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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in YuanShengTai Dairy Farm Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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### **YuanShengTai Dairy Farm Limited** **原生态牧业有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1431)**

## **PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES; AND RE-ELECTION OF DIRECTORS; AND NOTICE OF ANNUAL GENERAL MEETING**

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Capitalised terms used in the lower portion of the front and front cover inside page shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the 2019 AGM to be held at Jiangbei Room, Songbei Shangri-La Hotel, No. 1 Songbei Avenue, Songbei District, Harbin 150028, the PRC on Tuesday, 25 June 2019 at 10:00 a.m. is set out on pages 17 to 21 of this circular.

A form of proxy for use in connection with the 2019 AGM is enclosed with this circular. If you do not intend to attend the 2019 AGM but wish to exercise your right as a Shareholder, you are requested to complete the form of proxy and return the same to 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, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time appointed for holding the 2019 AGM (i.e. on or before 10:00 a.m. on Sunday, 23 June 2019 (Hong Kong time) or its adjournment. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the 2019 AGM or its adjournment should you so wish. If you attend and vote at the 2019 AGM, the authority of your proxy will be revoked.

26 April 2019

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*This circular is prepared in both English and Chinese. In the event of inconsistency, the English text of this circular will prevail.*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:*

“2019 AGM”	the AGM to be held at Jiangbei Room, Songbei Shangri-La Hotel, No. 1 Songbei Avenue, Songbei District, Harbin 150028, the PRC on Tuesday, 25 June 2019 at 10:00 a.m.
“AGM”	the annual general meeting of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company as adopted by the Shareholders on 7 November 2013 and as amended, supplemented or otherwise modified from time to time
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	YuanShengTai Dairy Farm Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1431)
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“INED(s)”	independent non-executive Director(s)
“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the 2019 AGM to allot, issue and deal with Shares not exceeding 20% of the aggregate number of the issued Share as at the date of passing the relevant resolution for approving such mandate

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## DEFINITIONS

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“Latest Practicable Date”	16 April 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information to be contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China and for the purposes of this circular excluding Hong Kong, the Macau Special Administration Region and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the 2019 AGM to repurchase Shares not exceeding 10% of the aggregate number of the issued Shares as at the date of the passing of the relevant resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as amended, supplemented or otherwise modified from time to time and administered by the Securities and Futures Commission of Hong Kong
“%”	per cent.

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## EXPECTED TIMETABLE

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Latest time for lodging transfer of Shares .....	4:30 p.m., Wednesday, 19 June 2019
Book closure period (both days inclusive) .....	Thursday, 20 June 2019 to Tuesday, 25 June 2019
Record date for determining entitlement to attend and vote at the 2019 AGM .....	Tuesday, 25 June 2019
2019 AGM .....	Tuesday, 25 June 2019
Announcement on poll results of 2019 AGM .....	Tuesday, 25 June 2019
Re-opening of register of members .....	Wednesday, 26 June 2019

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## LETTER FROM THE BOARD

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### YuanShengTai Dairy Farm Limited 原生態牧業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1431)

*Executive Directors:*

Mr. Zhao Hongliang (趙洪亮)  
Mr. Fu Wenguo (付文國)  
Mr. Chen Xiangqing (陳祥慶)  
Mr. Liu Gang (劉剛)

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Mr. Lau Ho Fung (劉浩峰)

*Headquarters and Principal Place  
of Business in the PRC:*

Qingxiang Street  
Kedong, Qiqihar  
Heilongjiang Province  
PRC

*INEDs:*

Mr. Zhang Yuezhou (張月周)  
Mr. Zhu Zhanbo (朱戰波)  
Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)

*Principal Place of Business  
in Hong Kong:*

31/F, 148 Electric Road  
North Point  
Hong Kong

26 April 2019

*To the Shareholders*

Dear Sir or Madam,

### PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES; AND RE-ELECTION OF DIRECTORS; AND NOTICE OF ANNUAL GENERAL MEETING

#### INTRODUCTION

The Directors wish to seek the approval of the Shareholders at the 2019 AGM for, among other matters, the grant of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate and the proposed re-election of Directors.

