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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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NATIONAL AGRICULTURAL HOLDINGS LIMITED
國農控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1236)

- (1) ISSUE OF PREFERRED SHARES TO CHINA INNOVATIONPAY**
(2) AMENDMENTS TO THE ARTICLES OF THE COMPANY
(3) NOTICE OF EGM

Financial Adviser



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 4 to 21 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 Tuesday, 11 August 2015 is set out on pages 30 to 49 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.

20 July 2015

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DEFINITIONS

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

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 25 June 2015 made by the Company in relation to, among others, the Preferred Shares Subscription and proposed amendments to the Articles
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“China Innovationpay”	China Innovationpay Group Limited, a company incorporated in the Bermuda with limited liability and the issued shares of which are listed on the GEM board of the Stock Exchange
“Company”	National Agricultural Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Conversion Share(s)”	the Ordinary Share(s) to be issued upon conversion of the Preferred Share(s)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the transactions contemplated under the Preferred Shares Subscription Agreement, the Specific Mandate, the Share Capital Resolutions and proposed amendments to the Articles
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries as at the date of this circular
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Innovationpay Share(s)”	194,174,000 ordinary share(s) of HK\$0.01 each in the share capital of China Innovationpay
“Innovationpay Subscription”	the subscription of the Innovationpay Shares under the Innovationpay Subscription Agreement
“Innovationpay Subscription Agreement”	the subscription agreement dated 25 June 2015 entered into between the Company and China Innovationpay
“Innovationpay Subscription Price”	HK\$1.03 per Innovationpay Share
“Latest Practicable Date”	15 July 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary Share(s)”	the ordinary share(s) of the Company with par value of HK\$0.025 each in the share capital of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preferred Share(s)”	49,140,000 non-voting convertible preferred share(s) with par value of HK\$0.025 each to be issued by the Company to China Innovationpay pursuant to the Preferred Shares Subscription Agreement

DEFINITIONS

“Preferred Shareholder(s)”	the holder(s) of the Preferred Share(s)
“Preferred Shares Completion Date”	the fifth Business Day from and excluding the day on which the last of conditions precedent set out in paragraphs (ii), (iii) and (iv) under the section headed “Conditions of the Preferred Shares Subscription” in this circular has been fulfilled (or such other date as the parties may agree in writing)
“Preferred Shares Subscription”	the subscription of the Preferred Shares under the Preferred Shares Subscription Agreement
“Preferred Shares Subscription Agreement”	the preferred shares subscription agreement dated 25 June 2015 entered into between China Innovationpay and the Company
“Preferred Shares Subscription Price”	HK\$4.07 per Preferred Share
“Public Documents”	the annual, quarterly or interim reports, circulars and announcements of China Innovationpay or the Company published on the website of the Stock Exchange
“SFC”	the Securities and Futures Commission
“Share Capital Resolutions”	the special resolutions to be passed by the Shareholders in the EGM approving the issue of 49,140,000 Preferred Shares with the rights, privileges and restrictions set out thereto
“Shareholder(s)”	the holder(s) of the Ordinary Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Preferred Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“%”	per cent



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

Independent Non-executive Directors:

Ms. Chiu Kam Hing Kathy

Mr. Ting Tit Cheung

Mr. Fan William Chung Yue

Mr. Chu Kin Wang Peleus

Registered office:

P.O. Box 309, Umland House

Grand Cayman, KY1-1104

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

Suites 1604-5, Prudential Tower,

Harbour City, 21 Canton Road,

Tsimshatsui, Kowloon,

Hong Kong

20 July 2015

To the Shareholders

Dear Sir/Madam,

(1) ISSUE OF PREFERRED SHARES TO CHINA INNOVATIONPAY
(2) AMENDMENT TO THE ARTICLES OF THE COMPANY
(3) NOTICE OF EGM

(I) INTRODUCTION

Reference is made to the Announcement.

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Innovationpay Subscription Agreement, pursuant to which the Company has conditionally agreed to subscribe for, and China Innovationpay has conditionally agreed to allot and issue, a total of 194,174,000 Innovationpay Shares at the Innovationpay Subscription Price of HK\$1.03 per Innovationpay Share. The aggregate Innovationpay Subscription Price amounts to approximately HK\$200 million.

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Preferred Shares Subscription Agreement, pursuant to which China

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Innovationpay has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share. The Preferred Shares (assuming the conversion rights attaching to the Preferred Shares having been fully exercised) represent 2.34% of the number of issued Ordinary Shares as at the Latest Practicable Date and 2.28% of the number of issued Ordinary Shares as enlarged by the allotment and issue of Conversion Shares upon conversion of the Preferred Shares. The aggregate Preferred Shares Subscription Price amounts to approximately HK\$200 million.

The Preferred Shares and the Conversion Shares will be issued pursuant to the Specific Mandate to be obtained at the EGM.

The Preferred Shares Subscription Price and Innovationpay Subscription Price shall be deemed to be paid in full by the issue and allotment of the Innovationpay Shares by China Innovationpay to the Company pursuant to the Innovationpay Subscription Agreement and the issue and allotment of the Preferred Shares by the Company to China Innovationpay pursuant to the Preferred Shares Subscription Agreement respectively.

Completion of the Innovationpay Subscription Agreement and the Preferred Share Subscription Agreement are inter-conditional and shall take place simultaneously.

In connection with the Preferred Shares Subscription, the Company proposes to amend the Articles to, among others, reflect the creation and issue of the Preferred Shares. Such proposed amendments to the Articles are conditional upon, among others, the passing of a special resolution by the Shareholders at the EGM.

As the applicable ratios in respect of the Preferred Shares Subscription are less than 5% and the Preferred Shares Subscription Agreement involves the issue of the Preferred Shares, the entering into the Preferred Shares Subscription Agreement constitutes a share transaction under the Listing Rules for the Company and is subject to reporting and announcement requirements under the Listing Rules.

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Preferred Shares Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate, the Share Capital Resolutions and the proposed amendments to the Articles by way of a poll. None of the Shareholders has a material interest in the Subscriptions, the Specific Mandate, the Share Capital Resolutions or the proposed amendments to the Articles as at the date of this circular.

The purpose of this circular is to provide the Shareholders with (i) details of the Preferred Shares Subscription Agreement; (ii) the proposed amendment to the Articles; and (iii) a notice to convene the EGM.

(II) PREFERRED SHARES SUBSCRIPTION

On 25 June 2015 (after trading hours), the Company and China Innovationpay entered into the Preferred Shares Subscription Agreement, pursuant to which China

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Innovationpay has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share.

Date

25 June 2015 (after trading hours)

Parties

Issuer: the Company

Subscriber: China Innovationpay

China Innovationpay and its ultimate beneficial owners are third parties independent of the Company and its connected persons. Please refer to the paragraph headed "Information of China Innovationpay" under the section headed "III. General" in this circular for further information on China Innovationpay.

The Preferred Shares Subscription

Pursuant to the Preferred Shares Subscription Agreement, China Innovationpay has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 49,140,000 Preferred Shares at the Preferred Shares Subscription Price of HK\$4.07 per Preferred Share.

