



**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)**

*Non-independent Executive Directors/Executive Directors:*

Mr. Yao Gexian  
Mr. Lian Enzhong  
Mr. Zhang Yu  
Mr. Yang Yi  
Mr. Ma Hongfu  
Ms. Zhang Qianyu

*Independent Director/Independent Non-executive Directors:*

Mr. Wang Haipeng  
Mr. Zhang Yubao  
Mr. Sun Jian

*Registered office in the PRC:*

No. 398 Sanjiaocheng Commune  
Sanjiaocheng Village  
Chengguan Town  
Yuzhong County  
Lanzhou City, Gansu Province  
PRC

*Principal place of business and  
head office in the PRC*

25th-26th Floors, Block B  
Shanghai Building of  
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*Principal place of business  
in Hong Kong:*

Suite 2703, 27/F  
Shui On Centre  
Nos. 6-8 Harbour Road  
Wanchai, Hong Kong

6 June 2022

*To the Shareholders*

Dear Sir or Madam,

**1. CONDITIONAL CASH OFFER BY ELSTONE SECURITIES LIMITED  
ON BEHALF OF LANZHOU ZHUANGYUAN PASTURE CO., LTD.\*  
TO BUY-BACK ALL THE ISSUED H SHARES AT HK\$10.89 PER H SHARE;  
AND**

**2. PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES  
OF LANZHOU ZHUANGYUAN PASTURE CO., LTD.\*  
ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

**INTRODUCTION**

Reference is made to the Rule 3.5 Announcement in relation to, among other things, the possible Share Buy-back Offer and the Voluntary Withdrawal of Listing.

\* For identification purposes only

A board meeting of the Company was held on 25 April 2022, whereby the Board has resolved, among other matters, that subject to compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules, the Share Buy-back Offer shall be made to buy-back all H Shares in issue. All H Shares bought-back under the Share Buy-back Offer will be cancelled. If the Share Buy-back Offer becomes unconditional in all respects, the Company will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules by way of capital reorganisation.

If the Share Buy-back Offer materialises and becomes unconditional, such H Shares which will be bought back by the Company will be cancelled, and the listing of H Shares of the Company will be withdrawn pursuant to the Takeovers Code, the Share Buy-backs Code and the Listing Rules. The Share Buy-back Offer, together with the Voluntary Withdrawal of Listing, are subject to the fulfilment of a number of conditions as set out in this Offer Document, including the passing of resolutions approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing at the EGM, H Shareholders Class Meeting and A Shareholders Class Meeting and minimum valid acceptances of the Share Buy-back Offer being received amounting to at least 90% of the H Shares held by the Independent H Shareholders. The Directors believe the Share Buy-back Offer will be in the best interest of the Company and its Shareholders as a whole.

The Company will not make an offer for the A Shares and it is the Company's intention to maintain the listing of the A Shares on the Shenzhen Stock Exchange. As advised by the PRC legal advisers to the Company, the Company is not required to make a comparable offer for the A Shares pursuant to the PRC laws and regulations.

The purpose of this Offer Document is to provide you with, among other things, (i) the details of the Share Buy-back Offer and the Voluntary Withdrawal of Listing (including the expected timetable and terms of the Share Buy-back Offer and the Voluntary Withdrawal of Listing); (ii) a letter from Elstone Securities Limited; (iii) a letter from the Board; (iv) a letter of advice from Veda Capital in relation to the Share Buy-back Offer and the Voluntary Withdrawal of Listing; and (v) information relating to the Group, together with the Form of Acceptance and proxy forms for the EGM and H Shareholders Class Meeting.