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## LETTER FROM THE BOARD

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The purpose of this circular is to give you (i) the information regarding the resolutions to be proposed at the 2019 AGM relating to the granting to the Directors the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate and the re-election of the Directors; and (ii) the notice of the 2019 AGM.

### ISSUE MANDATE

The Company's existing mandate to issue Shares was approved by its then Shareholders at the AGM held on 25 June 2018. Unless otherwise renewed, the existing mandate to issue Shares will lapse at the conclusion of the 2019 AGM.

An ordinary resolution will be proposed at the 2019 AGM to grant the Issue Mandate to the Directors. Based on 4,690,496,400 issued Shares as at the Latest Practicable Date and assuming that no further Shares are issued and no Shares are repurchased or cancelled after the Latest Practicable Date and up to the date of the 2019 AGM, the Directors will be able to allot, issue and deal with up to a total of 938,099,280 Shares if the Issue Mandate is granted at the 2019 AGM, which will remain in effect until the earliest of (i) the conclusion of the next AGM; (ii) the expiration of the period within which the next AGM is required to be held by the Bye-laws, the Companies Act 1981 of Bermuda or any applicable laws of Bermuda; and (iii) the passing of an ordinary resolution of the Shareholders in general meeting of the Company revoking or varying the authority given to the Directors.

### REPURCHASE MANDATE

The Company's existing mandate to repurchase Shares was approved by its then Shareholders at the AGM held on 25 June 2018. Unless otherwise renewed, the existing mandates to repurchase will lapse at the conclusion of the 2019 AGM.

An ordinary resolution will be proposed at the 2019 AGM to grant the Repurchase Mandate to the Directors. The Repurchase Mandate, if granted, will be effective until whichever is the earliest of (i) the conclusion of the next AGM; (ii) the expiration of the period within which the next AGM is required to be held by the Bye-laws, the Companies Act 1981 of Bermuda or any applicable laws of Bermuda; and (iii) the passing of an ordinary resolution by the Shareholders in a general meeting of the Company revoking or varying the authority given to the Directors.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

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## LETTER FROM THE BOARD

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### EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

Subject to the passing of the ordinary resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the 2019 AGM to extend the Issue Mandate by the addition to the aggregate number of the issued Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate number of the issued Shares as at the date of passing the resolution for approving the Issue Mandate.

### RE-ELECTION OF DIRECTORS

In accordance with bye-laws 108(A) and (B) of the Bye-laws, Mr. Fu Wenguo (“**Mr. Fu**”) and Mr. Chen Xiangqing (“**Mr. Chen**”), both an executive Directors, will retire from office by rotation at the 2019 AGM. Pursuant to bye-law 112 of the Bye-Laws, Mr. Liu Gang (“**Mr. Liu**”), an executive Director and Mr. Meng Jingzong (alias Owens Meng) (“**Mr. Meng**”), an INED, will retire from office at the 2019 AGM. All the above retiring Directors, being eligible, have offered themselves for re-election.

Details of each of the retiring Directors to be re-elected at the 2019 AGM are set out in Appendix I to this circular in accordance with the relevant requirements under the Listing Rules.

The Nomination Committee has assessed and reviewed the annual written confirmation of independence from each of the INEDs based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the INEDs, including Mr. Meng remains independent. Further, the Nomination Committee has also evaluated the performance of each of the retiring Directors during the year ended 31 December 2018 based on the nomination policy of the Company which was disclosed in the annual report of the Company and found their performance satisfactory. Therefore, upon the nomination by the Nomination Committee, the Board has recommended that the retiring Directors, namely Mr. Fu, Mr. Chen, Mr. Liu and Mr. Meng, to stand for re-election as Directors at the 2019 AGM. Each of Mr. Fu, Mr. Chen, Mr. Liu and Mr. Meng abstained from voting at the relevant Board meeting on the respective propositions of their recommendations for re-election by the Shareholders. The Board also believes that the continuous appointment of the retiring Directors contributes to the stability and diversity of the Board.



