

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in National Agricultural Holdings Limited, you should hand this circular together with the accompanying form of proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



NATIONAL AGRICULTURAL HOLDINGS LIMITED

國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

- (1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATES;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in section headed "Definitions" in this circular. A letter from the Board is set out on pages 5 to 22 of this circular.

A notice convening the EGM to be held at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 10:00 a.m. on Wednesday, 31 December 2014 is set out on pages 59 to 62 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

12 December 2014

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DEFINITIONS

In this circular, unless the content otherwise requires, the following expressions have the following meanings:

“Announcements”	the announcements dated 20 November 2014 and 4 December 2014 made by the Company in relation to, among others, the Placing, the Co-Op Subscription and the Parko Subscription
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business during their normal business hours
“CCBI”	CCB International Capital Limited (建銀國際金融有限公司), a licensed corporation under the SFO permitted to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO
“China Coop Mengda”	China Coop Financial Leasing Co., Ltd* (中合盟達融資租賃有限公司), a limited liability company established in the PRC on 17 August 2012
“Company”	National Agricultural Holdings Limited (國農控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Co-Op Funds (V)”	China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership (中合供銷五期(上海)股權投資基金合伙企業(有限合伙)), a limited partnership established in the PRC
“Co-Op Subscription”	subscription of 100,000,000 Shares by Co-Op Funds (V) or its nominee(s) at the Share Subscription Price pursuant to the Co-Op Subscription Agreement
“Co-Op Subscription Agreement”	the subscription agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company and Co-Op Funds (V) in respect of the Co-Op Subscription

DEFINITIONS

“Co-Op Subscription Completion”	completion of the Co-Op Subscription in accordance with the terms and conditions of the Co-Op Subscription Agreement
“Co-Op Subscription Shares”	100,000,000 Shares to be issued and allotted by the Company to Co-Op Funds (V) or its nominee(s) under the Co-Op Subscription
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Convoy”	Convoy Investment Services Limited (康宏證券投資服務有限公司), a licensed corporation under the SFO permitted to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities for the purposes of the SFO
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving the Placing Agreement, the Co-Op Subscription Agreement, the Parko Subscription Agreement and the respective transactions contemplated thereunder
“Ever Harvest”	Ever Harvest Inc Limited (禾恒有限公司), a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, namely Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan Quinn, which has been formed to advise the Independent Shareholders in respect to the Placing Agreement and the Subscription Agreements and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Placing Agreement and the Subscription Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Parko
“Latest Practicable Date”	10 December 2014, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parko”	Parko (Hong Kong) Limited, a limited company incorporated in Hong Kong
“Parko Subscription”	subscription of a maximum of 192,074,400 Shares by Parko pursuant to the Parko Subscription Agreement
“Parko Subscription Agreement”	the subscription agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company and Parko in respect of the Parko Subscription
“Parko Subscription Completion”	completion of the Parko Subscription in accordance with the terms and conditions of the Parko Subscription Agreement
“Parko Subscription Shares”	up to a maximum of 192,074,400 Shares to be issued and allotted by the Company to Parko or its nominee(s) under the Parko Subscription
“Placee(s)”	investor(s) procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 82,928,000 Placing Shares by the Placing Agents, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agents”	CCBI and Convoy

DEFINITIONS

“Placing Agreement”	the conditional placing agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company and the Placing Agents in relation to the Placing
“Placing Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Placing Price”	HK\$3.0 per Placing Share
“Placing Share(s)”	up to 82,928,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Subscription Price”	the subscription price per Subscription Share which shall be equivalent to the Placing Price
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the Co-Op Subscription and the Parko Subscription
“Subscription Agreements”	collectively, the Co-Op Subscription Agreement and the Parko Subscription Agreement
“Subscription Share(s)”	an aggregate of a maximum of up to 292,074,400 new Share(s) to be subscribed under the Subscriptions
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* for identification purpose only

LETTER FROM THE BOARD



NATIONAL AGRICULTURAL HOLDINGS LIMITED
國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

Executive Directors:

Mr. Chen Li-Jun (*Chairman*)
Mr. Ren Hai
Mr. Peng Guojiang
Mr. Zhang Yuliang
Ms. Wen Yuanyi
Mr. Liu Yong

Registered office:

P.O. Box 309, Uglund House
Grand Cayman, KY1-1104
Cayman Islands

*Head office and principal place of business
in Hong Kong:*

Suites 1604-5, Prudential Tower,
Harbour City, 21 Canton Road,
Tsimshatsui, Kowloon, Hong Kong

Independent Non-executive Directors:

Ms. Chiu Kam-Hing Kathy
Mr. Ting Tit Cheung
Mr. Shum Wan Lung
Mr. Law Yee Kwan Quinn

12 December 2014

To the Shareholders

Dear Sir/Madam,

**(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATES**

I. INTRODUCTION

Reference is made to the Announcements. On 20 November 2014 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents have severally and conditionally agreed to procure Places, on a best effort basis, to subscribe for up to a maximum of 82,928,000 Placing Shares at the Placing Price of HK\$3.0 per Share. The Placing is subject to conditions set out below in the paragraph headed "Conditions of the Placing".

Reference is made to the announcement of the Company dated 27 October 2014 in relation to the memorandum of understanding entered into by the Company and China Co-Op Private Equity Funds Management (Shanghai) Co., Ltd. (中合供銷(上海)股權投資基金管理有限公司) ("**Co-Op Funds**") with regard to the possible subscription of Shares by a fund managed by Co-Op Funds or certain investor(s) to be introduced by Co-Op Funds.

LETTER FROM THE BOARD

On 20 November 2014 (after trading hours), the Company entered into the Co-Op Subscription Agreement with Co-Op Funds (V) pursuant to which Co-Op Funds (V) has conditionally agreed to subscribe or procure its nominee(s) to subscribe for and the Company has conditionally agreed to allot and issue 100,000,000 Shares at the Share Subscription Price of HK\$3.0 per Share. The Co-Op Subscription is subject to the conditions set out below in the paragraph headed “Conditions of the Co-Op Subscription”.

In addition, on 20 November 2014 (after trading hours), the Company also entered into the Parko Subscription Agreement with Parko pursuant to which Parko has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue such number of new Shares which is equivalent to 1.05 times of the aggregate number of the Co-Op Subscription Shares and the number of the Placing Shares actually placed under the Placing Agreement up to a maximum of 192,074,400 new Shares at the Share Subscription Price of HK\$3.0 per Share.

The Parko Subscription is subject to the conditions set out below in the paragraph headed “Conditions of the Parko Subscription”.

The aggregate of the maximum number of the Placing Shares and the Subscription Shares represents (i) approximately 25.8% of the existing issued share capital of the Company of 1,453,971,468 Shares as at the Latest Practicable Date; and (ii) approximately 20.5% of the issued share capital of the Company of 1,828,973,868 Shares as enlarged by the allotment and issuance of the maximum number of the Placing Shares and the Subscription Shares in aggregate (assuming there will be no other changes in the issued share capital of the Company). Completion of the Placing Agreement and the Co-Op Subscription Agreement are inter-conditional and shall take place simultaneously.

The Placing Shares and the Subscription Shares will be allotted and issued under specific mandates approved by ordinary resolutions to be proposed for passing by the Shareholders at the EGM. The general mandate of the Company will not be used for the issue of the Placing Shares and the Subscription Shares.

As at the Latest Practicable Date, Parko is a substantial shareholder which holds 741,801,292 Shares, representing approximately 51.02% of the issued share capital of the Company. Since Parko is a substantial shareholder and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules, the Parko Subscription will constitute a connected transaction for the Company and is subject to the announcement, reporting and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders’ approval for the Parko Subscription Agreement and allotment and issue of the Parko Subscription Shares under specific mandate at the EGM. For the purpose of promoting better corporate governance, the Company will also seek Independent Shareholders’ approval for the Co-Op Subscription Agreement and the Placing Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) further details of the Placing and the Subscriptions; (ii) a letter from the Independent Board Committee in relation to the Placing and the Subscriptions and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser in relation to the Placing and the Subscriptions and the transactions contemplated thereunder; and (iv) a notice convening the EGM.

LETTER FROM THE BOARD

II. PLACING

Date of the Placing Agreement

20 November 2014 (after trading hours) (as supplemented and amended by a supplemental agreement dated 4 December 2014)

Issuer

The Company

Placing Agents

CCB International Capital Limited (建銀國際金融有限公司)

Convoy Investment Services Limited (康宏證券投資服務有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the warrants held by CCB International Securities Limited (建銀國際證券有限公司) (a fellow subsidiary of CCBI) with purchase right to purchase 26,315,789 Shares (representing approximately 1.8% of the issued share capital of the Company as at the Latest Practicable Date), each of the Placing Agents is a third party independent of and is not connected with the Company and its connected persons. For the avoidance of doubt, CCB International Securities Limited and its associates did not hold any Shares as at the Latest Practicable Date.

Number of Placing Shares

CCBI and Convoy have severally and conditionally agreed to procure, on a best effort basis, Placees to subscribe for a total of up to a maximum of 82,928,000 Placing Shares who are to the best knowledge, information and belief of the Placing Agents, independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing and the Subscriptions. If any of the Placees becomes a new substantial shareholder of the Company after the completion of the Placing and the Subscriptions, further announcement will be made by the Company. In addition, if the number of Placees is less than six, the names of the Placees will be disclosed in the announcement of the Company according to Rule 13.28 of the Listing Rules.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with the other Shares in issue as at the date of the allotment and issue of the Placing Shares.

LETTER FROM THE BOARD

Placing Price

The Placing Price of HK\$3.0 per Placing Share represents:

- (i) a premium of approximately 13.2% to the closing price of HK\$2.65 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a premium of approximately 12.9% to the average closing price of approximately HK\$2.658 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Placing Agreement; and
- (iii) a premium of approximately 14.5% to the closing price of HK\$2.62 per Share as quoted on the Stock Exchange on the Latest Practicable Date, being 10 December 2014.

The Placing Price of HK\$3.0 per Share was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agents. The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing Agreement is conditional upon the fulfilment of the following conditions:

- (i) the listing committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares, and such listing approval not being subsequently revoked;
- (ii) the Independent Shareholders approving the Placing Agreement and the transactions contemplated thereunder at the EGM;
- (iii) the conditions precedent under the Co-Op Subscription Agreement having been fulfilled (save for the condition requiring the Placing Agreement to become unconditional) and completion of the Co-Op Subscription Agreement taking place in accordance with its terms simultaneously with the Placing Agreement; and
- (iv) no representation, warranty or undertaking under the Placing Agreement having been breached by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Placing Agreement.

LETTER FROM THE BOARD

If any of the conditions precedent under the Placing Agreement is not fulfilled on or before 31 March 2015 (save that the condition precedent sets out in paragraph (iii) above which shall take place simultaneously with the Placing Completion) or any of the conditions precedent (other than the condition precedent sets out in paragraph (ii) above (“**Placing Condition (ii)**”)) are not fulfilled within 1 month of the fulfilment of the Placing Condition (ii), whichever is the earlier, the Placing Agreement shall terminate with immediate effect and all obligations of each of the parties shall cease and no party shall have any claim against any other party in respect of the Placing Agreement, except for any antecedent breach under the Placing Agreement.

Placing Completion

Placing Completion will take place on the fifth Business Day immediately after the date on which all the conditions precedent under the Placing Agreement are fulfilled (or such other date as the Company and Placing Agents may agree in writing) (save that the condition set out in paragraph (iii) above which shall take place simultaneously with the Placing Completion). Completion of the Placing Agreement and the Co-Op Subscription Agreement are inter-conditional and shall take place simultaneously. If the Co-Op Subscription Agreement does not proceed to completion, the Placing Completion would not take place and both the Placing Agreement and the Co-Op Subscription Agreement will terminate in accordance with their respective terms.

III. CO-OP SUBSCRIPTION

Date of the Co-Op Subscription Agreement

20 November 2014 (after trading hours) (as supplemented and amended by a supplemental agreement dated 4 December 2014)

Issuer

The Company

Subscriber

China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership (中合供銷五期(上海)股權投資基金合伙企業(有限合伙)), which is an investment fund established by Co-Op Funds which is principally engaged in the investment in the supply and marketing cooperatives industry.