Upon conversion of the Preferred Shares in full, 49,140,000 Conversion Shares will be allotted and issued, representing (i) approximately 2.34% of the issued Ordinary Shares as at the Latest Practicable Date; and (ii) approximately 2.28% of the issued Ordinary Shares as enlarged by the allotment and issue of the Conversion Shares. The aggregate nominal value of the Conversion Shares is HK\$1,228,500.

The Preferred Shares Subscription Price

The Preferred Shares Subscription Price of HK\$4.07 per Preferred Share represents:

- (i) a discount of approximately 16.94% to the closing price of HK\$4.90 per Ordinary Share as quoted on the Stock Exchange on 24 June 2015, being the last trading day immediately preceding the date of the Preferred Shares Subscription Agreement;
- (ii) a discount of approximately 19.88% to the average closing price of approximately HK\$5.08 per Ordinary Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Preferred Shares Subscription Agreement;

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- (iii) a premium of approximately 15.30% to the closing price of HK\$3.53 per Ordinary Share as quoted on the Stock Exchange on the Latest Practicable Date, being 15 July 2015.

The Preferred Shares Subscription Price was arrived at after arm's-length negotiations between the Company and China Innovationpay after taking into account the prevailing market price and trading volume of the Ordinary Shares.

The Preferred Shares Subscription Price shall be deemed to be paid in full by the issue and allotment of the Innovationpay Shares by China Innovationpay to the Company pursuant to the Innovationpay Subscription Agreement.

Adjustment

Save for those set out in the Public Documents up to the date before the Preferred Shares Subscription Agreement, in the event that the Company proposes to sub-divide its Ordinary Shares or issue any new Ordinary Shares or any securities convertible into or carry rights of subscription for new Ordinary Shares from the date of the Preferred Shares Subscription Agreement to completion, the Company shall (a) inform China Innovationpay in writing with reasonably sufficient details; and (b) consult with China Innovationpay and the parties shall in good faith negotiate and agree on whether any adjustment shall be made to the number of the Preferred Shares and/or the Preferred Shares Subscription Price so as to take account of such matters in a fair and reasonable manner, before effecting or entering into any agreement in relation thereto.

In the event that an adjustment shall be made pursuant to the aforementioned adjustment mechanism after the Shareholders approved the resolutions at the EGM, such adjustments will be subject to the Shareholders' re-approval.

Conditions of the Preferred Shares Subscription

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

- (i) the current listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on the Main Board of the Stock Exchange at all times from the date of the Preferred Shares Subscription Agreement to the Preferred Shares Completion Date (save for any temporary suspension pending the publication of the announcement in connection with the Preferred Shares Subscription Agreement or such other period as China Innovationpay may agree) and neither the Stock Exchange nor the SFC having indicated that either one of them shall qualify, object to, cancel or withdraw such listing and/or dealings in the Ordinary Shares for reasons related to or arising from the transactions contemplated therein;

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- (ii) the passing of resolutions (special resolution or ordinary resolution, as the case may be) by the Shareholders (other than those who are required by the Listing Rules to abstain from voting, if any) in general meeting approving, among other things:
 - a) the execution, consummation and completion of the Preferred Shares Subscription Agreement;
 - b) the Share Capital Resolutions;
 - c) the Specific Mandate;
 - d) the amendment to Articles in respect of, among others, the creation, allotment and issue of a class of Preferred Shares with the rights, obligations and privileges attaching thereto;
- (iii) the listing committee of the Stock Exchange having granted the listing of and the permission to deal in the Conversion Shares and such approval and granting of permission not having been withdrawn or revoked;
- (iv) the Group having obtained all consent from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the Preferred Shares Subscription Agreement and any of the transactions contemplated thereunder;
- (v) the warranties of the Company set out in the Preferred Shares Subscription Agreement remaining true, accurate and not misleading in all material respects at completion of the Preferred Shares Subscription Agreement by reference to the facts and circumstances subsisting as at the Preferred Shares Completion Date;
- (vi) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Preferred Shares Subscription Agreement, nor shall any action have been taken by any person seeking any of the foregoing, and no statute, rule, regulation or order shall have been enacted, enforced or deemed applicable to the transactions contemplated under the Preferred Shares Subscription Agreement, which makes the consummation of which illegal;
- (vii) no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Preferred Shares Subscription Agreement or the consummation of the transactions contemplated

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thereunder having been enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere;

- (viii) the warranties of China Innovationpay set out in the Preferred Shares Subscription Agreement remaining true, accurate and not misleading in all material respects at completion by reference to the facts and circumstances subsisting as at the Preferred Shares Completion Date; and
- (ix) the conditions precedent under the Innovationpay Subscription Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the Preferred Shares Subscription Agreement to become unconditional) and completion of the Innovationpay Subscription Agreement having been taken place in accordance with its terms simultaneously with the Preferred Shares Subscription Agreement.

China Innovationpay may in its absolute discretion waive the condition precedent in paragraph (v) above at any time by notice in writing to the Company. The Company may in its absolute discretion waive the condition precedent in paragraph (viii) above at any time by notice in writing to China Innovationpay.

As at the Latest Practicable Date, none of the above conditions has been fulfilled or waived.

In the event that any of the above conditions precedent (other than paragraph (ix) above which shall be fulfilled at the completion of the Preferred Shares Subscription) is not fulfilled or waived (as applicable) on or before 26 October 2015 (or such other date as may be agreed amongst the parties thereto), then none of China Innovationpay nor the Company shall be bound to proceed with the transactions contemplated under the Preferred Shares Subscription Agreement and the Preferred Shares Subscription Agreement shall cease to be of any effect save as to any antecedent breach of the Preferred Shares Subscription Agreement.

Subscription Completion

Subject to fulfilment or waiver (as the case may be) of the conditions precedent (other than the condition precedent set out in paragraph (ix) under the section headed "Conditions of the Preferred Shares Subscription" which shall be fulfilled simultaneously with completion of the Preferred Shares Subscription) to the Preferred Shares Subscription Agreement, completion shall take place on the Preferred Shares Completion Date. At completion, China Innovationpay shall subscribe for, and the Company shall allot and issue to China Innovationpay, 49,140,000 Preferred Shares.

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Information on the Preferred Shares

A summary of the principal terms of the Preferred Shares is set out below:

Issue price:	HK\$4.07 per Preferred Share
Dividends:	None of the Preferred Shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution.
Return on capital:	On a return of capital on liquidation or otherwise (but not on conversion or redemption), the Preferred Shares shall confer on the Preferred Shareholders the right to be paid, in priority to any return of assets in respect of any other class of shares in the capital of the Company, <i>pari passu</i> as between themselves an amount equal to the aggregate Preferred Shares Subscription Price of the Preferred Shares. The Preferred Shares shall not confer the holders thereof any further or other right to participate in the assets of the Company.
Transferability:	The Preferred Shares shall not be transferable.
Voting:	The Preferred Shareholder(s) shall not be entitled to attend or vote at any general meeting of the Company by reason only of him/her/it being the holder(s) of the Preferred Shares, unless a resolution is to be proposed at a general meeting for winding up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the Preferred Shareholder(s), in which event the Preferred Shares shall confer on the Preferred Shareholder(s) the right to receive notice of, and to attend and vote at, the general meeting, save that such Preferred Shareholder(s) may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights and privileges of the Preferred Shareholder(s). In such event, the votes of the Preferred Shareholders shall be counted on as converted basis.