## **THE SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING**

### **Background**

Pursuant to the Rule 3.7 Announcement and Rule 3.5 Announcement, the Company announced to buy-back all issued H Shares at the Offer Price of HK\$10.89 per H Share. The Share Buy-back Offer, which may or may not proceed, is subject to, among others, receipt of a minimum valid acceptances as to 90% of the H Shares held by the Independent H Shareholders and compliance with the applicable provisions under the Listing Rules, the Takeovers Code, the Share Buy-backs Code, including but not limited to, the passing of resolutions approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing at the EGM, H Shareholders Class Meeting and A Shareholders Class Meeting. If the Share Buy-back Offer materialises, such H Shares will be bought back by the Company and be subsequently delisted from the Stock Exchange pursuant to the Takeovers Code and the Listing Rules.

### **Shareholding structure of the Company**

As at the Latest Practicable Date, save for the 35,130,000 H Shares (representing approximately 15.12% of the total issued share capital of the Company) and 197,251,032 A Shares (representing approximately 84.88% of the total issued share capital of the Company) in issue, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

All the 35,130,000 H Shares in issue will be subject to the Share Buy-back Offer.

The shareholding table below sets forth the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Share Buy-back Offer and assuming that there will be no other change to the shareholding of the Company from the Latest Practicable Date up to the completion of the Share Buy-back Offer:

	Class of Shares	As at the Latest Practicable Date			Upon completion of the Share Buy-back Offer	
		No. of Shares	Approximate % of the relevant class of share capital of the Company (%)	Approximate % in the total share capital of the Company (%)	No. of Shares	Approximate % in the total share capital of the Company (%)
<b>Independent H Shareholders</b>						
<i>Substantial Shareholders</i>						
<i>(as defined under the Listing Rules) of the H Shares</i>						
Mr. Hu Keliang	H Shares	4,837,500	13.77	2.08	–	–
Mr. Wang Wei (Note 1)	H Shares	3,936,000	11.20	1.69	–	–
Mr. Ren Qifeng (Note 2)	H Shares	3,523,000	10.03	1.52	–	–
<b>Other Independent H Shareholders</b>	H Shares	22,833,500	65.00	9.83	–	–
<b>Sub-total</b>	<b>H Shares</b>	<b>35,130,000</b>	<b>100.00</b>	<b>15.12</b>	<b>–</b>	<b>–</b>
<b>Directors, supervisor of the Company and other parties acting in concert with the Company</b>						
<i>Directors</i>						
Mr. Ma Hongfu (Note 3)	A Shares	47,197,400	23.93	20.31	47,197,400	23.93
Ms. Zhang Qianyu	A Shares	75,600	0.04	0.03	75,600	0.04
<i>Supervisor of the Company</i>						
Mr. Wang Xuefeng	A Shares	18,900	0.01	0.01	18,900	0.01
<i>Other parties acting in concert with the Company</i>						
Gansu Nongken Group (Note 4)	A Shares	68,826,365	34.89	29.62	68,826,365	34.89
		<b>116,118,265</b>	<b>58.87</b>	<b>49.97</b>	<b>116,118,265</b>	<b>58.87</b>
Other A Shareholders	A Shares	81,132,767	41.13	34.91	81,132,767	41.13
<b>Sub-total</b>	<b>A Shares</b>	<b>197,251,032</b>	<b>100.00</b>	<b>84.88</b>	<b>197,251,032</b>	<b>100.00</b>
<b>Total</b>		<b>232,381,032</b>	<b>N/A</b>	<b>100.00</b>	<b>197,251,032</b>	<b>100.00</b>

*Notes:*

1. According to information available to the Company, (i) Mr. Wang Wei directly owns 1,640,000 H Shares and (ii) Venko Limited, the entire issued share capital of which is beneficially owned by Mr. Wang Wei, directly owns 2,296,000 H Shares. Mr. Wang Wei therefore controls the exercise of the voting rights over 3,936,000 H Shares.
2. According to public information available to the Company, Technoart Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Ren Qifeng, directly owns 3,523,000 H Shares. Mr. Ren Qifeng therefore controls the exercise of the voting rights over 3,523,000 H Shares.
3. Mr. Ma Hongfu directly owns 32,197,400 A Shares and Shanghai Fuhun, 39.44% of the equity interests of which is held by Mr. Ma Hongfu, directly owns 15,000,000 A Shares. Mr. Ma Hongfu therefore controls the exercise of the voting rights over 47,197,400 A Shares.
4. Gansu Nongken Asset and Lanzhou Zhuangyuan Investment, both being companies wholly owned by Gansu Nongken Group, directly owns 37,931,665 A Shares and 30,894,700 A Shares, respectively. Gansu Nongken Group therefore controls the exercise of the voting rights over 68,826,365 A Shares.
5. Mr. Hu Keliang, Mr. Wang Wei and Venko Limited are the IU Shareholders.

