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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)

INSIDE INFORMATION AND PROFIT WARNING

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).

Reference is made to the profit warning announcement of the Company dated 20 February 2019 (the “**Profit Warning Announcement**”) and the inside information announcement of the Company dated 1 March 2019 (the “**Inside Information Announcement**”, together with the Profit Warning Announcement, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

The board (the “**Board**”) of directors of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, on 8 March 2019, Baiquan Ruixincheng received a notice from Heilongjiang Shuangyang River Provincial Nature Reserve Management Office (黑龍江雙陽河省級自然保護區管理處) (the “**Notice**”), conveying its request (the “**Removal Request**”) for Baiquan Ruixincheng to remove the Baiquan Ruixincheng Farm from its current location at Baiquan County, Heilongjian Province, the PRC by the end of June 2020. As at the date of this announcement, we have invested approximately RMB520 million in the property, plant and equipment of the Baiquan Ruixincheng Farm.

Baiquan Ruixincheng appealed to the Heilongjiang Province People’s Government (黑龍江省人民政府) against the Withdrawal Decision in February 2019 (the “**Appeal**”). As at the date of this announcement, Baiquan Ruixincheng has not received reply from the Heilongjiang Province People’s Government. In the event that the Appeal is unsuccessful, the Board is of the view that we can relocate the dairy cows, inventory and part of the property, plant and equipment in the Baiquan Ruixincheng Farm to our other farms and resume operations without material interruption to our business.

The Board is assessing the potential impact of the Removal Request and has engaged professional advisers to advise on the possible actions to be taken by the Group.

Further announcement(s) will be made by the Company in accordance with the Listing Rules in relation the status and progress in connection with the Withdrawal Decision and the Removal Request as and when appropriate.

As a result of the above events and after reviewing the available financial information of the Group, the Board is of the view that the net loss of the Group for the year ended 31 December 2018 will record a further increase as compared to the net loss of approximately RMB68 million for the year ended 31 December 2017 attributable to the (i) impairment loss on property, plant and equipment, government subsidies, inventory and prepayments resulting from the Withdrawal Decision and the Removal Request and (ii) the reasons disclosed in the Profit Warning Announcement. The Board wishes to point out that the impairment loss is non-cash in nature and is not expected to have a material adverse effect on the Group's cash flows.

The Company is in the process of preparing the annual results of the Group for the year ended 31 December 2018. The information contained in this announcement is only based on the preliminary assessment by the Company's management according to the preliminary draft consolidated financial statements of the Group. Details of the Group's performance will be disclosed as and when the annual results for the year ended 31 December 2018 are announced.

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, 15 March 2019

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