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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;  
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 inside cover pages shall have the same respective meanings as those defined in the section headed “Definitions” of this circular.

A notice convening the 2014 AGM of the Company to be held at L2 Jasmine Room 1, Rosedale Hotel & Suites Beijing, 8 Jiang Tai Road West, Chao Yang District, Beijing, the PRC on Friday, 6 June 2014 at 10:00 a.m. is set out on pages 19 to 23 of this circular.

A form of proxy for the 2014 AGM is enclosed with this circular. If you do not intend to attend the 2014 AGM, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the 2014 AGM or any adjournment thereof should you so wish.

23 April 2014

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>EXPECTED TIMETABLE</b> .....	3
<b>LETTER FROM THE BOARD</b>	
Introduction .....	4
Issue Mandate .....	5
Repurchase Mandate .....	5
Extension of General Mandate to issue Shares .....	5
Re-election of Directors .....	6
2014 AGM .....	6
Voting by poll .....	7
Responsibility statement .....	7
Recommendation .....	7
<b>APPENDIX I — DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED</b> .....	8
<b>APPENDIX II — EXPLANATORY STATEMENT</b> .....	14
<b>NOTICE OF ANNUAL GENERAL MEETING</b> .....	19

*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:*

“2014 AGM”	the AGM of the Company to be held at L2 Jasmine Room 1, Rosedale Hotel & Suites Beijing, 8 Jiang Tai Road West, Chao Yang District, Beijing, the PRC on Friday, 6 June 2014 at 10:00 a.m.
“AGM”	the annual general meeting of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Bye-laws”	the bye-laws of the Company as adopted by the Shareholders on 7 November 2013 and as amended from time to time
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	the general mandate proposed to be granted to the Directors at the 2014 AGM to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution for approving such mandate
“Latest Practicable Date”	15 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	26 November 2013, the date on which dealing in the issued Shares first commenced on the Main Board of the Stock Exchange

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	the People’s Republic of China
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors at the 2014 AGM to repurchase shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	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 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”	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 as amended 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. on Tuesday, 3 June 2014
Book closure period (both days inclusive)	Wednesday, 4 June 2014 to Friday, 6 June 2014
Record Date	Friday, 6 June 2014
AGM	Friday, 6 June 2014
Announcement on poll results of AGM	Friday, 6 June 2014
Register of members re-opens	Monday, 9 June 2014

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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. Wang Shaogang (王紹崗)  
Mr. Fu Wenguo (付文國)  
Ms. Su Shiqin (蘇士芹)

*Non-executive Directors:*

Mr. Sun Wei (孫瑋)  
Mr. Lau Ho Fung (劉浩峰)

*Independent Non-executive Directors:*

Mr. Wu Chi Keung (胡志強)  
Mr. Zhang Yuezhou (張月周)  
Mr. Zhu Zhanbo (朱戰波)

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and Principal Place  
of Business in PRC:*

Qingxiang Street  
Kedong, Qiqihar  
Heilongjiang Province  
PRC

*Principal Place of Business and  
Address in Hong Kong:*

31/F, 148 Electric Road  
North Point  
Hong Kong

23 April 2014

*To the Shareholders*

Dear Sir or Madam

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

**INTRODUCTION**

The Directors wish to seek the approval of the Shareholders at the 2014 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 the information regarding the resolutions to be proposed at the 2014 AGM relating to the granting to the Directors the Issue Mandate and Repurchase Mandate, the extension of the Issue Mandate and the re-election of the Directors.

### ISSUE MANDATE

An ordinary resolution will be proposed at the 2014 AGM to grant the Issue Mandate to the Directors. Based on 3,908,747,000 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or no Shares are repurchased after the Latest Practicable Date and up to the date of the 2014 AGM, the Directors will be able to allot, issue and deal with up to a total of 781,749,400 Shares if the Issue Mandate is granted at the 2014 AGM, which will remain in effect until the earliest of (i) the conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required to be held by the Bye-laws or any applicable laws of Bermuda; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company.