### **Interest in the Company of the Concert Parties**

As shown in the shareholding table above, as at the Latest Practicable Date, (i) Mr. Ma Hongfu and Ms. Zhang Qianyu, being Directors, holds or controls the voting rights over 47,197,400 A Shares and 75,600 A Shares, respectively; (ii) Mr. Wang Xuefeng, a supervisor of the Company, holds 18,900 A Shares; and (iii) Gansu Nongken Group controls the voting rights over 68,826,365 A Shares, which aggregate to 116,118,265 A Shares, representing approximately 58.87% of the total number of A Shares in issue and approximately 49.97% of the total issued share capital of the Company. Save for these 116,118,265 A Shares, the Company, the Directors and parties acting in concert with any of them do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

### **Reasons and benefits of the Share Buy-Back Offer and the Voluntary Withdrawal of Listing**

The Board believes that the Share Buy-back Offer and the Voluntary Withdrawal of Listing is in the interest of the Company and the Shareholders as a whole on the following bases:

- (a) the Share Buy-back Offer is expected to provide an exit opportunity for H Shareholders to realise their investment in the Company at the Offer Price, which represents a premium over the market price of the H Share, without discount on the lack of liquidity in the trading of the H Shares;
- (b) the Company's earnings per Share is expected to increase upon the cancellation of the H Shares bought-back pursuant to the Share Buy-back Offer; and
- (c) given the relatively low trading volume of the H Shares, the Company believes that its ability to raise funds from the public equity market in Hong Kong is currently limited and any significant improvement in this regard in the foreseeable future is unlikely. Consequently, the Company considers that the costs and management resources associated with the maintenance of the listing of H Shares on the Stock Exchange, which are needed in order to access the public equity capital market in Hong Kong, may no longer be warranted.

### **Conditions of the Share Buy-Back Offer and the Voluntary Withdrawal of Listing**

The Share Buy-back Offer and the Voluntary Withdrawal of Listing will be subject to the following Conditions being fulfilled:

- (a) the passing of the resolution to be proposed at the H Shareholders Class Meeting for approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing, provided that:
  - (i) the resolution is approved (by way of poll) by at least 75% of the votes attaching to all the H Shares held by the Independent H Shareholders that are voted either in person or by proxy at the H Shareholders Class Meeting; and
  - (ii) the number of votes cast (by way of poll) by the Independent H Shareholders present and voting either in person or by proxy at the H Shareholders Class Meeting against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

- (b) the passing of the resolution to be proposed at the A Shareholders Class Meeting for approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing, provided that the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the A Shares held by the A Shareholders that are voted either in person or by proxy at the A Shareholders Class Meeting;
- (c) the passing of the resolution to be proposed at the EGM for approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing, provided that the resolution must be approved (by way of poll) by at least two-thirds (2/3) of the votes attaching to all the Shares held by the Shareholders that are voted either in person or by proxy at the EGM;
- (d) minimum valid acceptances of the Share Buy-back Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time and date as the Company may, subject to the Takeovers Code, decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (e) the granting by the Executive of (i) the waiver for the Company from strict compliance with the requirement to compulsorily acquire H Shares that are not tendered for acceptance under the Share Buy-back Offer under Rule 2.2(c) of the Takeovers Code and (ii) the waiver for the Company's obligation to make a comparable offer to the A Shareholders under Rule 14 of the Takeovers Code;
- (f) the registration with SAFE in relation to the Share Buy-back Offer remains in full force and effect; and
- (g) the compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code, the statutory laws of Hong Kong and the PRC applicable to the Share Buy-back Offer and the Voluntary Withdrawal of Listing. As at the Latest Practicable Date, the Directors are not aware of any non-compliance by the Company with the Listing Rules, the Takeovers Code, the Share Buy-backs Code and any statutory laws of Hong Kong and the PRC that are applicable to the Share Buy-back Offer and the Voluntary Withdrawal of Listing.