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Conversion: Subject to requirements stated in the below paragraph, the Preferred Shares shall be convertible into Ordinary Shares within 5 Business Days by the Preferred Shareholders serving the conversion notice to the Company on any Business Day within the conversion period, without the payment of any additional consideration thereof, into such number of fully-paid Ordinary Shares:

- (i) immediately after such conversion, the public float of the Ordinary Shares remains above the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange;
- (ii) Parko remains to hold more than 51% of the total issued share capital of the Company (assuming full conversion of all outstanding securities issued by the Company convertible into or exchange for, or warrants, rights or options or agreements to grant warrants, rights or options, to purchase or to subscribe for, shares of the Company);
- (iii) to the extent that following such conversion, the relevant Preferred Shareholder and parties acting in concert with it, taken together, shall not directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
- (iv) each conversion of the Preferred Shares into Ordinary Shares shall not be less than 1,000,000 Preferred Shares, unless the outstanding Preferred Shares is less than 1,000,000 Preferred Shares in which case the whole (but not part only) of that number of Preferred Shares may be converted into Ordinary Shares.

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The Company has the right, exercisable immediately following the end of the 18-month anniversary from the date of the issue of the Preferred Shares, to require mandatory conversion of all outstanding Preferred Shares into Ordinary Shares, subject to the headroom available for conversion and restrictions set out in the paragraph above.

Conversion of the Preferred Shares shall be effected in such manner as the Directors shall, subject to the Articles and to any other applicable law and regulations, from time to time determine, including without limitation, by way of redemption or repurchase of such Preferred Shares and the issue of the relevant number of Ordinary Shares resulting from such conversion (with such Preferred Shares being redeemed or repurchased out of the proceeds of such issue of Ordinary Shares in accordance with and for the purposes of Section 37(3) of the Companies Law of the Cayman Islands), or by way of re-designation of Preferred Shares into Ordinary Shares without further approval of the Shareholders. Any Preferred Shares redeemed or repurchased upon conversion shall be treated as cancelled.

- Conversion period: The period commencing from the Preferred Shares Completion Date and ending on the 18-month anniversary of the issue date of the Preferred Shares.
- Conversion price: HK\$4.07. The conversion price shall from time to time be adjusted upon occurrence of the following events:
- a) consolidation or subdivision or reclassification become of a different nominal amount of the Ordinary Shares;
 - b) capitalisation of profits or reserves;

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- c) issue Ordinary Shares paid out of distributable profits or reserves and/or share premium accounts issued in lieu of the whole or any part of a cash dividend, being a dividend which the Shareholders concerned would or could otherwise have received but only to the extent that the market value of such Ordinary Shares exceeds 110% of the amount of dividend which the Shareholders could elect to or would otherwise receive in cash and which would not have constituted a capital distribution;
- d) capital distribution;
- e) offer of new Ordinary Shares for subscription by way of rights, or grant to all Shareholders any options or warrants to subscriber for new Ordinary Shares, at a price which is less than the 90% of the market price at the then current market price;
- f) issue wholly for cash being made by the Company of any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares, and the total effective consideration per Ordinary Share initially receivable for such securities is less than the then current market price;
- g) modification of rights of conversion or exchange or subscription attached to any securities so that the total effective consideration per Ordinary Share initially receivable for such securities shall be less than the then current market price;
- h) issue of Ordinary Shares being made wholly for cash at a price per Ordinary Share which is less than the then current market price; and

LETTER FROM THE BOARD

- i) if both the Company and all Preferred Shareholders consider that an adjustment to the conversion price should be made as a result of events or circumstances not being referred above, the Company shall, as agreed with the Preferred Shareholders, appoint an independent financial adviser or a certified public accountant firm acceptable to the Preferred Shareholders and the Company, at the Company's cost, to determine as soon as practicable what adjustment (if any) to the conversion price is fair and reasonable to take account thereof and the date on which such adjustment should take effect.

In the event that an adjustment shall be made pursuant to the adjustment mechanism in paragraph (i) above after the Shareholders approved the resolutions at the EGM, such adjustments will be subject to the Shareholders' re-approval.

Conversion rate: One Preferred Share is convertible into one Ordinary Share (subject to adjustment of the conversion price), which is determined by dividing the Preferred Shares Subscription Price by the conversion price in effect at the time of conversion, provided that the conversion price shall not be less than the then subsisting par value of an Ordinary Share into which such Preferred Share is convertible.

Redemption: To the extent that there shall be any Preferred Shares which have not been converted into Ordinary Share on the 18-month anniversary of the issue date of the Preferred Shares, the Company (or its nominee at the option of the Company) shall redeem such Preferred Shares in full at an amount equal to the total of the aggregate Preferred Shares Subscription Price of the Preferred Shares to be redeemed plus the interests for the period between the date of the issue of the Preferred Shares and the date of redemption (both dates inclusive) (with reference to the 1 to 3 year lending rate of the People's Bank of China as at the date of serving a notice to China Innovationpay for redemption) of the aggregate Subscription Price of the Preferred Shares to be redeemed.

LETTER FROM THE BOARD

(III) GENERAL

Information of the Company

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

Information of China Innovationpay

China Innovationpay principally engages in general trading of electronic products, prepaid card business, and development and operation of tourism VIP card products, online booking services of air-tickets and hotels.

Mandate for the issue of the Preferred Shares and Conversion Shares

The Preferred Shares and the Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

Reasons for and benefits of the Preferred Shares Subscription

The Directors are of the view that the Preferred Shares Subscription present a good opportunity for the parties to leverage on their respective strengths to pursue an all-embracing strategic collaboration in areas such as agriculture-related payment and financial services in respect of trading of agricultural products, with a view to jointly establishing an electronic platform for comprehensive financial services that will cater the needs for new rural reconstructions. The strategic collaboration will also further enhance the development of the Agripay system and could help the Company to realize its objectives of developing the agricultural finance sector.

The Preferred Shares Subscription is based on arm's length negotiations between the parties. The Directors believe that the issue of Preferred Shares instead of Ordinary Shares to China Innovationpay allows the Company to bring in China Innovationpay as a strategic corporate investor without creating immediate dilution effect for holders of the Ordinary Shares.

The Directors consider that the terms of the Preferred Shares Subscription Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Implications of the Listing Rules

As the applicable ratios in respect of the Preferred Shares Subscription are less than 5% and the Preferred Shares Subscription Agreement involves the issue of the Preferred Shares, the entering into the Preferred Shares Subscription Agreement constitutes a share transaction under the Listing Rules for the Company and is subject to reporting and announcement requirements under the Listing Rules.