LETTER FROM THE BOARD

The Co-Op Subscription

Pursuant to the Co-Op Subscription Agreement, Co-Op Funds (V) has conditionally agreed to subscribe or procure its nominee(s) to subscribe for and the Company has conditionally agreed to allot and issue 100,000,000 Shares at the Share Subscription Price which shall be equivalent to the Placing Price. The Co-Op Subscription Shares represents (i) approximately 6.9% of the existing issued share capital of the Company of 1,453,971,468 Shares as at the date of the Latest Practicable Date; and (ii) approximately 5.5% of the issued share capital of the Company of 1,828,973,868 Shares as enlarged by the allotment and issuance of the maximum number of the Placing Shares and the Subscription Shares in aggregate (assuming that there will be no other changes in the issued shares capital of the Company).

Ranking of the Co-Op Subscription Shares

The Co-Op Subscription Shares will rank pari passu in all respects with the other Shares in issue as at the date of the allotment and issue of the Co-Op Subscription Shares.

Conditions of the Co-Op Subscription

Completion of the Co-Op Subscription Agreement is conditional upon the fulfilment of the following conditions:

- (i) the listing committee of the Stock Exchange granting the listing of and permission to deal in the Co-Op Subscription Shares, and such listing approval not being subsequently revoked;
- (ii) the Independent Shareholders approving the Co-Op Subscription Agreement and the transactions contemplated thereunder at the EGM;
- (iii) the conditions precedent under the Placing Agreement having been fulfilled (save for the condition requiring the Co-Op Subscription Agreement to become unconditional) and completion of the Placing Agreement taking place in accordance with its terms simultaneously with the Co-Op Subscription Agreement;
- (iv) no representation, warranty or undertaking under the Co-Op Subscription Agreement having been breached by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Co-Op Subscription Agreement; and

LETTER FROM THE BOARD

- (v) Co-Op Funds (V) having obtained such approval and completed such filings and registrations with the relevant PRC governmental authorities as required in accordance with the relevant applicable laws in the PRC for the execution, delivery and completion of the Co-Op Subscription Agreement and the performance of its obligations pursuant to the Co-Op Subscription Agreement.

If any of the conditions precedent under the Co-Op Subscription Agreement is not fulfilled on or before 31 March 2015 (save that the condition precedent sets out in paragraph (iii) above which shall take place simultaneously with the Co-Op Subscription Completion) or the conditions precedent (other than the condition precedent sets out in paragraph (ii) above (“**Co-Op Subscription Condition (ii)**”)) are not fulfilled within 1 month of the fulfilment of the Co-Op Subscription Condition (ii), whichever is the earlier, the Co-Op Subscription Agreement shall terminate with immediate effect and all obligations of each of the parties shall cease and no party shall have any claim against any other party in respect of the Co-Op Subscription Agreement, except for any antecedent breach under the Co-Op Subscription Agreement.

Co-Op Subscription Completion

Co-Op Subscription Completion will take place on the fifth Business Day immediately after the date on which all the conditions precedent under the Co-Op Subscription Agreement are fulfilled (or such other date as the Company and Co-Op Funds (V) may agree in writing) (save that the condition set out in paragraph (iii) above which shall take place simultaneously with the Co-Op Subscription Completion).

Upon the Co-Op Subscription Completion, Co-Op Funds (V) or its nominee(s) will be interested in approximately 5.5% of the total issued share capital of the Company as enlarged by the allotment and issue of the maximum number of the Placing Shares and the Subscription Shares (assuming that there will be no other changes in the issued share capital of the Company).

Completion of the Co-Op Subscription Agreement and the Placing Agreement are inter-conditional and shall take place simultaneously. If the Placing Agreement does not proceed to completion, the Co-Op Subscription Completion would not take place and both the Placing Agreement and the Co-Op Subscription Agreement will terminate in accordance with their respective terms.

LETTER FROM THE BOARD

IV. PARKO SUBSCRIPTION

Date of the Parko Subscription Agreement

20 November 2014 (after trading hours) (as supplemented and amended by a supplemental agreement dated 4 December 2014)

Issuer

The Company

Subscriber

Parko (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company which holds 741,801,292 Shares, representing approximately 51.02% of the issued share capital of the Company as at the Latest Practicable Date.

The Parko Subscription

Pursuant to the Parko Subscription Agreement, Parko has conditionally agreed to subscribe or procure its nominee(s) to subscribe for and the Company has conditionally agreed to allot and issue such number of new Shares equivalent to 1.05 times of the aggregate number of the Co-Op Subscription Shares and the number of the Placing Shares actually placed under the Placing Agreement up to a maximum of 192,074,400 new Shares at the Share Subscription Price, which shall be equivalent to the Placing Price.

Ranking of the Parko Subscription Shares

The Parko Subscription Shares will rank *pari passu* in all respects with the other Shares in issue as at the date of the allotment and issue of the Parko Subscription Shares.

Conditions of the Parko Subscription

Completion of the Parko Subscription Agreement is conditional upon the fulfilment of the following conditions:

- (i) the listing committee of the Stock Exchange granting the listing of and permission to deal in the Parko Subscription Shares, and such listing approval not being subsequently revoked;
- (ii) the Independent Shareholders approving the Parko Subscription Agreement and the transactions contemplated thereunder at the EGM;

LETTER FROM THE BOARD

- (iii) no representation, warranty or undertaking under the Parko Subscription Agreement having been breached by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Parko Subscription Agreement; and
- (iv) Parko having obtained such approval and completed such filings and registrations with the relevant PRC governmental authorities as required in accordance with the relevant applicable laws in the PRC for the execution, delivery and completion of the Parko Subscription Agreement and the performance of its obligations pursuant to the Parko Subscription Agreement.

If any of the conditions precedent under the Parko Subscription Agreement is not fulfilled on or before 31 March 2015 or the conditions precedent (other than condition precedent set out in paragraph (ii) above (“**Parko Subscription Condition (ii)**”)) are not fulfilled within 1 month of the fulfilment of the Parko Subscription Condition (ii), whichever is the earlier, the Parko Subscription Agreement shall terminate with immediate effect and all obligations of each of the parties shall cease and no party shall have any claim against any other party in respect of the Parko Subscription Agreement, except for any antecedent breach under the Parko Subscription Agreement.

Parko Subscription Completion

Parko Subscription Completion will take place on the fifth Business Day immediately after the date on which all the conditions precedent under the Parko Subscription Agreement are fulfilled (or such other date as the Company and Parko may agree in writing).

Upon the Parko Subscription Completion, Parko will be interested in approximately 51.06% of the total issued share capital of the Company as enlarged by the issuance of the maximum number of the Placing Shares and the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company).

V. GENERAL

Information of the Group

The Group is principally engaged in businesses which include rural finance, agricultural product trading, urbanisation planning, operating and managing; research, development and distribution of software, and provision of related software maintenance, usage and information services.

LETTER FROM THE BOARD

Specific mandates

The Placing Shares and Subscription Shares will be allotted and issued under specific mandates to allot, issue and deal with Shares by ordinary resolution(s) to be proposed for passing by the Independent Shareholders at the EGM as Parko is a substantial shareholder of the Company. The general mandate of the Company will not be used for the issue of the Placing Shares and Subscription Shares.

Implications of the Listing Rules

As at the Latest Practicable Date, Parko is a substantial shareholder which holds 741,801,292 Shares, representing approximately 51.02% of the issued share capital of the Company. Since Parko is a substantial shareholder and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules, the Parko Subscription will constitute a connected transaction for the Company and is subject to the announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the Placing, the Parko Subscription, the Co-Op Subscription and the respective transactions contemplated thereunder.

A notice convening the EGM to be held at Suites 1604–5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 10:00 a.m. on Wednesday, 31 December 2014 is set out on pages 59 to 62 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Placing and the Subscriptions shall abstain from voting on the resolution(s) to approve the Placing and the Subscriptions and respective transactions contemplated thereunder at the EGM. Parko will abstain from voting on the relevant resolution(s) at the EGM accordingly. Save for Parko, to the best of knowledge, information and belief of the Directors, no other Shareholder has a material interest in the transactions contemplated under the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the Placing and the Subscriptions and the respective transactions contemplated thereunder at the EGM.

The ordinary resolutions to approve the Placing Agreement, Co-Op Subscription Agreement, Parko Subscription Agreement and the transactions contemplated thereunder at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

LETTER FROM THE BOARD

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement. In addition, as approved by the Independent Board Committee, Altus Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and Subscription Shares.

VI. USE OF PROCEEDS AND THE REASONS FOR THE PLACING, THE CO-OP SUBSCRIPTION AND THE PARKO SUBSCRIPTION

Assuming the maximum Placing Shares and Subscription Shares are placed and subscribed for, the gross proceeds raised from the Placing and the Subscriptions will be approximately HK\$1,125 million. After taking into account the estimated expenses in relation to the Placing and the Subscriptions, the estimated net proceeds from the Placing and the Subscriptions will be approximately HK\$1,118.5 million, representing a net issued price of HK\$2.98 per Placing Share or Subscription Share.

The Company currently intends to apply such net proceeds in the following manner:

- approximately 10.4% (or approximately HK\$116 million) for the further capital injection into China Coop Mengda by Ever Harvest pursuant to and for the performance of the capital contribution agreement dated 14 August 2014 entered into between Ever Harvest and China Coop Mengda, to enhance its capability to take on general leasing and financial leasing business. According to the Measures on Administration of Investment of Foreign Enterprises in Leasing Business (外商投資租賃業管理辦法), China Coop Mengda is only allowed to engage in general leasing and financial leasing projects with a maximum aggregate leasing value of about 10 times of its net asset value. This has restricted China Coop Mengda to take on leasing transactions of higher leasing value thus has limited its capability to capture the market opportunities driven by the increasing demand of finance leasing of movable properties in the PRC. Increasing the registered capital of China Coop Mengda through the capital injection by Ever Harvest within the range of RMB200,000,000 to RMB391,124,000 could raise the maximum aggregate leasing value that China Coop Mengda could engage in, therefore providing a gateway for it to generate more revenue for the Group. It is currently expected that, subject to completion of the Placing and the Subscriptions, the further capital injection into China Coop Mengda will be made in the first half of 2015. Such capital injection into China Coop Mengda will be used as funding for the

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purchase of assets for leasing to its customers. As at the Latest Practicable Date, the aggregate leasing value of financial leasing projects that China Coop Mengda was engaging in or negotiating amounted to not less than RMB4.6 billion. It is necessary for China Coop Mengda to increase such amount of registered capital so as to capture these opportunities should they materialise. For further information, please refer to the announcement of the Company dated 14 August 2014 relating to such proposed further capital injection into China Coop Mengda;

- approximately 86.8% (or approximately HK\$971.4 million) for the development of the agricultural products trading business in cooperation with Guangzhou Commodity Exchange Limited (廣州商品交易所有限公司) (“**Guangzhou Commodity Exchange**”) (for further information of Guangzhou Commodity Exchange, please refer to the announcement of the Company dated 4 June 2014):
 - approximately 43.4% (or approximately HK\$485.7 million) for the acquisition of land and/or warehouse(s) and the building and/or renovation of about 20 to 30 warehouses with total gross floor area of around 20,000 to 30,000 square metres in Guangzhou and such other regions in China for the storage of agricultural products, such as tea leaves, chemical fertilizers, Chinese traditional medicines and fruits for settlement, custody and tax clearance purposes. The Company has identified certain land and warehouses in Guangzhou, however no legally binding agreement has been entered into by the Company as at the Latest Practicable Date. The Company currently plans to buy and/or build 20 warehouses for the storage of tea leaves and chemical fertilizers in around six months to one year after the acquisition of land and/or warehouse(s);
 - approximately 34.7% (or approximately HK\$388.6 million) for the acquisition of land and/or building(s) and the establishment of two trading centres for trading of agricultural products and rural land property rights in Guangzhou and Hebei Province respectively. Each trading centre consists of trading town halls, showrooms, back office, company storage rooms and electronic equipments. It is expected that the gross floor area of each trading centre will be about 5,000 sq. m. As at the Latest Practicable Date, the Company was in the process of identifying suitable land and/or building(s) for the establishment of the two trading centres and it currently plans to commence the establishment of the two trading centres in around six months after the acquisition of land and/or building(s); and

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- approximately 8.7% (or approximately HK\$97.1 million) for the development of online transaction management system for the trading platforms of agricultural products and rural land property rights in around end of 2014 or the first half of 2015, including the purchase of softwares, hardwares and server systems; and
- approximately 2.8% (or approximately HK\$31.1 million) for the funding of such other new investments which the Group may from time to time identify and for general working capital purposes.