None of the above Conditions is waivable and as at the Latest Practicable Date, to the exception of Condition (f) to the extent that such registration has been completed and Condition (e) above, none of the other Conditions has been fulfilled.

In respect of Condition (e) above, the Company has applied for, and the Executive has granted, the waivers from strict compliance with Rule 2.2(c) and Rule 14 of the Takeovers Code.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Company should not invoke any of the Conditions (other than Condition (d) above) so as to cause the Share Buy-back Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Company in the context of the Share Buy-back Offer.

The latest time on which the Company can declare the Share Buy-back Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of this Offer Document (or such later date to which the Executive may consent). If any of the Conditions is not satisfied by such time, the Share Buy-back Offer will lapse.

Acceptances by the H Shareholders under the Share Buy-back Offer will be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraphs regarding Rule 19.2 of the Takeovers Code or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Share Buy-back Offer shall be entitled to withdraw its/his/her acceptance after twenty-one (21) days from the First Closing Date, if the Share Buy-back Offer has not by then become unconditional as to acceptances.

If the Company is unable to comply with the requirements set out in paragraph headed “3. Announcement” in Appendix I of this Offer Document, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent H Shareholders who have tendered acceptance of the Share Buy-back Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent H Shareholders withdraw their acceptance(s), the Company shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent H Shareholder(s) at his/her/its own risk.

### **Irrevocable Undertakings**

Pursuant to the Irrevocable Undertakings, each of Mr. Hu Keliang, Mr. Wang Wei and Venko Limited (being a company wholly owned by Mr. Wang Wei) (collectively, the “**IU Shareholders**”) has irrevocably and unconditionally undertaken to the Company that, amongst others, he/it:

- (a) will accept or procure the acceptance of the Share Buy-back Offer in respect of all the H Shares held or controlled, or to be acquired, by him/it;
- (b) will exercise or procure the exercise of all voting rights attached to the Shares held, or to be acquired, by him/it at the H Shareholders Class Meeting, the A Shareholders Class Meeting and the EGM (as the case may be) in favour of all the resolutions which are necessary to implement otherwise related to the Share Buy-back Offer and the Voluntary Withdrawal of Listing; and



- (c) will not sell, transfer, impose any encumbrance over, or grant to any third party any rights attaching to the Shares held, or to be acquired, by him/it (other than the acceptance of the Share Buy-back Offer).

As at the Latest Practicable Date, the IU Shareholders are interested in 8,773,500 H Shares in total (representing approximately 24.97% of the total number of H Shares in issued) and do not hold any interests in A Shares, among which Mr. Hu Keliang directly owns 4,837,500 H Shares (representing approximately 13.77% of the total number of H Shares in issued) and Mr. Wang Wei are interested in 3,936,000 H Shares (representing approximately 11.20% of the total number of H Shares in issued) comprising 1,640,000 H Shares directly held under his personal capacity and 2,296,000 H Shares held by his wholly owned company, Venko Limited.

The obligations and commitments of the IU Shareholders under the Irrevocable Undertakings shall terminate only if the Share Buy-back Offer is withdrawn or lapsed.

#### **Principal terms of the Share Buy-back Offer**

Elstone Securities, on behalf of the Company and in compliance with the Takeovers Code and Share Buy-backs Code, will make the Share Buy-back Offer on the terms set out in this Offer Document on the following basis:

**For each Offer Share . . . . . HK\$10.89 in cash**

**The Company will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Company will not be allowed to increase the Offer Price and the Company does not reserve the right to increase the Offer Price.**

Subject to the Share Buy-back Offer becoming unconditional in all respects, the Offer Shares to be acquired shall be fully paid and free from all Encumbrances, together with all rights attached or accrued thereto on or after the closing date of the Share Buy-back Offer, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the closing date of the Share Buy-back Offer.