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## LETTER FROM THE BOARD

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### 2019 AGM

The notice of the 2019 AGM is set out on pages 17 to 21 of this circular. At the 2019 AGM, resolutions will be proposed to approve, among others, the granting of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Repurchase Mandate and the re-election of Directors. A form of proxy for use in connection with the 2019 AGM is enclosed with this circular and such form of proxy is also published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ystdfarm.com](http://www.ystdfarm.com)) and ([www.ystdairyfarm.com](http://www.ystdairyfarm.com)). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, 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, not later than 48 hours before the time appointed for holding the 2019 AGM (i.e. on or before 10:00 a.m. on Sunday, 23 June 2019 (Hong Kong time) or its adjournment. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the 2019 AGM or its adjournment should he/she/it so wish. If the Shareholder attends and votes at the 2019 AGM, the authority of the proxy will be revoked.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions proposed at the 2019 AGM will be voted by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein, 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors believe that the proposals for the granting of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate and the re-election of Directors as set out in the notice of the 2019 AGM are in the interests of the Company and the Shareholders as a whole. Therefore, they recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the 2019 AGM as set out in the notice of the 2019 AGM on pages 17 to 21 of this circular.

Yours faithfully  
For and on behalf of the Board  
**YuanShengTai Dairy Farm Limited**  
**Zhao Hongliang**  
*Chairman*

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## APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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*The following are the particulars of the retiring Directors (as required by the Bye-laws and the Listing Rules) proposed to be re-elected at the 2019 AGM.*

### EXECUTIVE DIRECTORS (“EDs”)

#### Mr. Fu Wenguo (付文國)

Mr. Fu, aged 51, is an ED, the chief executive officer and the general manager of the Group. Mr. Fu is a director of each of the following subsidiaries of our Company: Heilongjiang Kedong Ruixinda YuanShengTai Dairy Farming Joint Stock Co., Ltd.\* (黑龍江克東瑞信達原生態牧業股份有限公司), Kedong Yongjin YuanShengTai Dairy Farm Limited\* (克東勇進原生態牧業有限公司), Heilongjiang Gannan Ruixinda Dairy Farming Co., Ltd.\* (黑龍江甘南瑞信達原生態牧業有限公司), Royal Dairy Farm Limited (“**Royal Dairy Farm**”) and Natural Dairy Farm Limited (“**Natural Dairy Farm**”). He is primarily responsible for overseeing the overall operations of the Group. He is also a member of the Nomination Committee. Mr. Fu graduated from the Shanghai Light Industry Institute\* (上海輕工業專科學校) (now known as The Shanghai Institute Technology\* (上海應用技術學院)) in 1989.

Mr. Fu joined the Group in December 2011 and was then in charge of overseeing the overall operations of the Group. Since January 2012, Mr. Fu has been assuming the office of general manager of the Group. He is also a member of the senior management of the Group. Mr. Fu has over 25 years of experience in the dairy farming industry.

Mr. Fu has entered into a service contract with the Company for a further term of three years commencing on 1 November 2016 and is subject to retirement by rotation and re-election at the 2019 AGM in accordance with the Bye-laws. Pursuant to his service contract with the Company, he is entitled to a basic salary of HK\$125,000 per annum (subject to an annual increment of not more than 10% of the annual salary immediately prior to such increase after 31 December 2018 at the discretion of the Board). In addition, he is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the EDs for any financial year of the Company may not exceed 10% of the audited consolidated net profit of the Group (after taxation, minority interests and payment of such bonuses but before extraordinary items) in respect of that financial year of the Company. The aggregate emolument of Mr. Fu for the year ended 31 December 2018 amounted to RMB996,000. Mr. Fu shall not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him. Mr. Fu’s emolument is determined by the Board upon the recommendation of the Remuneration Committee with reference to his experience, responsibilities and the prevailing market conditions.

Other than his directorship in the Company, Mr. Fu has not held any directorship in any publicly-listed company in the past three years.

Mr. Fu does not have any relationship with any Director, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Fu beneficially owned share options to subscribe for a total of 20,000,000 Shares

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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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### **Mr. Chen Xiangqing (陳祥慶)**

Mr. Chen, aged 46, was appointed as an ED and the chief financial officer of the Group on 10 September 2015. Mr. Chen was employed by Heilongjiang Feihe Dairy Co., Ltd.\* (黑龍江飛鶴乳業有限公司) from April 2003 to June 2012, and had assumed various offices including the accounts manager, finance manager and internal control manager, respectively.