In the event that the net proceeds from the Placing and the Subscription are below the high-end of HK\$1,125 million, the amounts intended to be used for such purposes set forth above will be adjusted according to the actual amount of proceeds raised. The Company currently intends to apply the net proceeds in the following order for those business plans which shall materialise: (a) firstly, further capital injection into China Coop Mengda; (b) secondly, acquisition of land/or building(s) and the construction of warehouses for storage of tea leaves and chemical fertilizers; (c) thirdly, acquisition of land and/or buildings and the construction of warehouses for storage of Chinese traditional medicines and fruits; (d) fourthly, acquisition of land and/or building(s) and the construction of trading centres for the trading of agricultural products and rural land property rights; and (e) lastly, the other uses as set forth above.

For illustration purposes, (i) in the event that the net proceeds of the Placing and the Subscriptions are above HK\$1,000 million but below HK\$1,125 million, approximately HK\$116 million will be used for further capital injection into China Coop Mengda and a maximum of approximately HK\$971.4 million will be used for the development of agricultural products trading business in cooperation with the Guangzhou Commodity Exchange, and the remainder (if any) will be used for general working capital purposes; (ii) in the event that the net proceeds of the Placing and the Subscriptions are above HK\$500 million but below HK\$1,000 million, approximately HK\$116 million will be used for further capital injection into China Coop Mengda, a maximum of approximately HK\$485.7 million will be used for the acquisition of land and/or warehouses(s) and the building and/or renovation of warehouses for the storage of agricultural products, a maximum of approximately HK\$388.6 million (if any) will be served for acquisition of land and/or buildings and the establishment of trading centre(s) for trading of agricultural products and rural land property rights and the remainder (if any) will be serve for the development of online transaction management system for the trading platforms of agricultural products and rural land property rights; and (iii) in the event that the net proceeds of the Placing and the Subscriptions are below HK\$500 million, approximately HK\$116 million will be used for further capital injection into China Coop Mengda and the remainder (if any) will be served for the development of the acquisition of land and/or warehouses(s) for storage of tea leaves and chemical fertilizers.

The Company will comply with the applicable announcement, reporting and shareholders' approval requirements of the Listing Rules in the event that any of the aforementioned transactions constitutes a notifiable transaction of the Company.

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As disclosed in the announcement dated 22 October 2014 issued by the Company, the Company raised net proceeds of approximately HK\$370 million from the Placing and the Subscription (as defined therein). In order to raise additional funds to implement the business plans of the Company as set forth above, the Directors consider that it is in the interests of the Company to raise additional capital by the Placing and the Subscriptions.

Furthermore, the Directors are of the view that the Co-Op Subscription, if materialised, could demonstrate the support of All China Federation of Supply and Marketing Cooperatives (中華全國供銷合作總社) to the development of the Company which will enable to Company to capture opportunities for its future growth.

The Directors have also considered other ways of fund raising such as debt financing, bank borrowing, rights issue or open offer. As regards to debt financing and bank borrowing, having considered that it would increase the gearing level of the Group and the interest expenses and finance costs would impose additional financial burden to the Group's future cash flow, the Board considered that such fund raising method is currently not the most appropriate method to the Group. As regards to the viability of a rights issue or an open offer, given that there was a change of control of the Company in October 2013 thus the Company would be unable to demonstrate to potential investors or underwriter(s) of rights issue a proven track record for a considerable period of time, the Directors consider that they may have difficulty to find an independent underwriter in Hong Kong which is interested to underwrite a rights issue or open offer of the Company to raise the proposed amount of funds. The Directors consider that even if such an independent underwriter were identified, the rights issue or open offer would incur costly underwriting commission and the process would be relatively time consuming.

The Directors consider that the Parko Subscription reflects the confidence and commitment of Parko, the controlling shareholder of the Company, towards the long-term and sustainable development of the Company, and that the continuing support of the controlling shareholder of the Company is crucial to ensure the business stability and long-term development of the Group.

In light of the above, the Board is of the view that the Placing and the Subscriptions are the most appropriate fund raising method and are beneficial to the Company.

Overall, the Directors (including the Independent Board Committee having taken into account the advice of the Independent Financial Adviser), after taking into account the factors and reasons disclosed above, consider that the terms of the Placing Agreement, the Co-Op Subscription Agreement and the Parko Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mr. Chen Li-Jun and Mr. Peng Guojiang are the directors of Parko and have material interest in the Parko Subscription, and they have abstained from voting on the resolutions in respect of approving the Placing and Subscriptions at the Board meeting.

LETTER FROM THE BOARD

VII. FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

Date of announcement/ circular	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
16 August 2013, 13 September 2013, 19 November 2013 and 28 January 2014	The Company issued convertible bonds (“ Convertible Bonds ”) in the principal amount of approximately HK\$151 million to Parko on 19 November 2013. On 28 January 2014, Parko fully exercised the Convertible Bonds and the Company allotted and issued a total of 79,477,642 shares of HK\$0.10 each (representing 317,910,568 Shares after the share subdivision) as a result of the conversion.	Approximately HK\$148 million	For funding of new investments which the Group may from time to time identify and for general working capital purposes.	<p>(i) Approximately HK\$88 million was used for the capital contribution for the investment in China Coop Mengda on 4 June 2014 (please refer to the circular issued by the Company on 6 June 2014 (“June 2014 Circular”) for further details relating to China Coop Mengda); and</p> <p>(ii) Approximately HK\$44 million is expected to be used for funding the investment in the new joint venture focusing on the provision of agricultural financial services as disclosed in the June 2014 Circular and approximately HK\$16 million is expected to be used for such other new investment(s) which the Group may from time to time identify and general working capital purposes.</p>

LETTER FROM THE BOARD

Date of announcement/ circular	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
14 August 2014, 3 September 2014, 26 September 2014, 16 October 2014 and 22 October 2014	The Company (i) issued an aggregate of 61,298,000 Shares to not less than six placees at the placing price of HK\$3.0 per Share pursuant to the placing agreement dated 14 August 2014 entered into between the Company and certain placing agents; and (ii) issued 64,392,900 Shares to Parko at the subscription price of HK\$3.0 per Share pursuant to the subscription agreement dated 14 August 2014 entered into between the Company and Parko.	Approximately HK\$370 million	For further capital contribution into China Coop Mengda and the remainder (if any) for the development of the acquisition of land and/or warehouse(s) for storage of tea leaves and chemical fertilisers.	As on the Latest Practicable Date, the net proceeds raised have not been utilised.

Save as disclosed above, the Company has not conducted any capital raising activities in the 12 months immediately before the Latest Practicable Date.

LETTER FROM THE BOARD

VIII. EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Placing and the Subscriptions is as follows (assuming there will not be any change in the issued share capital of the Company save for those disclosed herein):

Name of Shareholders	At the Latest Practicable Date		Immediately after the issuance of the Placing Shares and the Subscription Shares <i>(Note 1)</i>	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Parko	741,801,292	51.02	933,875,692	51.06
Co-Op Funds (V) together with the Placee(s)	–	–	182,928,000	10.00
Mr. Chou Shih Chung	91,792,000	6.31	91,792,000	5.03
Other public shareholders	620,378,176	42.67	620,378,176	33.91
Total	1,453,971,468	100.00	1,828,973,868	100.00

Note 1: Assuming that the maximum number of the Placing Shares and Subscription Shares will be issued.

IX. RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement are fair and reasonable and the entering into of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution(s) to approve the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder, including the issue of Placing Shares and Subscription Shares under specific mandates. The text of the letter from Independent Board Committee is set out on pages 23 to 24 of this circular.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

* *for identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement the transactions contemplated thereunder:



NATIONAL AGRICULTURAL HOLDINGS LIMITED 國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

12 December 2014

To the Independent Shareholders

Dear Sir or Madam,

(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATES

We refer to the circular dated 12 December 2014 (the “Circular”) to the shareholders of the Company of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

As the independent non-executive Directors who are independent of the parties to the Parko Subscription Agreement and the transactions contemplated thereunder, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the respective terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the respective terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 22 of the Circular, and the letter of advice from the Independent Financial Adviser, as set out on pages 25 to 50 of the Circular, both of which provide details of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder. Having considered the advice rendered by the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) which will be proposed at the EGM to approve the respective terms of the Placing Agreement, Co-Op Subscription Agreement and Parko Subscription Agreement and the transactions contemplated thereunder, including the issue of Placing Shares and Subscription Shares under the specific mandates.

Yours faithfully,
For and on behalf of

Independent Board Committee

Chiu Kam Hing Kathy
Independent
non-executive Director

Ting Tit Cheung
Independent
non-executive Director

Shum Wan Lung
Independent
non-executive Director

Law Yee Kwan Quinn
Independent
non-executive Director

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Placing Agreement and the Subscription Agreements which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED

21 Wing Wo Street
Central, Hong Kong

12 December 2014

*To the Independent Board Committee and
the Independent Shareholders*

National Agricultural Holdings Limited
Suites 1604-05
Block 3, Prudential Tower
Harbour City, 21 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Dear Sirs,

**(1) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATES**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Placing of new Shares to Placees via Placing Agents under the Placing Agreement; (ii) the subscription of new Shares by Co-Op Funds (V) or its nominee(s) under the Co-Op Subscription Agreement; and (iii) the subscription of new Shares by Parko, the controlling Shareholder of the Company, under the Parko Subscription Agreement. Details of the Placing Agreement, the Co-Op Subscription Agreement and the Parko Subscription Agreement are set out in the "Letter from the Board" contained in the circular of the Company dated 12 December 2014 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in the Circular unless the context requires otherwise.

On 20 November 2014 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement (as supplemented and amended by a supplemental agreement dated 4 December 2014) pursuant to which the Placing Agents have severally and conditionally agreed to procure, on a best effort basis, Placees (who are to the best knowledge, information and belief of the Placing Agents, independent of and not

LETTER FROM ALTUS CAPITAL

connected with any of the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates) to subscribe for up to a maximum of 82,928,000 Placing Shares at the Placing Price of HK\$3 per Placing Share. The Placing is subject to conditions set out in the section headed “Conditions of the Placing” of the “Letter from the Board” of the Circular.

On 20 November 2014 (after trading hours), the Company entered into the Co-Op Subscription Agreement with Co-Op Funds (V) (as supplemented and amended by a supplemental agreement dated 4 December 2014), pursuant to which Co-Op Funds (V) has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, and the Company has conditionally agreed to allot and issue 100,000,000 Co-Op Subscription Shares at the Share Subscription Price of HK\$3.0 per Co-Op Subscription Share. The Co-Op Subscription is subject to conditions set out in the section headed “Conditions of the Co-Op Subscription” of the “Letter from the Board” of the Circular.

On 20 November 2014 (after trading hours), the Company entered into the Parko Subscription Agreement with Parko (as supplemented and amended by a supplemental agreement dated 4 December 2014), pursuant to which Parko has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue such number of new Subscription Shares equivalent to 1.05 times of the aggregate number of the Co-Op Subscription Shares and the Placing Shares actually placed under the Placing Agreement up to a maximum of 192,074,400 new Subscription Shares at the Share Subscription Price of HK\$3.0 per Share. The Parko Subscription Agreement is subject to conditions set out in the section headed “Conditions of the Parko Subscription” of the “Letter from the Board” of the Circular.

Assuming the maximum number of Placing Shares and Subscription Shares are placed and subscribed for, the gross proceeds from the Placing and Subscriptions are expected to be approximately HK\$1,125 million. The net proceeds of the Placing and the Subscriptions (after deducting related placing commissions, professional fees and related expenses which will be borne by the Company) are expected to be approximately HK\$1,118.5 million, representing a net issued price of HK\$2.98 per Placing Share or Subscription Share. Details of the intended use of the net proceeds from the Placing and the Subscriptions are set out in the section headed “Use of proceeds and the reasons for the Placing, the Co-Op Subscription and the Parko Subscription” of the “Letter from the Board” of the Circular.

Since completion of the Placing Agreement and the Co-Op Subscription Agreement are inter-conditional and shall take place simultaneously, specific mandates will be sought from the Independent Shareholders at the EGM. A specific mandate will also be sought from the Independent Shareholders for the Parko Subscription Agreement. The specific mandates will allow the Company to allot, issue and deal with Shares by ordinary resolutions to be proposed at the EGM in accordance with the Listing Rules. The general mandate of the Company will not be used for the issue of the Placing Shares and/or the Subscription Shares.