### REPURCHASE MANDATE

An ordinary resolution will be proposed at the 2014 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 of the Company; (ii) the expiration of the period within which the next AGM of the Company is required to be held by the Bye-laws or any applicable laws of Bermuda; and (iii) the passing of an ordinary resolution by the Shareholders in 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.

### 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 2014 AGM to extend the Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company 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 nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Issue Mandate.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, there were four executive Directors, namely Mr. Zhao Hongliang, Mr. Wang Shaogang, Mr. Fu Wenguo and Ms. Su Shiqin; two non-executive Directors, namely Mr. Sun Wei and Mr. Lau Ho Fung; and three Independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Zhang Yuezhou and Mr. Zhu Zhanbo.

In accordance with Bye-law 108(A) of the Bye-laws, at each AGM one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of the three (3), then the number nearest to but not less than one-third (1/3), shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three (3) years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. Accordingly, Mr. Fu Wenguo and Ms. Su Shiqin will retire from office by rotation at the 2014 AGM.

Bye-law 111 of the Bye-laws further provides that the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting. Accordingly, Mr. Sun Wei, Mr. Lau Ho Fung, Mr. Wu Chi Keung, Mr. Zhang Yuezhou and Mr. Zhu Zhanbo will retire from office at the 2014 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 2014 AGM are set out in Appendix I to this circular in accordance with the relevant requirements under the Listing Rules.

The Board, upon the recommendation of the nomination committee of the Company, has proposed the re-election of the Retiring Directors.

### 2014 AGM

The notice of the 2014 AGM is set out on pages 19 to 23 of this circular. At the 2014 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 at the 2014 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)) or ([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 Shops 1712-1716, 17th 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 less than 48



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## LETTER FROM THE BOARD

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hours before the time appointed for holding the 2014 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude any Shareholder from attending and voting in person at the 2014 AGM or any adjournment thereof should he/she/it so wishes.

### **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 2014 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, 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.

### **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 2014 AGM are in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the 2014 AGM as set out in the notice of the 2014 AGM on pages 19 to 23 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 2014 AGM.*

### EXECUTIVE DIRECTORS (“EDs”)

#### Mr. Fu Wenguo (付文國)

Mr. Fu, aged 46, was appointed as an ED with effect from 4 May 2012. He is 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), 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 and Natural Dairy Farm Limited. Mr. Fu is primarily responsible for overseeing the overall operations of the Group. He is also a member of the Nomination Committee of the Company. 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 23 years of experience in the dairy farming industry.

Save as disclosed above, Mr. Fu has not held any directorship in any public listed company in the past three years.

Mr. Fu has entered into a service contract with the Company for an initial term of three years commencing on 1 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. 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 2014 at the discretion of the Directors). 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. 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 with reference to his experience, responsibilities and the prevailing market conditions.

Mr. Fu does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Fu 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.

**Ms. Su Shiqin (蘇士芹)**

Ms. Su, aged 48, was appointed an ED with effect from 4 May 2012. She is the chief financial officer of the Group. Ms. Su 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), Royal Dairy Farm Limited and Natural Dairy Farm Limited. Ms. Su is primarily responsible for financial reporting and business planning of the Group. She graduated from Changchun Finance College\* (長春金融高等專科學院) in 1998, majoring in accounting and finance. She is also a holder of the certificate of accounting professional.

Ms. Su joined the Group in September 2011 and was then in charge of financial reporting and business planning of the Group. Since then, Ms. Su has been assuming the office of chief financial officer of the Group. She is also a member of the senior management of the Group. Mr. Su has over 25 years of experience in financial reporting in the dairy financing industry.

Save as disclosed above, Ms. Su has not held any directorship in any public listed company in the past three years.

Ms. Su has entered into a service contract with the Company for an initial term of three years commencing on 1 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. She 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 2014 at the discretion of the Directors). In addition, she 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. Ms. Su 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 her. Ms. Su's emolument is determined by the Board with reference to her experience, responsibilities and the prevailing market conditions.