All the H Shares bought-back under the Share Buy-back Offer will be cancelled and subsequently the H Shares listing on the Stock Exchange will be withdrawn.

#### **Further details on the Share Buy-back Offer**

Further details regarding the Share Buy-back Offer, including the terms and procedures for acceptance of the Share Buy-back Offer are set out in “Further Terms and Procedures for Acceptance of the Share Buy-back Offer” as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

## Comparison with the Offer Price

The Offer Price of HK\$10.89 per H Share represents:

- (a) a premium of approximate 8.25% over the closing price of the H Shares as quoted on the Stock Exchange on the Latest Practicable Date of HK\$10.06 per Share.
- (b) a premium of approximately 11.69% over the closing price of HK\$9.75 per H Share as quoted on the Stock Exchange on 22 April 2022, being last trading day prior to publication of the Rule 3.5 Announcement;
- (c) a premium of approximately 25.17% over the closing price of HK\$8.70 per H Share as quoted on the Stock Exchange on 17 December 2021, being the Last Trading Day;
- (d) a premium of approximately 43.10% over the average of the closing prices of the H Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK \$7.61 per H Share;
- (e) a premium of approximately 47.36% over the average of the closing prices of the H Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$7.39 per H Share;
- (f) a premium of approximately 43.48% over the average of the closing prices of the H Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of HK\$7.59 per H Share;
- (g) a premium of approximately 54.25% over the average of the closing prices of the H Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of HK\$7.06 per H Share;
- (h) a premium of approximately 58.75% over the average of the closing prices of the H Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of HK\$6.86 per H Share;
- (i) a premium of approximately 26.48% over the audited consolidated net asset value of approximately RMB7.06 (equivalent to approximately HK\$8.61) per Share (based on (i) the audited consolidated net asset value as stated in the annual results announcement of the Company for the year ended 31 December 2021 published on 30 March 2022; (ii) 232,381,032 Shares in issue as at the Latest Practicable Date; and (iii) the Exchange Rate); and

- (j) a premium of approximately 12.50% to the adjusted consolidated net asset value per Share of approximately RMB7.93 (equivalent to approximately HK\$9.68) per Share, based on the equity attributable to owners of the Company of approximately RMB1,652.0 million as at 31 March 2022 as extracted from the first quarterly report of the Company for the three months ended 31 March 2022 and adjusted upward by the valuation of the property interest held by the Company attributable to owners of the Company of approximately RMB191.0 million (comparison between the Group's property interests with a book value of approximately RMB1,233.0 million as at 31 March 2022 and the valuation of property interest as at the valuation date of RMB1,424.0 million as set out in the property valuation report in Appendix IV to this Offer Document) and the issued share capital of the Company of 232,381,032 Shares as at the Latest Practicable Date.

Historic share price information on the H Shares is set out in the paragraph headed "3. Market Prices" in Appendix V to this Offer Document.

### **Dividends and Distribution**

Subject to the Share Buy-back Offer becoming unconditional in all respects, the Offer Shares to be acquired shall be fully paid and free from all Encumbrance, together with all rights attached or accrued thereto on or after the closing date of the Share Buy-back Offer, including the right to receive in full all dividends and other distributions, if any, the record date of which falls on or after the closing date of the Share Buy-back Offer.

As disclosed in the annual report of the Company dated 29 April 2022, the Board has recommended the payment of a final cash dividend of RMB4.70 cents per Share (including tax) for the year ended 31 December 2021 to Shareholders whose names appear on the Final Dividend Record Date. Accordingly, if the Final Dividend Record Date is before the closing date of the Share Buy-back Offer, H Shareholders who accept the Share Buy-back Offer and whose names appear on the register of members on the Final Dividend Record Date shall be entitled to (i) the final cash dividend (if approved by Shareholders at the annual general meeting) and (ii) the cash consideration of HK\$10.89 per H Share under the Share Buy-back Offer.

