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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)

CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL JOINT OPERATION AGREEMENT

SUPPLEMENTAL JOINT OPERATION AGREEMENT

On 13 July 2016, the Company entered into the Supplemental Joint Operation Agreement with Dalian Exchange, pursuant to which the Company shall provide, among others, fund management services to Dalian Exchange. Pursuant to the Supplemental Joint Operational Agreement, the Renewed Joint Operation Agreement shall be terminated with effect from the date of the Supplemental Joint Operational Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Co-Op Group, the holding company of Dalian Exchange, holds approximately 83.83% interest in Coopinvest Company which is a substantial shareholder and holds approximately 12.96% interest in China Coop Mengda, an indirect non-wholly owned subsidiary of the Company. Dalian Exchange is therefore a connected person of the Company at the subsidiary level. Accordingly, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) Dalian Exchange is a connected person of the Company at the subsidiary level; (ii) the Transactions are on normal commercial terms; (iii) the Board have approved the Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of Transactions are fair and reasonable and that the Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SUPPLEMENTAL JOINT OPERATION AGREEMENT

On 13 July 2016, the Company and Dalian Exchange entered into the Supplemental Joint Operation Agreement (the “**Supplemental Joint Operation Agreement**”). Pursuant to the Supplemental Joint Operation Agreement, the Renewed Joint Operation Agreement shall be terminated with effect from the date of the Supplemental Joint Operation Agreement.

The principal terms of the Supplemental Joint Operation Agreement are set out below:–

Date

13 July 2016

Parties

- (a) The Company; and
- (b) Dalian Exchange

Subject matter

Pursuant to the Supplemental Joint Operation Agreement, the parties agreed with the following:

Membership registration fee (席位費)

Depending on the type of product, a one-off member registration fee would be charged from each member of Dalian Exchange. The exact fee would be charged shall be according to the relevant contract entered into between Dalian Exchange and the member. The relevant income will be shared equally between the Company and Dalian Exchange.

Transaction handling fee (交易手續費)

For each transaction, a transaction handling fee ranging from 0.01% to 0.1% of the total transaction amount would be charged from each party of the transaction depending on the type of transactions. The relevant income will be shared equally between the Company and Dalian Exchange.

Membership fee (買賣商會員費)

A membership fee would be charged from each member of Dalian Exchange. The exact fee shall be according to the relevant contract entered into between Dalian Exchange and the member. The relevant income will be shared equally between the Company and Dalian Exchange.

Fund management and financing services (資金管理費及融資服務費)

The Company shall carry out centralized management and operation of funds for Dalian Exchange. The highest interest rate on deposits earned by such funds can reach People's Bank of China's benchmark time deposit rate for the comparable period plus 20%.

The Company shall provide members who enter into a transaction at Dalian Exchange with the financing funds required for the corresponding transaction through various channels such as banks within the PRC and its own funds (the “**Lender**”). All factors including criteria for financing parties, specific financing approval process, financing amount and financing rates shall be subject to the specific rules set by the Company and be announced on the platform of Dalian Exchange in due course.

The interest income from financing shall be shared among the Company, Dalian Exchange and the Lender in accordance with the rules agreed between them in advance. Except for financing funds which are made out of its own funds, the Company will not bear the credit or default risks of other lenders in relation to the financing.

Term

The term of the Supplemental Joint Operation Agreement shall be commencing on 13 July 2016 and expiring on 31 December 2018, provided that the Supplemental Joint Operation Agreement shall be automatically renewed every three years unless terminated by either party and subject to compliance with the relevant Listing Rules requirements.

Historical transaction volume of Dalian Exchange and Proposed Caps for 2016-2018

Historical transaction volume and historical annual cap

The following table sets out (i) the volume of transactions that were executed at Dalian Exchange for the years ended 31 December 2014 and 31 December 2015 and (ii) the 2015 annual cap as disclosed in the announcement of the Company dated 31 December 2015:

| | For the year ended 31 December 2014 (RMB million) | For the year ended 31 December 2015 (RMB million) |
|-----------------------|--|--|
| Volume of transaction | 800,000 | 1,012,500 |
| 2015 Annual cap | N/A | 400 |

Revised estimated transaction volume for 2016-2018 and Proposed Caps from 2016 -2018

