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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

The Board wishes to inform Shareholders and potential investors that, based on the Company's current expectations and the information currently available, the profit attributable to the owners of the Company for the six months ending 30 June 2015 is expected to record a significant decrease as compared to the corresponding period in 2014.

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

This announcement is made by YuanShengTai Dairy Farm Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the Company’s current expectations and preliminary assessment of the latest unaudited management consolidated accounts of the Group, the profit attributable to the owners of the Company for the six months ending 30 June 2015 is expected to record a significant decrease as compared to the corresponding period in 2014. The Board reached this view after taking into account the following principal factors:

- (i) as disclosed in the Company’s annual report for the year ended 31 December 2014, the price of domestic raw milk has continued to drop. Although the gross profit margin of the Group’s dairy farming business was still generally higher than its peers in the industry, the profit of the Group’s dairy farming business is expected to be adversely affected; and
- (ii) despite the increased milk yield and slight increase in the Group’s revenue during the five months ended 31 May 2015 (“**Current Period**”) compared to the corresponding five months ended 31 May 2014 (“**Corresponding Period**”), the average selling price of the Group’s high quality raw milk during the Current Period is approximately 14% lower as compared to that of the Corresponding Period.

The information contained in this announcement is only based on the Group’s operating performance for the Current Period and the depressed average selling price of the Group’s raw milk in May 2015, and is not based on any financial figures or information which have been audited or reviewed by the Company’s auditor. Detailed financial information and performance of the Group for the six months ending 30 June 2015 will be disclosed in the Company’s interim results announcement for the six months ending 30 June 2015, which is expected to be published by the end of August 2015.

The management of the Group endeavours to source new customers for the expected increase in milk yield in the forthcoming months in 2015. The Board wishes to further inform the Shareholders that having regard to the perishability of raw milk, the Group has been exploring possible measures to store the raw milk products, including the possibility of converting surplus raw milk into milk powder. If there is any further progress in connection with the above matter, the Company will make further announcement to keep its shareholders and investors informed.

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

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

Hong Kong, 16 June 2015

As at the date of this announcement, the Board comprises 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.