
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.



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

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

A notice convening the 2023 AGM to be held at EAST Beijing, Workshop 2, No. 22, Jiuxianqiao Road, Chaoyang District, Beijing, the PRC on Wednesday, 28 June 2023 at 10:00 a.m. is set out on pages AGM-1 to AGM-5 of this circular.

A form of proxy for use in connection with the 2023 AGM is enclosed with this circular. If you do not intend to attend the 2023 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 2023 AGM (i.e. on or before 10:00 a.m. on Monday, 26 June 2023 (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 2023 AGM or its adjournment should you so wish and, in such event, the authority of your proxy will be revoked.

28 April 2023

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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.

DEFINITIONS

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

“2023 AGM”	the AGM to be held at EAST Beijing, Workshop 2, No. 22, Jiuxianqiao Road, Chaoyang District, Beijing, the PRC on Wednesday, 28 June 2023 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 28 June 2022 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 (原生態牧業有限公司), 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
“Director(s)”	the director(s) 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 2023 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
“Latest Practicable Date”	20 April 2023, 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

DEFINITIONS

“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 2023 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
“RMB”	Renminbi, the lawful currency of the PRC
“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.

EXPECTED TIMETABLE

Latest time for lodging transfer of Shares	4:30 pm, Wednesday, 21 June 2023
Book closure period (both days inclusive)	Friday, 23 June 2023 to Wednesday, 28 June 2023
Record date for determining entitlement to attend and vote at the 2023 AGM.	Wednesday, 28 June 2023
2023 AGM	Wednesday, 28 June 2023
Announcement on poll results of 2023 AGM.	Wednesday, 28 June 2023
Re-opening of register of members	Thursday, 29 June 2023

LETTER FROM THE BOARD



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)

Non-executive Directors:

Mr. Leng Youbin (冷友斌)
Mr. Liu Hua (劉華)
Mr. Cai Fangliang (蔡方良)

INEDs:

Ms. Liu Jinping (劉晉萍)
Mr. Meng Jingzong (alias Owens Meng) (蒙靜宗)
Mr. Zhang Yuezhou (張月周)
Mr. Zhu Zhanbo (朱戰波)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

Qingxiang Street
Kedong, Qiqihar
Heilongjiang Province
The PRC

*Principal Place of Business in
Hong Kong:*

31/F, 148 Electric Road
North Point
Hong Kong

28 April 2023

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 2023 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.

LETTER FROM THE BOARD

The purpose of this circular is to give you (i) the information regarding the resolutions to be proposed at the 2023 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 2023 AGM.

ISSUE MANDATE

The Company's existing mandate to issue Shares was approved by its then Shareholders at the AGM held on 28 June 2022. Unless otherwise renewed, the existing mandate to issue Shares will lapse at the conclusion of the 2023 AGM.

An ordinary resolution will be proposed at the 2023 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 2023 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 2023 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 28 June 2022. Unless otherwise renewed, the existing mandates to repurchase will lapse at the conclusion of the 2023 AGM.

An ordinary resolution will be proposed at the 2023 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.

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 2023 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.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with bye-laws 107(A) and (B) of the Bye-laws, Mr. Fu Wenguo (“**Mr. Fu**”), Mr. Cai Fangliang (“**Mr. Cai**”), Mr. Meng Jingzong (alias Owens Meng) (“**Mr. Meng**”) and Ms. Liu Jinping (“**Ms. Liu**”), will retire from office by rotation at the 2023 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 2023 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 and Ms. Liu remain independent. Further, the Nomination Committee has also evaluated the performance of each of the retiring Directors during the year ended 31 December 2022 based on the nomination policy of the Company, which was disclosed in the annual report of the Company, and found their performance satisfactory. The Nomination Committee also considered that the experience of Mr. Meng and Ms. Liu, as well as their skills and other perspectives as set out in Appendix I to this circular can bring further contributions to the Board and its diversity. Therefore, upon the nomination by the Nomination Committee, the Board has recommended that the retiring Directors, namely Mr. Fu, Mr. Cai, Mr. Meng and Ms. Liu, to stand for re-election as Directors at the 2023 AGM. Each of Mr. Fu, Mr. Cai, Mr. Meng and Ms. Liu 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.