LETTER FROM THE BOARD

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Preferred Shares Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate, the Share Capital Resolutions and the proposed amendments to the Articles by way of a poll. None of the Shareholders has a material interest in the Subscriptions, the Specific Mandate, the Share Capital Resolutions or the proposed amendments to the Articles as at the date of this circular.

Listing application

No application will be made for the listing of, or permission to deal in, the Preferred Shares on the Stock Exchange. An application will be made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

(IV) EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Save for 77,500,000 outstanding warrants issued by the Company on 2 June 2015 and 19,500,000 share options granted by the Company on 2 April 2015, the Company has no outstanding convertible securities, options, warrants or derivatives in issue, which are convertible or exchangeable into Ordinary Shares as at the Latest Practicable Date.

The table below sets out the effect of the Preferred Shares Subscription on the shareholding structure of the Company immediately upon (i) the completion of the Preferred Shares Subscription; and (ii) conversion in full of the Preferred Shares, and assuming no other Ordinary Shares will be allotted and issued between the date of this circular and the date until the Preferred Shares have been fully converted:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Preferred Shares Subscription		Immediately upon full conversion of the Preferred Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Parko China	1,115,202,292	53.03	1,115,202,292	53.03	1,115,202,292	51.82
Innovationpay	-	-	-	-	49,140,000	2.28
Other Shareholders	987,663,176	46.97	987,663,176	46.97	987,663,176	45.90
Total	2,102,865,468	100.00	2,102,865,468	100.00	2,152,005,468	100.00

LETTER FROM THE BOARD

(V) FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Set out below are the equity fund raising activities announced by the Company in the past twelve months prior to the Latest Practicable Date:

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 Ordinary Shares to not less than six places at the placing price of HK\$3.0 per Ordinary 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 Ordinary Shares to Parko at the subscription price of HK\$3.0 per Ordinary Share pursuant to the subscription agreement dated 14 August 2014 entered into between the Company and Parko.	Approximately HK\$369.7 million	For further capital contribution into China Coop Financial Leasing Co., Ltd* (中合盟達融資租賃有限公司) (“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 at the Latest Practicable Date, the net proceeds raised have not been utilised.

LETTER FROM THE BOARD

Date of announcement/circular	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
21 November 2014, 4 December 2014, 12 December 2014 and 6 February 2015	The Company allotted and issued (i) 53,530,000 new Ordinary Shares to not less than six places at the placing price of HK\$3.0 per Ordinary Share pursuant to the placing agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company and certain placing agents; (ii) 100,000,000 new Ordinary Shares to China Co-Op V (Shanghai) Equity Investment Funds Limited Partnership (中合供銷五期(上海)股權投資基金合夥企業(有限合伙)) ("Co-Op Funds (V)") at the subscription price of HK\$3.0 per Ordinary Share pursuant to 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); and (iii) 161,206,500 new Ordinary Shares to Parko at the subscription price of HK\$3.0 per Ordinary Share pursuant to 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.	Approximately HK\$936.9 million	<p>(i) Approximately 12.38% (or approximately HK\$116 million) for the further capital injection into China Coop Mengda by Ever Harvest Inc Limited ("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; and</p> <p>(ii) Approximately 87.62% (or approximately HK\$820.9 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).</p> <p>For more details, please refer to the circular of the Company dated 12 December 2014 and the announcement of the Company dated 6 February 2015</p>	As at the Latest Practicable Date, the net proceeds raised have not been utilised.

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Date of announcement/circular	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
28 January 2015, 2 April 2015, 27 April 2015 and 2 June 2015	The Company issued (i) 141,463,000 unlisted placing warrants (the “ Placing Warrant(s) ”) to not less than six placees at the placing issue price of HK\$0.189 per Placing Warrant pursuant to the placing agreement dated 28 January 2015 (as supplemented and amended by a supplemental agreement dated 2 April 2015) entered into between the Company and Convoy Investment Services Limited; and (ii) 212,194,500 unlisted subscription warrants (the “ Subscription Warrant(s) ”, together with the Placing Warrants, the “ Warrant(s) ”) to Parko at the subscription issue price of HK\$0.189 per Subscription Warrant pursuant to the subscription agreement dated 28 January 2015 (as supplemented and amended by a supplemental agreement dated 2 April 2015) entered into between the Company and Parko.	Approximately HK\$66.3 million from the issue of the Warrants. An additional of HK\$1,061.0 million will be raised assuming full exercise of the Warrants at the initial exercise price of HK\$3.0 per Warrant.	(i) approximately one-third (or equivalent to approximately HK\$375 million) for investment of the tea leaves trading platform should it materialise; (ii) approximately one-third (or equivalent to approximately HK\$375 million) for investment in a processing plant for agricultural byproducts; (iii) the remaining approximately one-third (or equivalent to approximately HK\$377 million) for future investment(s) and/or acquisition(s), as and when appropriate including but not limited to a possible acquisition of 中農集團農機控股有限公司 (Sino-agri Agricultural Machinery Holdings Company Limited*).	As at the Latest Practicable Date, the net proceeds raised have not been utilised.

LETTER FROM THE BOARD

Date of announcement/circular	Fund raising activity	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
12 June 2015 and 23 June 2015	The Company issued an aggregate of 58,000,000 Ordinary Shares to not less than six places at the placing price of HK\$4.25 per Ordinary Share pursuant to the placing agreement dated 12 June 2015 entered into between the Company and certain placing agents.	Approximately HK\$240.3 million	(i) approximately HK\$200 million for the possible acquisition of the business and assets of the Chengdu West Agricultural Products Wholesale Market*(成都西部農產品批發市場) (the “Wholesale Market”), including the ownership and properties and the land use right of the Wholesale Market; and (ii) approximately HK\$40.3 million for working capital.	As at the Latest Practicable Date, the net proceeds raised have not been utilised.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

(VI) PROPOSED AMENDMENT TO THE ARTICLES OF THE COMPANY

The Board proposes to amend the Articles to, among others, reflect the creation and issue of the Preferred Shares with the rights, privileges and restrictions set out in the section headed “Information on the Preferred Shares” in this circular. The proposed amendments to the Articles are conditional upon the passing of a special resolution by Shareholders at the EGM. The proposed amendments to the Articles are set out in resolution 2 contained in the notice of the EGM.

(VII) RECOMMENDATION

The Board considers that the terms of the Preferred Shares Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to approve the Preferred Shares Subscription Agreement and the transactions contemplated thereunder at the EGM.

In addition, the Board considers that (i) the issue of the Preferred Shares with the rights, privileges and restrictions set out in the section headed “Information on the Preferred Shares” in this circular; and (ii) the proposed amendments to the Articles of the Company are necessary to reflect the creation of the Preferred Shares and to incorporate the terms of Preferred Shares are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the

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resolutions in relation to (i) the grant of the specific mandate to allot and issue Preferred Shares and Conversion Shares; and (ii) proposed amendments to the Articles at the EGM.

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

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. DISCLOSURE OF INTERESTS

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:

Interests in issued ordinary shares of the Company

Name of Director	Nature of interest	Number of Ordinary Shares held	Long/short position	Approximate % of the Company's issued share capital
Wen Yuanyi	Beneficial owner/Interest of controlled corporation of spouse (<i>Note</i>)	107,864	Long position	0.005

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.