Mr. Chen graduated from Heilongjiang Bayi Agricultural University (黑龍江八一農墾大學) in July 1996, majoring in agricultural economy management. He is a holder of the certificate of accounting professional in the PRC. He has been accredited as a certified internal auditor by The Institute of Internal Auditors since November 2010.

Mr. Chen joined the Group in December 2012 as the head of finance department of the Group, in which he was responsible for overseeing the financial and auditing matters of the Group. Mr. Chen is a director of each of the following subsidiaries of our Company: Royal Dairy Farm and Natural Dairy Farm. Mr. Chen has more than 15 years' working experience in the domestic raw milk industry of the PRC.

Mr. Chen has entered into a service contract with the Company for a further term of three years commencing on 10 September 2018 and is subject to retirement by rotation and re-election at the 2019 AGM in accordance with the Bye-laws. Pursuant to his service contract with the Company, he is entitled to a basic salary of HK\$125,000 per annum. In addition, he is also entitled to a discretionary bonus to be determined at the discretion of the Board or, if so delegated, the Remuneration Committee. The aggregate emolument of Mr. Chen for the year ended 31 December 2018 amounted to RMB1,502,000. The remuneration of Mr. Chen was determined and recommended by the Remuneration Committee and approved by the Board based on his qualifications, experience, level of responsibilities undertaken and prevailing market conditions. The remuneration of Mr. Chen will be subject to an annual review by the Remuneration Committee or the Board (as the case may be).

Other than his directorship in the Company, Mr. Chen has not held any directorship in any publicly-listed company in the past three years.

Mr. Chen does not have any relationship with any Director, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Chen beneficially owned share options to subscribe for a total of 13,500,000 Shares.

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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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### **Mr. Liu Gang (劉剛)**

Mr. Liu, aged 45, was appointed as an ED on 25 June 2018. Mr. Liu was appointed as the Company's sole company secretary on 5 April 2017. Mr. Liu joined the Group in January 2012 and was appointed as one of the Company's joint company secretaries and authorized representatives of the Company in 7 November 2013. Prior to joining our Group, Mr. Liu had accumulated about 8 years of experience in the investment sector. Mr. Liu was awarded a bachelor's degree in automation, majoring in measuring and control technology and instrumentations, by the Yanshan University\* (燕山大學) in the PRC in July 1999. Mr. Liu is a director of each of the following subsidiaries of our Company: Royal Dairy Farm and Natural Dairy Farm.

Mr. Liu has entered into a service agreement with the Company for an initial term of three years commencing on 25 June 2018 and is subject to retirement by rotation and re-election at the 2019 AGM in accordance with the Bye-laws. Pursuant to his service agreement with the Company, he is entitled to the annual basic salary of HK\$600,000. Mr. Liu is also entitled to discretionary bonus to be determined at the discretion of the Board or, if so delegated, the Remuneration Committee. The aggregate emolument of Mr. Liu for the year ended 31 December 2018 amounted to RMB1,673,000.

Other than his directorship in the Company, Mr. Liu has not held any directorship in any publicly-listed company in the past three years.

Mr. Liu does not have any relationship with any Director, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Liu has a personal interest in 2,101,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") and beneficially owned share options to subscribe for a total of 15,000,000 Shares.

### **INED**

### **Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)**

Mr. Meng, aged 41, was appointed as an INED on 28 September 2018. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Meng was awarded a bachelor's degree in Economics, majoring business administration, and a bachelor's degree in Accounting by the Beijing Technology and Business University\* (北京工商大學) in June 2001 and May 2001, respectively.

Mr. Meng has served as an independent director of each of China Customer Relations Centers Inc. (stock symbol: CCRC) and TDH HOLDINGS, INC. (stock symbol: PETZ), both companies being listed on Nasdaq since September 2014 and February 2019, respectively. Since 2013, Mr. Meng has been the managing director of Beijing Songlin Xinya Financial Consultants, Ltd. From 2007 through 2013, Mr. Meng served as chief representative of Sherb Consulting LLC Beijing Representative Office, and managing director of Sherb & Co, LLP. From 2003 through 2006, Mr. Meng worked as an audit manager for Grant Thornton Beijing. Mr. Meng is a member of The Chinese Institute of Certified Public Accountants (CICPA) and holds a C.P.A. Permit from the State of Delaware in the United States of America, and a Certified Internal Auditor (CIA) of The Institute of Internal Auditors.