Ms. Su does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Su 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.

**NON-EXECUTIVE DIRECTORS (“NEDs”)****Mr. Sun Wei (孫瑋)**

Mr. Sun, aged 35, was appointed a NED with effect from 30 April 2013. Mr. Sun is a director of Royal Dairy Farm Limited and Natural Dairy Farm Limited (both of which are members of our Group as at the Latest Practicable Date). Mr. Sun is one of the managing directors in the Ares Private Equity Group. He joined Ares Management LLC in July 2010 from AIG Global Investment where he had been employed since February 2005 in its Shanghai office. From November 2003 to February 2005, Mr. Sun was with KPMG in its corporate finance department as an assistant manager in KPMG’s Shanghai office. He graduated with merits from the London School of Economics in 2003 with a master’s degree in accounting and finance after he had graduated from the Shanghai International Studies University\* (上海外國語大學) in 2001 with a bachelor of arts in economics, majoring in international finance.

Save as disclosed above, Mr. Sun has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

Mr. Sun has been appointed for an initial term of three years commencing on 1 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. He is not entitled to any director’s fee.

Mr. Sun does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Sun 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.

**Mr. Lau Ho Fung (劉浩峰)**

Mr. Lau, aged 32, was appointed a NED with effect from 30 April 2013. Mr. Lau is a director of Royal Dairy Farm Limited and Natural Dairy Farm Limited (both of which are members of our Group as at the Latest Practicable Date). Mr. Lau is a Vice President Private Equities of VMS Investment Group where he is mainly engaged in deal screening, due diligence, and execution of private equities transactions in the greater China region. He has been a Chartered Financial Analyst charter-holder since 2009 and received a bachelor’s degree in information system and software engineering from the University of Hong Kong in 2005. Mr. Lau has around seven years of experience in the private equities and asset management industries. Prior to joining VMS Investment Group, he worked as a research analyst trainee at Phoenix Capital Asia Limited during October 2005 and October 2006 and received training on a broad range of fundamental analysis. From November 2006 to May 2010, Mr. Lau worked at Tempus Investment Group where he joined as an assistant analyst and was later promoted to a research analyst. During that period, Mr. Lau’s responsibilities included conducting industry and company analyses in Hong Kong and China markets and recommending investments.

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

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Save as disclosed above, Mr. Lau has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

Mr. Lau has been appointed for an initial term of three years commencing on 1 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. He is not entitled to any director's fee.

Mr. Lau does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lau 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.

### INDEPENDENT NON-EXECUTIVE DIRECTORS (“INEDs”)

#### Mr. Wu Chi Keung (胡志強)

Mr. Wu, aged 57, was appointed an INED with effect from 7 November 2013. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee of the Company. Mr. Wu has more than 30 years of experience in financial audit and specializes in providing auditing and assurance services, financial due diligence reviews, support services for merger and acquisitions, corporate restructuring and fund raising engagements. He was a partner of Deloitte Touche Tohmatsu until he retired in December 2008. Mr. Wu is currently the managing director of a family-owned private company engaging in property and other investment activities.

Mr. Wu is an associate of Hong Kong Institute of Certified Public Accountants and a fellow of Association of Chartered Certified Accountants in the United Kingdom. He graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1980 with a high diploma in accountancy. Currently, Mr. Wu is an INED of Huabao International Holdings Limited (stock code: 336), Jinchuan Group International Resources Co., Ltd. (stock code: 2362), GreaterChina Professional Services Limited (stock code: 8193), Zhong Fa Zhan Holdings Limited (stock code: 475), China Renji Medical Group Limited (stock code: 648) and China Medical System Holdings Limited (stock code: 867), all listed on the Stock Exchange. He was also an INED of JF Household Furnishings Limited (stock code: 776), a company listed on the Stock Exchange, from 16 August 2011 until 5 October 2012.

Save as disclosed above, Mr. Wu has not held any directorship in any public listed company in the past three years and has not held any other position within the Group.

