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Lanzhou Zhuangyuan Pasture Co., Ltd.*
蘭州莊園牧場股份有限公司

(a joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1533)

ANNOUNCEMENT ON THE PROPOSED A SHARE OFFERING

Proposed A Share Offering

The Board is pleased to announce that at a meeting of the Board held on 1 August 2016, it was resolved that, subject to the Shareholders' approval at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, the Company will apply to CSRC and other relevant regulatory authorities for the proposed A Share Offering.

Investors are cautioned that the proposed A Share Offering is subject to (i) approvals from CSRC and other relevant regulatory authorities; (ii) approval from Shareholders in the EGM and the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting. Investors and potential investors in Shares of the Company should exercise caution when dealing, or contemplating to deal, in the H Shares or other securities of the Company.

* For identification purposes only

A. Proposal on the application for initial public offering and listing of A shares of the Company

On 1 August 2016, the Board resolved to submit to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for the Shareholders' approval of the resolution relating to the proposed applications with CSRC and other relevant regulatory authorities of the PRC for the proposed A Share Offering. The proposed A Share Offering will be made in accordance with the Company Law of the PRC, the Securities Law of the PRC, Measures on the Administration of Initial Public Offering and Listing of Securities (《首次公開發行股票並上市管理辦法》), Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) and other relevant laws and regulations of the PRC. Details of the plan for the A Share Offering are as follows:

(1) Type of the securities to be issued:

A Shares

(2) Par value:

RMB1.00 per share

(3) Issuance size:

Not more than 46,840,000 A Shares, and the final number will be determined by the Board of Directors according to the authorization obtained from the Shareholders and upon consultation with the regulatory authorities, taking into consideration the Company's capital requirements, regulatory authorities' communication results, market demand and after consultation with the sponsor(s) (the lead underwriter(s)). The number of A Shares to be issued will be adjusted accordingly upon the occurrence of ex-rights events, such as stock dividend, transferring of capital reserve into capital, etc before the issuance.

(4) Target subscribers:

The target subscribers of the A Share are inquiring subscribers which satisfy the specified requirements of CSRC, as well as natural persons, legal persons, other institutional investors or other target subscribers permitted under laws and regulations who have opened A share securities accounts on the Shenzhen Stock Exchange (excluding those prohibited by relevant PRC laws, regulations and other regulatory requirements).

The Company will procure the connected persons (as defined under the Listing Rules) of the Company not to subscribe for the A Shares and will ensure that none of the subscribers of the A Shares is a connected person of the Company. In the event that any connected person of the Company becomes a subscriber of the A Shares, the Company will take every reasonable step to comply with relevant requirements under the Listing Rules.

(5) Method of issuance:

A combination of off-line book-building placement to the inquiring subscribers and on-line applications, conducted in accordance with the Measures on the Administration of Securities Issuance and Underwriting (《證券發行與承銷管理辦法》) or, other offering methods approved by CSRC.

(6) Method of price determination:

The price will be determined through price inquiry or other methods permitted by CSRC with reference to market conditions.

In accordance with the Measures in relation to the Strengthening of the Regulation and Supervision on Issuance of New Shares (《關於加強新股發行監管的措施》) issued by CSRC, if the P/E ratio corresponding to the issuance price of the A Shares is higher than the average P/E ratio of other A share listed issuer in the same industry, the Company is required to make announcement on the investment risks three weeks before the online applications and at least once a week.

(7) Method of underwriting:

The lead underwriter(s) will underwrite the offering by way of standby commitment.

(8) Place of listing:

Shenzhen Stock Exchange.

(9) Conversion of the form of the Company:

The Company will apply for conversion into a joint stock company with both domestic and overseas listed Shares.

(10) Valid period of the resolution:

The valid period of the resolution is 12 months from the date when this proposal is considered and approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class meeting. The Directors consider that a validity period of 12 months for resolutions regarding the A Share Offering is required since there is uncertainty as to the time required to obtain the approvals from CSRC and other regulatory authorities of the PRC.

The resolution above will be voted item by item and is to be approved as a special resolution. It should be noted that, the A Share Offering is also subject to the approvals from CSRC and other relevant authorities of the PRC. The proposed A Share Offering will be made pursuant to the specific mandate to be sought at the EGM, the Domestic Shareholder's Class Meeting and the H Shareholders' Class Meeting. The Company will make further announcement(s) when the detailed terms of the proposed A Share Offering, such as issue price and issuance size, are finalized.

