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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)

CANCELLATION AND GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Listing Rules. The Board would like to announce that:

- (i) it resolved to cancel the outstanding Old Options to subscribe for a total of 102,750,000 Shares previously granted to the Grantees subject to their respective consent; and
- (ii) on 5 June 2018, it resolved (with Mr. Zhao Hongliang, Mr. Fu Wenguo and Mr. Chen Xiangqing, each being a grantee, abstained from voting, and Mr. Lau Ho Fung voted against the relevant board resolutions) to grant the New Options to subscribe for a total of 168,500,000 Shares of the Company to the New Grantees subject to the acceptance by the grantees, under the Scheme.

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

YuanShengTai Dairy Farm Limited (the “**Company**”) on 22 August 2014 and 8 December 2015 granted certain share options (the “**Old Options**”) to subscribe for shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) to certain individuals (the “**Grantees**”) under the share option scheme of the Company adopted on 7 November 2013 (the “**Scheme**”). Due to the significant drop in the price of Shares resulting from, among other things, global market downturn, the Old Options no longer serve as an effective incentive for the grantees.

The board of directors (the “**Board**”) of the Company resolved to cancel the outstanding Old Options previously granted to the Grantees to subscribe for a total of 102,750,000 Shares among which 35,650,000 Shares at the exercise price of HK\$1.462 with validity period from 22 August 2014 to 21 August 2021 (both days inclusive) and 67,100,000 Shares at the exercise price of HK\$0.59 with validity period from 8 December 2015 to 7 December 2022 (both days inclusive) subject to the respective consent of the Grantees.

The Board further announces that on 5 June 2018, it resolved (with Mr. Zhao Hongliang, Mr. Fu Wenguo and Mr. Chen Xiangqing, each being a grantee, abstained from voting, and Mr. Lau Ho Fung voted against the relevant board resolutions) to grant new share options (the “**New Options**”) to subscribe for a total of 168,500,000 Shares of the Company to the individuals (the “**New Grantees**”), subject to acceptance by the grantees, under the Scheme.

Details of such grant are set out below:

Date of grant	:	5 June 2018
Number of New Options granted	:	168,500,000
Subscription price of New Options granted	:	HK\$0.24 per Share
Closing price of the Share on the date of grant	:	HK\$0.24 per Share
Validity period of the New Options	:	The option period of the New Options is from 5 June 2018 to 4 June 2025.
Vesting period of the New Options	:	60% of the New Options granted will be vested and exercisable on or after 5 June 2018 and the remaining 40% of the New Options granted will be vested and exercisable on or after 5 June 2019.

Among the New Options granted above, a total of 38,000,000 New Options were granted to the directors of the Company (the “**Directors**”) as follows:

Name of Directors	Position held with the Company	Number of New Options granted
Zhao Hongliang	Chairman and Executive Director	4,500,000
Fu Wenguo	Chief Executive Officer and Executive Director	20,000,000
Chen Xiangqing	Chief Financial Officer and Executive Director	13,500,000
	Total	38,000,000

In accordance with Rule 17.04(1) of the Listing Rules, the grant of the New Options to each of the above Directors has been approved by all the independent non-executive Directors.

Save as disclosed above, none of the grantees is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of any of them.

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

Hong Kong, 5 June 2018

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Zhao Hongliang (Chairman), Mr. Wang Shaogang (Vice-chairman), Mr. Fu Wenguo (Chief Executive Officer) and Mr. Chen Xiangqing (Chief Financial Officer); one non-executive director, namely Mr. Lau Ho Fung; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Zhang Yuezhou and Mr. Zhu Zhanbo.