Mr. Wu has been appointed for an initial term of three years commencing on 7 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. He is entitled to a director's fee of HK\$200,000 per annum. The emolument for Mr. Wu was determined by the Board with reference to Mr. Wu's responsibilities and duties within the Company.

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

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Mr. Wu does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Wu 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.

### **Mr. Zhang Yuezhou (張月周)**

Mr. Zhang, aged 50, was appointed an INED with effect from 7 November 2013. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Currently, he is engaged in the provision of dairy farm management consultancy services in the PRC. He was awarded a bachelor's degree in animal husbandry in July 1987 and a master's degree in agricultural extension in 2006 from the Nanjing Agricultural University (南京農業大學). Mr. Zhang obtained the qualification of an animal husbandry expert in the PRC in May 1995. Mr. Zhang has over 20 years of experience in the dairy products industry and since March 2010, Mr. Zhang was the general manager of Shanghai Yuanfan Farming Technology Co., Ltd.\* (上海源凡牧業科技有限公司) and responsible for overseeing its overall operations.

Mr. Zhang has not held any directorship in any public listed company in the past three years and save as disclosed above, he has not held any other position within the Group.

Mr. Zhang has been appointed for an initial term of three years commencing on 7 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. He is entitled to a director's fee of HK\$125,000 per annum. The emolument for Mr. Zhang was determined by the Board with reference to Mr. Zhang's responsibilities and duties within the Company.

Mr. Zhang does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Zhang 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.

### **Mr. Zhu Zhanbo (朱戰波)**

Mr. Zhu, aged 44, was appointed an INED with effect from 7 November 2013. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Zhang has 20 years' experience in teaching and scientific research. He graduated from the Heilongjiang Bayi Agricultural University\* (黑龍江八一農墾大學) in veterinary science in July 1993, and obtained a master's degree from the Department of Animal Science and Technology of the same university in July 2004. He further obtained a doctorate degree from the Jilin University (吉林大學) in July 2012.

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

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By profession, he is a university professor. Mr. Zhu started his full-time work in July 1993. Since then, he served as a working staff at the Heilongjiang Bayi Agricultural University\* (黑龍江八一農墾大學).

Mr. Zhu has not held any directorship in any public listed company in the past three years and save as disclosed above, he has not held any other position within the Group.

Mr. Zhu has been appointed for an initial term of three years commencing on 7 November 2013 and is subject to retirement by rotation and re-election at the 2014 AGM of the Company in accordance with the Bye-laws. He is entitled to a director's fee of HK\$125,000 per annum. The emolument for Mr. Zhu was determined by the Board with reference to Mr. Zhu's responsibilities and duties within the Company.

Mr. Zhu does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Zhu 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 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 “connected person”, that is, a director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a 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 connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such 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 is approved by the Shareholders.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,908,747,000 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 after the Latest Practicable Date and up to the 2014 AGM date of passing of such resolution, the Directors would be authorised to repurchase up to a maximum of 390,874,700 Shares, representing 10% of the issued Shares as at the 2014 AGM date up to (i) the conclusion of the next AGM of the Company; (ii) the expiration of the period within which the next AGM of the Company is required to be held by the Bye-laws or any applicable laws of Bermuda; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, 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 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 and the memorandum of association of the Company and 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 not have a material adverse impact on the working capital or gearing position of the Company compared with that as at 31 December 2013, 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 market prices at which the Shares had been traded on the Main Board since the Listing Date and up to the Latest Practicable Date were as follows:

Month	Traded Prices (HK\$)	
	Highest	Lowest
<b>2013</b>		
November ( <i>since 26 November, being the Listing Date</i> )	2.71	2.54
December	2.26	2.15
<b>2014</b>		
January	2.43	1.79
February	2.06	1.79
March	1.90	1.25
April ( <i>up to and including the Latest Practicable Date</i> )	1.66	1.30

#### 7. DIRECTORS AND THEIR ASSOCIATES

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their 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 2014 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, the applicable laws of Bermuda and the Bye-laws.