Interests in underlying shares of the Company

Name of Director	Nature of Interest	Number of underlying shares of the Company in respect of the share options granted <i>(Note)</i>	Long/short position	Approximate % of the Company's underlying shares over the Company's issued share capital
Chen Li-Jun	Beneficial owner	1,500,000	Long position	0.071
Ren Hai	Beneficial owner	300,000	Long position	0.014
Peng Guojiang	Beneficial owner	1,000,000	Long position	0.048
Zhang Yuliang	Beneficial owner	300,000	Long position	0.014
Wen Yuanyi	Beneficial owner	5,900,000	Long position	0.281
Liu Yong	Beneficial owner	1,500,000	Long position	0.071

Note:

The Company has granted share options under the share option scheme adopted on 12 June 2014 to certain eligible participants which will enable the grantee to subscribe for an aggregate of 19,500,000 ordinary shares of HK\$0.025 each in the share capital of the Company. Among the 19,500,000 share options, total of 10,500,000 share options were granted to the Directors. Please refer to the announcement of the Company dated 2 April 2015 for the details of the grant of share options.

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:

Hebei AMP owned 51% of Million Rich Hong Kong Holdings Company Limited (“**Million Rich**”) which in turn owned 100% of issued share capital in Parko. Parko owned approximately 53.03% of the issued share capital in the Company as at the Latest Practicable Date. As such, Hebei AMP is a holding company of and therefore an associated corporation of the Company pursuant to section 308 of the SFO. Chen Li-Jun held 15.50% interests in Hebei AMP.

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 Company's issued share capital
Parko	Beneficial owner	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Million Rich (<i>Note</i>)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Hebei AMP (<i>Note</i>)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25
Hebei New Cooperation Group Holdings Limited* (河北省新合作控股集團有限公司) (“Hebei New Cooperation”) (<i>Note</i>)	Interest of controlled corporation	1,115,202,292 (L) 26,315,789 (S)	53.03 1.25

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 53.03% of the issued share capital in the Company as at the Latest Practicable Date. 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.

L: denotes long position, S: denotes short position.

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.

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 2014 (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.

3. 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.

4. 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) the 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 (“CCBI”), ICBC International Securities Limited and Guosen Securities (HK) Capital Company Limited for the placing of up to 243,900,000 Ordinary Shares to places provided by the placing agents at the placing price within the range of HK\$2.80 to HK\$3.28 per Ordinary Share;
- g) the subscription agreement dated 14 August 2014 entered into between the Company and Parko for the issue of up to 256,100,000 Ordinary Shares to Parko at the subscription price of within the range of HK\$2.80 to HK\$3.28 per Ordinary Share;
- h) the placing agreement dated 20 November 2014 (as supplemented and amended by a supplemental agreement dated 4 December 2014) entered into between the Company, CCBI and Convoy Investment Services Limited (“Convoy”) for the placing of up to 82,928,000 Ordinary Shares to places provided by the placing agents at the placing price of HK\$3.0 per Ordinary Share;
- i) 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) for the subscription of 100,000,000 Ordinary Shares by Co-Op Funds (V) at the subscription price of HK\$3.0 per Ordinary Share;
- j) 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 for the subscription of a maximum of 192,074,400 new Ordinary Shares by Parko at the subscription price of HK\$3.0 per Ordinary Share;
- k) the placing agreement dated 28 January 2015 (as supplemented and amended by a supplemental agreement dated 2 April 2015) entered into between the Company and Convoy in relation to the placing of a maximum of 141,463,000 unlisted warrants;
- l) the subscription agreement dated 28 January 2015 (as supplemented and amended by a supplemental agreement dated 2 April 2015) entered into between the Company and Parko in relation to the subscription of a maximum of 212,194,500 unlisted warrants;

- m) the sale and purchase agreement dated 29 April 2015 entered into among the Company, Sino-agri Agricultural Machinery Holdings Company Limited* (中農集團農機控股有限公司) and China National Agricultural Means Of Production Group Cooperation* (中國農業生產資料集團公司);
- n) the placing agreement dated 12 June 2015 entered into between the Company, CCBI and Convoy in relation to the placing of a maximum of 58,000,000 new Ordinary Shares at the placing price of HK\$4.25 per Ordinary Share;
- o) the Innovationpay Subscription Agreement; and
- p) the Preferred Shares Subscription Agreement.

5. 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 from the date of this circular up to and including the date of EGM:

- a) the memorandum and articles of association of the Company;
- b) the annual reports of the Company for the years ended 31 December 2013 and 31 December 2014;
- c) the interim report of the Company for the six months ended 30 June 2014;
- d) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- e) the circular of the Company dated 13 September 2013;
- f) the circular of the Company dated 15 October 2013;
- g) the circular of the Company dated 20 January 2014;
- h) the circular of the Company dated 13 May 2014;
- i) the circular of the Company dated 6 June 2014;
- j) the circular of the Company dated 3 September 2014;
- k) the circular of the Company dated 24 October 2014;
- l) the circular of the Company dated 12 December 2014;
- m) the circular of the Company dated 27 April 2015;

- n) the circular of the Company dated 24 June 2015; and
- o) this circular.

6. MISCELLANEOUS

- 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 and transfer office of the Company in Hong Kong 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.

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 Tuesday, 11 August 2015 for the purposes of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. “**THAT**
 - i. the subscription agreement entered into between China Innovationpay Group Limited (“**China Innovationpay**”) and the Company on 25 June 2015 (the “**Preferred Shares Subscription Agreement**”) in relation to the subscription of 49,140,000 convertible preferred shares (the “**Preferred Shares**”) with par value of HK\$0.025 each to be issued by the Company to China Innovationpay (a copy of which has been produced to the EGM marked “A” and initialled by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby by approved, confirmed and ratified; and
 - ii. each of the directors of the Company (the “**Director(s)**”) be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Preferred Shares Subscription Agreement and the transactions contemplated thereunder.”

SPECIAL RESOLUTIONS

2. “**THAT** conditional upon the passing of ordinary resolution no.1 set out in the notice convening the EGM, the existing articles of association of the Company (the “**Articles**”) (a copy of which has been produced to the EGM marked “B” and initialled by the Chairman of the EGM for the purpose of identification) be amended in the following manner:

NOTICE OF EGM

i. Article 2.2

By adding the following new definition of “Convertible Preferred Share(s)” after the definition of “Company’s Website” in Article 2.2 of the Articles:

“**Convertible Preferred Share(s)**” shall mean convertible preferred share(s) of HK\$0.025 each in the capital of the Company, the rights of which are set out in Article 3A.

ii. Article 3A

By adding the following new Article 3A immediately after the existing Article 3:

3A. The Convertible Preferred Shares shall be non-voting shares and shall not carry any right or preference save as set out herein. Unless the context otherwise requires:

(1) Interpretation

In these Terms, unless the context otherwise requires, the following expressions which apply exclusively to these Terms shall have the following meanings:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code;
“certificate”	a certificate issued by the Company in the name of the Convertible Preferred Shareholder in respect of his/her/its holding of one or more Convertible Preferred Shares;
“Conversion Event”	the conversion of Convertible Preferred Shares by a Convertible Preferred Shareholder pursuant to this Article 3A(6.1);
“Conversion Notice”	the notice of conversion (in such form as may be required by the Company from time to time);
“Conversion Period”	the period commencing from the Issue Date and ending on the 18-month anniversary of the Issue Date;

NOTICE OF EGM

“Conversion Price”	HK\$4.07, as adjusted in accordance with this Article 3A(7);
“Conversion Rate”	the rate for conversion of the Convertible Preferred Shares into Ordinary Shares as determined in accordance with this Article 3A(6.3);
“Conversion Right”	the right of Convertible Preferred Shareholders to convert their Convertible Preferred Shares into Ordinary Shares;
“Convertible Preferred Shareholder(s)”	person(s) registered from time to time in the register of members of the Company as a holder of any Convertible Preferred Share(s);
“Issue Date”	the date of allotment and issue of the Convertible Preferred Shares;
“Ordinary Share(s)”	the ordinary share(s) of the Company with par value of HK\$0.025 each;
“Parko”	Parko (Hong Kong) Limited, a limited company incorporated in Hong Kong;
“SFC”	the Securities and Futures Commission;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$4.07 per Convertible Preferred Share;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time;
“trading day”	any day on which the Stock Exchange is open for the business of dealing in securities and on which the Ordinary Shares can be traded on the Main Board of the Stock Exchange.

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“Terms” the terms of issue, rights and privileges of the Convertible Preferred Shares and the restrictions to which they are subject as set out herein and as may be amended from time to time.

(2) Dividend

None of the Convertible Preferred Shares shall confer on the Convertible Preferred Shareholders the right to receive out of the funds of the Company available for distribution.

(3) Capital

On a return of capital on liquidation or otherwise (but not on conversion or redemption), the Convertible Preferred Shares shall confer on the Convertible Preferred Shareholders the right to be paid, in priority to any return of assets in respect of any other class of shares in the capital of the Company, *pari passu* as between themselves an amount equal to the aggregate Subscription Price of the Convertible Preferred Shares. The Convertible Preferred Shares shall not confer the holders thereof any further or other right to participate in the assets of the Company.

(4) Transferability

The Convertible Preferred Shares shall not be transferable.

(5) Voting

The Convertible Preferred Shareholders shall not be entitled to attend or vote at any general meeting of the Company by reason only of his/her/its being the holder(s) of the Convertible Preferred Shares, unless a resolution is to be proposed at a general meeting for winding up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holder(s) of the Convertible Preferred Shares, in which event the Convertible Preferred Shares shall confer on the holder thereof the right to receive notice of, and to attend and vote at, the general meeting, save that such holders may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights and privileges of the holder(s) of the Convertible Preferred Shares. In such event, the votes of holders of Convertible Preferred Shares shall be counted on as converted basis.

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(6) Conversion

- 6.1 Subject to Article 3A (6.8) and subject to payment in full of the Subscription Price of the Convertible Preferred Shares, the Convertible Preferred Shares shall be convertible into Ordinary Shares by such Convertible Preferred Shareholder serving the Conversion Notice to the Company on any Business Day within the Conversion Period, without the payment of any additional consideration therefor, into such number of fully-paid Ordinary Shares as determined in accordance with this Articles.
- 6.2 The number of Ordinary Shares to which a holder of Convertible Preferred Shares shall be entitled upon conversion following a Conversion Event shall be the number obtained by multiplying the Conversion Rate then in effect by the number of Convertible Preferred Shares being converted.
- 6.3 The Conversion Rate of each Convertible Preferred Share shall be determined by dividing the Subscription Price by the Conversion Price in effect at the time of conversion, provided that the Conversion Price shall not be less than the then subsisting par value of an Ordinary Share into which such Convertible Preferred Share is convertible. The Conversion Price shall be subject to adjustment in accordance with Article 3A(7).
- 6.4 Upon delivery of the Conversion Notice and certificate(s) evidencing the Convertible Preferred Shares to be converted by the holder thereof to the Company, the Company shall make entries in its register of members to record and give effect to the conversion of the Convertible Preferred Shares into the relevant number of Ordinary Shares resulting from such conversion (in such manner as may be determined by the Directors pursuant to Article 3A (6.8(e))), and shall promptly and, in any event no later than 20 Business Days after the date of receipt of the Conversion Notice and such certificate(s):
 - (a) issue and deliver to such holder (a) certificate(s) for the number of Ordinary Shares into which the Convertible Preferred Shares are converted in the name as shown on the certificate(s) evidencing the Convertible Preferred Shares so surrendered to the Company; or

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- (b) cause to be credited into the relevant Convertible Preferred Shareholder's brokers' account such number of Ordinary Shares into which the Preferred Shares are converted.
- 6.5 No fraction of an Ordinary Share shall be issued upon conversion of the Convertible Preferred Shares. Fractional entitlement shall be ignored by the holder of the Convertible Preferred Shares and any sum paid in respect of such subscription shall be retained by the Company for its own benefit.
- 6.6 The Company shall ensure that at all times there is a sufficient number of unissued Ordinary Shares in its authorized share capital to be issued in satisfaction of the conversion rights of Preferred Shares pursuant to Article 3A (6.1) of this Articles.
- 6.7 Upon the issue of the Ordinary Shares into which the Convertible Preferred Shares are converted, the Company shall enter such member of the Company in its register of members in respect of the relevant number of Ordinary Shares arising from such conversion.
- 6.8 Notwithstanding any provisions in this Article 3A, conversion of the Convertible Preferred Shares into Ordinary Shares shall be subject to the following requirements:
 - (a) The Company's obligation to effect conversion of fully paid Convertible Preferred Shares into Ordinary Shares in respect of which Conversion Notice has been served ("**Outstanding Preferred Shares**"), shall be subject to the following conditions:
 1. immediately after such conversion, the public float of the Ordinary Shares remains above the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange;
 2. Parko remains to hold more than 51% of the total issued share capital of the Company (assuming full conversion of all outstanding securities issued by the Company convertible into or exchange for, or warrants, rights or options or agreements to grant warrants, rights

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or options, to purchase or to subscribe for, shares of the Company);

3. to the extent that following such conversion, the relevant Convertible Preferred Shareholder and parties acting in concert with it, taken together, shall not directly or indirectly, control or be interested in 30% or more of the entire issued share capital of the Company or otherwise trigger a mandatory offer obligation under Rule 26 of the Takeovers Code; and
 4. each conversion of the Convertible Preferred Shares into Ordinary Shares shall not be less than 1,000,000 Convertible Preferred Shares, unless the Outstanding Preferred Shares is less than 1,000,000 Convertible Preferred Shares in which case the whole (but not part only) of that number of Convertible Preferred Shares may be converted into Ordinary Shares.
- (b) The Company undertakes with the Convertible Preferred Shareholders that in the event that the Company is unable to effect conversion of any Outstanding Preferred Shares as a result of the restrictions set out in Article 3A(6.8(a)) above, it shall, once headroom for conversion of such Outstanding Preferred Shares is available, notify the Convertible Preferred Shareholders within 5 Business Days in writing to allow the Convertible Preferred Shareholders to effect conversion of such Outstanding Preferred Shares into Ordinary Shares to the maximum extent possible.
- (c) The Company has the right, exercisable immediately following the end of the 18-month anniversary from the Issue Date, to require mandatory conversion of all Outstanding Preferred Shares into Ordinary Shares, subject to the headroom available for conversion and restrictions set out in Article 3A(6.8(a)) above.
- (d) In the event the Outstanding Preferred Shares are held by more than one Convertible Preferred Shareholders and the headroom for conversion by the Company under Article 3A(6.8(b)) and Article 3A(6.8(c)) is insufficient to enable all of such Outstanding Preferred Shares be converted in one batch, the Outstanding Preferred Shares held by the

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relevant Convertible Preferred Shareholders shall be converted by the Company on a pro-rata basis.

