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## 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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lanzhou Zhuangyuan Pasture Co., Ltd.\*, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF BOARD OF DIRECTORS FOR 2021  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF THE SUPERVISORY COMMITTEE FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE ANNUAL REPORT AND ITS HIGHLIGHTS OF THE COMPANY FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF INTERNAL CONTROL EVALUATION FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE PRELIMINARY PROFIT DISTRIBUTION PLAN FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT ON THE ACTUAL DEPOSIT AND  
USE OF 2021 PROCEEDS RAISED OF THE COMPANY,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT OF THE OCCUPATION OF NON-OPERATING CAPITAL  
AND THE TRANSACTION OF OTHER RELATED FUNDS FOR 2021 OF LANZHOU ZHUANGYUAN PASTURE CO., LTD.,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE APPLICATION TO BANKS OF THE LIMITS OF COMPOSITE CREDIT  
FACILITIES FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE FINAL FINANCIAL REPORT FOR 2021 OF THE COMPANY,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REAPPOINTMENT OF THE AUDITOR OF THE COMPANY FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO REMUNERATION OF DIRECTORS, SUPERVISORS AND  
SENIOR MANAGEMENT OF THE COMPANY FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPURCHASE AND CANCELLATION OF ALL RESTRICTED SHARES IN  
THE SECOND RELEASE OF LOCKED PERIOD UNDER THE 2019 RESTRICTED SHARES INCENTIVE SCHEME,  
TO CONSIDER THE RESOLUTION FOR APPROVAL OF THE SHARE BUY-BACK OFFER AND  
THE VOLUNTARY WITHDRAWAL OF LISTING,  
TO CONSIDER THE RESOLUTION FOR AUTHORISING THE BOARD OF DIRECTORS TO PROCURE THE COMPLETION OF THE  
SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING,  
NOTICE OF AGM,  
NOTICE OF A SHAREHOLDERS' CLASS MEETING AND  
NOTICE OF H SHAREHOLDERS' CLASS MEETING

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The Company will convene the AGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting at 2:00 p.m. on Wednesday, 29 June 2022 at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC. Notice of AGM, Notice of A Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting are set out in this circular.

If you intend to appoint a proxy to attend the AGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Union Registrars Limited and for holders of A Shares, the form of proxy should be returned to the Company's head office in the PRC not less than 24 hours before the time fixed for holding the AGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting or at any other adjourned meeting should you so wish.

\* For identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX I — REPORT OF INDEPENDENT DIRECTORS FOR 2021</b> .....	I-1
<b>APPENDIX II — REPORT OF THE SUPERVISORY COMMITTEE FOR 2021</b> .....	II-1
<b>APPENDIX III — REPORT OF INTERNAL CONTROL EVALUATION FOR 2021</b> ...	III-1
<b>APPENDIX IV — ANNOUNCEMENT IN RELATION TO THE PRELIMINARY PROFIT DISTRIBUTION PLAN FOR 2021</b> .....	IV-1
<b>APPENDIX V — SPECIAL REPORT ON ACTUAL DEPOSIT AND USE OF THE PROCEEDS DURING 2021</b> .....	V-1
<b>APPENDIX VI — THE FINAL FINANCIAL REPORT FOR 2021</b> .....	VI-1
<b>APPENDIX VII — ANNOUNCEMENT IN RELATION TO THE APPLICATION TO BANKS OF THE LIMITS OF COMPOSITE CREDIT FACILITIES FOR 2022</b> .....	VII-1
<b>APPENDIX VIII — ANNOUNCEMENT ON THE REPURCHASE AND CANCELLATION OF ALL RESTRICTED SHARES IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER THE 2019 RESTRICTED SHARES INCENTIVE SCHEME.</b> .....	VIII-1
<b>NOTICE OF AGM</b> .....	N-1
<b>NOTICE OF A SHAREHOLDERS' CLASS MEETING</b> .....	N-5
<b>NOTICE OF H SHAREHOLDERS' CLASS MEETING</b> .....	N-7

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## DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code, and “concert parties” shall be construed accordingly
“AGM”	the annual general meeting for 2021 or any adjourned meeting to be held by the Company at 26th Floor, Block B, Shanghai Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC at 2:00 p.m. on Wednesday, 29 June 2022
“Articles” or “Articles of Association”	the Articles of Association of the Company (as amended, modified or otherwise supplemented from time to time)
“A Shares”	Renminbi-denominated ordinary share(s) of the Company of RMB1.00 each, all of which are issued in the PRC, subscribed in Renminbi and listed on the Shenzhen Stock Exchange (stock code: 002910)
“A Shareholders’ Class Meeting”	the class meeting of A Shareholders or any adjourned meeting to be held at 2:30 p.m. on Wednesday, 29 June 2022 at 26th Floor, Block B, Shanghai Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC or immediately after the conclusion of the AGM or any adjournment thereof (whichever is the later)
“A Share Offering”	the Company’s initial public offering of 46,840,000 A Shares listed on the Shenzhen Stock Exchange, which has been completed on 31 October 2017
“Board of Directors” or “Board”	the board of directors of the Company
“Company”	Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange
“Director(s)”	director(s) of the Company
“Executive Director(s)”	executive director(s) of the Company
“Group”	the Company and its subsidiaries

\* For identification purpose only

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## DEFINITIONS

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“H Shareholders’ Class Meeting”	the class meeting of H Shareholders or any adjourned meeting to be held at 2:45 p.m. on Wednesday, 29 June 2022 at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC or immediately after the conclusion of the A Shareholders’ Class Meeting or any adjournment thereof (whichever is the later)
“H Shares”	overseas listed foreign shares in the Company’s share capital with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent H Shareholders”	H Shareholders other than (i) the Directors and parties acting in concert with any of the Directors and the Company and (ii) any H Shareholder who has a material interest in the Share Buy-back Offer and the Voluntary Withdrawal of Listing that is different from the interests of all other Shareholders (as stipulated under Rule 3.2 of the Share Buy-backs Code)
“Independent Non-executive Director(s)” or “Independent Director(s)”	independent non-executive director(s) of the Company
“Latest Practicable Date”	2 June 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Non-executive Director(s)”	non-executive director(s) of the Company
“Notice of AGM”	the notice convening the AGM
“Notice of A Shareholders’ Class Meeting”	the notice convening the A Shareholders’ Class Meeting

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## DEFINITIONS

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“Notice of H Shareholders’ Class Meeting”	the notice convening the H Shareholders’ Class Meeting
“Offer Document”	the offer document dated 6 June 2022 and issued by the Company to the Shareholders in connection with the Share Buy-back Offer and Voluntary Withdrawal of Listing in compliance with the Takeovers Code, the Share Buy-backs Code and the Listing Rules containing, among other things, details of the Share Buy-back Offer and the Voluntary Withdrawal of Listing (accompanied by the form of acceptance and transfer of H Share(s)) and the respective letters of advice from Elstone Securities Limited, the Board and Veda Capital Limited
“PRC” or “China”	the People’s Republic of China
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Share Buy-backs Code”	the Code on Share Buy-backs
“Share Buy-back Offer”	the share buy-back offer being made by Elstone Securities Limited, on behalf of the Company, to buy-back H Shares not already owned or agreed to be acquired by the Company and the Directors in accordance with the Takeovers Code as detailed in the Offer Document dated 6 June 2022
“Shareholder(s)”	holder(s) of shares
“Shares”	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Company’s A Shares and H Shares
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the board of supervisors of the Company
“Takeovers Code”	the Code on Takeovers and Mergers
“Voluntary Withdrawal of Listing”	the proposed conditional voluntary withdrawal of listing of the H Shares from the Hong Kong Stock Exchange as detailed in the Offer Document dated 6 June 2022
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

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

*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 Gansu Province No.  
601, Yanyuan Road  
Chengguan District  
Lanzhou City, Gansu Province  
PRC

*Principal place of business in Hong Kong:*

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

8 June 2022

*To the Shareholders*

Dear Sir or Madam,

TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF BOARD OF DIRECTORS FOR 2021  
INCLUDING THE REPORT OF INDEPENDENT DIRECTORS FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF THE SUPERVISORY COMMITTEE FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE ANNUAL REPORT AND ITS HIGHLIGHTS OF THE COMPANY FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF INTERNAL CONTROL EVALUATION FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE PRELIMINARY PROFIT DISTRIBUTION PLAN FOR 2021,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT ON THE ACTUAL DEPOSIT AND  
USE OF 2021 PROCEEDS RAISED OF THE COMPANY,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT OF THE OCCUPATION OF NON-OPERATING CAPITAL AND THE TRANSACTION OF OTHER  
RELATED FUNDS FOR 2021 OF LANZHOU ZHUANGYUAN PASTURE CO., LTD.,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE APPLICATION TO BANKS OF  
THE LIMITS OF COMPOSITE CREDIT FACILITIES FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE FINAL FINANCIAL REPORT FOR 2021 OF THE COMPANY,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REAPPOINTMENT OF THE AUDITOR OF THE COMPANY FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO REMUNERATION OF DIRECTORS, SUPERVISORS  
AND SENIOR MANAGEMENT OF THE COMPANY FOR 2022,  
TO CONSIDER THE RESOLUTION IN RELATION TO THE REPURCHASE AND CANCELLATION OF ALL RESTRICTED SHARES IN THE SECOND RELEASE OF LOCKED  
PERIOD UNDER THE 2019 RESTRICTED SHARES INCENTIVE SCHEME,  
TO CONSIDER THE RESOLUTION FOR APPROVAL OF THE SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING,  
TO CONSIDER THE RESOLUTION FOR AUTHORISING THE BOARD OF DIRECTORS TO PROCURE THE COMPLETION OF THE SHARE BUY-BACK OFFER AND THE  
VOLUNTARY WITHDRAWAL OF LISTING,  
NOTICE OF AGM,  
NOTICE OF A SHAREHOLDERS' CLASS MEETING AND  
NOTICE OF H SHAREHOLDERS' CLASS MEETING

\* For identification purpose only

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## LETTER FROM THE BOARD

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### INTRODUCTION

The purpose of this circular is to give you the Notice of AGM and provide you with relevant information to enable you to make informed decision on whether to vote for or against the resolutions (among others) to be proposed at the meeting for the following issues, to be approved by way of ordinary resolutions and special resolutions:

### Ordinary Resolutions

1. To consider the resolution in relation to the Report of the Board of Directors for 2021
2. To consider the resolution in relation to the Report of the Supervisory Committee for 2021
3. To consider the resolution in relation to the Annual Report and Its Highlights of the Company for 2021
4. To consider the resolution in relation to the Report of Internal Control Evaluation for 2021
5. To consider the resolution in relation to the Preliminary Profit Distribution Plan for 2021
6. To consider the resolution in relation to the Special Report on the Deposit and Actual Use of 2021 Proceeds Raised of the Company
7. To consider the resolution in relation to the Special Report of the Occupation of Non-Operating Capital and the Transaction of Other Related Funds for 2021 of Lanzhou Zhuangyuan Pasture Co., Ltd.
8. To consider the resolution in relation to the Application to Banks of the Limits of Composite Credit Facilities for 2022
9. To consider the resolution in relation to the Final Financial Report for 2021 of the Company
10. To consider the resolution in relation to the Reappointment of the Auditor of the Company for 2022
11. To consider the resolution in relation to remuneration of Directors, Supervisors and senior management of the Company for 2022
12. To consider the resolution in relation to the Repurchase and Cancellation of All Restricted Shares in the Second Release of Locked Period under the 2019 Restricted Shares Incentive Scheme

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## LETTER FROM THE BOARD

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### Special Resolutions

13. To consider the resolution for approval of the Share Buy-back Offer and the Voluntary Withdrawal of Listing
14. To consider the resolution for authorising the Board to procure the completion of the Share Buy-back Offer and the Voluntary Withdrawal of Listing

**(1) TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF THE BOARD OF DIRECTORS FOR 2021**

An ordinary resolution on the resolution in relation to the report of Board of Directors for 2021 will be proposed at the AGM. For details, please refer to the sections headed “Directors’ Report” and “Independent Directors’ Report” in the annual report of the Company dated 29 April 2022. Independent Directors of the Company will make debriefing in respect to their work performed during 2021 at the AGM. Please refer to the announcement of the Company dated 30 March 2022 and the contents of Appendix I of this circular for the full text of the Report of Independent Directors for 2021.

**(2) TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF THE SUPERVISORY COMMITTEE FOR 2021**

An ordinary resolution on the resolution in relation to the report of the Supervisory Committee for 2021 will be proposed at the AGM. For details, please refer to the section headed “Supervisory Committee’s Report” in the annual report of the Company dated 29 April 2022. Please refer to the announcement of the Company dated 30 March 2022 and the contents of Appendix II of this circular for the full text of the Report of Supervisory Committee for 2021.

**(3) TO CONSIDER THE RESOLUTION IN RELATION TO THE ANNUAL REPORT AND ITS HIGHLIGHTS OF THE COMPANY FOR 2021**

An ordinary resolution on the resolution in relation to the annual report and its highlights of the Company for 2021 will be proposed at the AGM, details of which is set out in the Company’s annual report dated 29 April 2022.



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## LETTER FROM THE BOARD

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**(4) TO CONSIDER THE RESOLUTION IN RELATION TO THE REPORT OF INTERNAL CONTROL EVALUATION FOR 2021**

In accordance with the relevant requirements of the Basic Standards for Enterprise Internal Control and its supporting guidelines, and other internal control regulatory requirements, together with the internal control system and assessment methods of the Lanzhou Zhuangyuan Pasture Co., Ltd., based on the daily supervision and special supervision of internal control, the Board believes that the Company has maintained the effective internal control in relation to the financial statements established in accordance with the standards of the Basic Standards for Enterprise Internal Control as at 31 December 2021.

For details, please refer to the announcement of the Company dated 30 March 2022 and the content of the resolution as set out in Appendix III to this circular in relation to the evaluation report of the internal control for 2021.

**(5) TO CONSIDER THE RESOLUTION IN RELATION TO THE PRELIMINARY PROFIT DISTRIBUTION PLAN FOR 2021**

An ordinary resolution on the resolution in relation to the preliminary profit distribution plan for 2021 will be proposed at the AGM.

According to the Articles, an ordinary resolution will be proposed at the AGM to approve the Company's profit distribution plan. The Board proposed the distribution of a final dividend of RMB0.47 per 10 shares (tax inclusive) in cash in an aggregate amount of approximately RMB10,900,000 for the year ended 31 December 2021. Such dividend will be paid to holders of A Shares and domestic investors investing in H Shares through the Shenzhen–Hong Kong Stock Connect in Renminbi and to holders of H Shares in Hong Kong dollars. The actual amount of H Share dividend attributable to holders of H Shares to be distributed and paid in Hong Kong dollars is calculated according to the average benchmark exchange rate of Renminbi against Hong Kong dollars as published by the People's Bank of China for the five business days preceding the date of the AGM. If the proposed profit distribution plan is approved at the AGM, the final dividend of H Shares will be paid to the Shareholders whose names are registered in the Company's register of members on Monday, 11 July 2022. The Company expects to pay the dividend before Wednesday, 31 August 2022. The resolution in relation to the preliminary profit distribution plan for 2021 is subject to approval by the A Shareholders and the H Shareholders at the A Shareholders' Class Meeting and H Shareholders' Class Meeting by way of ordinary resolutions. The resolution is set out in Appendix IV to this circular.

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## LETTER FROM THE BOARD

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In order to determine the holders of shares who are entitled to receive the above-mentioned final dividend, the register of members of the Company will be closed from Wednesday, 6 July 2022 to Monday, 11 July 2022, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2021 (subject to the approval of the Shareholders), unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 5 July 2022.

We hereby recommend Shareholders to authorize the Board to implement the above profit distribution plan, and recommend the Board to further grant its authority to the Company's management for implementing all relevant matters relating to the above profit distribution plan, having obtained the above authority.

In accordance with the Enterprise Income Tax Law of the People's Republic of China ( 中華人民共和國企業所得稅法 ) and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members of H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, will be deemed as shares held by non-resident enterprise Shareholders. Therefore, enterprise income tax will be withheld from dividends payable to such Shareholders. If holders of H Shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as at the record date of the proposed final dividend.

In accordance with the "Circular on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No.020) ( 《關於個人所得稅若干政策問題的通知》 ( 財稅字[1994] 020 號 )) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, temporarily, exempted from the PRC individual income tax for dividend or bonuses received from foreign invested enterprises. In accordance with the "Letter of the State Administration of Taxation concerning Taxation Issues of Dividends Received by Foreign Individuals Holding Shares of Companies Listed in China" (Guo Shui Han Fa [1994] No. 440) ( 《外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》 ( 國稅函發[1994] 440號 )) as promulgated by the State Administration of Taxation on 26 July 1994, dividends (capital bonuses) received by foreign individuals holding B Shares or overseas shares (including H Shares) from Chinese enterprises issuing such B Shares or overseas shares are temporarily exempted from individual income tax. Accordingly, the Company will not withhold and pay the individual income tax on behalf of individual Shareholders when the Company distributes the final dividend to individual Shareholders whose names appear on the register of members of H Shares of the Company.

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## LETTER FROM THE BOARD

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The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share Shareholders or any disputes over the withholding mechanism or arrangements.

**(6) TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT ON THE ACTUAL DEPOSIT AND USE OF 2021 PROCEEDS RAISED OF THE COMPANY**

An ordinary resolution on the resolution in relation to the special report on the actual deposit and use of 2021 proceeds raised of the Company will be proposed at the AGM. The full text of such resolution is set out in Appendix V in this circular.

**(7) TO CONSIDER THE RESOLUTION IN RELATION TO THE SPECIAL REPORT OF THE OCCUPATION OF NON-OPERATING CAPITAL AND THE TRANSACTION OF OTHER RELATED FUNDS FOR 2021 OF LANZHOU ZHUANGYUAN PASTURE CO., LTD.**

An ordinary resolution on the resolution in relation to the approval on the special report of the occupation of non-operating capital and the transaction of other related funds for 2021 of the Company will be proposed at the AGM.

On the basis of auditing the consolidated and Company balance sheet as at 31 December 2021, the consolidated and Company income statement, the consolidated and Company cash flow statement, the consolidated and Company statements of changes in shareholders' equity for the year of 2021 and the corresponding notes to the financial statements of Lanzhou Zhuangyuan Pasture Co., Ltd., WUYIGE Certified Public Accountants LLP (Special General Partnership) conducted a special audit on the Summary Statement of Occupation of Non-operating Capital and Other Related Capital Transactions of the Listed Company in 2021 (《上市公司2021年度非經營性資金佔用及其他關聯資金往來情況匯總表》) (hereinafter referred to as the "Summary Statement"). It is the responsibility of the management of the Company to prepare and disclose the summary statement in accordance with the provisions of the Notice on Several Issues in respect of Regulating the Capital Transactions between Listed Companies and Related Parties and External Guarantees of Listed Companies (《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) (Zhengjianfa [2003] No.56) issued by China Securities Regulatory Commission and State-owned Assets Supervision and Administration Commission of the State Council and provide true, legal and complete audit evidence. The responsibility of the audit agency is to issue special audit opinions on the summary statement on the basis of performing the audit work.

For details, please refer to the announcement of the Company dated 30 March 2022, in relation to a special audit report on the summary statement of occupation of non-operating capital and other related capital transactions; and the audited financial statements set out in the annual report of the Company.

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## LETTER FROM THE BOARD

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**(8) TO CONSIDER THE RESOLUTION IN RELATION TO THE FINAL FINANCIAL REPORT FOR 2021 OF THE COMPANY**

An ordinary resolution on the resolution in relation to the final financial report for 2021 of the Company will be proposed at the AGM. For details of the financial reports for the year ended 31 December 2021, please refer to the financial statements set out in the Company's annual report dated 29 April 2022.

The final financial report of the Company for the year ended 31 December 2021 was considered and approved by the Board on 30 March 2022. The details of the resolution are set out in Appendix VI to this circular and is hereby proposed as ordinary resolution at the AGM for consideration and approval.