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## APPENDIX I                      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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Mr. Meng has been appointed for an initial term of three years commencing on 28 September 2018 and is subject to retirement by rotation and re-election at the 2019 AGM in accordance with the Bye-laws. He is entitled to a remuneration of HK\$200,000 per annum which was determined by the Board by reference to his duties and responsibilities, the prevailing market conditions and the recommendation from the Remuneration Committee. The aggregate emolument of Mr. Meng for the year ended 31 December 2018 amounted to RMB42,000.

Save as disclosed above, Mr. Meng has not held any directorship in any publicly-listed company in the past three years nor any other position within the Group.

Mr. Meng does not have any relationship with any Director, senior management or substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Meng did not have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no information required to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in respect of each of the above retiring Directors and there are no other matters that need to be brought to the attention of the Shareholders in respect of each of the above retiring Directors' re-election.

\*                      denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only

*This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the proposed grant of the Repurchase Mandate.*

## **1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES**

Under the Listing Rules, a company is prohibited from knowingly purchasing securities on the Stock Exchange from a “core connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his/her/its securities to the Company.

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, no core connected person of the Company had notified the Company that he/she/it had a present intention to sell any Shares to the Company nor had any such core connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate was approved by the Shareholders.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, there were a total of 4,690,496,400 issued Shares. Subject to the passing of the ordinary resolution for the approval of the Repurchase Mandate and assuming that no further Shares are issued and no Shares are repurchased or cancelled after the Latest Practicable Date and up to the date of the 2019 AGM, the Directors would be authorised to repurchase up to a maximum of 469,049,640 Shares, representing 10% of the aggregate number of the issued Shares as at the 2019 AGM date up to (i) the conclusion of the next AGM; (ii) the expiration of the period within which the next AGM is required to be held by the Bye-laws, the Companies Act 1981 of Bermuda or any applicable laws of Bermuda; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting of the Company revoking or varying the authoring given to the Director, whichever occurs first.

## **3. REASONS FOR REPURCHASES**

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per share and/or earnings per share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

## **4. FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Bermuda laws, the memorandum of association of the Company, the Bye-laws and the Listing Rules for such purpose.

**5. IMPACT ON WORKING CAPITAL OR GEARING LEVEL**

An exercise of the Repurchase Mandate in full would have a material adverse impact on the working capital or gearing position of the Company compared with that as at 31 December 2018, being the date of its latest published audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

**6. SHARE PRICES**

The highest and lowest prices at which the Shares had been traded on the Main Board of the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

<b>Month</b>	<b>Traded Prices (HK\$)</b>	
	<b>Highest</b>	<b>Lowest</b>
<b>2018</b>		
April	0.355	0.290
May	0.350	0.196
June	0.255	0.196
July	0.213	0.188
August	0.207	0.180
September	0.197	0.170
October	0.188	0.170
November	0.184	0.170
December	0.178	0.160
<b>2019</b>		
January	0.178	0.160
February	0.220	0.171
March	0.220	0.185
April (up to and including the Latest Practicable Date)	0.205	0.178

**7. DIRECTORS AND THEIR CLOSE ASSOCIATES**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their close associates, have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the 2019 AGM.

**8. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.



## 9. EFFECT OF TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such an increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

According to the register of interests in Shares and short positions maintained by the Company under section 336 of the SFO, as at the Latest Practicable Date, the following Shareholders were interested or deemed to be interested in 5% or more of the issued Shares:

Name of Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Number of underlying Shares held	Total	Approximate percentage of shareholding	Approximate percentage of shareholding if Repurchase Mandate is exercised in full
Mr. Zhao Hongliang ("Mr. HL Zhao") (Note 1)	Interest in a controlled corporation and beneficial owner/ Corporate and Personal Interests	1,150,900,000	4,500,000	1,155,400,000	24.63%	27.37%
Mr. Zhao Hongyu (Note 1)	Interest in a controlled corporation/ Corporate Interest	170,200,000	–	170,200,000	3.63%	4.03%
Parties acting in concert with Mr. HL Zhao (Note 2)	Total	1,321,100,000	4,500,000	1,325,600,000	28.26%	31.40%
Ms. Li Shuxia (Note 3)	Interest of spouse/ Family Interest	1,321,100,000	4,500,000	1,325,600,000	28.26%	31.40%

