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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)**

### **KEY FINDINGS OF THE FORENSIC REVIEW**

References are made to the announcements of National Agricultural Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 March 2017, 16 May 2017, 19 June 2017, 23 June 2017, 4 July 2017, 25 July 2017, 18 August 2017 and 3 November 2017 (the “**Announcements**”) in relation to, amongst other things, progress of the Forensic Review. Capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the announcement of the Company dated 28 March 2017, the Forensic Review was recommended by the then auditors of the Company (the “**Previous Auditors**”) during the course of the audit as the Previous Auditors encountered certain incident and information which called into question the existence of a bank account (the “**Bank Account**”) of a wholly owned subsidiary of the Company which should have received RMB1.82 billion (the “**Earnest Money**”) refund on 30 March 2016.

The Company wishes to update its shareholders that the Independent Forensic Accountant has issued a report (the “**Forensic Report**”) to the audit committee of the Company setting out its findings.

A summary of the key findings of the Forensic Report is set out below.

### **SUMMARY OF KEY FINDINGS OF THE FORENSIC REPORT**

The Independent Forensic Accountant was engaged in March 2017 to investigate the deposit at the Bank Account. For the purpose of the investigation, the Independent Forensic Accountant had discussed with the Previous Auditors, reviewed certain documents and electronic records, visited the relevant banks, interviewed certain Directors and employees of the Group.

#### **The Bank Account**

Based on the available documents provided by the Company to the Independent Forensic Accountant, and the bank visit procedures performed by the Independent Forensic Accountant at the relevant bank branches and their upper level branch, the Forensic Accountant was not able to confirm the existence of the Bank Account, or that the Bank Account had received the refund of the Earnest Money on 30 March 2016.

The Independent Forensic Accountant had subsequently been informed on 8 November 2017 that the Bank Account had been closed. The Independent Forensic Accountant requested but had not been provided with any relevant material in this regard, and was not able to confirm the closing of the Bank Account.

## **The Deposits**

Separately, the Independent Forensic Accountant was informed by the Company that an amount of RMB1.75 billion had been deposited on 30 August 2017 into a bank account of the Group in the PRC which was opened on 6 July 2017. The Independent Forensic Accountant visited the relevant bank on 31 August 2017 and confirmed with the bank that an aggregate amount of approximately RMB1.75 billion (the “**RMB1.75 Billion Deposit**”) had been deposited in a bank account of a subsidiary of the Group in the PRC by a micro-credit company in the PRC on 30 August 2017.

In addition, the Independent Forensic Accountant was informed by the Company on 31 August 2017 that an amount of RMB100 million (the “**RMB100 Million Deposit**”) (together with the RMB1.75 billion deposit mentioned above, collectively the “**Deposits**”) was deposited in another bank account of a subsidiary of the Group on 30 August 2017 by a company. As at the date of this announcement, the Independent Forensic Accountant has not been engaged to perform any verification work on the RMB100 Million Deposit.

As at the date of this announcement, the Company was unable to provide the Independent Forensic Accountant with any supporting documents such as the relevant contracts or correspondence in relation to the background or nature of the Deposits. The Company was also unable to arrange for the Independent Forensic Accountant to interview the representative(s) of the micro-credit company in the PRC or the company which deposited the Deposits at the relevant bank accounts of the Group. Consequently, the Independent Forensic Accountant was not able to establish the connection between the RMB1.82 billion as referred previously in the announcement of the Company dated 28 March 2017 and the Deposits, or the nature of the Deposits, such as whether the Deposits may have to be returned to any third parties.

As the Independent Forensic Accountant had not conducted further investigation on the status of the RMB1.75 Billion Deposit since the visit of the relevant bank on 31 August 2017 or any investigation on the status of the RMB100 Million Deposit, the last known status of the RMB1.75 Billion Deposit could only be confirmed as it was as at 31 August 2017.

## **The Undertaking**

Mr. Chen Li-Jun, the Chairman and an executive director of the Company, had provided an undertaking to the board of directors of the Company dated 3 September 2017 that he will use his best endeavours to ensure that the Deposits shall remain in the relevant bank accounts until the board of directors of the Company shall have approved any use or transfer of the Deposits.

## **RECOMMENDATIONS FROM THE INDEPENDENT FORENSIC ACCOUNTANT**

In light of the above, in addition to forensic investigation in relation to the relevant bank balances, the Independent Forensic Accountant also suggested to further investigate the fund flow in respect of the initial payment of the Earnest Money by or on behalf of the Company from 2015. The relevant suggestions are summarised below:

- 1) to investigate the payment of the Earnest Money by the Company and the parties commissioned by the Company to 廣州市銀乾投資管理有限公司 (Guangzhou Yin Qian Investment Management Company Limited\*) and Ao Yuan Trading Company Limited\* (石家莊奧源貿易有限公司);
- 2) to obtain and review bank statements, bank payment advices, accounting records and other supporting documents in relation to the payment of the Earnest Money by the Company or other parties on behalf of the Company to 廣州市銀乾投資管理有限公司 (Guangzhou Yin Qian Investment Management Company Limited\*) and Ao Yuan Trading Company Limited\* (石家莊奧源貿易有限公司);
- 3) to conduct background searches on third parties which were involved in the payments involving the Earnest Money (the “**Relevant Third Parties**”);
- 4) to visit and interview selected Relevant Third Parties; and
- 5) to visit the bank(s) involved in payments involving the Earnest Money.

### **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited will continue to be suspended until further notice.

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

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

Hong Kong, 12 March 2018

*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. Fan William Chung Yue and Mr. Cheung Pak To, Patrick.*