**(9) TO CONSIDER THE RESOLUTION IN RELATION TO THE APPLICATION TO BANKS OF THE LIMITS OF COMPOSITE CREDIT FACILITIES FOR 2022**

An ordinary resolution on the resolution in relation to the application to banks of the limits of composite credit facilities for 2022 of the Company will be proposed at the AGM.

In order to fulfill the manufacturing and operating requirements of the Company, the Company proposed to apply to a bank for a composite credit facility not exceeding RMB2,500,000,000 after considering the capital arrangement of the Company. The types of credit facilities mainly include: investment loans for liquidity and fixed assets, domestic letter of credit, banker's acceptance, bills discounting, non-financing letters of credit and factoring guarantee of buyers. The amount of composite credit facility set out above is subject to final actual amount approved by the bank. The specific financing amount will be determined in accordance with the actual operation needs of the Company. During the credit period, the amount of credit facility can be used on a revolving basis.

The Company authorized the legal representative of the Company or authorized agent appointed by the legal representative of the Company, with full power to execute various legal documents in relation to the aforesaid composite credit facility, including but not limited to application forms, contracts or agreement in relation to credit facility, loans and financing on behalf of the Company.

The relevant resolution is set out in Appendix VII to this circular.

The above authorization shall commence on the date of approval by the annual general meeting for 2021 and end on the date of approval of a new resolution by the annual general meeting for 2022.

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## LETTER FROM THE BOARD

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**(10) TO CONSIDER THE RESOLUTION IN RELATION TO THE REAPPOINTMENT OF THE AUDITOR OF THE COMPANY FOR 2022**

An ordinary resolution on the Resolution in relation to the Reappointment of the Auditor of the Company for 2022 regarding the reappointment of WUYIGE Certified Public Accountants LLP as the auditor of the Company for 2022 and the grant of authority to the Board to determine its remuneration will be proposed at the AGM. The Board will then grant the authority to the management of the Company to determine the remuneration of the auditor for 2022 according to actual conditions.

**(11) RESOLUTION IN RELATION TO REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY FOR 2022**

At the AGM, an ordinary resolution will be proposed to approve the remuneration plan for Directors, Supervisors and senior management for the year ended 31 December 2022. Such remuneration plan is made with reference to the level of remuneration for 2021 and in accordance with internal policies of the Company as follows:

Considering its future development needs, the Company, with reference to level of remuneration of Directors, Supervisors and senior management of domestic listed peers and on the basis of actual operations of the Company, formulates the following plan for remuneration of Directors, Supervisors and senior management of the Company for 2022 in order to enhance its operation and management efficiency, thus promoting its sustainable development:

**1. *Applicable scope***

Directors, Supervisors (excluding employee representative supervisor) and senior management (general manager, deputy general manager, financial director and secretary of the Board) entitled to remuneration (allowance) and performance-based pay in the Company.

**2. *Applicable period***

1 January 2022 to 31 December 2022

**3. *Remuneration scale***

*(1) Remuneration of independent Directors*

Annual allowance of independent Directors of the Company is RMB35,000 per person (before tax).

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## LETTER FROM THE BOARD

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- (2) *Remunerations of non-independent Directors, Supervisors (excluding employee representative supervisor), and senior management shall be fixed in accordance with the relevant management system of the Company for remunerations and performance assessment as follows:*

<b>Applicable Post</b>	<b>Basic Remuneration/ Year</b>	<b>Performance- based Pay/Year</b>
Chairman/Vice Chairman/Chairman of Board of Supervisors/General Manager	RMB100,000- RMB500,000	RMB200,000- RMB300,000
Director/Deputy General Manager/ Financial Director/Secretary of the Board	RMB100,000- RMB400,000	RMB150,000- RMB200,000
Supervisor	RMB100,000- RMB150,000	RMB50,000- RMB100,000

**(12) TO CONSIDER THE RESOLUTION IN RELATION TO THE REPURCHASE AND CANCELLATION OF ALL RESTRICTED SHARES IN THE SECOND RELEASE OF LOCKED PERIOD UNDER THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

At the 14th meeting of the fourth session of the Board of Directors and the 10th meeting of the fourth session of the Board of Supervisors held on 2 June 2022, the Company considered and approved the Proposal on Repurchase and Cancellation of All Restricted Shares in the Second Release of Lockup Period Under the 2019 Restricted Shares Incentive Scheme, pursuant to which the Company agreed to repurchase and cancel 869,508 restricted shares held in aggregate by 76 incentive participants that became involved due to failure to satisfy the unlocking conditions for the second release of lockup period under the 2019 Restricted Shares Incentive Scheme (the “Incentive Scheme”) in terms of the performance assessment at level of the Company; and to repurchase and cancel all 12,180 restricted shares that have been granted to one retired incentive participant but remain locked-up. 881,688 restricted shares granted but remaining locked-up will be subject to repurchase and cancellation contemplated hereunder, which accounts for 0.38% of the current share capital of 232,381,032 shares of the Company, and 0.45% of A share capital of 197,251,032 shares of the Company. In accordance with Measures for Administration of Equity Incentive of Listed Companies (the “**Administrative Measures**”), the above matter is subject to consideration at the general meeting of the Company. The relevant resolution is set out in Appendix VIII to this circular.

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## LETTER FROM THE BOARD

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**(13) TO CONSIDER THE RESOLUTION FOR APPROVAL OF THE SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING**

**(14) TO CONSIDER THE RESOLUTION FOR AUTHORISING THE BOARD TO PROCURE THE COMPLETION OF THE SHARE BUY-BACK OFFER AND THE VOLUNTARY WITHDRAWAL OF LISTING**

Reference is made to (i) the announcement made by the Company on 25 April 2022 in relation to the Share Buy-back Offer and the Voluntary Withdrawal of Listing under Rule 3.5 of the Takeovers Code, (ii) the Offer Document, and (iii) the announcement of the Company dated 7 June 2022 in relation to, amongst others, the Offer Document and the cancellation of the 2022 second extraordinary general meeting, the 2022 second A Shareholders class meeting and the 2022 second H Shareholders class meeting (the “**Update Announcement**”).

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 Hong Kong 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 the Offer Document (as updated by the Update Announcement), including the passing of resolutions approving the Share Buy-back Offer and the Voluntary Withdrawal of Listing at the AGM, 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.

In respect of the abovementioned matter, it is proposed at the meeting for the Shareholders to consider the resolution for authorising the Board to procure the completion of the Share Buy-back Offer and the Voluntary Withdrawal of Listing.

### **WARNING**

**H Shareholders and potential investors of the Company should note that the Share Buy-back Offer is subject to the satisfaction of the Conditions in all respects. Accordingly, the Share Buy-back Offer may or may not become unconditional. H Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**



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## LETTER FROM THE BOARD

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The Directors make no recommendation as to the fairness or reasonableness of the Share Buy-back Offer and the Voluntary Withdrawal of Listing or as to the acceptance of the Share Buy-back Offer in this circular, and strongly recommend the Independent H Shareholders not to form a view on the Share Buy-back Offer and the Voluntary Withdrawal of Listing, unless and until they have received and read the letter from the Independent Financial Adviser containing its advice to the Independent H Shareholders in respect of the Share Buy-back Offer and the Voluntary Withdrawal of Listing, which is included in the Offer Document dated 6 June 2022 despatched to the Shareholders.

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 Hong Kong 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 AGM (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 Hong Kong Stock Exchange.

For further details of the terms and conditions of the Share Buy-back Offer and the Voluntary Withdrawal of Listing, please refer to the Offer Document and the Update Announcement.



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## LETTER FROM THE BOARD

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### AGM AND CLASS MEETINGS

The Company will convene the AGM on Wednesday, 29 June 2022 at the Company's head office in the PRC at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC, to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the AGM set out in pages N-1 to N-4 of this circular. The A Shareholders' Class Meeting will be held immediately after the conclusion of the AGM, at the same place, and the H Shareholders' Class Meeting will be held immediately after the conclusion of the A Shareholders' Class Meeting, at the same place, to consider and, if thought fit, approve the proposed dividends. Notice of AGM, Notice of A Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting are set out in this circular.

In order to determine the holders of shares who are eligible to attend and vote at the AGM and H Shareholders' Class Meeting, the register of members of the Company is closed from Monday, 30 May 2022 to Wednesday, 29 June 2022, both days inclusive. To be eligible to attend and vote at the AGM and H Shareholders' Class Meeting, unregistered holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 27 May 2022.

Shareholders who intend to appoint a proxy to attend the AGM and H Shareholders' Class Meeting shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Union Registrars Limited and for holders of A Shares, the form of proxy should be returned to the Company's head office in the PRC in person or by post not less than 24 hours before the time fixed for holding the AGM or any adjourned meeting thereof.

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 AGM in respect of the resolutions relating to the Share Buy-back Offer and the Voluntary Withdrawal of Listing.

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 AGM, all A Shareholders are eligible to vote at the A Shareholders Class Meeting and the AGM in respect of the resolutions relating to the Share Buy-back Offer and the Voluntary Withdrawal of Listing.

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## LETTER FROM THE BOARD

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### VOTING BY POLL AT AGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders of a listed issuer at the issuer's 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. The chairman of the AGM, A shareholders' Class Meeting and H Shareholders' Class Meeting will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Article 85 of the Articles.

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 AGM 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.

### RECOMMENDATION

The Board considers that all resolutions set out in the Notice of AGM, Notice of A Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting for Shareholders' consideration and approval are in the best interests of the Company and its Shareholders. As such, the Board recommends the Shareholders to vote in favour of the said resolutions set out in the Notice of AGM, Notice of A Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting which are to be proposed at such meetings.

By order of the Board  
**Lanzhou Zhuangyuan Pasture Co., Ltd.\***  
蘭州莊園牧場股份有限公司  
**Yao Gexian**  
*Chairman of the Board*

\* For identification purpose only

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## APPENDIX I REPORT OF INDEPENDENT DIRECTORS FOR 2021

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Lanzhou Zhuangyuan Pasture Co., Ltd.