LETTER FROM ALTUS CAPITAL

As at the Latest Practicable Date, Parko is a controlling shareholder which holds 741,801,292 Shares, representing approximately 51.02% of the issued share capital of the Company. Since Parko is a controlling shareholder and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules, the Parko Subscription will constitute a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As disclosed in the "Letter from the Board" of the Circular, Parko will abstain from voting at the EGM to consider and approve the resolutions relating to the Parko Subscription Agreement, Placing Agreement and Co-Op Subscription Agreement.

Altus Capital Limited acted as independent financial adviser for the Company in relation to the transactions that formed the Previous Issuance, as laid out in the circular of the Company dated 3 September 2014. Save for the aforesaid engagement, Altus Capital Limited has not acted as an independent financial adviser for the Company's other transactions in the last two years from the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on this transaction is at a market level and is not conditional upon successful passing of the resolution, and that our engagement is on normal commercial terms, Altus Capital Limited is independent of the Company.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Chiu Kam Hing, Kathy, Mr. Ting Tit Cheung, Mr. Shum Wan Lung and Mr. Law Yee Kwan, Quinn has been established to advise the Independent Shareholders as to (i) whether the Placing Agreement and the Subscription Agreements are entered into in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Placing Agreement and the Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM to approve the transactions as contemplated under the Placing Agreement and the Subscription Agreements.

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the Placing Agreement and the Subscription Agreements are entered into in the ordinary and usual course of business of the Group and are in the interests of Company and the Shareholders as a whole; (ii) whether the terms of the Placing Agreement and the Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the EGM to approve the transactions as contemplated under the Placing Agreement and the Subscription Agreements.

LETTER FROM ALTUS CAPITAL

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Information of the Group

1.1 *Recent change in control of the Company*

On 11 October 2013, the Company successfully completed a share purchase agreement, pursuant to which the vendors sold and Parko acquired 87,250,000 shares (of HK\$0.10 each) of the Company in aggregate (representing approximately 34.54% of the then issued share capital of the Company).

Consequently, Parko made a mandatory conditional general cash offer for all the then issued shares of the Company (other than those already owned or agreed to be acquired by Parko and parties acting in concert with it) pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Cash Offer**”). Following the completion of the Cash Offer on 12 November 2013, Parko and parties acting in concert with it were interested in an aggregate of 138,259,200 shares (of HK\$0.10 each) of the Company, representing approximately 54.73% of the total issued share capital of the Company as at 12 November 2013.

1.2 *Principal activities of the Group*

Up until the abovementioned change in control of the Company in October 2013, the principal activities of the Company and its subsidiaries were the research, development and distribution of software and provision of related maintenance, and usage and information services in the PRC.

LETTER FROM ALTUS CAPITAL

Parko stated in the composite offer document for the Cash Offer issued jointly by Parko and the Company on 15 October 2013 that it intended to continue the existing business of the Company and would explore other business opportunities and consider whether any assets and/or business acquisitions by the Group would be appropriate in order to enhance its growth.

In respect of exploring other business opportunities, during the current financial year the Group has entered into several agreements whereby the Group has expanded its business scope and sought to establish a foothold in the rural agricultural financial leasing business, the agricultural products trading business and the rural land property right transfer business, more details of which are set out below.

As disclosed in the interim report of the Company for the six months ended 30 June 2014 (the “**2014 Interim Report**”), in March 2014 the Group entered into two joint venture agreements through its wholly-owned subsidiary, Ever Harvest Inc. Limited (禾恒有限公司) (“**Ever Harvest**”). A joint venture agreement was entered into with Xinyuan Taifeng Agricultural Asset Management (Beijing) Company Limited (新源泰豐農業資產管理(北京)有限公司) pursuant to which Ever Harvest undertook to make a capital contribution of RMB35.5 million to the joint venture, which focuses on the provision of agricultural financial services, in particular finance and payment services. Pursuant to another joint venture agreement, entered into with the shareholders of China Coop Mengda, Ever Harvest agreed to make a capital contribution of RMB70.0 million to China Coop Mengda, a company which focuses on the provision of agricultural financial services, including financial leasing, general leasing, acquisition of leasing properties, treatment and maintenance of leasing properties and the provision of consultancy and guarantee services in leasing transactions.

Ever Harvest entered into a further capital contribution agreement with China Coop Mengda on 14 August 2014, as announced by the Company on that day, pursuant to which Ever Harvest agreed to provide further capital contribution to China Coop Mengda in the range of RMB200 million to approximately RMB391 million to enhance its leasing capacity and enable it to generate greater revenue for the Group.

Furthermore, the Group entered into a cooperation framework agreement dated 4 June 2014 with Guangzhou Exchange Group Co., Ltd. (“**Guangzhou Exchange Group**”) whereby it was granted an exclusive right to cooperate with Guangzhou Exchange Group on a nationwide basis in relation to the agricultural products trading business and rural land property rights transfer business.

As disclosed in the 2014 Interim Report and an announcement issued by the Company dated 24 September 2014, the Group is also in the process of trialling and developing its “Nonghuitong” (農匯通) system, an innovative financial services platform for rural and agricultural areas, in partnership with Guangzhou UnionPay Network Payment Co., Ltd. (廣州銀聯網絡支付有限公司).

Going forward, as disclosed in an announcement issued by the Company dated 2 December 2014, the Company entered into a memorandum of understanding with China National Agricultural Means of Production Group Corporation in relation to the possible

LETTER FROM ALTUS CAPITAL

acquisition by the Company of equity interest in Sino-agri Agricultural Machinery Holdings Company Limited, which, through its subsidiaries, is principally engaged in the manufacturing and sales of agricultural machinery and the provision of after-sales and maintenance services in the PRC.

As can be seen above, since the change in control in October 2013, the Group has expanded its business scope where the Group is now principally engaged in rural financial services, trading in agricultural means of production, urbanisation development and financial information services and software terminal operations. It is also evident that such expansion necessitates capital injections on the part of the Group.

1.3 *Recent fund-raising activities*

i) Convertible bonds

On 19 November 2013, in accordance with a subscription agreement dated 15 July 2013, Parko subscribed for the convertible bonds of the Company (the “**Convertible Bonds**”) in the amount of HK\$151,007,520. As disclosed in the circular of the Company dated 13 September 2013, subscription for the Convertible Bonds was carried out as part of the acquisition of the controlling shareholding of the Company by Parko, and was partly undertaken to provide the Group with the resources required to further research and develop potential products which had not yet entered their profit-generating stages.

On 28 January 2014, the Company received conversion notice from Parko in respect of the full conversion of all of the Convertible Bonds in the principal amount of HK\$151,007,520. As a result of this conversion, the Company allotted and issued a total of 79,477,642 Shares (of HK\$0.10 each) of the Company to Parko on 28 January 2014. Immediately after the issue and allotment of 79,477,642 Shares (of HK\$0.10 each) to Parko, Parko transferred a total of 26,911,855 Shares (of HK\$0.10 each) of the Company to third parties.

ii) The Previous Issuance

As laid out in the circular of the Company dated 3 September 2014 (the “**Previous Issuance Circular**”), on 14 August 2014 the Company entered into (i) a placing agreement with placing agents to place a maximum of 243,900,000 shares to independent third parties at a placing price within the range of HK\$2.80 to HK\$3.28 per share; and (ii) a subscription agreement with Parko to subscribe for a number of shares equivalent to 1.05 times the amount of shares to be placed under the placing agreement at a price equivalent to the placing price. As such, the maximum net proceeds to be obtained from proceeds amounted to approximately HK\$1,619 million (based on maximum placing price and maximum number of shares placed).

As disclosed in the Company’s announcement of 22 October 2014, on that day the Company (i) placed an aggregate of 61,298,000 Shares to Independent Third Parties at a price of HK\$3.0 per Share under specific mandate; and (ii) issued 64,362,900 subscription shares to Parko at a price of HK\$3.0 per subscription Share

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under specific mandate (together the “**Previous Issuance**”). The net proceeds from the Previous Issuance amounted to approximately HK\$369.7 million, representing a net issued price of approximately HK\$2.94 per Share, thereby falling short of the maximum possible net proceeds of the placing and the subscription. According to the Management, this was caused by the time-consuming administrative procedures of certain potential investors which meant that despite being willing to invest, they were not able to participate in the placing. At the time, the Management considered that awaiting the approval of such investors’ investment approval procedures would have entailed certain risks, such as the withdrawal of investors who had already subscribed to the Previous Issuance. As a result, the Management considered it was preferable to carry out the Previous Issuance and subsequently enter into the Placing Agreement and the Subscription Agreements upon being informed that certain investors had obtained approval for such investment.

1.4 Financial information of the Group

Recent financial information of the Group is of limited use when considering the Group’s current outlook due to the recent expansion of the Group’s business scope and the sizeable investments recently made into joint ventures and projects which may have not yet entered their major profit-generating stages. Notwithstanding this, for illustrative purposes we have set out a summary of financial highlights of the Group for the two years ended 31 December 2012 and 2013 as extracted from the annual report of the Group for the year ended 31 December 2013 (the “**2013 Annual Report**”) and the six months ended 30 June 2014, as extracted from the 2014 Interim Report.

	Year ended 31 December		Six months ended 30 June	
	2012	2013	2013	2014
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	105,747	95,659	47,021	53,442
Gross profit	75,628	67,217	32,670	39,440
Profit for the year/(loss)	4,765	(25,961)	(6,528)	(5,436)
				As at 30
		As at 31 December		June
		2012	2013	2014
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
		(audited)	(audited)	(unaudited)
Cash and cash equivalents		130,061	180,020	184,209
Net asset value		158,452	170,214	335,904

Source: 2013 Annual Report and 2014 Interim Report

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For the year ended 31 December 2013

According to the 2013 Annual Report, the PRC stock market experienced a correction throughout 2013. Given the close correlation between the financial services sector and the condition of the securities markets in the PRC, the enthusiasm and confidence of stock investors was dampened by the market downturn in the PRC, which in turn negatively affected the demand for financial information services. Consequently, the number of the Group's financial services clients declined in 2013 and in turn, affected the software sales. For the year ended 31 December 2013, the Group reported a turnover of approximately RMB95.7 million, representing a decrease of approximately 9.5% as compared to the previous year. Consequently, gross profit decreased by approximately 11.1% to approximately RMB67.2 million.

As shown in the 2013 Annual Report, for the year ended 31 December 2013 the amount recorded under (i) the other income; (ii) the selling and distribution costs; and (iii) the research and development costs remained relatively stable as compared to the previous year.

The Group recorded a loss of approximately RMB26.0 million for the year ended 31 December 2013 as compared to a profit of approximately RMB4.8 million in the previous year. Such loss was mainly attributable to (i) the increase in administrative expenses from approximately RMB16.8 million in 2012 to approximately RMB28.9 million for the year ended 31 December 2013 incurred in compliance with the Company's obligations under the Hong Kong Code on Takeovers and Mergers in relation to the acquisition of a controlling interest in the Company by Parko and the mandatory cash offer; (ii) the fair value of the Convertible Bonds as at 31 December 2013 having exceeded the consideration proceeds received by the Company, which in turn, gave rise to a loss on initial recognition of the Convertible Bonds of approximately RMB11.1 million; and (iii) the professional fees incurred in relation to a one-off strategic review of the Group's financial information services and software terminal operations.

For the six months ended 30 June 2014

As can be seen in the above tables, the Group's turnover increased from approximately RMB47.0 million for the six months ended 30 June 2013 to approximately RMB53.4 million for the six months ended 30 June 2014, representing an increase of approximately 13.7%. Gross profit for the six months ended 30 June 2014 also increased approximately 20.7% as compared to the corresponding period of the previous year.

While the six months ended 30 June 2014 recorded improved financial results on the six months ended 30 June 2013, as disclosed in the 2014 Interim Report, the Management is still of the view that China's stock market underperformed and had not fully extricated itself from the market downturn during the year ended 31 December 2013. It was felt that such sluggish performance continued to adversely affect the Group's financial information services business, with cautious stock investors leading to weakened market demand for such services.

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The Group made a loss for the period of approximately RMB5.4 million as compared with the approximately RMB6.5 million loss incurred in the same period the year before. This loss was mainly attributable to an increase in operational expenses such as staff costs and costs relating to the Group's new office in Hong Kong, which became operational in January 2014.

The Group's cash and cash equivalent balanced remained largely stable as at 30 June 2014, while the net asset value of the Group increased approximately 97.3% from approximately RMB170.2 million as at 31 December 2013 to approximately RMB335.9 million as at 30 June 2014. This substantial increase was a result of the consolidation of China Coop Mengda into the Company's financial statements.