## 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. The Directors are not aware of any Shareholders, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

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 the issued Shares:

Name of Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Approximate percentage of shareholding	Approximate percentage of shareholding if Repurchase Mandate is exercised in full
Mr. Zhao Hongliang (Note 1)	Interest in a controlled corporation	1,333,600,000	34.12%	37.91%
ZHL Asia Limited (Note 1)	Beneficial Owner	1,333,600,000	34.12%	37.91%
Ms. Li Shuxia (Note 2)	Interest of spouse	1,333,600,000	34.12%	37.91%
Mr. Zhao Hongyu (Note 1)	Interest in a controlled corporation	1,333,600,000	34.12%	37.91%
ZHY Asia Limited (Note 1)	Beneficial Owner	1,333,600,000	34.12%	37.91%
Credit Suisse (Hong Kong) Limited ("CS HK")	Beneficial owner	211,976,000 183,222,000(S) (Note 3)	5.42%	6.03%
Credit Suisse AG ("CS AG") (Note 4)	Interest in controlled corporations	287,300,569 185,782,000(S) (Note 3)	7.35%	8.17%

Notes:

- (1) 1,163,400,000 Shares were beneficially owned by ZHL Asia Limited which is solely owned by Mr. Zhao Hongliang, the Chairman and an executive Director. Therefore, Mr. Zhao Hongliang is deemed or taken to be interested in all the Shares beneficially owned by ZHL Asia Limited by virtue of the SFO.

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

ZHL Asia Limited, ZHY Asia Limited, Mr. Zhao Hongliang 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. Zhao Hongliang is also deemed to have interests in the Shares beneficially owned by ZHL Asia Limited, ZHY Asia Limited and Mr. Zhao Hongyu, representing an aggregate of approximately 34.12% interest in the issued share capital of the Company.

- (2) Ms. Li Shuxia is the wife of Mr. Zhao Hongliang. Accordingly, Ms. Li Shuxia is deemed or taken to be interested in all the Shares in which Mr. Zhao Hongliang is interested and deemed to have for the purpose of the SFO.
- (3) The letter “S” denotes the entity’s short position in the Shares.
- (4) CS AG beneficially owned 200,000 shares.

CS HK beneficially owned 211,976,000 shares, representing approximately 5.42% of the total issued share capital of the Company and had a short position of 183,222,000 shares, representing approximately 4.69% of the total issued share capital of the Company. As CS HK is a direct wholly-owned subsidiary of CS AG, CS AG is deemed to be interested in the 211,976,000 shares owned by CS HK and is deemed to have a short position of the said 183,222,000 shares.

Credit Suisse Securities (Europe) Limited (“CS Europe”) beneficially owned 58,234,000 shares, representing approximately 1.49% of the total issued share capital of the Company and had a short position of 2,560,000 shares, representing approximately 0.065% of the total issued share capital of the Company. As CS Europe is an indirect wholly-owned subsidiary of CS AG, CS AG is deemed to be interested in the 58,234,000 shares owned by CS Europe and is deemed to have a short position of the said 2,560,000 shares.

Credit Suisse Securities (USA) LLC (“CS USA”) beneficially owned 16,890,569 shares, representing approximately 0.43% of the total issued share capital of the Company. As CS USA is a wholly-owned subsidiary of Credit Suisse (USA), Inc. which in turn is a wholly-owned subsidiary of Credit Suisse Holdings (USA), Inc. whose issued share capital is owned as to 57% by CS AG, CS AG is deemed to be interested in the 16,890,569 shares owned by CS USA.

Therefore, CS AG is interested and is deemed to be interested in a total of 287,300,569 shares, representing approximately 7.35% of the total issued share capital of the Company and is deemed to have a short position of 185,782,000 shares, representing approximately 4.75% of the total issued share capital of the Company.

In the event that the Directors will 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, the interests in the Company of each of Mr. Zhao Hongliang, Mr. Zhao Hongyu, ZHL Asia Limited and ZHY Asia Limited would be increased to approximately 37.91% respectively of the issued share capital of the Company.