### Work Report of Independent Directors for 2021

(Wang Haipeng, Sun Jian, Zhang Yubao)

As independent directors of the 4th session of the Board of Lanzhou Zhuangyuan Pasture Co., Ltd. (hereinafter referred to as the “Company” or “Zhuangyuan Pasture”), in 2021, we performed our duties carefully and diligently according to applicable laws, regulations and normative documents, such as the Company Law, the Guiding Opinions on Establishing Independent Director System for Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》), the Code of Corporate Governance for Listed Companies, the Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Main Board Listed Company (《深圳證券交易所上市公司自律監管指引第 1 號– 主板上市公司規範運作》), as well as the Articles of Association and the Working System of Independent Directors, actively participated in Board meetings, and carefully considered various proposals. We had sufficient communication with the management in respect of production and operation, financial management, related parties transactions, external guarantees, use of raised funds, appointment of senior management, remuneration plans for directors, supervisors and senior management, commitment exemption, etc., and expressed independent opinions on major matters of the Company based on our professional knowledge and capabilities. We maintained our complete independence during daily work and safeguarded the interests of the Company and minority shareholders effectively. Taking the opportunity of participation in the Board meetings and general meetings and communicating with the management at other time, we got ourselves fully known and understood the Company’s production and operation. Performance of our duties as independent directors in 2021 is as follows:

#### I. ATTENDANCE AT THE BOARD MEETINGS AND GENERAL MEETINGS IN 2021

In 2021, the Company held 8 meetings of the 3rd session of the Board, 8 meetings of the 4th session of the Board and 3 general meetings. We have participated in all of the meetings of the 4th session of the Board. We delivered affirmative vote for relevant proposals considered at each Board meeting and earnestly fulfilled our duties as independent directors. In addition, we got ourselves known and understood production and operation details of the Company in a timely manner and paid great attention to comprehensive development and growth of the Company.

Name of independent director	Number of Board meetings		Number of attendance by proxy	Number of absence	Number of attendances in general meeting
	should be attended this year	Number of attendances			
Wang Haipeng	8	8	0	0	1
Sun Jian	8	8	0	0	1
Zhang Yubao	6	6	0	0	0
Xie Zhongkui	2	2	0	0	1

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## **APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021**

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### **II.      EXPRESS INDEPENDENT OPINIONS**

As independent directors of the Company, we have jointly expressed independent opinions on relevant matters of the Company:

On 29 June 2021, we issued independent opinions for approval on the Resolution on Appointment of General Manager for the Company, the Resolution on Appointment of Deputy General Manager for the Company, the Resolution on Appointment of the Financial Controller for the Company and the Resolution on Appointment of Secretary to the Board of the Company considered at the first meeting of the 4th session of the Board.

On 5 August 2021, we issued prior approval opinion and independent opinions for approval on the Resolution on the New Forecast on Daily Related Parties Transaction in 2021 for the Company, and issued independent opinions for approval on the Resolution on By-election of independent directors, the Resolution on the Remuneration of the Directors, Supervisors and Senior Management for 2021, the Resolution on Exempting Shareholders' Voluntary Shareholding and Reduction Intention Commitment, the Resolution on Exempting Senior Management from Voluntary Share Lock-up Commitments and the Resolution on Provision for Asset Impairment and Disposal of Certain Fixed Assets considered at the second meeting of the 4th session of the Board.

On 27 August 2021, we issued independent opinions for approval on the Resolution on the Special Report on the Deposit and Use of Proceeds Raised for 1H2021 for the Company considered at the third meeting of the 4th session of the Board. We have also carefully reviewed and verified the capital occupation by the controlling shareholder and other related parties and external guarantees provided by the Company as of 30 June 2021, prepared special statements and issued independent opinions.

On 6 September 2021, we issued independent opinions for approval on the Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds considered at the fourth meeting of the 4th session of the Board.

On 30 December 2021, we issued prior approval opinion and independent opinions for approval on the Resolution on the Forecast on Daily Related Parties Transaction in 2022 for the Company at the eighth meeting of the 4th session of the Board.

**III. PERFORMANCE OF THE SPECIAL COMMITTEES**

During the reporting period, the 4th session of the Audit Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Audit Committee of the Board and other relevant regulations and diligently and fully fulfilled its professional functions and supervision role. The 3rd session of the Audit Committee provided reasonable suggestions on the deposit and use of proceeds raised for 1H2021 for the Company and submit it to the Board for approval, and reviewed and audited the Interim Report and the Third Quarterly Reports in 2021. The Audit Committee plays an effective supervisory role for major issues such as corporate risk management and internal control, management, procedures, implementation and effectiveness of financial and risk control as well as corporate governance, which further enhance the effectiveness of internal control and operations of the Company.

During the reporting period, the 4th session of the Nomination Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Nomination Committee of the Board and other relevant regulations. During the reporting period, Mr. Xie Zhongkui resigned as an independent director for personal reasons. Mr. Zhang Yubao was nominated as an independent director candidate for the 4th session of the Board by the Company's major shareholders. To this end, the Nomination Committee comprehensively examined the qualifications of independent director candidates, held a special committee meeting and submitted it to the Board for approval, ensuring the stable and effective operation of the Board.

During the reporting period, the 4th session of the Remuneration and Appraisal Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Remuneration and Appraisal Committee of the Board and other relevant regulations. During the reporting period, the Remuneration and Appraisal Committee reviewed the 2021 Remuneration Plan of the Company's Directors, supervisors and senior management with reference to the remuneration levels of directors, supervisors and senior management of domestic listed companies within the industry and the Company's actual operation, and considered that the plan is in line with the actual situation of the current operation and management and production and operation scale of the Company and is in accordance with the relevant laws, regulations, normative documents and the Articles of Association, which is conducive to encouraging the Company's Directors, supervisors and senior management to perform their duties carefully and diligently. The plan was submitted to the Board for approval.

During the reporting period, the 4th session of the Strategy Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Strategy Committee of the Board and other relevant regulations. During the reporting period, the Strategy Committee held a special meeting on the planning and discussion and preliminary preparations for the H-share repurchase and delisting plans based on the Company's development strategy and submit it to the Board for approval, which played an important role in the Company's future development planning and overall development strategy.

**IV.    ON-SITE INSPECTION OF THE COMPANY**

In 2021, due to the impact of COVID-19 pandemic, Mr. Sun Jian, an independent director, was not able to carry out on-site inspection of the Company; instead, he communicated matters of the Company by means of remote communication. Mr. Wang Haipeng and Mr. Zhang Yubao, being the independent directors, attended the Board meeting and general meetings and conducted on-site inspections to understand the production and operation and financial positions of the Company. Independent Directors actively communicated with other directors and the management to know about their views and suggestions on business, internal control and standardized operation. Based on our concern and understanding of the macro policy environment, we provided suggestions and recommendation in respect of business operations, finance and auditing.

**V.    WORK DONE TO PROTECT THE RIGHTS AND INTERESTS OF INVESTORS****1.    Supervision on information disclosure of the Company**

We focused on information disclosure work of the Company, and urged the Company be in strict compliance with the Stock Listing Rules of the Shenzhen Stock Exchange, the Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Main Board Listed Company and the Main Board Listing Rules on the Hong Kong Stock Exchange and other applicable laws, regulations and other normative documents, in order to ensure the truthfulness, accuracy, timeliness and integrity of information disclosed by the Company both in mainland China and Hong Kong.

**2.    Performance of duties by independent directors**

We performed our duties carefully and diligently, actively participated in Board meetings, and carefully considered various proposals. We communicated with the Company's management about the production and operation, financial management, use of raised funds, related transactions, external guarantees, appointment of senior management, remuneration plans for directors, supervisors and senior management, commitment exemptions, and construction and implementation of internal control systems and express independent opinions on major issues of the Company based on our professional knowledge and expertise. We maintained full independence in work and earnestly safeguarded the interests of the Company and minority shareholders.

We continued to study and improve our knowledge and understanding of relevant laws and regulations, especially those related to regulating corporate governance structure and protecting the rights and interests of public shareholders, and actively participate in relevant training organized by Shenzhen Stock Exchange, in order to enhance and improve the awareness of protecting the legitimate rights and interests of the Companies and investors, particularly medium- and small-sized investors.

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## APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021

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### VI. OTHER WORK AND PERFORMANCE

1. No proposal in relation to employment or dismissal of accounting firm;
2. No proposal in relation to convening any Board meeting;
3. No appointment of external auditor or consultant institution.

### VII. CONTACT INFORMATION

1. Wang Haipeng: 2500805419@qq.com
2. Sun Jian: sunjian@huiyelaw.com
3. Zhang Yubao: zyubao@lzb.ac.cn

The afore-mentioned is our report on duties performance for 2021. In 2022, we will continue to perform the duties of independent directors in accordance with relevant laws, regulations, normative documents and the Articles of Association and other regulations and requirements for independent directors, use our professional knowledge and experience to provide constructive suggestions for the Company's development strategy, internal control, optimization management, etc., and strengthen communication with other directors, supervisors and management to better perform the duties of independent directors, as well as safeguard the overall interests of the Company and the legitimate rights and interests of minority shareholders, and thereby promoting the standardized operation of the company.

Independent directors: Wang Haipeng      Sun Jian      Zhang Yubao

30 March 2022

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## APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021

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**Lanzhou Zhuangyuan Pasture Co., Ltd.**

**Work Report of Independent Directors for 2021**

**(Liu Zhijun, Zhao Xinmin, Wong Cho Hang Stanley)**

As independent directors of the 3rd session of the Board of Lanzhou Zhuangyuan Pasture Co., Ltd. (hereinafter referred to as the “Company” or “Zhuangyuan Pasture”), in 2021, we performed our duties carefully and diligently according to applicable laws, regulations and normative documents, such as the Company Law, the Guiding Opinions on Establishing Independent Director System for Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》), the Code of Corporate Governance for Listed Companies, the Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Main Board Listed Company (《深圳證券交易所上市公司自律監管指引第1號– 主板上市公司規範運作》), as well as the Articles of Association and the Working System of Independent Directors, actively participated in Board meetings, and carefully considered various proposals. We had sufficient communication with the management in respect of production and operation, financial management, related parties transactions, significant guarantees, use of raised funds, equity incentive, change of senior management, engagement of auditor, general election etc., and expressed independent opinions on major matters of the Company based on our professional knowledge and capabilities. We maintained our complete independence during daily work and safeguarded the interests of the Company and minority shareholders effectively. Taking the opportunity of participation in the Board meetings and general meetings and communicating with the management at other time, we got ourselves fully known and understood the Company’s production and operation. During the preparation of 2020 Annual Report of the Company, we communicated with the certified public accountant who conducts the annual audit to supervise the auditing and facilitated the auditing report to be prepared in time. Performance of our duties as independent directors in 2021 is as follows:



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## APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021

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### I.      ATTENDANCE AT THE BOARD MEETINGS AND GENERAL MEETINGS IN 2021

In 2021, the Company held 8 meetings of the 3rd session of the Board, 8 meetings of the 4th session of the Board and 3 general meetings. We have participated in all of the meetings of the 3rd session of the Board. We delivered affirmative vote for relevant proposals considered at each Board meeting and earnestly fulfilled our duties as independent directors. In addition, we got ourselves known and understood production and operation details of the Company in a timely manner and paid great attention to comprehensive development and growth of the Company.