- (e) Conversion of the Convertible Preferred Shares shall be effected in such manner as the Directors shall, subject to the Articles and to any other applicable law and regulations, from time to time determine, including, without limitation, by way of redemption or repurchase of such Convertible Preferred Shares and the issue of the relevant number of Ordinary Shares resulting from such conversion (with such Convertible Preferred Shares being redeemed or repurchased out of the proceeds of such issue of Ordinary Shares in accordance with and for the purposes of Section 37(3) of the Companies Law), or by way of re-designation of Convertible Preferred Shares into Ordinary Shares, in each case without further approval of the shareholders of the Company. Any Convertible Preferred Shares redeemed or repurchased upon conversion shall be treated as cancelled.

(7) Conversion adjustments

7.1 The Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of Article 3A (7.1 (a) to (g)) inclusive, it shall fall within the first of the applicable clauses to the exclusion of the remaining clauses:

- (a) if and whenever the Ordinary Shares by reason of any consolidation or sub-division or reclassification become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division or reclassification becomes effective;
- (b) if and whenever the Company shall:
 - (i) issue (other than in lieu of a cash dividend) any Ordinary Shares credited as fully paid by way

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of capitalisation of profits or reserves (including any share premium account); or

- (ii) issue Ordinary Shares paid out of distributable profits or reserves and/or share premium accounts issued in lieu of the whole or any part of a cash dividend, being a dividend which the holders of the Ordinary Shares concerned would or could otherwise have received but only to the extent that the market value of such Ordinary Shares exceeds 110% of the amount of dividend which holders of the Ordinary Shares could elect to or would otherwise receive in cash and which would not have constituted a capital distribution (as defined in Article 3A(7.2)) (for which purpose the “market value” of an Ordinary Share shall mean the average of the closing prices published in the Stock Exchange’s Daily Quotation Sheet for one Ordinary Share for 5 trading days ending on the last trading day immediately preceding the last day on which holders of Ordinary Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash); then the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Ordinary Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Ordinary Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day next following the record date for such issue;
- (c) if and whenever the Company shall make any capital distribution to holders (in their capacity as such) of Ordinary Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be adjusted by multiplying by the following fraction:

$$\frac{A - B}{A}$$

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where:

- A = the closing price published in the Stock Exchange in respect of one Ordinary Share on the trading day immediately preceding the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) immediately preceding the date of the capital distribution or, as the case may be, of the grant; and
- B = the fair market value on the day of such announcement or failing any such announcement, the date of the capital distribution or the grant, as the case may be, as determined in good faith by the independent financial adviser appointed by the Company, of the portion of the capital distribution or of such rights which is/are attributable to one Ordinary Share,

Provided that:

- (i) if in the opinion of the relevant independent financial adviser appointed by the Company, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the closing price published in the Stock Exchange's Daily Quotation Sheet of one Ordinary Share which should properly be attributed to the value of the capital distribution or rights; and
- (ii) this Article 3A(7.1(c)) shall not apply in relation to the issue of Ordinary Shares paid out of profits or reserves and issued in lieu of a cash dividend. Each such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day following the record date for the capital distribution or grant;
- (d) If and whenever the Company shall offer to all or substantially all holders of Ordinary Shares new Ordinary Shares for subscription by way of rights, or shall grant to all holders of Ordinary Shares any options or warrants to subscribe for new Ordinary

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Shares, at a price per new Ordinary Share which is less than 90% of the market price at the date of the announcement of the terms of the offer or grant (whether or not such offer or grant is subject to the approval of the holders of Ordinary Shares or other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + I}$$

where:

G = number of Ordinary Shares in issue immediately before the date of such announcement;

H = the number of Ordinary Shares which the aggregate of the two following amounts would purchase at such market price:

- (i) the total amount (if any) payable to the rights, options or warrants being offered or granted; and
- (ii) the total amount payable for all of the new Ordinary Shares being offered for subscription or comprised in the rights, options or warrants being granted; and

I = the aggregate number of Ordinary Shares being offered for subscription or comprised in the rights, options or warrants being granted.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the relevant offer or grant.

- (e) (i) If and whenever the Company or any of its subsidiaries shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares, and the total Effective Consideration per new Ordinary

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Share initially receivable for such securities is less than 90% of the market price at the date of the announcement of the terms of issue of such securities (whether or not such issue is subject to the approval of the holders of Shares of other persons), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{J + K}{J + L}$$

where:

- J = the number of Ordinary Shares in issue immediately before the date of the issue of such securities;
- K = the number of Ordinary Shares which the total Effective Consideration receivable for such securities would purchase at such market price; and
- L = maximum number of new Ordinary Shares to be issued upon full conversion or exchange of, or the exercise in full of the subscription rights conferred by, such securities at their relative initial conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) from the date of issue of such securities.

- (ii) If and whenever the rights of conversion or exchange or subscription attaching to any such securities as are mentioned Article 3A(7.1(e)(i)) are modified so that the total Effective Consideration per new Ordinary Share initially receivable for such securities shall be less than 90% of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by the following fraction:

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$$M + N$$

$$M + O$$

where:

M = the number of Ordinary Shares in issue immediately before the date of such modification;

N = the number of Ordinary Shares which the total Effective Consideration receivable for such securities at the modified conversion or exchange rate or subscription price would purchase at such market prices; and

O = the maximum number of new Ordinary Shares to be issued upon full conversion or exchange of; or the exercise in full of the subscription rights conferred by, such securities at their relative modified conversion or exchange rate or subscription price.

Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustments of conversion, exchange or subscription terms.

(iii) For the purposes of this Article 3A(7.1(e)):

(aa) the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the aggregate consideration receivable by the issuer for such securities for the issue thereof plus the additional minimum consideration (if any) to be received by the issuer and/or the Company (if not the issuer) upon (and assuming) the full conversion or exchange thereof or the exercise in full of the subscription rights attaching thereto; and

(bb) the “**total Effective Consideration per new Ordinary Share**” initially receivable

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for such securities shall be such aggregate consideration divided by the maximum number of new Ordinary Shares to be issued upon (and assuming) the full conversion or exchange thereof at the initial conversion or exchange rate or the exercise in full of the subscription rights attaching thereto at the initial subscription price, in each case, without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.

