB100 million was transferred to a bank account of Guonong Taifeng at the business department of Shijiazhuang branch of Bank of Beijing*(北京銀行石家莊分行營業部). The transfer of RMB100 million was not recorded in the ledger of Guonong Taifeng and had not been disclosed to the Auditor;
- b) The nature of the financial products in the aggregate amount of RMB1.85 billion had not yet been ascertained, and the existence and recoverability of the balance of RMB1.85 billion was in doubt;
- c) After reviewing the bank statements of Bank of Beijing, the Auditor noted that there were certain transactions transacted but were not recorded in the ledger of Guonong Taifeng, being payments to Guonong Taifeng from certain parties (including related parties of the Company) in the total amount of RMB1.75 billion, and payment by Guonong Taifeng to Guangzhou Parko in the amount of RMB1.85 billion. There might be other off-books transactions not recorded by the Group.

The Company has been using its best endeavours in ascertaining the relevant facts but has encountered various difficulties due to lack of relevant records and departure of relevant personnel. The Company will continue to investigate and resolve these matters and follow up and work on the material outstanding matters with the Auditor.

Further announcement(s) will be made by the Company to update the Shareholders on the development of the Annual Results as and when appropriate.

* *For identification only.*

BUSINESS OPERATIONS

The Company's business has been operating as usual during the period from July to September 2018. The Company is of the view that its operations have not been adversely affected by the delay in publication of the Annual Results.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in shares of the Company on the Stock Exchange will continue to suspend until further notice.

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

For and on behalf of
National Agricultural Holdings Limited
Ma Zhaohui
Chairman

Hong Kong, 31 October 2018

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Ma Zhaohui, Mr. Yang Ruisheng and Mr. Lei Zhen, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Fan William Chung Yue and Mr. Cheung Pak To, Patrick.