## Notes:

- (1) 1,150,900,000 Shares were beneficially owned by ZHL Asia Limited ("ZHL"), which is solely owned by Mr. HL Zhao, the chairman of the Board and an ED. Therefore, Mr. HL Zhao is deemed or taken to be interested in all the Shares beneficially owned by ZHL by virtue of the SFO. In addition, Mr. HL Zhao beneficially held share options to subscribe for a total of 4,500,000 Shares.

170,200,000 Shares were beneficially owned by ZHY Asia Limited ("ZHY"), which is solely owned by Mr. Zhao Hongyu, the brother of Mr. HL Zhao.

- (2) ZHL, ZHY, Mr. HL Zhao and Mr. Zhao Hongyu are parties acting in concert and on 29 October 2013, they entered into a deed to confirm, among others, their acting-in-concert agreement. As such, Mr. HL Zhao was also deemed to have interests in the Shares beneficially owned by ZHL, ZHY and Mr. Zhao Hongyu and owns an aggregate of approximately 28.26% beneficial and deemed interest in the share capital of the Company.
- (3) Ms. Li Shuxia is the wife of Mr. HL Zhao. Accordingly, Ms. Li Shuxia is deemed or taken to be interested in all the Shares in which Mr. HL Zhao is interested and deemed to have for the purpose of the SFO.

In the event that the Directors exercise in full the Repurchase Mandate, the total interests of the above Shareholders would be increased to the respective approximate percentages shown in the last column of the above table. Accordingly, on the basis of 4,690,496,400 Shares in issue as at the Latest Practicable Date and assuming there is no further issue or repurchase of Shares during the period from the Latest Practicable Date up to and including the date of the 2019 AGM, the interests in the Company of each of Mr. HL Zhao, Mr. Zhao Hongyu, ZHL and ZHY would be increased to approximately 31.40% respectively of the total issued Shares.

Such increase would not result in the aggregate amount of the issued share capital of the Company in the public hands being reduced to less than 25% but would give rise to an obligation under Rules 26 and 32 of the Takeovers Code for each of Mr. HL Zhao, Mr. Zhao Hongyu, ZHL and ZHY to make a mandatory offer in respect of all the issued Shares because they, being parties acting in concert, will be regarded as having acquired voting rights with the effect of increasing their collective holding of voting rights to 30% or more of the voting rights of the Company. However, the Directors do not have any plan or intend to repurchase Shares to such an extent as would result in any of such takeover obligations. Save as aforesaid, the Directors are not aware of any consequence which may arise under the Takeovers Code as a consequence of any repurchase of the Shares made under the Repurchase Mandate.

#### **10. SHARES REPURCHASE MADE BY THE COMPANY**

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

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## NOTICE OF ANNUAL GENERAL MEETING

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### YuanShengTai Dairy Farm Limited 原生态牧业有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1431)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of YuanShengTai Dairy Farm Limited (the “**Company**” and the “**AGM**”, respectively) will be held at Jiangbei Room, Songbei Shangri-La Hotel, No. 1 Songbei Avenue, Songbei District, Harbin 150028, the PRC on Tuesday, 25 June 2019 at 10:00 a.m. for the following purposes:

#### **As Ordinary Businesses**

1. To consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and independent auditor for the year ended 31 December 2018 (the “**Year**”).
2. To re-elect the following directors of the Company (the “**Directors**”):
  - i. Mr. Fu Wenguo as an executive Director (the “**ED**”);
  - ii. Mr. Chen Xiangqing as an ED;
  - iii. Mr. Liu Gang as an ED; and
  - iv. Mr. Meng Jingzong (alias Owens Meng) as an independent non-executive Director.
3. To approve the Directors’ remuneration for the Year and to authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration for the year ending 31 December 2019.
4. To re-appoint Ernst & Young, Certified Public Accountants (“**E&Y**”) as the independent auditor of the Company for the ensuing year and authorise the Board to fix its remuneration.