The following table sets out (i) the estimated volume of transactions that are to be executed at Dalian Exchange for 2016-2018 and (ii) Proposed Caps for 2016-2018:

| <i>(RMB million)</i> | For the year ending 31 December 2016 | For the year ending 31 December 2017 | For the year ending 31 December 2018 |
|----------------------------------|---|---|---|
| Estimated volume of transactions | 1,215,000 | 1,458,000 | 1,749,000 |
| Proposed Caps | 821.25 | 985.50 | 1,182.60 |

Under the Supplemental Joint Operation Agreement, the Company shall collect service fees from, amongst other things, fund management services, financing services, membership fee and transaction handling services, and the size of the service fees will be dependent on, amongst other things, size of fund, amount of finance facilities to be provided, number of trader members and volume of transactions. In respect of the volume of transactions, the estimated volume for the years ending 31 December 2016, 2017 and 2018 represents an increment of around 20% as compared to the estimated volume for the prior financial year. Such estimation is based on (i) the increase in volume of transactions between the financial years 2015 and 2014 as stated above which is about 25%; (ii) the general trend of the size of domestic commodities trading on integrated trading platform with electronic information networking functions; (iii) the gradual acceptance of executing trade on such integrated trading platform; (iv) seasonal fluctuations of demand in commodities and (v) the prevailing economic conditions. As such, the Proposed Caps for 2016-2018 has been determined with

reference to (i) the expected increase in volume of transactions as stated above; (ii) the anticipated demand level of financing facilities for the relevant transactions based on the demand level in 2015 and (iii) the expected increase in membership fee as a result of the gradual acceptance of executing trade on such integrated trading platform.

INFORMATION ABOUT THE PARTIES

The Group 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.

Dalian Exchange is a company established in the PRC with limited liability. It is principally engaged in operating an integrated commodities and services trading platform for renewable energy, agricultural by-products, agricultural means of production and Dalian petroleum, and providing logistics, settlement, informatics, financing and training service in the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is of the view that the cooperation with Dalian Exchange will further enhance the usage and development of the Agripay System (農匯通) and could help the Company to realize its objectives of developing the agricultural finance sector.

Having considered the above, the Directors are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Co-Op Group, the holding company of Dalian Exchange, holds approximately 83.83% interest in Coopinvest Company which is a substantial shareholder and holds approximately 12.96% interest in China Coop Mengda, an indirect non-wholly owned subsidiary of the Company. Dalian Exchange is therefore a connected person of the Company at the subsidiary level. Accordingly, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) Dalian Exchange is a connected person of the Company at the subsidiary level; (ii) the Transactions are on normal commercial terms; (iii) the Board have approved the Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of Transactions are fair and reasonable and that the Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, none of the Directors has a material interest in the Supplemental Joint Operation Agreement and is required to be abstained from voting on the relevant board resolutions to approve the Supplemental Joint Operation Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

| | |
|---------------------|---|
| “Agripay System” | a cash settlement system jointly established by the Company and 廣州銀聯網絡支付有限公司 (Guangzhou UnionPay Network Payment Co., Ltd) and Agricultural Bank of China Limited |
| “Board” | the board of Directors |
| “China Co-Op Group” | 中國供銷集團有限公司 (China Co-Op Group Company Limited*), a company established in the PRC and the wholly owned subsidiary of 中華全國供銷合作總社 (All China Federation of Supply and Marketing Cooperatives*) |
| “China Coop Mengda” | 中合盟達融資租賃有限公司 (China Coop Financial Leasing Co., Ltd*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company |
| “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 |

| | |
|--|--|
| “Coopinvest Company” | 中合聯投資有限公司 (Coopinvest Company Limited*), a company established in the PRC and a substantial shareholder of China Coop Mengda |
| “Dalian Exchange” | 大連再生資源交易所有限公司 (Dalian Renewable Energy Exchange Company Limited*), a company established in the PRC with limited liability |
| “Directors” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | third party(ies) independent of and not connected with the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan |
| “Renewed Joint Operation Agreement” | the agreement entered into between the Company and Dalian Exchange on 20 January 2016 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share(s)” | ordinary share(s) in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Joint Operational Agreement” | the agreement entered into between the Company and Dalian Exchange on 13 July 2016 |

“Transactions” the transactions under the Supplemental Joint Operational Agreement

“%” per cent

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

Hong Kong, 14 July 2016

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Ms. Wen Yuanyi and Mr. Chen Li An, and three independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung and Mr. Fan William Chung Yue.

** for identification only and shall not be regarded as its official name*