Impact of the A Share Offering on the shareholding structure of the Company

For reference and illustration purpose only, assuming that a total of 46,840,000 A Shares are issued under the A Share Offering and there are no changes to the capital of the Company prior to the completion of the A Share Offering, the shareholding structure of the Company immediately before and after the completion of the A Share Offering is set out as follows:

	Immediately before the completion of the A Share Offering		Immediately following the completion of the A Share Offering	
	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>
Domestic Shares	<u>105,370,000</u>	<u>75.00%</u>	–	–
A Shares	–	–	<u>152,210,000</u>	<u>81.25%</u>
– A Shares held by public	–	–	<u>46,840,000</u>	<u>25.00%</u>
H Shares	<u>35,130,000</u>	<u>25.00%</u>	<u>35,130,000</u>	<u>18.75%</u>
– H Shares held by public	<u>35,130,000</u>	<u>25.00%</u>	<u>35,130,000</u>	<u>18.75%</u>
Total	<u>140,500,000</u>	<u>100.00%</u>	<u>187,340,000</u>	<u>100.00%</u>

Notes:

1. Immediately following the completion of the proposed A Share Offering, Mr. Ma Hongfu, one of the controlling shareholders and the Director, will have actual control on 78,092,100 A Shares of the Company through his direct ownership and control of Lanzhou Zhuangyuan Investment Co., Ltd. and Gansu Lucky Cow Investment Co., Ltd., representing approximately 41.68% of the enlarged total issued share capital of the Company.

As a result of the proposed A Share Offering and assuming an aggregate of 46,840,000 A Shares are issued, the Company's public float (including H Shares and A Shares) will be approximately 43.75%. The Company would still be able to meet the minimum requirement on public float percentage as imposed by the Hong Kong Stock Exchange at the time of the Company's listing of H Shares. The percentage of H Shares held in public hands will be approximately 18.75% with the number of H Shares held by the public would remain the same. The Company will closely monitor its public float percentage to make sure its compliance, at all time, with relevant requirements on public float as stipulated under the Listing Rules and will promptly notify the Hong Kong Stock Exchange of any changes in the Company's public float.

B. Proposal on the use of funds to be raised through the A Share Offering and the feasibility analysis report of the investment projects

It is estimated that the funds raised from the proposed A Share Offering, after deducting relevant offering expenses, will be not more than RMB450,000,000 and will be deposited into a special account designated by the Board, and to be used in developing the following investment projects:

Unit: RMB10,000

	Project	Proceeds to be invested
1	Construction project of a dairy farm for 10,000 imported fine-breed dairy cows	26,019.33
2	Construction project of milk vending machines and ancillary facilities	17,090.50
	Total	43,109.83

If the actual proceeds are more than the amount required for those projects' investment requirements, the remaining will be used to supplement working capital or be used according to the requirements of regulatory authorities. If the actual proceeds raised from the A Share Offering are less than the amount required for those projects' investment requirements, the shortage will be funded by the Company using internal working capital. If initial investment is needed before the completion of the A Share Offering, the Company will pay for such initial investment first, and subsequently replace such prior investment with the funds raised from the A Share Offering.

This proposal has been approved by the Board of Directors. The Board resolved to submit the above resolution to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting for Shareholders' consideration and approval by way of special resolution, which will become effective upon its passing.

As of the date of this announcement, certain part of the proceeds from the Company's issuance of H Shares has not been used. The Company currently does not have any plan to change the use of such proceeds.

C. Proposal on the distribution of the accumulated undistributed profits before the A Share Offering

The Board resolved that, subject to any dividend distribution plan that may be declared by the Board and approved by the Shareholders before the completion of the A Share Offering, the accumulated undistributed profits of the Company before the A Share Offering will be shared by the existing and new Shareholders after the A Share Offering in proportion to their respective shareholdings.

The Board also resolved to submit the above resolution to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, for consideration and approval of the Shareholders by way of special resolution, which will become effective upon its passing.

D. Proposal on the approval of the Dividend Distribution Plan for Shareholders within the next three years (2017-2019)

In order to clarify the dividend return to existing and new shareholders following the completion of the A Share Offering, to further refine the terms regarding the profit distribution policy in the Articles of Association to increase the transparency and operability of the dividend distribution policy, and to help the Shareholders supervise the operation and distribution of profits of the Company, the Company has prepared the Dividend Distribution Plan for Shareholders within the next three years (2017-2019). The Dividend Distribution Plan for Shareholders within the next three years (2017-2019) will become effective and be implemented upon the completion of the A share Offering.