Name of independent director	Number of Board meetings should be attended this year	Number of attendances	Number of attendance by proxy	Number of absence	Number of attendances in general meeting
Liu Zhijun	8	8	0	0	2
Zhao Xinmin	8	8	0	0	2
Wong Cho Hang Stanley	8	8	0	0	2

### II.      EXPRESS INDEPENDENT OPINIONS

As independent directors of the Company, we have jointly expressed independent opinions on relevant matters of the Company:

On 15 January 2021, we issued prior approval opinion and independent opinions for approval on the Resolution on the Forecast of Daily Related Parties Transactions in 2021, and issued independent opinions for approval on the Resolution on Repurchase and Cancellation of All Restricted Shares at the End of First Lock-up Period of the 2019 Restricted Stock Incentive Plan considered at the 46th meeting of the 3rd session of the Board.

On 29 January 2021, we issued independent opinions for approval on the Resolution on the Use of Partial Idle Proceeds for Cash Management, the Resolution on Provision for Asset Impairment and Disposal of Certain Fixed Assets in 2020 and the Resolution on Exempting the Controlling Shareholders and De facto Controllers from Undertakings to Hold Shares and Reduce Shareholdings considered at the 47th meeting of the 3rd session of the Board.

On 16 March 2021, we issued independent opinions for approval on the Resolution on Dismissal of Deputy General Manager for the Company at the 50th meeting of the 3rd session of the Board.

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## **APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021**

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On 29 March 2021, we issued independent opinions for approval on the Resolution on Approval of 2020 Annual Report and its Highlights, the Resolution on Approval of the Evaluation Report on Internal Control for 2020 and Implementation Inspection on Internal Control Rules, the Resolution on Approval of Profit Distribution for 2020, the Resolution on Approval of Special Report on the Deposit and Actual Use of Proceeds Raised for 2020, the Resolution on Approval of the Final Financial Report for 2020 of the Company, the Resolution on Approval of the Financial Budget for 2021 of the Company, the Resolution on the Application to Banks for the Limits of Composite Credit Facilities for 2021 and the Resolution on the Estimated Guarantee Limit of the Company and its Holding Subsidiaries for 2021 at the 51st meeting of the 3rd session of the Board. We have also carefully reviewed and verified the capital occupation by the controlling shareholder and other related parties and external guarantees provided by the Company as of 31 December 2020, prepared special statements and issued independent opinions.

On 28 April 2021, we issued independent opinions for approval on the Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds considered at the 52nd meeting of the 3th session of the Board.

On 25 May 2021, we issued prior approval opinion and independent opinions for approval on the Resolution on Reappointment of Auditors of the Company for 2021, and issued independent opinions for approval on the Resolution on Election of Non-Independent Directors for the 4th Session of the Board of the Company and the Resolution on Election of Independent Directors for the 4th Session of the Board of the Company at the 53rd meeting of the 3rd session of the Board.

### **III. PERFORMANCE OF THE SPECIAL COMMITTEES**

During the reporting period, the 3rd session of the Audit Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Audit Committee of the Board and other relevant regulations and diligently and fully fulfilled its professional functions and supervision role. The Audit Committee communicated with the external auditor on the audit work of the 2020 annual financial report, supervised its progress, and ensured the independence of the audit and the completion of the audit work as scheduled. The 3rd session of the Audit Committee provided reasonable suggestions on the Resolution on Approval of Profit Distribution for 2020, the Resolution on Approval of the Deposit and Use of Proceeds Raised for 2020, the Resolution on the Estimated Guarantee Limit of the Company and its Holding Subsidiaries for 2021, the Resolution on the Application to Banks for the Limits of Composite Credit Facilities for 2021 and the Resolution on Reappointment of Auditors of the Company for 2021 and submit it to the Board for approval. The 3rd session of the Audit Committee reviewed and audited the 2020 Annual Report and 2021 First Quarterly Report. Special meetings were held by the 3rd session of the Audit Committee on corporate risk management and internal control, management, procedures, implementation and effectiveness of financial and risk control as well as corporate governance, which further enhance the effectiveness of internal control and operations of the Company.

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## **APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021**

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During the reporting period, the 3rd session of the Nomination Committee actively performs its duties in accordance with the Company Law, the Articles of Association, the Working Rules of the Nomination Committee of the Board and other relevant regulations. During the reporting period, upon the conclusion of the 3rd session of the Board, the Nomination Committee reviewed the qualifications, selection procedures and term of office of the candidates for the 4th session of the Board, held a special committee meeting and submitted it to the Board for approval, ensuring the stable and effective operation of the Board.

### **IV. ON-SITE INSPECTION OF THE COMPANY**

In 2021, due to the impact of COVID-19 pandemic, Mr. Wong Cho Hang Stanley, an independent director, was not able to carry out on-site inspection of the Company; instead, he communicated matters of the Company by means of remote communication. Ms. Liu Zhijun and Mr. Zhao Xinmin, being the independent directors, attended the Board meeting and general meetings and conducted on-site inspections to understand the production and operation and financial positions of the Company. Independent Directors actively communicated with other directors and the management to know about their views and suggestions on business, internal control and standardized operation. Based on our concern and understanding of the macro policy environment, we provided suggestions and recommendation in respect of business operations, finance and auditing.

### **V. WORK DONE TO PROTECT THE RIGHTS AND INTERESTS OF INVESTORS**

#### **1. Supervision on information disclosure of the Company**

We focused on information disclosure work of the Company, and urged the Company be in strict compliance with the Stock Listing Rules of the Shenzhen Stock Exchange, the Self-regulatory Guideline No. 1 for Companies Listed on the Shenzhen Stock Exchange – the Standardized Operation of Main Board Listed Company and the Main Board Listing Rules on the Hong Kong Stock Exchange and other applicable laws, regulations and other normative documents, in order to ensure the truthfulness, accuracy, timeliness and integrity of information disclosed by the Company both in mainland China and Hong Kong.

#### **2. Performance of duties by independent directors**

We performed our duties carefully and diligently, actively participated in Board meetings, and carefully considered various proposals. We communicated with the Company's management about the production and operation, financial management, use of raised funds, related transactions, significant guarantees and construction and implementation of internal control systems and express independent opinions on major issues of the Company based on our professional knowledge and expertise. We maintained full independence in work and earnestly safeguarded the interests of the Company and minority shareholders.

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## APPENDIX I      REPORT OF INDEPENDENT DIRECTORS FOR 2021

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### VI. OTHER WORK AND PERFORMANCE

1. No proposal in relation to employment or dismissal of accounting firm;
2. No proposal in relation to convening any Board meeting;
3. No appointment of external auditor or consultant institution.

### VII. CONTACT INFORMATION

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2. Wong Cho Hang Stanley:    stanley@chuanchiong.com.hk
3. Zhao Xinmin:                  18919995599@189.cn

The afore-mentioned is our report on duties performance for 2021.

Upon the conclusion of the 3rd session of the Board on 29 June 2021, we ceased to be the Independent Directors of the Company. We would like to express our respect and heartfelt gratitude to the Board, management and relevant personnel for the strong support and active cooperation in the performance of our duties. We hope that the Company will continue to develop in a sustainable, healthy and stable manner, and return shareholders with better performance under the leadership of the Board.

Independent directors:   Liu Zhijun   Wong   Cho Hang Stanley   Zhao Xinmin

30 March 2022

## LANZHOU ZHUANGYUAN PASTURE CO., LTD.

## THE REPORT OF SUPERVISORY COMMITTEE FOR 2021

The Supervisory Committee of Lanzhou Zhuangyuan Pasture Co., Ltd. (hereinafter referred to as the “Company” or “Lanzhou Zhuangyuan”) strictly follows relevant laws and regulations, such as the Company Law of People’s Republic of China (the “Company Law”), the Securities Law of People’s Republic of China (the “Securities Law”), the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (amended in 2022), the Self-Regulatory Supervision Guidelines for Listed Companies in the Shenzhen Stock Exchange No.1 – Standard Operation of Listed Companies on the Main Board, the Articles of Association of Lanzhou Zhuangyuan Pasture Co., Ltd. (the “Articles of Association”), the Rules of Procedures of the Supervisory Committee and the laws and regulations as well as the company’s systems and procedures to effectively fulfill the duties of the Supervisory Committee and exercise its authority and rights, supervise and inspect the production and operating activities, significant events, financial position of the Company and performance of directors and senior management of the Company, ensure the implementation of the resolutions passed at general meetings, and safeguard the legitimate rights and interests of shareholders. The work and performance of Supervisory Committee in 2021 is detailed as follows:

**I. MEETINGS AND RESOLUTIONS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD**

In 2021, the Company held 11 meetings of the Supervisory Committee. The convening by the board of directors, proposal, attendance, consideration, voting, resolutions and meeting minutes of meetings of the Supervisory Committee were strictly in accordance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for Meetings of Supervisory Committee. All supervisors of the Company attended the meetings in person or through other communication means. Details are as follows:

<b>Time</b>	<b>Name of the meeting</b>	<b>Resolutions considered and approved</b>
15 January 2021	The 31st meeting of the 3rd session of the Supervisory Committee	<ol style="list-style-type: none"><li>1. Resolution for Approving the Estimation of Ordinary Connected Transactions of the Company for 2021</li><li>2. Proposal in relation to the Repurchase and Cancellation of All Restricted Shares in the First Release of Locked Period under the 2019 Restricted Shares Incentive Scheme</li></ol>

<b>Time</b>	<b>Name of the meeting</b>	<b>Resolutions considered and approved</b>
29 January 2021	The 32nd meeting of the 3rd session of the Supervisory Committee	<ol style="list-style-type: none"><li>1. Resolution on the Use of Idle Proceeds for Cash Management</li><li>2. Proposal in relation to Provision for Asset Impairment and Demolition of Certain Fixed Assets for 2020</li><li>3. Proposal on the Waiver of the Undertakings of Intention to Acquire Shareholding and Reduce Shareholding of Controlling Shareholders and De Facto Controller of the Company</li></ol>
29 March 2021	The 33rd meeting of the 3rd session of the Supervisory Committee	<ol style="list-style-type: none"><li>1. Resolution in relation to the Report of the Supervisory Committee for 2020</li><li>2. Resolution in relation to the Annual Report and Its Highlights of the Company for 2020</li><li>3. Resolution in relation to the Report of Internal Control Self-Evaluation and the Self-Inspection Table for the Implementation of the Internal Control Rules for 2020</li><li>4. Resolution in relation to the Profit Distribution Plan for 2020</li><li>5. Resolution in relation to the Special Report on the Deposit and Actual Use of 2020 Proceeds Raised of the Company</li><li>6. Resolution in relation to the Auditing Report for 2020</li><li>7. Resolution in relation to the Special Report of the Occupation of Non-Operating Capital and the Transaction of Other Related Funds for 2020 of Lanzhou Zhuangyuan Pasture Co., Ltd.</li></ol>

Time	Name of the meeting	Resolutions considered and approved
		<ol style="list-style-type: none"> <li>8. Resolution in relation to the Final Financial Report for 2020 of the Company</li> <li>9. Resolution in relation to the Financial Budget for 2021 of the Company</li> <li>10. Resolution in relation to the Application to Banks of the Limits of Composite Credit Facilities for 2021</li> <li>11. Resolution in relation to the Projection of the Guarantee Limit of the Company and Its Holding Subsidiaries for 2021</li> <li>12. Resolution in relation to the Achievement of Performance Commitments of Xi'an Dongfang Dairy Co., Ltd. for 2020</li> </ol>
28 April 2021	The 34th meeting of the 3rd session of the Supervisory Committee	<ol style="list-style-type: none"> <li>1. Resolution in relation to the Full and Official Text of First Quarterly Report of the Company for 2021</li> <li>2. Resolution in relation to the Unaudited Quarterly Results of the Company for the three months ended 31 March 2021</li> <li>3. Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds</li> </ol>
25 May 2021	The 35th meeting of the 3rd session of the Supervisory Committee	<ol style="list-style-type: none"> <li>1. Resolution in relation to the Reappointment of the Auditor of the Company for 2021</li> <li>2. Resolution in relation to the Election of Non- Employee Representative Supervisors for the 4th session of the Supervisory Committee</li> </ol>

<b>Time</b>	<b>Name of the meeting</b>	<b>Resolutions considered and approved</b>
29 June 2021	The 1st meeting of the 4th session of the Supervisory Committee	1. Resolution on Election of Chairman of the Supervisory Committee
5 August 2021	The 2nd meeting of the 4th session of the Supervisory Committee	1. Resolution for Approving the Addition of Estimation of Ordinary Connected Transactions of the Company for 2021 2. Resolution on the Remuneration of the Directors, Supervisors and Senior Management of the Company in 2021 3. Resolution on the Waiver for the Undertakings of Intention to Voluntarily Acquire Shareholding and Reducing Shareholding of Shareholders 4. Resolution on the Waiver for the Voluntary Share Lock-up Undertakings from Senior Management 5. Resolution on the Provision for Asset Impairment and Disposal of Scrapped Partial Fixed Assets
27 August 2021	The 3rd meeting of the 4th session of the Supervisory Committee	1. Resolution in relation to the Interim Report and Its Highlights of the Company for 2021 2. Resolution in relation to the Interim Results Announcement of the Company for the six months ended 30 June 2021 3. Resolution in relation to the Special Report on the Actual Deposit and Use of First Half of 2021 Proceeds Raised of the Company



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**APPENDIX II                      REPORT OF THE SUPERVISORY COMMITTEE FOR 2021**

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<b>Time</b>	<b>Name of the meeting</b>	<b>Resolutions considered and approved</b>
6 September 2021	The 4th meeting of the 4th session of the Supervisory Committee	1. Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds
29 October 2021	The 5th meeting of the 4th session of the Supervisory Committee	1. Resolution in relation to the Third Quarterly Report of the Company for 2021 2. Proposal on Adjustment of the Product Mix for External Sale
30 December 2021	The 6th meeting of the 4th session of the Supervisory Committee	1. Resolution for Approving the Estimation of Ordinary Connected Transactions of the Company for 2022

**II. SUPERVISION AND INSPECTION BY THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD****(I) Legal operation of the Company**

All supervisors supervise the legal operation of the Company and ensure that the decision-making procedures are legal and there is no illegal operation, by convening meetings of the Supervisory Committee, attending meetings of the board of directors and general meetings and other means. The directors and senior management personnel of the Company have not violated any laws, regulations and the Articles of Association or harmed the interests of the Company in the performance of their duties. The Company has established a relatively complete corporate governance structure, internal control system and internal control rules for standard operation. No major non-compliance of laws and regulations have been identified to cause losses to the Company.

**(II) Regular report verification and inspection of the Company's financial position**

The Supervisory Committee has carried out supervision and inspection on the financial statements, regular reports and related documents for each period in 2021. It is of the view that the preparation and review procedures for the 2021 annual regular report by the Company's board of directors are in compliance with the laws, administrative regulations and the requirements of the CSRC and the Shenzhen Stock Exchange. The authenticity, accuracy and completeness of the contents in the report reflect the actual condition of the Company, and there are no false representations, misleading statements and material omissions in the reports. The financial statements and regular reports of the Company for each period have been prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, fairly reflecting the financial position, operating results and cash flow.

**(III) The condition of the Evaluation Report on Internal Control**

The Supervisory Committee has verified the Evaluation Report on Internal Control for 2021 of the Company as well as the establishment and implementation of internal control rules. It is of the view that the Company has established a relatively complete internal control system which has been effectively implemented. The Evaluation Report on Internal Control of the Company gives a true and fair reflection of the establishment and implementation of the Company's internal control system.

**(IV) The deposit and use of proceeds raised of the Company**

The Supervisory Committee have conducted supervision and inspection on the deposit and use of proceeds raised of the Company. It is of the view that the Resolution in relation to the Special Report on the Actual Deposit and Use of 2021 Proceeds Raised of Lanzhou Zhuangyuan Pasture Co., Ltd. issued by the board of directors gives a true, accurate and complete reflection of the deposit and use of proceeds raised of the Company during the reporting period, with no false records, misleading statements or material omissions. On 7 December 2021, when the fundraising account was closed, the balance of RMB12,155.43 was transferred to the Company's general account. The Company subsequently discovered the problem and returned it to the fundraising account on 14 March 2022.

Save as disclosed above, the Company has deposited, used and managed the proceeds in strict accordance with the Regulatory Guidelines on the Listed Companies No. 2 – Regulatory Requirements for the Management and Utilisation of Funds Raised by Listed Companies and the Self-Regulatory Supervision Guidelines for Listed Companies in the Shenzhen Stock Exchange No.1 – Standard Operation of Listed Companies on the Main Board, and the management system for the use of proceeds raised of the Company. All the information disclosed is timely, true and accurate.

**(V) Inspection of related party transactions**

During the reporting period, the Supervisory Committee has supervised and verified the expected situation of the Company's ordinary connected transactions. It is of the view that the ordinary connected transactions of the Company expected to occur in 2021 are required for the Company's daily business activities and are beneficial to the business development of the Company. The pricing of the transactions is determined based on the rights and obligations of both parties and the market price negotiation, which is based on the market price, and follows a fair and reasonable pricing mechanism. The payment arrangements and settlement methods are implemented in accordance with the contract or with reference to the generally accepted standards in the industry, with no transfer of any interests or benefits transfer and no harmful behavior to the interests of the Company and minority shareholders.

**(VI) Implementation of the Insider Registration and Management System**

The Supervisory Committee has inspected the establishment and implementation of the insider registration and reporting system of the Company. It is of the view that the Company has established a relatively complete insider registration and reporting system, which can be effectively implemented.

**III. KEY WORK OF THE SUPERVISORY COMMITTEE IN 2022**

In 2022, the Supervisory Committee will continue to comply with the requirements of the Company Law, the Securities Law, the Articles of Association and other laws and regulations. It will continue to earnestly perform various duties and strive to achieve new results in strengthening daily supervision, improving mechanisms, focusing on business and promoting the Company's standardized and steady development. It will further exert the independence, professionalism and effectiveness of the supervision of the Supervisory Committee, and improve the level of corporate governance. The Supervisory Committee will continue to supervise the performance of duties and integrity of the directors and senior management personnel, including the supervision of the following works: major corporate decisions, financial management, regular reports, related transactions, information disclosure etc., thus promoting the scientific and standardized decision-making procedures of the Company, and ensuring the legal and compliant operation of the Company. In order to give full play to the role of the Supervisory Committee in the corporate governance structure and enhance the core competitiveness of the Company, the Supervisory Committee will focus on the following aspects:

**(I) Strengthen daily supervision and promote the standardized operation of the Company**

As an important part of the Company's internal supervision, the Supervisory Committee will continue to strengthen the daily supervision of the Company's operating activities in the form of participating in meetings, field research, reviewing reports and listening to reports. It will continue to enforce strict compliance with the Company Law, the Securities Law, the Articles of Association and other requirements, supervise the performance of the board of directors and management of the Company, focus on supervising directors and senior management personnel to exercise their powers within the terms of reference prescribed by the laws and regulations. At the same time, the Supervisory Committee will deepen financial supervision and ensure the standardized operation of the Company through careful review of the Company's regular reports, Evaluation Report on Internal Control, financial reports, etc.