However, as previously stated, the Group has undergone several major developments since 30 June 2014 including the Previous Issuance, and these have had significant changes on the Group's financial position. Accordingly, the above financial information is of limited use.

1.5 Business outlook

The Management is optimistic about the Group's future prospects. It is expected that China's economy will continue to recover thereby increasing the pace of development of China's "agricultural sector, rural areas and farmers", as was one of the objectives of China's recent agriculturally focused policies. As a result of this, it is expected that the consumption power of farmers will witness a substantial increase triggering greater demand for the Group's products and services.

Furthermore, Parko is ultimately controlled by Hebei Supply and Marketing Cooperative ("**Hebei SMC**"), which is one of the largest integrated agricultural economic and trade service providers in the PRC. Hebei SMC's development direction and staff appointments are advised and administered by the Hebei Provincial People's Government. Its business covers conventional agricultural means of production and the cotton and salt industries as well as new areas of development – county town commercial complexes, e-commerce and the rural financial industry – providing comprehensive and integrated agriculture, economic and trade services. According to the Management, the Group is expected to leverage on the full support of Hebei SMC and its own competitive advantages to capture the robust market opportunities arising from the favorable business environment. In addition, the Group is optimistic about its long-term development and will better position itself to take on the challenges and opportunities arising in the years to come – by integrating internal and external resources and leveraging its advantages in terms of cooperation in a more effective manner – in order to contribute to solving issues relating to "agricultural sector, rural areas and farmers" issues in the PRC.

The recent developments as laid out above represent an expansion of the Group's scope of business and a refocusing of the Group's resources. In light of the substantial investments made by the Group since the aforementioned change in control, we note that such expansion of the Group's operating activities has entailed and may continue to entail sizeable capital contributions.

2. The Placing Agreement and the Subscription Agreements

2.1 The Placing Agreement

As detailed in the “Letter from the Board” of the Circular, the Company and the Placing Agents entered into the Placing Agreement on 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) pursuant to which the Placing Agents have conditionally agreed to procure, on a best effort basis, Placees to subscribe for up to a maximum of 82,928,000 Placing Shares (representing approximately 4.5% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of Placing Shares and Subscription Shares) at a Placing Price of HK\$3.0 per Placing Share.

The Placing Agents are namely CCB International Capital Limited (建銀國際金融有限公司) and Convoy Investment Services Limited (康宏證券投資服務有限公司). Both Placing Agents are Independent Third Parties, save for the holding of warrants by a subsidiary of CCBI granting it the right to purchase 26,315,789 Shares (representing approximately 1.8% of the issued share capital of the Company as at the date of the announcement).

The Placing Agents are to ensure that to the best of their knowledge, information and belief, the Placees are independent of and not connected with any of the Directors, chief executive or substantial shareholders.

If the number of Placees is less than six, the names of the Placees will be disclosed in the announcement of the Company according to Rule 13.28 of the Listing Rules.

2.2 The Co-Op Subscription Agreement

As detailed in the “Letter from the Board” of the Circular, on 20 November 2014, the Company entered into the Co-Op Subscription Agreement with Co-Op Funds (V) (as supplemented and amended by a supplemental agreement dated 4 December 2014), pursuant to which Co-Op Funds (V) has conditionally agreed to subscribe for, or procure its nominee(s) to subscribe for, and the Company has conditionally agreed to allot and issue 100,000,000 Co-Op Subscription Shares (representing approximately 5.5% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of Placing Shares and Subscription Shares) at the Share Subscription Price of HK\$3.0 per Subscription Share.

2.3 The Parko Subscription Agreement

As detailed in the “Letter from the Board” of the Circular, on 20 November 2014, the Company entered into the Parko Subscription Agreement with Parko (as supplemented and amended by a supplemental agreement dated 4 December 2014) pursuant to which Parko has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Parko Subscription Shares in a number equivalent to 1.05 times of the aggregate number of the Co-Op Subscription Shares and the Placing Shares

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actually placed under the Placing Agreement up to a maximum of 192,074,400 new Shares (representing approximately 10.5% of the issued share capital as enlarged by the allotment and issue of the maximum number of Placing Shares and the Subscription Shares in aggregate) at the Share Subscription Price of HK\$3.0 per Subscription Share.

Based on discussions with the Management, due to the shortfall of the Previous Issuance as explained previously, the Company has yet to raise sufficient funds for its expansion plans. Therefore the aforementioned Placing Agreement and Subscription Agreements have been entered into in order to provide sufficient funds to carry out those plans as previously anticipated under the Previous Issuance.

3. The Placing Price and the Share Subscription Price

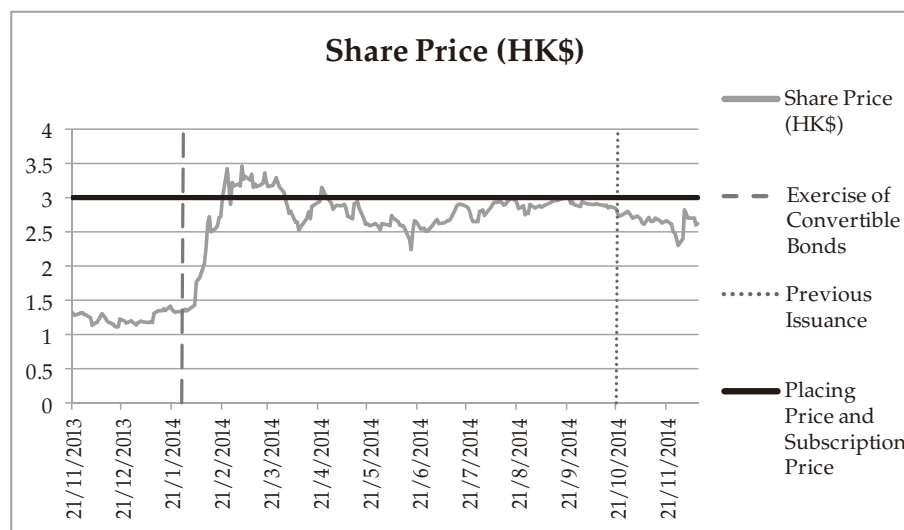
In assessing the reasonableness of the Placing Price and the Subscription Price, we have reviewed the closing price level and the trading volume of the Shares traded on the Stock Exchange during the twelve months preceding the date of the Subscription Agreement and up to the Latest Practicable Date.

We note that the Placing Price and Share Subscription Price of HK\$3.0 per Placing Share or Subscription Share represents:

- (i) a premium of approximately 14.5% to the closing price of HK\$2.62 per Share as quoted on the Stock Exchange at the Latest Practicable Date, being 10 December 2014;
- (ii) a premium of approximately 13.2% to the closing price of HK\$2.65 per Share as quoted on the Stock Exchange on the date of the Placing Agreement and Subscription Agreements (being 20 November 2014);
- (iii) a premium of approximately 13.0% to the average closing price of approximately HK\$2.656 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares up to and including the date of the Placing Agreement and Subscription Agreements; and
- (iv) a premium of approximately 9.0% to the average daily closing price of approximately HK\$2.752 as quoted on the Stock Exchange for the last year up to the date to the announcement of the Placing Agreement and Subscription Agreements.

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A graph showing the movement of the Share price during the year prior to the announcement of the Placing Agreement and Subscription Agreements and up until the Latest Practicable Date is set out below:



(i) *Review of Share price performance*

Between 21 November 2013 (being the date one year prior to the announcement of the Placing Agreement and the Subscription Agreements) and the end of January 2014, the Share price remained relatively stable in the range of approximately HK\$1.10 to HK\$1.40. After the Convertible Bonds were exercised by Parko on 28 January 2014, the Share price then rose to a peak closing price of HK\$3.46 on 5 March 2014. Since the beginning of April 2014, the Share price has thereafter predominantly remained between HK\$2.50 and HK\$3.00.

Since 1 April 2014, being the approximate time when the Share price stabilised after the exercise of the Convertible Bonds by Parko, the average closing price of the Shares has been approximately HK\$2.772 (the Placing Price and the Subscription Price represent a premium of approximately 8.2% to this price). Moreover, we note that in the last six months up until the Latest Practicable Date, the daily closing price of the Shares has only risen above HK\$3.00 once (on 19 September 2014 where it was HK\$3.01).

Since the date of the Previous Issuance, being 22 October 2014, the Share price has slightly decreased from approximately HK\$2.76 to approximately HK\$2.62 as at the Latest Practicable Date. We note that the Placing Price and the Share Subscription Price have remained at HK\$3 per Placing Share and Subscription Share. This further highlights the fact that the Company are viewing this stage of fund-raising as an extension of the Previous Issuance, and not due to any new developments within the Company's situation.

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(ii) Comparable company analysis

Based on the information available from the Stock Exchange's website, we have identified a list of 17 companies, which we believe is exhaustive, listed on the Main Board or GEM of the Stock Exchange which have announced the issue of new Hong Kong listed shares under specific mandates during the 1 month immediately prior to 21 November 2014, being the date of the announcement regarding the Placing and the Subscriptions (the "Comparables"). We are of the view that the Comparables provide a sufficient number of companies to allow for an informed view of the prevailing market conditions. Details of the Comparables are summarised in the following table:

Name of company (Stock code)	Date of announcement	(Discount)/ premium to closing price on date of agreement (%)	(Discount)/ premium to average closing price of five consecutive trading days up to and including the date of the agreement (%)
Louis XIII Holdings Limited (577) ¹	20-Nov-14	N/A	N/A
AG Tech Holdings Limited (8279)	17-Nov-14	29.82	28.25
Rui Kang Pharmaceutical Group Investments Limited (8037)	14-Nov-14	(9.22)	(12.45)
China Bio-Med Regeneration Technology Limited (8158)	10-Nov-14	(9.09)	(9.75)
Crown International Corporation Limited (727) ²	7-Nov-14	(24.73)	(21.70)
Rising Development Holdings Limited (1004) ²	4-Nov-14	(83.26)	(83.10)
Cofco Land Holdings Limited (207) ¹	3-Nov-14	N/A	N/A
Longfor Properties Co. Ltd (960)	3-Nov-14	(6.26)	(1.54)
FDG Electric Vehicles Limited (729) ¹	2-Nov-14	N/A	N/A
Town Health International Medical Group Limited (3886) ²	31-Oct-14	(18.33)	(19.93)
Yashili International Holdings Limited (1230) ²	31-Oct-14	16.72	29.73
Oriental Unicorn Agricultural Group Limited (8120)	28-Oct-14	80.41	79.67
China State Construction International Holdings Limited (3311)	28-Oct-14	2.67	1.77
Sage International Group Limited (8082)	24-Oct-14	(59.18)	(56.80)
King Stone Energy Group Limited (663)	24-Oct-14	2.46	2.97

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Name of company (Stock code)	Date of announcement	(Discount)/ premium to closing price on date of agreement (%)	(Discount)/ premium to average closing price of five consecutive trading days up to and including the date of the agreement (%)
TSC Group Holdings Limited (206)	23-Oct-14	27.80	24.22
Enterprise Development Holdings Limited (1808)	21-Oct-14	(10.71)	(12.59)
Highest premium		80.41	79.67
Lowest discount		(83.26)	(83.10)
Mean average		(4.35)	(3.66)
Median average		(7.67)	(5.64)
Company Previous Issuance	14-Aug-14	3.45	2.88
Company Placing and Subscriptions	21-Nov-14	13.20	12.95

(Source: <http://www.hkexnews.hk/>)

Notes:

1. Figures not available as subscription/placing price has yet to be fixed
2. Figures from last trading day used rather than date of agreement since trading had already been suspending

As shown in the table above, the premium/discount of which the placing/subscription prices over/to (i) the relevant closing share price on the last trading day ranged from a discount of approximately 83.26% to a premium of approximately 80.41%; and (ii) the average closing share price of the last 5 consecutive trading days ranged from a discount of approximately 83.10% to a premium of approximately 79.67%.

We note that the Company is undertaking the Placing and the Subscriptions on more favourable terms than the average of the Comparables, with the Placing Price and the Share Subscription Price representing a 13.20% and 12.95% premium over the closing price of the Shares on the date of the Placing Agreement and the Subscription Agreements and the average closing price of the five days up to and including the Placing Agreement and the Subscription Agreements respectively compared with the Comparables' average of a discount of 4.35% and 3.66%.