This proposal has been approved by the Board of Directors, and is submitted to the Shareholders at the EGM for consideration and approval by way of special resolution. See the circular to be dispatched for the details of the Dividend Distribution Plan for Shareholders within the next three years (2017-2019).

The Dividend Distribution Plan for Shareholders within the next three years (2017-2019) is prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

E. Proposal on the confirmation of connected transactions of the Company in 2013, 2014, 2015 and six months ended 30 June 2016

In accordance with the requirements of the proposed A Share Offering, an ordinary resolution will be proposed at the EGM by the Board to consider and approve the connected transactions of the Company for the year of 2013, 2014, 2015 and for the six months ended 30 June 2016. None of these transactions are subject to the reporting, announcement and/or independent shareholders' approval requirements under the Listing Rules.

F. Proposal on the approval of the Articles of Association (applicable upon the initial public offering and listing of A shares)

In accordance with relevant laws and regulations of the PRC, the Board proposed to amend the Articles of Association to be used after the listing of A Shares. The amended Articles of Association will become effective from the date of the completion of the A Share Offering and listing.

The main amendments to the Articles of Association include (i) provisions relating to the additional number of new A Shares to be issued; and (ii) provisions mandatory for A Share listed issue. As at the date of this announcement, the information relating to the number of A Shares to be finally issued is still outstanding. The Company will fill in relevant information once such information is finalized.

This proposal has been approved by the Board of Directors, and is submitted to the Shareholders at the EGM for consideration and approval by way of special resolution. See the circular to be dispatched for the proposed amendments to the Articles of Association.

The Articles of Association are prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

G. Proposal on the approval of the Administrative Measures Regarding the Special Deposit and Saving Mechanism and the Use for the Funds Raised by Initial Public Offering of A Shares

In order to regulate the administration and utilization of the funds raised, the Company has prepared the Administrative Measures Regarding the Special Deposit and Saving Mechanism and the Use for the Funds Raised by Initial Public Offering of A Shares by considering the actual conditions of the Company and with reference to the requirements of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange and the Guidelines for the Proper Management of Companies Listed on the Small and Medium-sized Enterprise Board of the Shenzhen Stock Exchange. The Company has implemented a special account deposit system for the funds raised and carried out stringent approval procedures to ensure the specific use of the specific funds. The Company proposed to adopt the proposal on the Administrative Measures Regarding the Special Deposit and Saving Mechanism and the Use for the Funds Raised by Initial Public Offering of A Shares. See the circular to be dispatched for the details of such proposal.

The proposal on the Administrative Measures Regarding the Special Deposit and Saving Mechanism and the Use for the Funds Raised by Initial Public Offering of A Shares has been approved by the Board of Directors, and is submitted to the Shareholders at the EGM for consideration and approval by way of ordinary resolution. The said proposal will become effective from the date of completion of the A share Offering.

The proposal on the Administrative Measures Regarding the Special Deposit and Saving Mechanism and the Use for the Funds Raised by Initial Public Offering of A Shares is prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

H. Proposal on the stabilization of the share price for the three years following the A Share Offering

In order to protect the legitimate rights and interests of investors, the Company, in accordance with relevant laws and regulations of the PRC, prepared the proposal on the stabilization of the Company's share price within three years after the A Share Offering.

This proposal has been approved by the Board of Directors, and is submitted to the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively for consideration and approval by way of special resolution. See the circular to be dispatched for the full text of the Proposal on the Stabilization of Share Price for the Three Years Following the A Share Offering. The Proposal on the Stabilization of Share Price for the Three Years Following the A Share Offering will become effective upon the completion of the A Share Offering and listing.

I. Proposal on the dilution of immediate return and its recovery after the A Share Offering

In accordance with relevant laws and regulations, an issuer should provide an analysis on the impact on immediate return resulted from an initial public offering, follow-on offering or merger and acquisitions, and formulate a recovery plan. Accordingly, the Company has analyzed the impacts of the A Share Offering on the dilution of immediate return and formulated the relevant principle-based measures on the recovery of return as follows:

After the proceeds from the A Share Offering are obtained, the Company will timely and effectively implement the investment projects and generate profits, through efficient allocation of capital, so that the future profitability of the Company will be further improved. However, the construction of the investment projects require a certain period of time, the returns of shareholders during such period will mainly be realized through operating those projects in operation and the completed portion of the investment projects. While the capital and net assets of the Company have been increasing, the diluted current earning per share and return on equity may face the risk of decline.