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## NOTICE OF ANNUAL GENERAL MEETING

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### As Special Businesses

5. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“That:

- (a) subject to paragraph (c) of this Resolution below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company (the “**Shares**”) or securities convertible into the Shares, or options or warrants for similar rights to subscribe for any Shares and to make or grant offers, agreements and options, including warrants to subscribe for the Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (the “**Bye-laws**”) in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription, conversion or exchange under the terms of any securities which are convertible into or exchange for Shares, shall not exceed the aggregate of:
  - (aa) 20% of the aggregate number of the issued Shares as at the date of the passing of this Resolution; and
  - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate number of any Shares repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate number of the issued Shares as at the date of the passing of this Resolution),

and the authority pursuant to paragraph (a) of this Resolution above shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Bye-laws, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting of the Company revoking or varying the authority given to the Directors by this Resolution.

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving the rights to subscribe for Shares open for a period fixed by the Directors to the holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange applicable to Hong Kong).”

6. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

“**That:**

- (a) subject to paragraph (b) of this Resolution below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to purchase the shares in the share capital of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**Commission**”) and the Stock Exchange for this purpose, subject to and in accordance with the Companies Act 1981 of Bermuda (as amended) (the “**Companies Act**”) and all other applicable laws, the Code on Share Buy-backs administered by the Commission and the requirements of the Rules Governing the Listing of Securities of the Stock Exchange, be and the same is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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(b) the aggregate number of the Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution above during the Relevant Period (as defined below) shall not exceed 10% of the aggregate number of the issued Shares as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution above shall be limited accordingly; and

(c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable laws of Bermuda; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting of the Company revoking or varying the authority given to the Directors by this Resolution.”

7. “**THAT** subject to the passing of Resolutions no. 5 and 6 set out in the notice convening the annual general meeting of the Company (the “**Notice**”), the authority of the directors of the Company pursuant to Resolution no. 5 set out in the Notice be and is hereby approved to extend to cover such amount representing the aggregate number of the issued shares of the Company repurchased pursuant to the authority granted pursuant to Resolution no. 6 set out in the Notice.”

By Order of the Board  
**YuanShengTai Dairy Farm Limited**  
**Zhao Hongliang**  
*Chairman*

Hong Kong, 26 April 2019

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Headquarters and Principal Place of Business in  
The People's Republic of China (the "PRC"):*

Qingxiang Street  
Kedong, Qiqihar  
Heilongjiang Province  
PRC

*Principal Place of Business in Hong Kong:*

31/F, 148 Electric Road  
North Point  
Hong Kong

*Notes:*

1. Any member of the Company (the "**Member**") entitled to attend and vote at the AGM convened by the Notice or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend and, on a poll, vote on his/her/its behalf subject to the provisions of the Bye-laws. A proxy need not be a Member but must be present in person at the AGM to represent the Member. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices 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, Wanchai, Hong Kong not later than 48 hours before the time for holding the AGM (i.e. on or before 10:00 a.m. on Sunday, 23 June 2019 (Hong Kong time) or its adjourned meeting. Completion and return of a form of proxy will not preclude a Member from attending in person and voting at the AGM or its adjournment should he/she so wish. In the event of a Member who has lodged a form of proxy attending the AGM, the form of proxy will be deemed to have been revoked.
3. For determining Members' entitlement to attend and vote at the AGM, the register of Members will be closed from Thursday, 20 June 2019 to Tuesday, 25 June 2019 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending the forthcoming AGM all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 June 2019.
4. In relation to the proposed Resolution no. 4 above, the Board concurs with the views of the audit committee of the Board and has recommended that E&Y be re-appointed as independent auditor of the Company.
5. In relation to the proposed Resolutions no. 5 and 7 above, approval is being sought from the Members for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Directors have no immediate plans to issue any new Shares other than the Shares which may fall to be issued under the share option scheme of the Company.
6. In relation to the proposed Resolution no. 6 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they consider appropriate for the benefit of the Members. An explanatory statement containing the information necessary to enable the Members to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix II to the Company's circular dated 26 April 2019.
7. In compliance with Rule 13.39(4) of the Listing Rules, voting on all proposed resolutions set out in the Notice will be decided by way of a poll.
8. The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.