- (f) If and whenever the Company shall issue wholly for cash any Ordinary Shares at a price per Ordinary Share which is less than 90% of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date of such announcement by the following fraction:

$$\frac{P + Q}{P + R}$$

where:

P = number of Ordinary Shares in issue immediately before the date of such announcement;

Q = the number of Ordinary Shares which the aggregate amount payable for such issue would purchase at such market price; and

R = number of Ordinary Shares allotted pursuant to such issue.

Such adjustment shall become effective on the date of the issue.

Such adjustment shall become effective (if appropriate retroactively) from the date of issue of such securities.

- (g) If both the Company and all Convertible Preferred Shareholders considers that an adjustment to the

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Conversion Price should be made as a result of events or circumstances not referred to in this Article 3A((7.1) (a) to (f)), the Company shall, as agreed with the Convertible Preferred Shareholders, appoint an independent financial adviser or a certified public accountant firm acceptable to the Convertible Preferred Shareholders and the Company, at the Company's cost, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect; and if the approved independent financial adviser or the certified public accountant firm considers that an adjustment (provided that such adjustment would result in a reduction in the Conversion Price) shall be made to the Conversion Price, such adjustment shall be made and shall take effect in accordance with the determination made by the approved independent financial adviser or certified public accountant.

7.2 For the purposes of Article 3A(7.1):

"announcement" shall mean the publication of an announcement on the website of the Stock Exchange, **"date of announcement"** shall mean the date of the announcement and **"announce"** shall be construed accordingly;

"capital distribution" shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend or distribution charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution, provided that any such dividend shall not automatically be so deemed if:

- (a) it is paid out of the net profits (less losses) attributable to the holders of Ordinary Shares for all financial periods after that ended 31 December 2014 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period; or
- (b) to the extent that (a) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of

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dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the independent financial adviser appointed by the Company appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

“**issue**” shall include allot;

“**market price**” means the average of the closing prices published in the Stock Exchange’s Daily Quotation Sheet for one Ordinary Share for the 5 trading days ending on the last trading day immediately preceding the day on or as of which such price is to be ascertained PROVIDED THAT if at any day during the said 5 trading days, the Share shall have been quoted ex-dividend and during some other part of that period, the Ordinary Shares shall have been quoted cum-dividend, then:

- (1) if the Ordinary Shares to be issued do not rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share; and
- (2) if the Ordinary Shares to be issued rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the amount of that dividend per Ordinary Share; and PROVIDED FURTHER THAT if the Ordinary Shares on each of the said five trading days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Ordinary Shares to be issued or purchased do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share;

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“**Shares**” includes, for the purposes of Ordinary Shares comprised in any issue, distribution, offer or grant pursuant in Article 3A (7.1)(b), (c), (d), (e) and (f) above, any such shares of the Company as, when fully paid, shall be Ordinary Shares; and

“**rights**” includes rights in whatsoever form issued.

- 7.3 If the Conversion Price is adjusted with effect (retroactively or otherwise) from a date on or before the date on which the names of the Convertible Preferred Shareholders whose Convertible Preferred Shares are converted into Ordinary Shares pursuant hereto or such other persons as they may direct are entered into the register of holders of Ordinary Shares of the Company and such Convertible Preferred Shareholders’ entitlement were arrived at on the basis of unadjusted Conversion Price, the Company shall pay to such Convertible Preferred Shareholders an amount that is equivalent to the nominal value of such number of Ordinary Shares which would have been required to be issued on conversion of such Convertible Preferred Shares if the relevant adjustment had been given effect to as at the date of conversion (the “**Additional Shares**”) and apply such amount to pay up in full at par the Additional Shares which shall be allotted and issued to such Convertible Preferred Shareholders or such other persons as they may direct.
- 7.4 The provisions of Article 3A(7.1) shall not apply to:
- (a) an issue of fully-paid Ordinary Shares upon the exercise of any conversion rights attached to warrants or securities convertible into Ordinary Shares that exist at the date of issue of the Convertible Preferred Shares;
 - (b) an issue of Ordinary Shares or other securities of the Company or any subsidiary wholly or partly convertible into, of carrying rights to acquire, Ordinary Shares to the eligible participants pursuant to share option scheme adopted by the Company in compliance with Chapter 17 of the Listing Rules; and
 - (c) an issue by the Company of Ordinary Shares or by the Company or its subsidiary of securities wholly or partly convertible into or carrying rights to acquire Ordinary Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business.

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- 7.5 Notwithstanding the provisions of Article 3A((7.1)(a) to (f)), in any circumstances where the Directors shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or at a different time from that provided for under the provisions, the Company may appoint the an independent financial adviser, to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the independent financial adviser appointed by the Company shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other date and/or time as shall be certified by the independent financial adviser appointed by the Company to be in its opinion appropriate.
- 7.6 Any adjustment to the Conversion Price shall be made to the nearest cent so that any amount under half a cent shall be rounded down and an amount of half a cent or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Ordinary Shares into shares of a larger nominal amount or upon a repurchase of Ordinary Shares) involve an increase in the Conversion Price.
- 7.7 No adjustment shall be made to the Conversion Price in any case in which the Conversion Price so reduced in accordance with the foregoing provisions would be less than its nominal value.
- 7.8 Whenever the Conversion Price is adjusted, the Company shall give notice to the Convertible Preferred Shareholders that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof).

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(8) Redemption

To the extent that there shall be any Convertible Preferred Shares which have not been converted into Ordinary Shares on the 18-month anniversary of the Issue Date, the Company (or its nominee at the option of the Company) shall redeem such Convertible Preferred Shares in full at an amount equal to the total of the aggregate Subscription Price of the Preferred Share to be redeemed plus the interests for the period between the date of the issue of the Convertible Preferred Shares and the date of redemption (both dates inclusive) (with reference to the 1 to 3 year lending rate of the People's Bank of China as at the date of serving a notice to Subscriber for redemption) of the aggregate Subscription Price of the Preferred Share to be redeemed.

(9) Listing

The Convertible Preferred Shares shall not be listed on any stock exchange. “

3. “**THAT** conditional upon the passing of ordinary resolution no. 1 and special resolution no. 2 set out in the notice convening the EGM, the allotment and issue of 49,140,000 Preferred Shares to China Innovationpay pursuant to the terms and conditions of the Preferred Shares Subscription Agreement be and is hereby approved and each of the Directors be and is hereby authorised to take all steps necessary or expedient in his/her opinion to implement and/or give effect to the issue of the Preferred Shares including but not limited the allotment and issue of new ordinary shares of the Company which may fall to be issued upon the exercise of the conversion rights attached to the 49,140,000 Preferred Shares.”

Yours faithfully
By Order of the Board
National Agricultural Holdings Limited
Chen Li-Jun
Chairman

Hong Kong, 20 July 2015

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.

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- (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 resolution will be decided by way of poll.
- (5) The form of proxy for use at the EGM is enclosed herewith.