**(II) Strengthen self-construction and improve the ability to perform duties**

The Supervisory Committee will follow up new industry regulations and regulatory requirements in real time, strengthen the dynamic grasp of regulatory orientation, continue to pay attention to the industry peers and the development of various businesses of the Company, comprehensively improve the ability to supervise, combine with the actual work of each business line, expand work ideas, and promote supervision more in line with business development. At the same time, the Supervisory Committee will enhance its learning, actively participate in professional training, and continue to strengthen its own construction. The Supervisory Committee values the study, discussion and exchange of experience with the shareholders, directors and the supervisory committee of the peers, fully taps the professional abilities of the members of the Supervisory Committee, and effectively improves the performance of duties.

**(III) Improve supervision mechanism and innovate working methods**

The Supervisory Committee will focus on the important sections and key contents of the Company's business development, firmly establish a sense of supervision, continue to improve and optimize the working system, and enhance the effectiveness of performance supervision and evaluation. With the major decisions of the Company, the research and judgment of market development trend, risk prevention and control and other aspects as the side focus, and with field research and information communication as the base, the Supervisory Committee continues to explore and innovate supervision methods, and actively participates in the research on major issues of the Company's development strategy and business innovation. The Supervisory Committee earnestly safeguards the legitimate rights and interests of the Company and all shareholders, especially the minority shareholders.

The Supervisory Committee of Lanzhou Zhuangyuan Pasture Co., Ltd.

30 March 2022

**2021 ASSESSMENT REPORT ON INTERNAL CONTROL OF****LANZHOU ZHUANGYUAN PASTURE CO., LTD.**

In accordance with the relevant requirements of the Basic Standards for Enterprise Internal Control and its supporting guidelines, and other internal control regulatory requirements (“Standards System for Enterprise Internal Control”), together with the internal control system and assessment methods of Lanzhou Zhuangyuan Pasture Co., Ltd. (the “Company”), based on the daily supervision and special supervision of internal control, we have assessed the effectiveness of the internal control of the Company at 31 December 2021.

**I. IMPORTANT STATEMENT**

It is the responsibility of the Board of the Company to establish and effectively implement sound internal control, to evaluate its effectiveness and to truthfully disclose the assessment report on internal control in accordance with the requirements of the Standards System for Enterprise Internal Control. The supervisory committee supervises the establishment and implementation of internal control by the Board. The manager level is responsible for organizing and leading the daily operation of internal control of enterprise. The Board of the Company, supervisory committee and Directors, supervisors and senior management officers ensure that there are no false representations, misleading statements and material omissions in this report, and are severally and jointly responsible for the authenticity, accuracy and completeness of the contents herein.

The goal of the Company’s internal control is to reasonably ensure the legal compliance of operation and management, assets security, the truthfulness and completeness of financial reports and related information, to improve operational efficiency and operating results and to boost the achievement of development strategies. Since the internal control is subject to inherent limitation, it can only provide reasonable assurance to achieve the above objectives. Moreover, as changes in circumstances may render internal control inappropriate or reduce the degree of compliance with internal control policy or procedures, it is risky, to a certain extent, to predict the effectiveness of internal control in the future based on the evaluation results of internal control.

**II. CONCLUSION OF THE ASSESSMENT ON INTERNAL CONTROL**

According to the identification of material internal control defects of the financial reports, since there are no material internal control defects in financial reports as at the benchmark date of the assessment report on internal control, the Board considered that the Company has complied with the requirements of the Standards System for Enterprise Internal Control and related regulations to maintain effective internal control in financial reports in all material aspects.

According to the identification of material internal control defects in non-financial reports, as at the benchmark date of the assessment report on internal control, the Company found no material internal control defects in non-financial reports.

No factors that affect the assessment conclusion of internal control effectiveness between the benchmark date of the assessment report on internal control and the issuance date of the assessment report on internal control was identified.

**III. ASSESSMENT ON INTERNAL CONTROL****(I) Scope of internal control evaluation**

The Company has 11 level 2 subsidiaries and their affiliated enterprises, including the head office of Lanzhou Zhuangyuan Pasture Co., Ltd., and Qinghaihu Dairy Co., Ltd. (“Qinghaihu Dairy”) and Xi’an Dongfang Dairy Co., Ltd. (“Xi’an Dongfang Dairy”). Zhuangyuan Pasture the parent company, Qinghaihu Dairy, a subsidiary of the Company, and Xi’an Dongfang Dairy, a subsidiary of the Company, primarily engaged in manufacturing and marketing of dairy products, and the dairy farms are engaged in breeding of dairy cows. The raw milk produced by the farms is mainly supplied to the Company, Qinghaihu Dairy and Xi’an Dongfang Dairy.

The Company determines the main units, business, events and the high-risk areas included in the scope of the assessment in accordance with the risk-oriented principle. The main units included in the scope of the assessment are Zhuangyuan Pasture the parent company, Qinghaihu Dairy, Xi’an Dongfang Dairy and all dairy farms.

The main business and events included in the scope of the assessment are as follows:

**1. *Organizational structure***

Pursuant to the Company Law, the Securities Law and the requirements of applicable laws and regulations, the Company established the sound corporate governance structure and formed the shareholders' general meeting, the Board, the supervisory committee and the management system, which discharge the duties of leading, decision-making, and executive and supervising functions in accordance with laws. The Company established reasonable internal organization and branches with clear segregation of duties based on its business needs, all of which ran smoothly. The Company set up the Rules and Procedures for the Shareholders' General Meetings, the Rules and Procedures for the Board Meetings, the Rules and Procedures for the Supervisory Committee, "Three Important and One Large" decision-making system, the Working Manual for the Independent Directors, the Terms of Reference for the Strategy Committee, the Terms of Reference for the Nomination Committee, the Terms of Reference for the Audit Committee, the Terms of Reference for the Remuneration and Appraisal Committee, the Working Rules for General Manager, the Working System for Secretary to the Board, etc., all of which constitute comprehensive framework documents for corporate governance. The shareholders' general meeting is entitled to the legal rights specified by laws, regulations and the Articles of Association of the Company, and exercises the right to make decisions on major issues such as operation guidelines, fund raising, investment and profit distribution of the Company pursuant to laws. The Board is accountable to the shareholders' general meeting and exercises the right to make decisions on the operation of the enterprise pursuant to laws. The Board has established four specialized committees, namely the Strategy Committee, the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee to improve the operation efficiency of the Board. Three out of the nine directors are independent Directors. An independent director acts as the conveners of three specialized committees, namely the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee. The specialized committees operate and discharge their duties efficiently in accordance with the rules of procedure for the specialized committees set up by the Company. The Supervisory Committee is accountable to shareholders' general meeting and conducts review and supervision on the operation, finance and internal control pursuant to laws. The management is responsible for implementing resolutions of the shareholders' general meeting and the Board, and presiding over the Company's daily operation and management.

## **2. Development strategy**

The Company formulated the Management System for Development Strategy in accordance with the requirements of the Company Law and the Basic Norms of Corporate Internal Control (企業內部控制基本規範), and established the strategy formulation and management process for the internal control according to its own characteristics, which stipulated that the Strategy Committee organizes the research on the Company's medium and long-term development strategies and makes recommendations to the Board on the development strategies, product strategies, technology and innovation strategies, investment strategies, etc. The relevant systems of the Company conform to the internal control norms and are implemented efficiently, which ensure that proper approval process is followed in respect of the analysis, formulation, implementation and alteration of strategic planning, and that the Company's strategy formulation are in compliance with laws and regulations, and are in line with the Company's actual situations, so as to promote the development of the Company and form a hierarchical management and guarantee system in respect of the strategic control. The Company always takes its medium and long-term development planning as the guidelines for every task.

## **3. Human resources**

In terms of human resources, the Company implements uniform management on recruitment, development, training, promotion, change in position, remuneration, labor disciplines, etc. Pursuant to the Labor Law and other applicable laws and regulations, the Company implements a labor contract system for all its employees. By adopting a number of human resources management systems, such as the Management System for Recruitment and Employment, the Staff Regular Rotation System, and Auditing System for Resignation, the Company specified the post qualifications, competency of personnel, appraisal criteria and training measures, forming an effective performance appraisal and incentive mechanism.

In terms of recruitment, the Company formulated the Management System for Recruitment and Employment and the recruitment process. The Company makes recruitment on a regular or irregular basis. The human resources department makes recruitment planning based on the annual plan of each department on defined posts and personnel quota, specifies the requirements on education background, gender, specialty, working experience and recruitment process, and submits the same to the general manager for approval. The Company shall enter into a labor contract with each employee from the date of becoming a regular employee, and the contract term shall include a probation period. The Company shall recruit the ordinary employees by itself, and special external recruitment channels, such as head-hunting companies, are used for the recruitment of special talents. High talents recruited through special channels must enter into the Commercial Confidentiality Agreement and the Non-competing Restrictive Agreement.



In terms of staff training, the Company formulated the Management Measures on Staff Training, to strengthen the training and continuing education of the staff and continuously improve their competency.

The Company formulated the Employee Performance Appraisal Methods, which specifies the appraisal content and grades for each post of the Company. The appraisals are classified into monthly appraisals, year-end appraisals and performance appraisals. The Company determines the basis for the monthly pay for each employee based on the results of his/her monthly appraisals, and the basis for the year-end bonus based on the results of year-end appraisals. The Company motivates its employees and safeguards their interests through various measures, so as to achieve the corporate objectives.

The Company formulated the Management Measures for Employee Insurance in accordance with the relevant national and local laws and regulations, pursuant to which the Company made contributions in respect of the “Five Insurances and Housing Provident Fund” for its employees, and the part of individual contribution was deducted by our finance department from monthly salary of the employee.

#### **4. *Social responsibilities***

The Company earnestly implements the national and local laws and regulations on production safety, environmental protection and occupational health. It set up a strict production safety management system and various emergency plans, and formulated a series of social responsibility management systems, such as the Management System for Production Safety Goals, the Product Delivery Inspection System, System for Recall of Nonconforming Products, the System for Environmental Protection and Resource Conservation and the Emergency Response Plan for Environmental Pollution Incidents, with a view to specifying the responsibility for production safety and ensuring production safety.