The Company confirms that as at the Latest Practicable Date, save for the final cash dividend for the year ended 31 December 2021, (i) it has not declared any dividend which is not yet paid and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the closing date of the Share Buy-back Offer.

### **Value of the Share Buy-back Offer**

As at the Latest Practicable Date, the Company has 35,130,000 H Shares in issue. The Share Buy-back Offer will be extended to all H Shareholders in accordance with the Takeovers Code. Based on the Offer Price of HK\$10.89 per Offer Share, and assuming that the Share Buy-back Offer is accepted in full, the value of the Share Buy-back Offer will be approximately HK\$382.57 million.

### **Financial resources available for the consideration and the Share Buy-back Offer**

The Company intends to finance the consideration for the full acceptance of the Share Buy-back Offer of HK\$382.57 million by its internal cash resources.

Elstone Capital, being the financial adviser to the Company in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing, is satisfied that sufficient financial resources are available to the Company to satisfy the consideration for the full acceptance of the Share Buy-back Offer.

### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Company has appointed Veda Capital as the Independent Financial Adviser to advise the Independent H Shareholders in connection with the Share Buy-back Offer and the Voluntary Withdrawal of Listing and, in particular, as to whether the Share Buy-back Offer is fair and reasonable, acceptance of the Share Buy-back Offer and voting at the EGM and H Shareholders Class Meeting in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing, pursuant to Rule 2.1 of the Takeovers Code. A copy of their letter is set out on pages 41 to 68 of this Offer Document.

Pursuant to Rule 3.3 of the Share Buy-backs Code, as no Directors will be considered as independent in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing, no independent board committee will be formed for the purpose of the Share Buy-back Offer and the Voluntary Withdrawal of Listing.

### **INFORMATION OF THE GROUP**

The Company was incorporated in the PRC with limited liability in April 2000, and was converted into a joint stock company in April 2011. The Company's H Shares were listed on the Main Board of the Stock Exchange in October 2015, and its A Shares were listed on the Main Board of the Shenzhen Stock Exchange in October 2017. The Group is principally engaged in the production, processing and sales of raw milk and dairy products, and dairy farming business.

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2020 and 2021:

	<b>For the financial year ended/ as at 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Operating income	739,821	1,021,432
Profit before tax	12,361	55,128
Income tax expenses	1,907	1,594
Profit for the year attributable to equity Shareholders	10,453	53,533
Net assets	1,591,834	1,640,693

Your attention is drawn to the section “Financial Information of the Group”, “Unaudited Pro Forma Financial Information of the Group” and “General Information of the Company” as set out in Appendix II, III and V, respectively, to this Offer Document.

#### **Other Arrangements**

The Company confirms that, as at the Latest Practicable Date:

- (i) save as disclosed in the paragraph headed “Shareholding structure of the Company” in this Offer Document, none of the Company, the Directors and their respective concert parties owns, holds or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company, and there is no outstanding derivative in respect of the securities in the Company which is owned, controlled or directed by, or has been entered into by the Company, the Directors or any of their respective concert parties;
- (ii) save for the Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares which might be material to the Share Buy-back Offer;
- (iii) save for the Irrevocable Undertakings, the Company or any of its concert parties have not received any irrevocable commitment to accept or reject the Share Buy-back Offer, or to vote in favour of the resolutions at the H Shareholders’ Class Meeting, the A Shareholders’ Class Meeting and/or the EGM;

- (iv) there is no agreement or arrangement to which the Company is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back Offer;
- (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Company, any of the Directors or any of their respective concert parties has borrowed or lent;
- (vi) save for the consideration for the Share Buy-back Offer, there is no other consideration, compensation or benefits in whatever form provided (or to be provided) by the Company or any of its concert parties to any Shareholder in connection with the Share Buy-back Offer;
- (vii) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between:
  - (A) (a) the Company or any of its concert parties on one hand and (b) the Shareholders on the other hand; and
  - (B) (a) the Company, its subsidiaries or associated companies on one hand and (b) the Shareholders on the other hand.

