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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2018

Reference is made to the annual report (the “**Annual Report**”) of YuanShengTai Dairy Farm Limited (the “**Company**”) for the year ended 31 December 2018. Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Annual Report.

USE OF NET PROCEEDS FROM THE IPO

In addition to the information in relation to the listing of the Company’s shares on the main board of the Stock Exchange of Hong Kong Limited on 26 November 2013 (the “**IPO**”) as set out in the Annual Report, the board (the “**Board**”) of directors of the Company would like to provide additional information in relation to the use of net proceeds raised from the IPO.

Gross proceeds raised from the IPO in such connection amounted to approximately HK\$3,298 million, and the net proceeds (after deduction of listing expenses and underwriting commissions, and excluding offer proceeds which were payable to selling shareholders (i.e. not receivable by the Company)) amounted to approximately HK\$2,564 million.

During the year ended 31 December 2018, approximately HK\$10.3 million of the net proceeds was utilized on construction of new farms. Up to 31 December 2018, approximately HK\$2,216.2 million of the net proceeds was spent broadly in accordance with the Company’s plan as disclosed in the Prospectus, of which as to HK\$1,923 million on construction of new farms, as to HK\$256.4 million on working capital and general corporate purpose, and as to HK\$36.8 million on developing upstream operations purpose.

The unutilized net proceeds, being approximately HK\$347.8 million, is expected to be used in accordance with the Company’s plan as disclosed in the Prospectus (i.e. to develop upstream operations) by 2021. Detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

An analysis of the use of net proceeds from the IPO is set out below:

	Planned use of net proceeds from the IPO (as stated in the Prospectus) HK\$ million	Actual use of net proceeds from the IPO up to 31 December 2018 HK\$ million	Actual use of net proceeds from the IPO during the year ended 31 December 2018 HK\$ million	Unused net proceeds from the IPO HK\$ million
Construction of new farms	1,923.0	1,923.0	10.3	0.0
Develop upstream operations	384.6	36.8	0.0	347.8 ^(Note)
Working capital and general corporate purpose	256.4	256.4	0.0	0.0
Total	2,564.0	2,216.2	10.3	347.8

Note: Expected to be used by 2021.

The Board will continually evaluate the Group's business strategies, change or modify the plan in line with market conditions, to support business growth of the Group.

USE OF NET PROCEEDS FROM THE PLACING

In addition to the information in relation to the issuance of 781,749,400 new Shares at a price of HK\$0.5 per Share pursuant to a placing of Shares completed on 13 January 2017 (the "Placing") as set out in the Annual Report, the Board would like to provide additional information in relation to the use of net proceeds raised from the Placing.

The net proceeds from the Placing (after deducting the placing commission payable to the placing agent and other expenses incurred in the Placing) were approximately HK\$384.6 million, which were intended to be used for importing heifers and calves from Australia and New Zealand and general working capital.

During the year ended 31 December 2018, approximately HK\$71.7 million of the net proceeds was utilized on importing heifers from New Zealand. As at 31 December 2018, about HK\$98.7 million of the net proceeds were used on importing heifers from New Zealand.

The unutilized net proceeds, being approximately HK\$285.9 million, is expected to be used as intended by 2021. Detailed schedule depends on the overall economic conditions, the development of the Company and market situation.

An analysis of the use of net proceeds from the Placing is set out below:

	Planned use of net proceeds from the Placing (as stated in the announcement of the Company dated 23 December 2016) HK\$ million	Actual use of net proceeds from the Placing up to 31 December 2018 HK\$ million	Actual use of net proceeds from the Placing during the year ended 31 December 2018 HK\$ million	Unused net proceeds from the Placing HK\$ million
Importing heifers and calves from Australia and New Zealand and general working capital	384.6	98.7	71.7	285.9 ^(Note)
Total	<u>384.6</u>	<u>98.7</u>	<u>71.7</u>	<u>285.9</u>

Note: Expected to be used by 2021.

The Board will continually evaluate the Group's business strategies, change or modify the plan in line with market conditions, to support business growth of the Group.

The above additional information does not affect other information contained in the Annual Report and, save as disclosed in this announcement, the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 24 July 2019

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Hongliang (Chairman), Mr. Fu Wenguo (Chief Executive Officer), Mr. Chen Xiangqing (Chief Financial Officer) and Mr. Liu Gang; one non-executive Director, namely Mr. Lau Ho Fung; and three independent non-executive Directors, namely Mr. Meng Jingzong (alias Owens Meng), Mr. Zhang Yuezhou and Mr. Zhu Zhanbo.