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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 under Part XIVA of the Securities and Futures Ordinance.

The Board wishes to inform Shareholders and potential investors that, based on the Board's preliminary review of the latest unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a net loss for the Current Period as compared to a net profit for the Corresponding Period.

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 Board's preliminary review of the latest unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group is expected to record a net loss for the six months ended 30 June 2016 (the “**Current Period**”) as compared to a net profit for the six months ended 30 June 2015 (the “**Corresponding Period**”).

The Board reached this view after taking into account the following principal factors:

- (i) the average selling price of the Group's high quality raw milk during the Current Period was approximately 13% lower as compared to that of the Corresponding Period due to further increase of imported milk powder in the market. The Group's total revenue is expected to decrease by approximately 5% for the Current Period as compared with that of the Corresponding Period; and
- (ii) there would be an increase in loss on changes in fair value less cost to sell of biological assets for the Current Period as compared to that of the Corresponding Period due to the drop in the price of domestic raw milk.

The Group is still in the process of preparing its audited consolidated financial results for the Current Period. The information contained in this announcement is only based on the Board's preliminary review of the latest unaudited consolidated management accounts of the Group and information currently available to the Board 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 Current Period will be disclosed in the Company's interim results announcement for the Current Period, which is expected to be published by the end of August 2016.

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, 29 July 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Hongliang, Mr. Wang Shaogang, Mr. Fu Wenguo and Mr. Chen Xiangqing; 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.