2023 AGM

The notice of the 2023 AGM is set out on pages AGM-1 to AGM-5 of this circular. At the 2023 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 2023 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) and the Company (www.ystdfarm.com) and (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 2023 AGM (i.e. on or before 10:00 a.m. on Monday, 26 June 2023 (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 2023 AGM or its adjournment should he/she/it so wish. If the Shareholder attends and votes at the 2023 AGM, the authority of the proxy will be revoked.

LETTER FROM THE BOARD

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 2023 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.

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 2023 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 2023 AGM as set out in the notice of the 2023 AGM on pages AGM-1 to AGM-5 of this circular.

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

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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 2023 AGM.

EXECUTIVE DIRECTOR (“ED”)

Mr. Fu Wenguo (付文國)

Mr. Fu, aged 55, 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), Heilongjiang Gannan Ruixinda YuanShengTai Dairy Farming Co., Ltd.* (黑龍江甘南瑞信達原生態牧業有限公司), Kedong Yongjin YuanShengTai Dairy Farm Limited (克東勇進原生態牧業有限公司), Heilongjiang Kedong Heping YuanShengTai Dairy Farming Co., Ltd.* (黑龍江克東和平原生態牧業有限公司), Zhenlai Ruixinda YuanShengTai Dairy Farming Co., Ltd.* (鎮賚瑞信達原生態牧業有限公司), Heilongjiang Yi’an Ruixinda Dairy Farming Co., Ltd.* (黑龍江依安瑞信達牧業有限公司), Heilongjiang Bei’an Ruixincheng Dairy Farming Co., Ltd.* (黑龍江北安瑞信誠牧業有限公司), Longjiang Ruixincheng Dairy Farming Co., Ltd.* (龍江瑞信誠牧業有限公司), Heilongjiang Jinyuan Dairy Farming Co., Ltd.* (黑龍江金源牧業有限公司), Shaanxi Ruixiang Chengda Dairy Farming Co., Ltd.* (陝西瑞祥誠達牧業有限公司), Heilongjiang Shuangcheng Ruixinda Dairy Farming Co., Ltd.* (黑龍江雙城瑞信達牧業有限公司), Royal Dairy Farm Limited and Natural Dairy Farm Limited. 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 28 years of experience in the dairy farming industry.

Mr. Fu has entered into a service contract with the Company for a term of three years which shall automatically renew thereafter until terminated by either party giving to the other not less than three months’ prior notice in writing and is subject to retirement by rotation and re-election at the AGM in accordance with the Bye-laws. Pursuant to his service contract with the Company, he is entitled to a remuneration of RMB2,000,000 per annum. 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 upon the recommendation of the Remuneration Committee with reference to his experience, responsibilities and the prevailing market conditions.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

As at the Latest Practicable Date, Mr. Fu beneficially owned share option entitling him to subscribe for a total of 349,200 shares of China Feihe Limited (“**Feihe**”) pursuant to the share option scheme of Feihe adopted in June 2020, the holding company and the ultimate holding company of the Company, whose shares are listed on the main board of the Stock Exchange. upon his exercise of such options.

NON-EXECUTIVE DIRECTOR

Mr. Cai Fangliang (蔡方良)

Mr. Cai, aged 54, was appointed as a non-executive Director on 3 December 2020. He is an executive director and the president of Feihe. He joined Heilongjiang Feihe Dairy Co., Limited (“**Feihe HLJ**”) in November 2010 and has been the president of Feihe HLJ since then. He has been a director and the president of the Feihe since June 2013, and was re-designated as an executive director in April 2017. He has been a director of Vitamin World USA since December 2017. Mr. Cai has focused on the marketing management of the Feihe Group and the overall management and business development of Feihe. Before joining the Feihe Group, Mr. Cai worked at Jiangxi Meilu Dairy Co., Ltd. (江西美廬乳業有限公司) from December 2008 to October 2010. Before that, Mr. Cai worked at Yashili Group Co., Ltd. (廣東雅士利集團有限公司).