In light of the possible decline of immediate return of existing shareholders after the A Share Offering, the Company will take following principle-based measures:

- (a) Strengthen operational management so as to realize the Company's strategic goals;
- (b) Strengthen proceeds management and enhance the effectiveness of the use of funds;
- (c) Improve the profit distribution policy and enhance investor return mechanism.

This proposal has been approved by the Board of Directors, and is submitted to the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, for consideration and approval by way of special resolution. The proposal on the dilution of immediate return and its recovery after the A Share Offering will become effective upon the completion of the A Share Offering and listing.

J. Proposal on the amendments to the Articles of Association and relevant rules of corporate governance

In connection with the proposed A Share Offering, the Company proposed to amend the Articles of Association and the following corporate governance rules: (i) the General Meeting's Rules of Procedure of the Company, (ii) the Independent Directors Rules of the Company; (iii) the Connected Transaction Mechanism of the Company; (iv) the Policy of External Guarantee of the Company. Moreover, the Company proposed to adopt the Information Disclosure Policy of the Company. See the circular to be dispatched for details of the proposed amendments.

The proposals have been approved by the Board, and the Board has resolved to submit the above resolutions to the EGM, for consideration and approval of, among others, the proposal on the amendments to the Articles of Association and the General Meeting's Rules of Procedure of the Company by way of special resolutions and the remaining proposals by way of ordinary resolutions. The said amended Articles of Association and rules will become effective upon approval at the meeting.

Each of the above mentioned Articles of Association and internal corporate governance rules are prepared in Chinese without an official English version. Any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

The above mentioned corporate governance rules are formulated in accordance with relevant laws, regulations or listing rules of the PRC, some provisions of which may be different from the requirements of the Listing Rules. In the event that the requirements of the Listing Rules and the above-mentioned rules are different, the Company will comply with all relevant listing rules of the place where the Shares of the Company are listed, whichever is stricter or impose more obligation.

K. Proposal on the appointment of intermediaries for the offering and listing of A Shares

The Board of Directors proposed to appoint (i) China Dragon Securities Co., Ltd. (華龍證券股份有限公司) as the sponsor and the lead underwriter for the Company's offering and listing of A Shares; (ii) KPMG Huazhen (Special General Partnership) for the provision of auditing services and other relevant services for the Company's offering and listing of A Shares; (iii) Gansu Zheng Tian He Law Firm (甘肅正天合律師事務所) as the legal advisers for the Company's offering and listing of A Shares.

The proposal has been approved by the Board of Directors, and the Board has resolved to submit the above resolutions to the EGM for the Shareholders' consideration and approval by way of ordinary resolution, which will become effective upon approval.

L. Proposal on the authorization by the Shareholders to the Board to deal with all matters relating to the A Share Offering

The Board of Directors resolved to submit to the Shareholders to authorize the Board of Directors to handle all matters relating to the A Share Offering, including but not limited to:

- (a) to appoint relevant intermediaries;
- (b) to issue and sign the legal documents relating to the A Share Offering;

- (c) within the scope permitted by applicable laws, regulations and the Articles of Association and in accordance with the relevant regulatory requirements of the securities offering regulatory authorities and the actual circumstances of the Company, to determine, adjust and implement, in collaboration with the sponsor, the specific matters relating to the plan for the A Share Offering (including but not limited to the timing of the A Share Offering, the final number of A Shares to be offered, the final offering price, target persons of the offering and offering methods, etc.);
- (d) to confirm the date of launch and date of completion of the A Share Offering in accordance with the approval from CSRC;
- (e) to sign material contracts and handle other matters in relation to the investment projects;
- (f) upon completion of the A Share Offering and listing, to amend the relevant provisions in the Articles of Association to reflect the updated registered capital and share capital structure of the Company in accordance with the actual offering statistics, to handle the registration of the relevant changes with the industry and commerce authorities and to handle registration of the shares with the relevant authorities;
- (g) to exercise discretion to delay or temporarily suspend the plan of the A Share Offering in the following circumstances: (i) any events of force majeure occur; (ii) any events that would frustrate the A Share Offering occur; or (iii) the completion of the A Share Offering would cause a material adverse effect on the Company;
- (h) to handle other matters relating to the A Share Offering and the listing of the A Shares;
- (i) upon delivery of the application documents of the A Share Offering and listing to CSRC, to adjust the investment amount and specific investment plan for the investment projects intended to be funded by the proceeds from the A Share Offering in accordance with the opinions of CSRC, and to set up a special-purpose account dedicated to the funds to be raised before A Share Offering;
- (j) upon completion of the A Share Offering and listing, to handle matters relating to the registration and settlement of the A Shares through China Securities Depository Clearing Corporation Limited in accordance with the undertakings by the Shareholders, including but not limited to registration of stock custody, stock lock-up and other matters;
- (k) upon the Board of Directors obtaining the aforesaid authorization conferred by the Shareholders, to delegate such authorization to the Chairman.