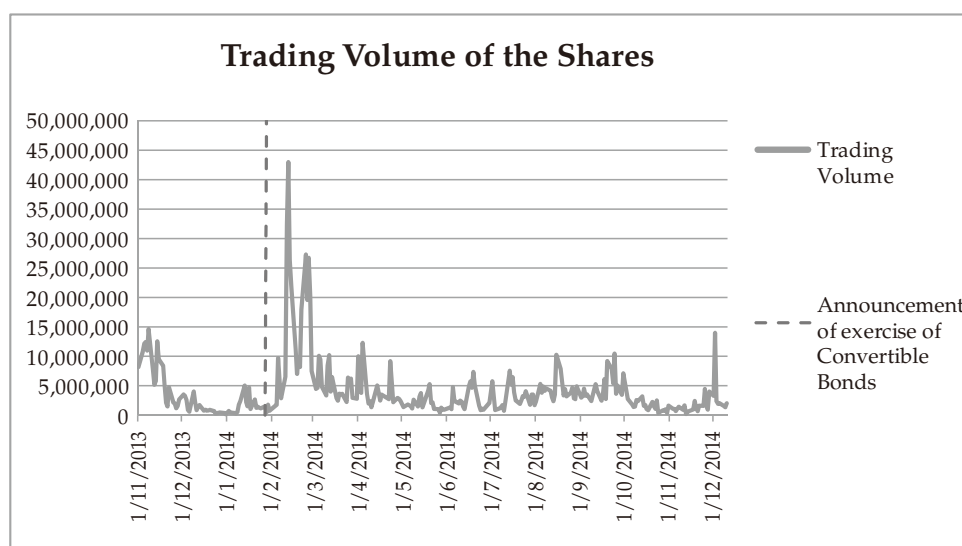
In the above table, it is also shown that the premium of the Placing Price and the Share Subscription Price over the closing price of the Shares on the date of the agreement and the five consecutive trading days up to and including the date of the

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agreement is greater than the premium enjoyed pursuant to the Previous Issuance. Taking the above into account we are of the view that the Placing Price and the Share Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(iii) Review on trading liquidity of the Shares

For the purpose of assessing the trading volume of the Shares, we set out below (i) the trading volume of the Shares, (ii) the monthly trading volume; and (iii) the average daily number of Shares traded per month since 21 November 2013:



Month	Highest daily Turnover (in number of Shares)	Lowest daily Turnover (in number of Shares)	Average daily Turnover (in number of Shares)	Percentage of average daily turnover over total number of Shares in issue (Approx.) ¹
2013				
November	14,618,000	1,184,000	6,719,890	2.6603%
December	4,020,000	168,000	1,362,635	0.5394%
2014				
January	5,022,000	252,000	1,589,201	0.4786%
February	42,983,000	1,790,000	16,078,526	1.2104%
March	10,180,001	2,248,000	5,148,048	0.3876%
April	12,264,000	1,360,000	4,216,200	0.3174%
May	5,260,000	424,000	1,971,613	0.1484%
June	7,328,000	862,000	2,719,400	0.2047%
July	7,522,000	750,000	3,094,909	0.2330%
August	10,256,000	2,310,000	4,356,619	0.3289%

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Month	Highest daily Turnover (in number of Shares)	Lowest daily Turnover (in number of Shares)	Average daily Turnover (in number of Shares)	Percentage of average daily turnover over total number of Shares in issue (Approx.) ¹
September	10,444,000	2,392,000	4,803,000	0.3616%
October	3,182,000	370,000	1,572,333	0.1081%
November	4,442,000	210,000	1,442,269	0.0992%

(Source: Hong Kong Exchanges and Clearing Limited)

Note:

1. We note that there was an increase in the total number of Shares due to the conversion of Convertible Bonds on 28 January 2014, the subdivision of Shares on 11 February 2014 and the Previous Issuance on 22 October 2014. For illustration purposes, the percentage of average daily turnover over the total number of Shares in issue is based on the total number of issued Shares as at the last trading day of the respective month, being 252,600,000 Shares from August 2013 to December 2013, 332,077,642 Shares in January 2014, 1,328,310,568 from February 2014 up to September 2014 and 1,453,971,468 Shares from October 2014 to November 2014.

As shown in the table above, since the beginning of November 2013, the average daily trading volume has been less than approximately 0.54% of the total number of issued Shares, other than (i) in November 2013 after the announcement that the cash offer by Parko has become unconditional in all respects was issued at the end of October 2013; and (ii) in February 2014 after the announcement of the conversion of the Convertible Bonds by Parko. During that period, the highest daily trading volume was approximately 42,983,000 Shares after the announcement of Parko's conversion of Convertible Bonds, representing approximately 3.24% of the total number of existing issued Shares, while for the last six months, the daily average has remained at around 0.10% to 0.35%.

As illustrated in the data above, the Directors are of the view, and we concur, that given the relatively inactive trading of the Shares in the open market, it may be difficult to attract investors to purchase Shares. Since in the case of the Placing and the Subscriptions the Company is able to raise funds by issuing new Shares at a premium over the market price, it is therefore favourable to the Company and the Shareholders as a whole.

Given that (i) the Placing Price and the Share Subscription Price is at a premium to the closing price of the Shares at the Latest Practicable Date and to the average closing price of various periods of time prior to announcement of the Placing and Subscriptions; (ii) the premium of the Placing Price and Share Subscription Price is within the range of the Comparables as set out above; (iii) the trading of the Shares in the open market is generally relatively inactive and as such it may be difficult to attract investors to purchase Shares at a premium; and (iv) the Placing Price and the Subscription Price are equivalent to that offered pursuant to the Previous Exchange despite the market price of Shares

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having slightly decreased, we are of the view that the Placing Price and the Share Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Placing Completion, Co-Op Subscription Completion and Parko Subscription Completion

Placing Completion and Co-Op Subscription Completion are inter-conditional and will occur simultaneously upon the fulfilment of the conditions precedent as detailed in the “Letter from the Board” of the Circular, namely obtaining approval from the Stock Exchange and the Independent Shareholders, and all representations being made pursuant to the Placing Agreement and the Co-Op Subscription Agreement being true and not misleading. The Parko Subscription Agreement Completion will take place after the Placing Completion and/or Co-Op Subscription Completion and the number of Shares to be issued under the Parko Subscription Agreement is dependent on the number of Shares to be issued under the Placing Agreement and the Co-Op Subscription Agreement. Parko Subscription Completion is also subject to fulfilment of the conditions as detailed in the “Letter from the Board” of the Circular. Additionally, the Subscription Agreements are conditional upon Co-Op Funds (V) and Parko respectively having obtained approval from the relevant PRC governmental authorities as applicable.

Placing Completion and Co-Op Subscription Completion will occur on the fifth Business Day immediately after the date on which all conditions precedent to Placing Completion and Co-Op Subscription Completion are satisfied. If any of the conditions precedent, excluding Independent Shareholders approval, under the Placing Agreement or the Co-Op Subscription Agreement are not fulfilled (i) on or before 31 March 2015; or (ii) within one month of obtaining Independent Shareholders’ approval for the Placing Agreement and the Co-Op Subscription Agreement (whichever is the earlier), the Placing Agreement and the Subscription Agreements shall terminate with immediate effect. Parko Agreement Completion will likewise occur on the fifth Business Day immediately after the date on which all conditions precedent to Parko Subscription Completion are satisfied. If any of the conditions precedent, excluding Independent Shareholders approval, under the Parko Subscription Agreement are not fulfilled (i) on or before 31 March 2015; or (ii) within one month of obtaining Independent Shareholders’ approval for the Parko Subscription Agreement (whichever is the earlier), the Parko Subscription Agreement shall terminate with immediate effect.

5. Reasons for entering into the Placing Agreement and the Subscription Agreements

Proceeds raised from the Previous Issuance of approximately HK\$370 million were below expectations, and as such the Placing Agreement and the Subscription Agreements are essentially a continuation of the Group’s fund raising efforts. As at the Latest Practicable Date, proceeds raised from the Previous Issuance have yet to be utilised as the Group plans to aggregate such proceeds together with the proceeds to be raised from the Placing Agreement and the Subscription Agreements, viewing the Previous Issuance as part of the same fund-raising exercise as the Placing Agreement and the Subscription Agreements. Once this fund-raising exercise is fully completed, the proceeds will be deployed into the areas as described in the paragraph below and in the paragraph titled “7. Use of Proceeds from the Placing Agreement and the Subscription Agreements”.

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Taking into account the above and based on our discussions with the Management, we understand that the Group will be employing the proceeds in much the same way as anticipated for those proceeds raised from the Previous Issuance, as disclosed in Previous Issuance Circular, namely capital injections into China Coop Mengda and into the Group's cooperation with Guangzhou Commodity Exchange Limited (廣州商品交易所有限公司) ("**Guangzhou Commodity Exchange**"). As disclosed in the Previous Issuance Circular, the Management is of the view that Ever Harvest's investment in China Coop Mengda could be a very profitable area of business for the Group and wish to enable it to take on more business and strengthen its operational ability. We note that the Group has already identified potentially profitable transactions China Coop Mengda could enter were it to receive an additional capital injection. As with the Previous Issuance, the majority of the prospective proceeds from the Placing Agreement and the Subscription Agreements is to be utilised as part of the Group's recently launched cooperation with the Guangzhou Commodity Exchange in relation to the development of the agricultural products trading business. As disclosed in the Company's announcement of 4 June 2014, the Management wish to seize the desirable market opportunities available in the trading of agricultural means products, agricultural by-products and rural land property rights, and provide long term benefits for the Company and its Shareholders. For further details of the above two factors, please refer to the paragraph titled "7. Use of Proceeds from the Placing Agreement and the Subscription Agreements".

Having identified areas of the Group's business which would benefit from additional capital, as disclosed in the Previous Issuance Circular, the Management has explored various fund-raising alternatives (for further details on these efforts, please refer to the paragraph headed "6. Financing alternatives"). Based on our discussions with the Management, we understand that other forms of financing have proven to be infeasible or, where available, not in the interests of the Company. Therefore, the Management is of the view, and we concur, that the Placing Agreement and Subscription Agreements represent inexpensive and convenient methods of raising a substantial amount of capital.

i) Reasons for entering into the Co-Op Subscription Agreement and the Placing Agreement

Since the Co-Op Subscription Agreement entails a subscription by Co-Op Funds (V) for a fixed number of Shares, it provides a reliable basis upon which the Company can more accurately predict the proceeds from the Placing and Subscriptions. Furthermore, the Management are of the view that the Co-Op Subscription Agreement, if successfully completed, may demonstrate the support of the All China Federation of Supply and Marketing Cooperatives (中華全國供銷合作總社) to the development of the Company which not only would enable the Company to capture opportunities for its future growth, but also has the potential to make the Company even more attractive to potential investors, thus increasing value for the Shareholders.

By entering into the Placing Agreement, the Company has ensured that it has retained its diversified shareholding base by guaranteeing that pursuant to the Placing and the Subscriptions, new independent third parties shall become Shareholders, in addition to Co-Op Funds (V).

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ii) Reasons for entering into the Parko Subscription Agreement

The Parko Subscription Agreement enables Parko to maintain its level of shareholding in the Group. The Management is of the view that Parko's continued support and ownership of the Group's controlling shareholding interests is one of the Group's important assets since, as mentioned above, Parko is ultimately controlled by Hebei SMC which is one of the largest integrated agricultural economic and trade service providers in the PRC. The Management believes that it is in the interests of the Company and its Shareholders for Parko to maintain its controlling interests in the Company to allow the Group to leverage on the full support of Hebei SMC and its own competitive advantages to capture the robust market opportunities arising from the favorable business environment.

Additionally, it is noted that the entering into of the Parko Subscription Agreement demonstrates Parko's commitment to the Group. The Management are of the view that this show of confidence in the Group by Parko has the potential to positively affect the marketability of the Placing, and attract potential Placers to acquire the Placing Shares.

Taking into account the above, the Management is of the view, and we concur, that the entering into of the Placing Agreement and Subscription Agreements is fair and reasonable and in the interests of the Company and Shareholders as a whole.

6. Financing alternatives

As discussed with the Management and as disclosed in the Previous Issuance Circular, we note that other means of fund raising, including debt financing, bank borrowing and rights issue, have been considered. However, the Management are of the view that the feasibility of these alternatives has continued to be impeded by the recent change in control of the Company in October 2013 and limited track record of the Group's new business ventures. Financing alternatives explored by the Management are set out below:

i. Debt financing

On 19 November 2013, the Group engaged in debt financing by issuing Convertible Bonds in the principal amount of approximately HK\$151 million, however these were issued to Parko and not the public. Based on our discussion with the Management, we understand that they consider that it will not be commercially viable for the Group to utilise debt-financing since (i) the Group had incurred nominal loss for the year ended 31 December 2013 and the six months ended 30 June 2014, mainly due to professional and administration expenses incurred from the Cash Offer, non-cash loss on initial recognition of convertible Bonds, and operational costs such as the renovation of the Group's new office in Hong Kong, respectively; and (ii) the Group has a limited track record under the new management since the change in control of the Company in October 2013. The

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Management is of the view that potential investors would generally hesitate in investing in debt instruments of companies with such limitations.