The Company entered into a letter of appointment with Mr. Cai for an initial term of three years which shall be automatically renewed thereafter until being terminated by either party giving to the other not less than three months’ prior notice in writing and is subject to retirement by rotation and re-election at the AGM in accordance with the Bye-laws. The letter of appointment may be terminated by either party by written notice of not less than three months. Mr. Cai is subject to retirement by rotation of directors in the AGM in accordance with the Bye-laws and the Listing Rules. Mr. Cai will not receive any remuneration from the Company.

INEDS

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

Mr. Meng, aged 45, was appointed as an INED on 28 September 2018. He is 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 in 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.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Meng has served as an independent director of TDH HOLDINGS, INC., a company listed on NASDAQ (stock symbol: PETZ), since January 2019. From September 2014 to July 2021, Mr. Meng served as an independent director of China Customer Relations Centers Inc., a company which was then listed on NASDAQ (stock symbol: CCRC), Mr. Meng has been an independent director of Taiying Technology Group Co., Ltd. since January 2022. Since 2013, Mr. Meng has served as a partner of an accounting firm registered with PCAOB in the United States. From 2013 through 2020, Mr. Meng was 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 in the Beijing office of Grant Thornton. 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.

Mr. Meng has entered into an appointment letter for a term of three years which shall be automatically renewed thereafter until being terminated by either party giving to the other not less than three months' prior notice in writing and is subject to retirement by rotation and re-election at the 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.

Ms. Liu Jinping (劉晉萍)

Ms. Liu, aged 51, was appointed as an INED on 3 December 2020. She is a member of the Audit Committee. Ms. Liu is currently an independent non-executive director of Feihe and a deputy director of the Center of Extracorporeal Circulation and the director of the Department of Pediatric Extracorporeal Circulation of Fu Wai Hospital (阜外醫院). She has been a chief physician of the Department of Extracorporeal Circulation in anesthesiology of Fu Wai Hospital since September 2012. Before that, she served in several positions in the Department of Extracorporeal Circulation of Fu Wai Hospital, including an associate chief physician from September 2006 to September 2012, an attending physician from August 2001 to August 2005, and a resident physician from August 1995 to August 2001.

Ms. Liu received a bachelor's degree in medical science from Harbin Medical University (哈爾濱醫科大學) in Heilongjiang, China in September 1995, and a master's degree and then a doctorate degree in anesthesia from the Peking Union Medical College (北京協和醫學院) in Beijing, China in September 2002 and 2014, respectively. She was admitted as a practicing physician in May 1999, and was certified as a physician and chief physician in November 2002 and July 2011, respectively, by the Ministry of Health of the PRC.

Ms. Liu has entered into an appointment letter for a term of three years which shall be automatically renewed thereafter until being terminated by either party giving to the other not less than three months' prior notice in writing and is subject to retirement by rotation and re-election at the AGM in accordance with the Bye-laws. Ms. Liu is entitled to a remuneration of HK\$125,000 per annum, which is determined by the Board with reference to her duties and responsibilities, the prevailing market conditions and the recommendation from the Remuneration Committee.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

GENERAL

Save as disclosed above and as at the Latest Practicable Date, each of the above retiring Directors (i) does not hold any directorships in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas; (ii) does not hold any other positions with the Company or any of its subsidiaries nor does he have any other relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company; and (iii) does not have any interests in the shares or securities of the Company 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 2023 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 2023 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 2022, 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:

Month	Prices (HK\$)	
	Highest	Lowest
2022		
April	0.255	0.230
May	0.265	0.215
June	0.280	0.225
July	0.270	0.220
August	0.234	0.206
September	0.250	0.175
October	0.203	0.168
November	0.209	0.173
December	0.248	0.190
2023		
January	0.249	0.209
February	0.246	0.188
March	0.205	0.168
April (up to and including the Latest Practicable Date)	0.173	0.152