The valid period of the above authorization is 12 months from the date when this proposal is considered and approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, by way of special resolution.

M. Benefits and reasons for the proposed A Share Offering

The Directors consider that the proposed issuance of the A Shares will enhance the corporate image of the Company, further broaden the Company's funding channels and increase the Company's working capital and recognitions of capital market by attracting large institutional and medium and small investors. The Directors also believe that the issue of A Shares will be beneficial to the Company's business growth, financing flexibility and business development, and be beneficial to obtain more financial resources and improve the competitiveness of the Company, and be beneficial to the long term development of the Company.

The Directors consider that the proposed issuance of A Shares is in the interests of the Company and the Shareholders as a whole.

Each of the above resolutions is a requisite part of the proposed A Share Offering. In the event that any of the resolutions is not approved by the Shareholders at the EGM, the Domestic Shareholders' Class Meeting or the H Shareholders' Class Meeting, the Company will not proceed with the proposed A Share Offering and may consider to revise terms of the A Share Offering and re-submit to the Shareholders for approval.

N. Fund raising activities

As of the date of this announcement, the Company has not raised any funds from the issuance of equity securities in the 12 months immediately preceding the date of this announcement, except for the issuance of the H Shares pursuant to the global offering, details of which are set out in the prospectus of the Company dated 30 September 2015. As of the date of this announcement, the Company does not have any concrete plan to conduct any fund raising activity (apart from the proposed A Share Offering) in the next 12 months from the date of this announcement.

O. The EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting

The proposed A Share Offering is to be made pursuant to the specific mandate to be obtained from the Shareholders at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting. A circular containing details of the proposed A Share Offering will be dispatched to the Shareholders in due course.

P. Definitions

“A Share(s)”	ordinary shares of the Company with nominal value of RMB1.00 per Share that are proposed to be issued under the A Share Offering, which will be listed on the Shenzhen Stock Exchange and traded in RMB
“A Share Offering”	the Company’s proposed initial public offering of not more than 46,840,000 A Shares within the PRC (on the Shenzhen Stock Exchange)
“Articles of Association”	the Articles of Association of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Company” or “the Company”	Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司), a joint stock limited company established in the PRC on 19 April 2011
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Shareholders’ Class Meeting”	the class meeting of domestic Shareholders or any adjourned meeting to be held for purpose of approving the proposed A Share Offering, or immediately after the conclusion of the EGM or any adjournment thereof (whichever is the later)
“EGM”	the extraordinary general meeting to be held for purpose of approving the proposed A Share Offering
“Group”	the Company and its subsidiaries
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders or any adjourned meeting to be held for purpose of approving the proposed A Share Offering, or immediately after the conclusion of the Domestic Shareholders’ Class Meeting or any adjournment thereof (whichever is the later)
“H Shares”	overseas listed foreign shares with par value of RMB1.00 per Share of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company

By order of the Board of Directors
Lanzhou Zhuangyuan Pasture Co., Ltd.*
Chairman
Ma Hongfu

Lanzhou, PRC
1 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Ma Hongfu, Mr. Wang Guofu, Mr. Chen Yuhai and Mr. Yan Bin; the non-executive directors of the Company are Mr. Yap Kean Chong and Mr. Song Xiaopeng; and the independent non-executive directors of the Company are Ms. Liu Zhijun, Ms. Xin Shihua and Mr. Wong Cho Hang Stanley.

* For identification purposes only