Hence, each of Mr. Zhao Hongliang, Mr. Zhao Hongyu, ZHL Asia Limited and ZHY Asia Limited would be required under Rules 26 and 32 of the Takeovers Code to make a mandatory offer in respect of all the issued Shares because they cannot acquire in any period of 12 months additional Shares carrying more than 2% of the voting rights. However, the Directors do not have plan or intend to repurchase Shares to such an extent as would result in 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.

Assuming that there is no change in the issued Shares between the Latest Practicable Date and the date of repurchase, the exercise of the Repurchase Mandate whether in whole or in part will not result in less than 25% of the total issued Shares being held by the public as required by Rule 8.08 of the Listing Rules.

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

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) since the Listing Date up to 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 (the “AGM”) of the members of YuanShengTai Dairy Farm Limited (the “Company”) will be held at L2 Jasmine Room 1, Rosedale Hotel & Suites Beijing, 8 Jiang Tai Road West, Chao Yang District, Beijing, the PRC on Friday, 6 June 2014 at 10:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and independent auditor for the year ended 31 December 2013 (the “Year”).
2. To re-elect the following retiring directors of the Company (the “Directors”):
  - i. Mr. Fu Wenguo as an executive Director;
  - ii. Ms. Su Shiqin as an executive Director;
  - iii. Mr. Sun Wei as a non-executive Director;
  - iv. Mr. Lau Ho Fung as a non-executive Director;
  - v. Mr. Wu Chi Keung as an independent non-executive Director (“INED”);
  - vi. Mr. Zhang Yuezhou as an INED; and
  - vii. Mr. Zhu Zhanbo as an INED.
3. To approve the Directors’ remuneration for the Year and to authorize the board of Directors (the “Board”) to fix the Directors’ remuneration for the year ending 31 December 2014.
4. To re-appoint Ernst & Young, Certified Public Accountants (“E&Y”) as the independent auditor of the Company for the ensuing year and authorize the Board to fix its remuneration.

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## NOTICE OF ANNUAL GENERAL MEETING

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5. As special business, 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 “Stock Exchange” and the “Listing Rules”, respectively), 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 of HK\$0.01 each in the share capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for 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 nominal amount of share capital 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 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 warrants of the Company or any securities which are convertible into or exchange for shares, shall not exceed the aggregate of:
  - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on 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 nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on 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 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 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 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 outside Hong Kong).”

6. As special business, 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 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 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 under the Hong Kong Code of Share Repurchases issued by the Commission for such purpose, and otherwise in accordance with the rules and regulations of the Commission, the Stock Exchange, the Companies Act 1981 of Bermuda (as amended) (the “Companies Act”) and all other applicable laws in this regard, 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 nominal amount of the shares which may be purchased 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 nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution and the authority pursuant to paragraph (a) of this Resolution 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;

(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 or any other applicable laws of Bermuda; and

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this Resolution.”

7. “**THAT** subject to the passing of Resolution nos. 5 and 6 set out in the notice convening the annual general meeting of the Company (the “Notice”), the authority of the Directors pursuant to Resolution no. 5 set out in the Notice be and is hereby approved to extend to cover such amount representing the aggregate nominal amount of the shares in the capital 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, 23 April 2014



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## NOTICE OF ANNUAL GENERAL MEETING

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*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 in the Company, more than one) proxy to attend and, on a poll, vote on his/her/its behalf subject to the provisions of the Bye-laws of the Company. 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 and class 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the AGM or 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 any adjournment thereof should he/she so wish.
3. For determining Members’ entitlement to attend and vote at the AGM, the register of Members will be closed from Wednesday, 4 June 2014 to Friday, 6 June 2014 (both dates 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 Tuesday, 3 June 2014.
4. In relation to the proposed Resolution no. 4 above, the Board concurs with the views of the Audit Committee of the Company and has recommended that E&Y be re-appointed independent auditor of the Company.
5. In relation to the proposed Resolutions nos. 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 of the Company under the Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than the shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by the Members.
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 this circular.
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.