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 2023 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
China Feihe Limited ("Feihe") ^(Note 1)	Beneficial owner/ Personal Interest	3,342,320,920	–	3,342,320,920	71.26%	79.17%
Garland Glory Holdings Limited ("Garland Glory") ^(Note 2)	Interest in a controlled corporation/ Corporate Interest	3,342,320,920	–	3,342,320,920	71.26%	79.17%
LYB International Holding Limited ("LYB") ^(Note 2)	Interest in controlled corporations/ Corporate Interest	3,342,320,920	–	3,342,320,920	71.26%	79.17%
Harneys Trustees Limited ("Harneys") ^(Note 2)	Trustee of a trust/ Other Interest	3,342,320,920	–	3,342,320,920	71.26%	79.17%
Mr. Leng Youbin ("Mr. Leng") ^(Note 1)	Interest in controlled corporations and founder of a discretionary trust/ Corporate and other Interest	3,342,320,920	–	3,342,320,920	71.26%	79.17%

Notes:

- (1) 3,342,320,920 Shares were beneficially owned by Feihe which is owned as to 49.29% by Mr. Leng, a non-executive Director. Therefore, Mr. Leng is deemed or taken to be interested in 3,342,320,920 Shares beneficially owned by Feihe by virtue of the SFO.
- (2) 3,342,320,920 Shares were held by Harneys as the trustee of Leng Family Trust, which in its capacity as trustee holds the entire issued share capital of LYB, which in turn holds the entire issued share capital of Garland Glory, which in turn holds 43.32% of Feihe. Leng Family is a discretionary trust established by Mr. Leng as the settlor and the only discretionary object. Accordingly, each of Harneys, LYB and Garland Glory was deemed or taken to be interest in 3,342,320,920 Shares directly held by Feihe.

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 table on page App II-3. 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 2023 AGM, the interests in the Company of each of Feihe, Garland Glory, LYB, Harneys and Mr. Leng would be increased to approximately 79.17% respectively of the total issued Shares.

Such increase would 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 not give rise to an obligation under Rules 26 and 32 of the Takeovers Code for each of Feihe, Garland Glory, LYB, Harneys and Mr. Leng to make a mandatory offer in respect of all the issued Shares. However, the Directors do not have any plan or intend to repurchase Shares to such an extent as would result in the public shareholding falling below the prescribed minimum percentage of 25% required by the Listing Rules. Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result 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.

NOTICE OF ANNUAL GENERAL MEETING



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 YuanShengTai Dairy Farm Limited (the “**Company**”) will be held at EAST Beijing, Workshop 2, No. 22, Jiuxianqiao Road, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”) on Wednesday, 28 June 2023 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 of the Company (the “**Directors**”) and the independent auditor for the year ended 31 December 2022 (the “**Year**”).
2. To re-elect Mr. Fu Wenguo as an executive Director.
3. To re-elect Mr. Cai Fangliang as a non-executive Director.
4. To re-elect Mr. Meng Jingzong (alias Owens Meng) as an independent non-executive Director (the “**INED**”).
5. To re-elect Ms. Liu Jinping as an INED.
6. 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 2023.
7. To re-appoint Ernst & Young, Certified Public Accountants (“**E&Y**”) as the independent auditor of the Company for the ensuing year and to authorise the Board to fix its remuneration.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESSES

8. 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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by 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

NOTICE OF ANNUAL GENERAL MEETING

(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 (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 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).”

9. 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 on 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 and all other applicable laws, the Code on Share Buy-backs administered by the Commission and the requirements of the Listing Rules, be and the same is hereby generally and unconditionally approved; and

NOTICE OF ANNUAL GENERAL MEETING

- (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**” shall have the same meaning as in Resolution 8(d).”
10. “**THAT** subject to the passing of Resolutions no. 8 and 9 set out in the notice convening the AGM of the Company (the “**Notice**”), the authority of the directors of the Company pursuant to Resolution no. 8 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. 9 set out in the Notice.”

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

Hong Kong, 28 April 2023

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Headquarters and Principal Place of

Business in the PRC:
Qingxiang Street
Kedong, Qiqihar
Heilongjiang Province
The PRC

Principal Place of Business in Hong Kong:

31/F, 148 Electric Road
North Point
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

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 Monday, 26 June 2023 (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 Friday, 23 June 2023 to Wednesday, 28 June 2023 (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, 21 June 2023.
4. In relation to the proposed Resolution no. 7 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. 8 and 10 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 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. 9 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 28 April 2023.
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.