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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)**

### **DISCLOSEABLE TRANSACTION FINANCE LEASE AGREEMENT**

#### **FINANCE LEASE AGREEMENT**

On 2 July 2015 (after trading hours), China Coop Mengda, an indirect non-wholly owned subsidiary of the Company, as the lessor, has entered into the Finance Lease Agreement with Customer A, which is Independent Third Party, pursuant to which China Coop Mengda agreed to purchase the Leased Assets as specified in the Finance Lease Agreement from Customer A and such Leased Assets will be leased back to Customer A. The total rental payment under the Finance Lease Agreement was approximately RMB70.29 million (equivalent to approximately HK\$87.86 million).

#### **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreement calculated under Rule 14.07 of the Listing Rules are more than 5% but less than 25%, the Finance Lease Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the relevant disclosure requirements under the Listing Rules.

This announcement is made to inform the Shareholders of the major terms of the Finance Lease Agreement.

The Board announces that on 2 July 2015 (after trading hours), China Coop Mengda and Customer A entered into the Finance Lease Agreement. The principal terms of the Finance Lease Agreement are set out below.

## **THE FINANCE LEASE AGREEMENT**

### **Date**

2 July 2015

### **Parties**

Lessor: China Coop Mengda

Lessee: Customer A

### **Principal terms**

China Coop Mengda agreed to purchase the Leased Assets as specified in the Finance Lease Agreement from Customer A and the Leased Assets will be leased back to Customer A for a term of 1.5 years commencing from 25 December 2015. The total amount of consideration paid by China Coop Mengda for purchasing the Leased Assets amounted to approximately RMB59.83 million (equivalent to approximately HK\$74.79 million) which was financed by internal resources of China Coop Mengda.

The rental payment (including the principal and interest payment) shall be paid by Customer A to China Coop Mengda in 6 instalments in accordance with the repayment schedule set out in the Finance Lease Agreement. The total rental payment (including the interest payment) of the Finance Lease Agreement was approximately RMB70.29 million (equivalent to approximately HK\$87.86 million). The lease interest rate on the date of the Finance Lease Agreement was approximately 11.04%. The lease interest rate under the Finance Lease Agreement was calculated on the basis of the Benchmark Interest Rate. An adjustment to the Benchmark Interest Rate shall be reflected in the lease rate and rental payment in the same proportion and direction in the next instalment from the date of adjustment.

### **Ownership of the Leased Assets**

China Coop Mengda has the ownership of the Leased Assets during the lease term. During the lease term, Customer A shall have the right to occupy and use the Leased Assets. Customer A shall be responsible for the maintenance and repair of the Leased Assets and the related expenses and shall also bear the risk and rewards of ownership of the Leased Assets. Upon expiry of the lease term, given that Customer A has made full payment of the rental payment and paid an agreed nominal amount of RMB 100 (equivalent to approximately HK\$125), the ownership of the Leased Assets shall vest in Customer A. In the event that Customer A has not paid such nominal amount, Customer A shall pay a penalty of 10% of the total consideration of the Lease Assets to China Coop Mengda.

## **Default**

If default is committed on the part of Customer A, China Coop Mengda shall be entitled to, among other things, (a) demand Customer A to take rectification measures within a specified time period; (b) prohibit Customer A from using the Leased Assets; (c) demand repayment of all rent and other monies, whether it has become due and payable by Customer A; (d) request Customer A to provide guarantee which China Coop Mengda is satisfied with; (e) exercise the guarantee provided by Customer A or a third party; (f) without recourse to legal action, take physical possession of the relevant leased asset; (g) claim for compensation for any losses incurred against Customer A; and (h) terminate the Finance Lease Agreement.

## **Special arrangement**

Customer A shall set up the Project Company in August 2015, which shall be treated as a co-lessee under the Finance Lease Agreement and shall be jointly liable for the obligations under the Finance Lease Agreement. Customer A shall procure the Project Company to enter into supplemental finance lease agreement with China Coop Mengda.

## **Guarantee**

Pursuant to the Finance Lease Agreement, Customer A shall pledge a piece of land located at Fengjie County, Chongqing Municipality in the PRC and its entire interests in the Project Company to China Coop Mengda to guarantee its payment obligations under the Finance Lease Agreement. Customer A shall also procure certain guarantors to enter guarantee agreements with China Coop Mengda to guarantee the its payment obligations under the Finance Lease Agreement. During the term of the Finance Lease Agreement, Customer A shall also provide any form of guarantee to the satisfaction of China Coop Mengda upon its request from time to time.

## **INFORMATION OF THE GROUP AND CHINA COOP MENGDA**

The principal activities of the Group are finance leasing, research, development, distribution of software and provision of related maintenance usage and information services in the PRC. China Coop Mengda is principally engaged in the provision of the finance leasing services.

## **INFORMATION OF CUSTOMER A AND THE PROJECT COMPANY**

Customer A is a company incorporated in the PRC with limited liability which primarily engages in corporate investment consulting, corporate management consulting, engineering consulting, project planning and electronic business consulting.

The Project Company will be set up in August 2015 for the purpose of a construction project of Customer A, at Fengjie County, Chongqing Municipality in the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Customer A and its ultimate beneficial owner are Independent Third Parties.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT**

The terms of the Finance Lease Agreement including the rental payments and lease interest rates have been agreed after arm's length negotiation between the parties with reference to the prevailing market rates for finance lease for similar asset(s).

The entering into of the Finance Lease Agreement is in the ordinary and usual course of business of China Coop Mengda. It is expected that China Coop Mengda will earn an aggregate interest income of approximately RMB10.46 million (equivalent to approximately HK\$13.08 million), being the total rental payment under the Finance Lease Agreement after deducting the consideration paid for the purchase of the Lease Assets.

The Directors are of the view that the terms of the Finance Lease Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As more than one of the applicable percentage ratios for the transactions contemplated under the Finance Lease Agreement calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the Finance lease Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the relevant disclosure requirements under the Listing Rules.

## **DEFINITIONS**

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

“Benchmark Interest Rate”	1 to 5 years benchmark interest rate of Renminbi loans of the People's Bank of China
“Board”	the board of Directors
“China Coop Mengda”	中合盟達融資租賃有限公司 (China Coop Mengda 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

“Customer A”	a company incorporated in the PRC with limited liability which primarily engages in corporate investment consulting, corporate management consulting, engineering consulting, project planning and electronic business consulting
“Directors”	the directors of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between China Coop Mengda and Customer A on 2 July 2015
“Group”	the Company and its subsidiaries as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of the Company and its connected persons
“Leased Assets”	certain equipment, facilities and systems as set out in the Finance Lease Agreement, including amongst others, elevator, electricity system and fire safety equipment
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	a wholly-owned project company to be set up by Customer A in August 2015 for the purpose of a construction project of Customer A at Fengjie County, Chongqing Municipality in the PRC
“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 the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*For the purpose of this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.25. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

*\* for identification purpose only*

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

Hong Kong, 2 July 2015

*As at the date of this announcement, the Board comprises six executive Directors, being Mr. Chen Li-Jun, Mr. Ren Hai, Mr. Peng Guojiang, Mr. Zhang Yuliang, Ms. Wen Yuanyi and Mr. Liu Yong, and four independent non-executive Directors, being Ms. Chiu Kam Hing Kathy, Mr. Ting Tit Cheung, Mr. Fan William Chung Yue and Mr. Chu Kin Wang Pelens.*