## **FINANCIAL IMPACT OF THE SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING**

### **Earnings per Share attributable to equity holders of the Company**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming the completion of the Share Buy-back Offer on 31 December 2021, the earnings per Share attributable to the equity holders of the Company for the year ended 31 December 2021 would have increased by approximately 17.39% from approximately RMB0.23 per Share to approximately RMB0.27 per Share.

### **Net asset value per Share**

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming the completion of the Share Buy-back Offer on 31 December 2021, the net assets per Share attributable to the equity holders of the Company as at 31 December 2021 would have decreased by approximately 4.96% from approximately RMB7.06 per Share to approximately RMB6.71 per Share.

The cash outlay from the estimated costs to be incurred under the Share Buy-back Offer represented only approximately 19.37% of the consolidated net asset value of the Company as at 31 December 2021. The Directors believe that the Share Buy-back Offer and the Voluntary Withdrawal of Listing will not have a material adverse impact on the Company's cash position and consolidated net asset value.

### **Liabilities and Working Capital**

The estimated costs of RMB317,730,000 to be incurred under the Share Buy-back Offer will be settled by cash and therefore the Share Buy-back Offer will not have any effect on the liabilities of the Group. On the other hand, the estimated costs would have decreased the working capital at 31 December 2021 by approximately RMB317,730,000.

The Company will satisfy the Share Buy-back Offer using cash from its own internal resources and has no intention of buying back its H Shares with borrowings. As such, this will result in a corresponding decrease in the working capital of the Group. Given the net asset value attributable to equity holders of the Company amounted to RMB1,640,693,000 as at 31 December 2021, the net asset value would be decreased by approximately 19.37% to approximately RMB1,322,963,000 taking into account the abovementioned estimated cost, the Directors believe that the Share Buy-back will not have a material adverse impact on the Company. For more details, please see "Appendix III – Unaudited Pro Forma Financial Information of the Group".

### **INTENTION OF THE COMPANY**

The Company intends to buy-back all H Shares and withdraw the listing of its H Shares from the Stock Exchange pursuant to the Share Buy-back Offer. The Company intends to maintain the listing status of the A Shares on the Main Board of the Shenzhen Stock Exchange.

It is the intention of the Company that, after the delisting of the H Shares, (i) the Group will continue to carry on its current business, which principally comprises the dairy farming business, the production, processing and sales of raw milk and dairy products; (ii) the Company will not introduce any major changes to the business of the Group (including any redeployment of fixed assets of the Group) in the foreseeable future; and (iii) the Company will not make any significant changes to the continued employment of the employees of the Group as a result of the implementation of the Share Buy-back Offer or the Voluntary Withdrawal of Listing.

### **WITHDRAWAL OF LISTING OF THE H SHARES**

Upon the Share Buy-back Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules by way of capital reorganisation.

H Shareholders will be notified by way of an announcement of the last day of dealings in the H Shares and the date on which the withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

#### **No right of compulsory acquisition**

**The Company has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the Share Buy-back Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the Share Buy-back Offer, and if the Share Buy-back Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code (depending on whether it remains as a public company in Hong Kong under the Takeovers Code) after the completion of the Share Buy-back Offer, and the rights of Independent H Shareholders to certain information of the Company will be reduced. In view of the implications on the H Shareholders who have not accepted the Share Buy-back Offer upon the extended closing date, the Company will notify the relevant H Shareholders in writing by way of issuing an announcement in one (1) week prior to the extended closing date to remind the H Shareholders of the extended closing date and the implications if they choose not to accept the Share Buy-back Offer.**