We have also reviewed a list of companies which have utilised offshore RMB debt financing that have raised a similar range of funds as the aggregate net proceeds of the Placing and the Subscription during the period from 22 September 2014 to 26 November 2014 and we note that those companies able to secure such financing generally have a certain track record or asset backing. We are of the view that given the Company's short track record under the new management and lack of credit rating, the terms for any debt financing, even if available, would likely be worse off than those which we have reviewed; and the interest rates of such debt financing will not likely be commercially justifiable.

ii. Bank borrowing

Based on our discussion with the Management, we understand that they consider that it will not be commercially viable for the Group to obtain bank borrowings of the scale to be raised from the Placing and the Subscriptions since, in addition to the reasons considered for debt financing discussed above, the target amount of funds to be raised (being the maximum aggregate proceeds of the Placing and the Subscriptions) is relatively large as compared to the Group's asset base as a matter of collateral. Even if banks were willing to offer loans of this scale, it is likely that the terms of such loan may not be affordable or in the interests of the Company and the Shareholders as a whole.

In view of the difficulties in procuring potential investors for debt financing and the likely unfavourable loan terms from banks if such loans would be granted, we concur with the Management's view that the debt financing and the bank borrowing, as mentioned above, are not a practicable or commercially viable means of raising funds at the moment.

iii. Rights issue

Based on our discussion with the Management, we understand that they have also considered a rights issue as a possible means of raising the proposed funds but have concluded that it will not be commercially practicable in terms of timing, costs and finding a suitable underwriter(s).

The time required for raising the proposed funds is a factor for consideration. The Management noted that a rights issue exercise would require a relatively longer timeframe compared to the Placing and the Subscriptions. As the Group intends to deploy a portion of the proceeds to the financial leasing business, of which returns are expected to be generated immediately, the Management is of the view that the time required for a rights issue is comparatively less advantageous as compared to the Placing and the Subscriptions.

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A rights issue also incurs relatively higher costs than the Placing and the Subscriptions. The additional costs would lower the net proceeds obtained by the Group. The Management believes that it is commercially justifiable to opt for the Placing and the Subscriptions over a rights issue since the Placing and the Subscriptions are more cost-effective fund-raising channels. More importantly, we concur with the Management's view that while it is recognised that a rights issue exercise would give equal opportunities to all existing Shareholders to participate in a fund raising exercise, it would be difficult to find a suitable underwriter(s) to underwrite the Shares because of the relatively low trading volume and the limited operating track record under the new management since the change in control of the Company. Pursuant to the Listing Rules, rights issue of a listed issuer on the Stock Exchange must be fully underwritten in normal circumstances. In addition, the Company has conducted preliminary enquiries in relation to the feasibility of conducting a rights issue exercise and the response was unfavourable.

During the marketing and roadshow activities of the Previous Issuance, the Company has already done substantial work in promoting the Group and its development plans to potential investors. One of the primary factors which led to the shortfall of the Previous Issuance as explained previously was the lengthy administrative procedures and time constraints of certain investors, which meant that some investors were not able to carry out all such procedures within the transaction deadline. This being the case, the Management is of the view that the Placing and the Subscriptions have a pre-existing willing investor base and therefore the potential for fund-raising the required amount of capital is hence significantly enhanced.

We also note that the Independent Shareholders' interest in the Company is not disadvantaged by the dilution of shares from the Placing and the Subscriptions since the NAV per Share will be enhanced and the dilution on earnings per Share will be nominal as further elaborated below.

Taking into account of the aforementioned alternatives for fund raising, we concur with the Management's view that fund raising by way of the Placing and the Subscriptions are more suitable and viable for the Group at this juncture. The Placing and the Subscriptions would also lead to a better financial position of the Group due to the increase in net asset value, as further discussed in the section headed "Financial effects of the Placing Agreement and Subscription Agreements" below. We consider that they are in the interests of the Company and the Shareholders as a whole.

7. Use of Proceeds from the Placing Agreement and the Subscription Agreements

As stated in the "Letter from the Board" of the Circular, the Group intends to aggregate the proceeds of the Placing and the Subscriptions together with the proceeds raised from the Previous Issuance before deploying the proceeds. For illustrative purposes, the Company has allocated the net proceeds from the Placing and the Subscriptions as laid out below. However it should be noted that such amounts will be

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aggregated with those proceeds raised from the Previous Issuance before being deployed in their respective areas. Proceeds will be utilised as to:

- (i) approximately 10.4% (or approximately HK\$116 million) for the further capital injection into China Coop Mengda by Ever Harvest pursuant to and for the performance of the capital contribution agreement dated 14 August 2014 entered into between Ever Harvest and China Coop Mengda (the “**Capital Contribution Agreement**”), to enhance its capability to take on general leasing and financial leasing business;

In assessing the fairness and reasonableness of such exercise, we reviewed the capital contribution agreement and noted that it necessitates the contribution of approximately RMB200 million to RMB391 million. Based on discussions with the Management, we note that the Group plans to inject approximately HK\$486 million (equivalent to approximately RMB384 million) into China Coop Mengda, with approximately HK\$370 million coming from the proceeds of the Previous Issuance and approximately HK\$116 million coming from the proceeds of the Placing and the Subscriptions.

We understand from discussions with the Management that they consider there are plenty of opportunities available to China Coop Mengda subject to it having sufficient cash resources to take advantage of them. To this end, the Management has already identified certain transactions which, if China Coop Mengda were able to participate in, they believe would be profitable for the Group. We note that China Coop Mengda is currently in negotiations for various projects which would require substantial expenditure. Furthermore, we have reviewed China Coop Mengda’s management accounts and note that so far this year, China Coop Mengda has generated a substantial net profit. Considering China Coop Mengda is profit generating and the Management believe there are further profitable opportunities, many of which are currently in the negotiation stage, we are of the view that making such capital contribution pursuant to the Capital Contribution Agreement represents an investment in the interests of the Company and the Shareholders as a whole.

- (ii) approximately 86.8% (or approximately HK\$971.4 million) for the development of the agricultural products trading business in cooperation with Guangzhou Commodity Exchange to be allocated as follows:
 - approximately 43.4% (or approximately HK\$485.7 million) for the acquisition of land and buildings for the construction and/or renovation of 20 to 30 warehouses
 - approximately 34.7% (or approximately HK\$388.6 million) for the acquisition of land or buildings for the establishment of two trading centres
 - approximately 8.7% (or approximately HK\$97.1 million) for the development of an online transaction management system

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We note from the 2014 Interim Report and discussions with the Management that the cooperation with the Guangzhou Commodity Exchange is expected to foster and expedite the development of the Group and fuel its attainment of its goal of becoming a leader in the e-commerce arena for the “agriculture sector, rural areas and farmers”.

- (iii) approximately 2.8% (or approximately HK\$31.1 million) for unidentified future investments and general working capital.

In the event that the net proceeds from the Placing and the Subscriptions are insufficient for the intended uses set forth above, the Company currently intends to apply the net proceeds, as aggregated with those proceeds from the Previous Issuance, as described in the “Letter from the Board” of the Circular.

Taking into account the use of proceeds and for the reasons set out above, we are of the view that the proceeds shall be employed in the normal and usual course of business for the Group in a way that it is in the interests of the Company and the Shareholders as a whole.

8. Financial effects of the Placing and the Subscriptions on the Group’s financial results

i. Cashflow and cash position

As disclosed in the 2013 Annual Report and the 2014 Interim Report, the Group had cash and cash equivalent of approximately RMB180.0 million and RMB184.2 million as at 31 December 2013 and 30 June 2014 respectively. Upon completion of the Placing and the Subscriptions, the liquidity and cash position of the Group will improve. The extent of this improvement depends on the uptake of the Placing Shares, but for illustrative purposes, if the maximum number of Shares are to be taken up under the Placing Agreement and the Subscription Agreements, the net increase in the cash position of the Group would be approximately HK\$1,118.5 million. In turn, the net current assets of the Group would increase by the same amount and the current ratio of the Group is also expected to improve correspondingly.

ii. Earnings

Based on our discussion with the Management, we understand that a certain amount of the proceeds raised from the Placing and the Subscriptions will be deployed to the financial leasing business of China Coop Mengda once available, which is expected to be able to generate returns immediately. Taking into account the positive impact of the Placing and the Subscriptions on the Group’s earnings (while certain expenses will be incurred for the Placing and the Subscriptions), we are of the view that the Placing and the Subscriptions will, on balance, have a positive impact on the earnings of the Group.

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iii. Net asset value and net asset value per Share

As disclosed in the 2014 Interim Report, the net asset value (“NAV”) of the Group as at 30 June 2014 amounted to approximately RMB335.9 million. Upon completion of the Placing and the Subscriptions, the net asset value of the Group will improve as the Group will receive the net proceeds of HK\$1,118.5 million (based on the maximum number of Shares being placed and subscribed for under the Placing Agreement and the Subscription Agreements). The Placing and the Subscriptions will therefore have an overall positive impact on the net asset value of the Group immediately after the completion of the Placing and the Subscriptions.

As at 30 June 2014, based on the unaudited consolidated net assets of the Group of approximately RMB335.9 million and 1,328,310,568 Shares in issue, the net asset value per Share was approximately RMB0.25. Following the Previous Issuance, it is expected that the Group’s NAV per share will have improved. The NAV per Share is expected to be further enhanced immediately after the Placing Completion, the Co-Op Subscription Completion and the Parko Subscription Completion and we are of the view that such enhancement is favourable to the Group and the Independent Shareholders.

iv. Gearing ratio

As disclosed in the 2014 Interim Report, the gearing ratio of the Group as at 30 June 2014 was approximately 17.04%. The Previous Issuance has already increased the capital base of the Group and upon completion of the Placing and the Subscriptions, and assuming that the interest-bearing liabilities of the Group will remain the same, the gearing level of the Group will further improve as a result of the net proceeds from the Placing and the Subscriptions.

Based on the above financial effects of the Placing and the Subscriptions, we are of the view that the Placing and the Subscriptions will have an overall positive effect on the Group’s financial position and we consider that the Placing and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

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9. Dilution effects on the Independent Shareholders

Assuming that the maximum number of Placing Shares and Subscription Shares will be issued, the expected changes in the share capital and shareholding structure of the Company resulting from the Placing and the Subscription are as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the Completion of the Placing and the Subscriptions	
	<i>No. of Shares</i>	%	<i>No. of Shares</i>	%
Parko	741,801,292	51.02	933,875,692	51.06
Co-Op Funds (V) and the Placees	–	–	182,928,000	10.00
Mr. Chou Shih Chung	91,792,000	6.31	91,792,000	5.03
Other public Shareholders	<u>620,378,176</u>	<u>42.67</u>	<u>620,378,176</u>	<u>33.91</u>
Total	<u><u>1,453,971,468</u></u>	<u><u>100.00</u></u>	<u><u>1,828,973,868</u></u>	<u><u>100.00</u></u>

Upon the completion of the Placing and the Subscriptions, we note that the level of shareholding interest of the Independent Shareholders, being Mr. Chou Shih Chung and the other public Shareholders, would decrease from approximately 48.98% as at the Latest Practicable Date to approximately 38.94% as the total number of issued Share will be enlarged by the issue and allotment of the Placing Shares and the Subscription Shares. We also note that Parko will be able to maintain a similar level of shareholding interest as before the Placing and the Subscriptions, with a nominal increase of shareholding interest of 0.04%, upon the completion of the Placing and the Subscriptions. We consider that the ratio of the number of Parko Subscription Shares to the number of Placing Shares and the Co-Op Subscription Shares of 1.05 times reflects Parko's commitment to the Company and allows the shareholding base of the Company between Parko and the Independent Shareholders to remain balanced.

Despite the effects of dilution in terms of percentage of shareholdings to the Independent Shareholders, having considered the immediate enhancement on the Group's NAV per Share attributable to the Independent Shareholders after the Placing and the Subscriptions as discussed in the section headed "8. Financial effects of the Placing and the Subscriptions on the Group's financial results" above and also the favourable Placing Price and Share Subscription Price, as further discussed under the section headed "3. The Placing Price and the Share Subscription Price" above, we are of the view that the dilution effect to the Independent Shareholders would be offset by the enhancement to their shareholding interest on a NAV per Share basis.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the transactions contemplated under the Placing Agreement and the Subscription Agreements are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Placing Agreement and the Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the transactions contemplated under the Placing Agreement and the Subscription Agreements at the EGM.