**Shareholders should also note that if they do not agree to the terms of the Share Buy-back Offer, they can vote against the Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, A Shareholders Class Meeting and/or the EGM (as the case may be). If more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders are voted against the Share Buy-back Offer and the Voluntary Withdrawal of Listing at the H Shareholders Class Meeting, the Share Buy-back Offer would lapse and the H Shares would remain listed on the Stock Exchange.**

#### **EGM, A SHAREHOLDERS CLASS MEETING AND H SHAREHOLDERS CLASS MEETING**

The notices convening the EGM and H Shareholders Class Meeting are set out in pages VI-1 to VII-3 of this Offer Document. Resolutions in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing will be proposed at the EGM, A Shareholders Class Meeting and H Shareholders Class Meeting.

A form of proxy for each of the EGM and H Shareholders Class Meeting are enclosed with this Offer Document. If you are not able to attend the EGM and/or H Shareholders Class Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar as soon as possible and in any event, not less than 24 hours before the time appointed for the holding of the EGM and H Shareholders Class Meeting or any adjournment thereof, i.e. before 3:00 p.m. and 4:00 p.m. on 28 June 2022, respectively. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM and H Shareholders Class Meeting or any adjournment if you so wish.



As at the Latest Practicable Date, the Company has 35,130,000 H Shares in issue, and no H Shares are held by the Company, the Directors and parties acting in concert with any of them, and hence, all H Shareholders are considered as Independent H Shareholders in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing. Therefore, all H Shareholders (being Independent H Shareholders) are eligible to vote at the H Shareholders Class Meeting and the EGM.

As at the Latest Practicable Date, the Company has 197,251,032 A Shares in issue. As there is no restriction under the articles of association of the Company and the laws and regulations in the PRC in relation to the voting rights of the Directors and parties acting in concert with any of the Company and the Directors at the A Shareholders Class Meeting and the EGM, all A Shareholders are eligible to vote at the A Shareholders Class Meeting and the EGM.

In order to determine the H Shareholders who are eligible to attend and vote at the EGM and H Shareholders Class Meeting, the H shares register of members of the Company shall be closed from 30 May 2022 to 29 June 2022 (both days inclusive), during which period no transfer of shares will be registered.

Shareholders who intend to appoint a proxy to attend the EGM and H Shareholders Class Meeting shall complete and return the form of proxy in accordance with the instructions printed thereon. For H Shareholders, the form of proxy should be returned to the office of the Share Registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM and H Shareholders Class Meeting or any adjourned meeting thereof.

#### **PROCEDURES IN DEMANDING A POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings 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. The chairman of the EGM, H Shareholders Class Meeting and A Shareholders Class Meeting will therefore demand a poll for every resolution put to the vote of the EGM, H Shareholders Class Meeting and A Shareholders Class Meeting pursuant to article 106 of the articles of association of the Company.

Pursuant to Rule 2.9 of the Takeovers Code, the Company has appointed the Company's auditor, WUYIGE Certified Public Accountants LLP, as scrutineer for the vote-taking at the EGM and the H Shareholders Class Meeting.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same manner.

## **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to this Offer Document. You are also recommended to carefully read “Further Terms and Procedures for Acceptance of the Share Buy-back Offer” as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Share Buy-back Offer. In considering what action to take in connection with the Share Buy-back Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

## **RECOMMENDATION**

The Directors are of the view that the terms of the Share Buy-back Offer and the Voluntary Withdrawal of Listing are fair and reasonable and is in the best interest of the Company and its Shareholders as a whole.

Your attention is drawn to the “Letter from Veda Capital” as set out on pages 41 to 68 of this Offer Document, which contain, among other things, their advice in relation to the Share Buy-back Offer and Voluntary Withdrawal of Listing and the principal factors considered by them in arriving at their recommendation.

## **FURTHER INFORMATION**

Your attention is also drawn to the additional information set out in the appendices to this Offer Document.

Yours faithfully,  
By order of the Board  
**Lanzhou Zhuangyuan Pasture Co., Ltd.\***



**Yao Gexian**  
Chairman