Yours faithfully
For and on behalf of
Altus Capital Limited
Sean Pey Chang
Executive Director

Mr. Chang Sean Pey ("Mr. Chang") is a Responsible Officer of Altus Capital Limited licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 15 years of experience in banking, corporate finance and advisory, and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Pursuant to Rule 13.84 of the Listing Rules, Altus Capital Limited is independent of the Company. Altus Capital Limited acted as independent financial adviser for the Company in relation to the transactions that formed the Previous Issuance, as laid out in the circular of the Company dated 3 September 2014. Save for the aforesaid engagement, Altus Capital Limited has not acted as an independent financial adviser for the Company's other transactions in the last two years from the date of the Circular.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE SECURITIES

(i) Share capital

Set out below are the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the Placing Completion, the Co-Op Subscription Completion and the Parko Subscription Completion, assuming that the maximum number of Placing Shares and Subscription Shares are issued.

<i>Authorised</i>		<i>HK\$</i>
4,000,000,000	Shares as at the Latest Practicable Date	100,000,000.0
<i>Issued and fully paid or credited as fully paid</i>		
1,453,971,468	Shares as at the Latest Practicable Date	36,349,286.7
	Allotment and issue of Placing Shares	
<u>375,002,400</u>	and Subscription Shares	<u>9,375,060</u>
<u><u>1,828,973,868</u></u>		<u><u>45,724,346.7</u></u>

All the issued Shares including the Placing Shares and Subscription Shares will rank *pari passu* with each other in all respects including the rights in respect of capital, dividend and voting.

Save for (i) the issuance of 79,477,642 shares in the Company of HK\$0.10 each (representing 317,910,568 Shares after the share subdivision) to Parko on 19 November 2013 in relation to the full exercise of convertible bonds by Parko (for further details, please refer to the announcement of the Company dated 28 January 2014); and (ii) the issuance of an aggregate of 61,298,000 Shares to not less than six placees and 64,392,000 Shares to Parko on 22 October 2014 (for further details, please refer to the announcement of the Company dated 22 October 2014), there has been no increase in the issued share capital of the Company since 31 December 2013 and up to and including the Latest Practicable Date.

(ii) Share options

As at the Latest Practicable Date, the Company had not granted any share option under the share option scheme of the Company.

(iii) Warrants/convertible securities

As at the Latest Practicable Date, the Company had no warrants or convertible securities in issue.

Save as disclosed above and as at the Latest Practicable Date, the Company had no other outstanding options, warrants or conversion rights affecting the Shares.

3. DISCLOSURE OF INTEREST**Interests of the Directors and chief executive in the Company and its associated corporations**

As at the Latest Practicable Date, save as disclosed below, the interests and short positions, if any, of each Director and chief executive of the Company in any Shares, underlying shares and debentures of the Company and any associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

(a) Interests in issued ordinary shares of the Company

Name of Director	Nature of interest	Number of Shares held	Approximate % of the Company's issued share capital
Wen Yuanyi	Personal interest (Note)	107,864	0.00007

Note: These Shares were held by Precursor Management Inc. ("PMI"), which was wholly owned by Cai Weiheng, the husband of Wen Yuanyi ("Ms. Wen"), a Director. By virtue of the SFO, Ms. Wen was deemed to be interested in the Shares held by PMI for the purpose of Part XV of the SFO.

(b) Interests in issued shares of associated corporations

As at the Latest Practicable Date, the Director below had interests or short positions in the Shares, underlying shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Nature of Interest	Name of associated corporation	Number of Shares held	Long/short position	Approximate % of the issued share capital of the associated corporation
Chen Li-Jun	Corporate interest <i>(Note)</i>	Hebei Agricultural Means of Production Company Limited* (河北省農業生產資料有限公司) ("Hebei AMP")	13,950,000	Long Position	15.50

Note 1: Hebei AMP owned 51% of Million Rich Hong Kong Holdings Company Limited which in turn owned 100% of issued share capital in Parko. Parko owned approximately 51.02% of the issued share capital in the Company. As such, Hebei AMP was a holding company of and therefore an associated corporation of the Company pursuant to section 308 of the SFO. Chen Li-Jun held 15.5% interests in Hebei AMP.

Note 2: The entering into of the Subscription Agreement by Parko would not be treated as a dealing by Mr. Chen Li-Jun for the purposes of Part XV of the SFO due to his interest in Hebei AMP, and therefore would not be subject to the restrictions under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Disclosure of interests of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors or chief executive of the Company, the following shareholders (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of interest	Number of Shares	Approximate % of the issued share capital of the associated corporation
Parko	Beneficial owner	741,801,292 (Note)	51.02
Million Rich Hong Kong Holdings Company Limited ("Million Rich")	Beneficial owner/ interest of a controlled corporation	741,801,292 (Note)	51.02
Hebei AMP	Beneficial owner/ interest of a controlled corporation	741,801,292 (Note)	51.02
Hebei New Cooperation Group Holdings Limited* (河北省新合作控股集團有限公司) ("Hebei New Cooperation")	Beneficial owner/ interest of a controlled corporation	741,801,292 (Note)	51.02
Chou Shih Chung	Beneficial owner	91,792,000	6.31

Note: Hebei AMP and Hebei New Cooperation owned 51% and 49% of Million Rich respectively. Million Rich in turn owned 100% issued share capital in Parko which owned approximately 51.02% of the issued share capital in the Company. Million Rich, Hebei AMP and Hebei New Cooperation are deemed to be interested in the Shares held by Parko for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV

of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which have, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting and which is significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the employer within a year without payment of compensation (other than statutory compensation).
- (d) As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors and their respective associates had any interests in business which competes, or are likely to compete, either directly or indirectly, with the businesses of the Group.

5. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation, arbitration or administration proceedings of material importance and there was no litigation, arbitration or administration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The members of the Group had, after the date of two years immediately preceding the date of this circular, entered into the following contracts which were or might be material, other than contracts in the ordinary course of business of the Group:

- (a) the subscription agreement dated 15 July 2013 (as supplemented by two supplemental agreements dated 16 August 2013 and 10 October 2013 respectively) entered into between the Company and Parko in respect of the subscription and issue of the convertible bonds in the maximum aggregate principal amount of HK\$247,925,000 by the Company;

- (b) the joint venture agreement dated 21 March 2014 entered into between Ever Harvest and Xinyuan Taifeng Agricultural Asset Management (Beijing) Company Limited* (新源泰豐農業資產管理(北京)有限公司);
- (c) the joint venture agreement dated 21 March 2014 entered into among Ever Harvest, Coopinvest Company Limited* (中合聯投資有限公司), 789 Investments Limited, Shandong Jindu Dazhan Group Company Limited* (山東金都大展集團有限公司) and Hebei Mingde Machinery Limited Liability Company* (河北明德機械有限責任公司);
- (d) joint operation agreement dated 4 June 2014 entered into between the Company and Guangzhou Exchange Group Co., Ltd. (廣州交易所集團有限公司);
- (e) the capital contribution agreement entered into between Ever Harvest and China Coop Mengda dated 14 August 2014;
- (f) the placing agreement dated 14 August 2014 entered into between the Company, CCB International Capital Limited, ICBC International Securities Limited and Guosen Securities (HK) Capital Company Limited;
- (g) the subscription agreement dated 14 August 2014 entered into between the Company and Parko;
- (h) the Placing Agreement;
- (i) the Co-Op Subscription Agreement; and
- (j) the Parko Subscription Agreement.

7. GENERAL

- (a) The secretary of the Company is Mr. Ip Pui Sum who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The Company's head office and principal place of business in Hong Kong is at Suites 1604-5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

8. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Company have been made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Suites 1604–5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2012 and 31 December 2013;
- (c) the letter from the Independent Board Committee, the texts of which are set out on pages 23 to 24 in this circular;
- (d) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which are set out on pages 25 to 50 of this circular;
- (e) the written consent of Altus Capital as referred to in the paragraph headed “10. Experts” of this circular;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (g) the circular of the Company dated 13 September 2013;
- (h) the circular of the Company dated 13 May 2014;
- (i) the circular of the Company dated 20 January 2014;
- (j) the circular of the Company dated 6 June 2014;
- (k) the circular of the Company dated 4 September 2014; and
- (l) the circular of the Company dated 24 October 2014.

10. EXPERTS

The qualification of the expert who has given its opinion or advice which is contained in this circular is set out below:

Name	Qualification
Altus Capital Limited	a licensed corporation to conduct type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the SFO

As at the Latest Practicable Date, Altus Capital (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2013 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

* *for identification purpose only*

NOTICE OF EGM



NATIONAL AGRICULTURAL HOLDINGS LIMITED 國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of National Agricultural Holdings Limited (the “**Company**”) will be held at Suites 1604–5, Prudential Tower, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong at 10:00 a.m. on Wednesday, 31 December 2014 for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“1. THAT

- (a) subject to and conditional upon the fulfilment of the conditions in the placing agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into among the Company as issuer and CCB International Capital Limited and Convoy Investment Securities Limited as placing agents in relation to the proposed placing (“**Placing**”) of a maximum of 82,928,000 shares of HK\$3.0 each in the capital of the Company (“**Placing Shares**”) (“**Placing Agreement**”) a copy of which is marked “A” and signed by the chairman of the EGM for identification purpose has been tabled at the meeting) the form and substance of the Placing Agreement be and is hereby approved, ratified and confirmed and any one director of the Company (“**Director**”) be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;
- (b) subject to and conditional upon the fulfilment of the conditions in the subscription agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company as issuer and China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership as subscriber in relation to the proposed subscription of a maximum of 100,000,000 shares of HK\$3.0 each in the share capital of the Company (the “**Co-Op Subscription Shares**”) (“**Co-Op Subscription Agreement**”) a copy of which is marked “B” and signed by the chairman of the EGM for

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identification purpose has been tabled at the meeting), the form and substance of the Co-Op Subscription Agreement be and is hereby approved, ratified and confirmed and any one Director be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;

- (c) subject to the fulfilment of the conditions of the Placing Agreement and the Co-Op Subscription Agreement, any one Director be and is hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Placing Agreement and Co-Op Subscription Agreement to, including without limitation, allot and issue the Placing Shares and Co-Op Subscription Shares;
- (d) all other transactions contemplated under the Placing Agreement and Co-Op Subscription Agreement be and are hereby approved and any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Placing Agreement and the Co-Op Subscription Agreement, the allotment and issue of the Placing Shares and Co-Op Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and
- (e) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Placing Shares and Co-Op Subscription Shares, the unconditional specific mandates granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Placing Shares and Co-Op Subscription Shares pursuant to the Placing Agreement and Co-Op Subscription Agreement be and are hereby confirmed and approved."

"2. THAT

- (a) subject to and conditional upon the fulfilment of the conditions in the subscription agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company as issuer and Parko (Hong Kong) Limited as subscriber in relation to the proposed subscription of a maximum of 192,074,400 shares of HK\$3.0 each in the share capital of the Company (the "**Parko Subscription Shares**") ("**Parko Subscription Agreement**") a copy of which is marked "C" and signed by the chairman of the EGM for identification purpose has been tabled at the meeting), the form and substance of the Parko Subscription Agreement be and is hereby

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approved, ratified and confirmed and any one Director be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;

- (b) subject to the fulfillment of the conditions of the Parko Subscription Agreement, any one Director be and are hereby authorised to exercise all the powers of the Company and to take all steps as might in his opinion be desirable or necessary in connection with the Parko Subscription Agreement to, including without limitation, allot and issue the Parko Subscription Shares;
- (c) all other transactions contemplated under the Parko Subscription Agreement be and are hereby approved and any one Director be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Parko Subscription Agreement, the allotment and issue of the Parko Subscription Shares and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole; and
- (d) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Parko Subscription Shares, the unconditional specific mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Parko Subscription Shares pursuant to the Parko Subscription Agreement be and is hereby confirmed and approved.”

By order of the Board
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

Hong Kong, 12 December 2014

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Notes:

1. A member of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or if he/she is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the memorandum of association and articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM or any adjournment thereof, should he so wish.
3. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by way of poll.
5. The form of proxy for use at the EGM is enclosed herewith.