#### **5. *Corporate culture***

The administration department is responsible for building up the corporate culture. At the corporate level, the Company specified the enterprise core values, enterprise mission, enterprise vision, enterprise spirit, corporate slogan, and promoted our corporate culture through a number of ways, such as the employee manual, meetings, trainings, and compilation and distribution of the journal “Zhuangyuan People (《莊園人》)”.

In terms of system implementation, the Company issued the Culture Handbook, the Prohibitive Provisions on Commercial Bribery and Management of Legal Affairs etc. as the norm guiding its daily cultural management, specifying the provisions on the implementation and management of the corporate culture, which has become the guidelines for daily culture management.

**6. *Monetary Fund***

*(1) Monetary asset management*

The Company formulated the Management System on Monetary Funds. A treasury department was established by the finance department of the Company to handle business concerning monetary funds, and the business concerning monetary fund shall not be processed by any person without prior authorization. Pursuant to the Signature Approval System for Funds and Fees, the application for, and the examination and approval, review and payment of, monetary fund in respect of different projects shall be subject to a maximum amount that the authorized persons at different levels are able to approve. The seal used in the collection and payment of monetary fund is kept and used by the different designated person(s). The use of monetary fund is fully recorded in the cash journal and bank deposit journal. All the vouchers and invoices of the Company are issued and maintained by the finance department.

A certificate of indebtedness, setting out the purpose of the borrowing, completed by the borrower who is an employee, and signed by the senior officers in charge at different levels together with a certificate of indebtedness signed by the finance department, shall be treated as evidences of the borrowing. Lending of money by the Company must be approved by a general manager's office meeting, or the Board and the shareholders' general meeting.

*(2) Financing management*

The Company formulated the Investment and Financing Management System, and the finance department is designated to manage the financing business.

The system stipulates that, in terms of borrowings from financial institutions, such as a bank, an initial financing plan shall be proposed by the finance department based on a number of factors, such as the operation strategies, budget and financial situation of the Company. The financing plan, involving the financing amount, form of financing, interest rate, maturity of financing, purpose of the fund raised, etc., shall be submitted to the Board or general meeting for approval after the review by the parent company's financial controller. In terms of financing activities such as capital contribution and issue of corporate bonds, a financing plan will be proposed by the securities department and reviewed by the parent company's financial controller, and be subject to the approval of the shareholders' meeting pursuant to legal process under the Articles of Association. In terms of financing lease activities, a financing plan will be proposed by the procurement center and will be submitted to the chairman of the Board for approval after review by the chief financial officer, and a contract in that effect will be entered into by the Chairman of the Board or the authorized representative(s).

#### **7. Procurement business**

Procurement business comprises of the procurement of biological assets and non-biological assets. According to the Procurement Management System of Lanzhou Zhuangyuan Pasture Co. Ltd., the Company specified matters such as the duty, procurement principles, procurement method, procurement plan, procurement scheme, contract management, inspection and acceptance of materials, financial settlements and management of suppliers as well as business monitoring of different procurement activity management departments.

##### *7.1 Procurement of biological assets*

The procurement of biological assets comprises of the procurement of cows and feed.

The dairy farm division of the Company is responsible for the procurement of dairy cows. The plan for the procurement of dairy cows will be made by the dairy farm division based on the construction of relevant farms, and will be submitted to the general manager's office meeting and the Board for approval, subject to the limits of authority of examination and approval. The dairy farm division will later make enquiry, fix the procurement plan after screening the qualified cow suppliers, and make procurement upon the approval of the person in charge of the farms or the general manager's office meeting with the authority of approval. Inspection will be made before the cows are accepted to the farms.

The dairy farms are responsible for the procurement of feed. The workers in charge of breeding dairy cows in the farms will make a procurement plan based on the remaining of feed and procurement cycle. A procurement requisition form is made and subject to the approval of the general manager after the review by head of farm and the director of the farm division. Upon the approval of the general manager, the procurement center will implement the procurement process, and the warehouse keepers of the relevant farm will handle the registration of warehouse entry.

#### *7.2 Procurement of non-biological assets*

The procurement of non-biological assets comprises of the procurement of raw milk, auxiliary materials, packing materials and fixed assets.

The procurement center of the Company is responsible for the procurement of raw milk. The quality control department of the Company is responsible for the inspection of the quality of raw milk. Procurement prices are determined by the procurement center with reference to the prices of raw milk in local market, and are subject to the approval of the general manager before execution. The raw milk, received by the procurement center from suppliers, will be inspected by the laboratory of the product department, and will be delivered to the warehouse keepers for making registration of warehouse entry once it passes the inspection.

The procurement center of the Company is responsible for the procurement of auxiliary materials, packing materials and fixed assets. The demand management department reports the procurement plan to the procurement center, which then submits it to the procurement committee. The procurement committee implements decision-making procedures for procurement pursuant to the Procurement Management System of the Company, selects suppliers and determines prices through competitive negotiation. The procurement center will report the suppliers selected by the procurement committee to the general manager and sign the contract.

### **8. *Production Safety management***

The Company formulated the production management system, the quality management system and the project construction management system. The Company's plant design meets the relevant industrial standards and hygiene regulations, and ensures food production safety. The Company establishes the ISO9001 quality management system in the whole process of procurement, production and sales, and standardizes management, implements quality management which covers procurement of raw materials, product inspection and after-sales services, and ensures that the operations are in strict compliance with the operating procedures and sanitary requirements.

### **9. *Assets Management***

The assets management of the Company comprises of the management of biological assets and non-biological assets. The Company formulated the Fixed Assets Management System, the Biological Assets Management System and the Intangible Assets Management System, setting out in details the provisions on the acquisition, inspection and acceptance, maintenance, disposal and transfer, accounting records, internal supervision and review of fixed assets, biological assets and intangible assets. Various measures, such as clear segregation of responsibilities and periodic stocktaking of physical items, are taken to prevent the destruction and loss of assets.

#### **9.1 *Management of biological assets***

The Group's biological assets, comprising of dairy cows, are managed by dairy farms. Before entering the farms, dairy cows shall be registered for entry after the satisfactory inspection by farms, and managed by ear marks. Through the biological asset management information system, each dairy farm keeps detailed records of biological assets, including cow number, cow age, cow category, milk yield, dates of birth and death, and records relevant biological assets information for the purpose of monitoring. The information on biological assets is encrypted, and the use of the information shall be authorized, and such authorization shall be supported by documents and records. At the end of each month, each farm shall conduct stocktaking on the inventory of biological assets and feed. Upon the advice from the dairy farm, dairy cows may be disposed by completing the Approval Form for Culling of Dairy Cows, subject to the examination and approval of the person in charge of the dairy farm and the director of the dairy farm division.

### *9.2 Management of non-biological assets*

Upon arrival of non-biological assets, they are first inspected by the procurement and supply department and the demand management department before the registration of assets is made. Fixed assets with satisfactory inspection are numbered by the operation department in a timely manner. The operation department will later set up a fixed assets ledger and organize the fixed asset stocktaking annually. Before disposal, fixed assets shall be reviewed with caution and on-site checked by the department using them and the operation department, to confirm if they meet scrap conditions. If so, the disposal will be examined and approved by the finance department, the operation department and the general manager after taking into account of the advice from the leaders of department using such fixed assets.

The operation department of the Company arranges year-end stocktaking on inventory, biological assets and fixed assets at each end of the year. In case of any discrepancy in the stocktaking, the accounting scheme for the discrepancy will be examined and approved by the departments with authority on a level-by-level basis.

### **10. Sales activities**

The Company formulated the Management System for Marketing Center, the Internal Control Process of Marketing Center, the Contract Management System and the Customer Credit Management System, which set out the provisions on development of customers and markets, credit management, price management, management of receivables and notes, and clarified the procedures for approval and operation.

The marketing center is responsible for making monthly sales plans, customer development and credit management, sales pricing, entering into sales contracts, collection of payments, making call on receivables, reconciliation, and the control of delivery process. The marketing department is responsible for the preparation of price lists of goods. The finance department is responsible for accounting treatments, collection of payment for goods, etc.

The marketing center is responsible for entering into sales contracts with customers. A sales contract contains, including but not limited to, the legal entities of both parties, the subject matters of the contract, the quantity, the price (specifying tax inclusive or exclusive, failing of which, the price shall be deemed to be tax inclusive), the settlement of purchase prices, the rights and obligations of both parties, default clauses and resolution of disputes. After entering into a sales contract, the marketing center shall complete the procedures of opening an account with the finance department, and the accounting personnel will enter the basic information in the finance system, such as the names, contact persons and telephone numbers of the customers, sales territory in which the customers operate, and the marketing center will record the sales policies, credit limits and credit term approved.

The sales modes of the Company include direct selling, distribution and dealing. Under the direct sale model, the Company is responsible for arranging for the third party logistics provider to deliver goods to the site designated by the direct selling customers in general, and revenue is recognized by the Company when the goods are delivered to the direct selling customers. Under the distribution model (mainly adopted in Lanzhou, Xining and Xi'an), the distributors arrange the goods transport voluntarily and shall voluntarily undertake the loss if the goods are damaged in the transit. Revenue is recognized by the Company when the distributors extract the goods from warehouse. Under the dealing model (mainly adopted outside Lanzhou, Xining and Xi'an), if the Company arranges for the third party logistics provider to deliver goods, revenue is recognized by the Company when the goods are delivered to the dealer; If the dealer voluntarily arranges the transport of goods, the dealer shall voluntarily undertake the loss due to damage of products in the transport, and revenue is recognized by the Company when the dealer withdraws the goods from the warehouse. The Company measures the sales amount of commodity as per the anticipated consideration that it is entitled to obtain due to commodity transfer to customers. The marketing center is responsible for chasing outstanding payments. The Company sets different qualifications for direct customers, distributors and dealers.

The price lists of goods are prepared by the marketing department with reference to the similar products of competitors and market conditions, and are reviewed and approved by the general manager before execution. The marketing center will enter into sales contracts with customers based on the price lists approved. Staff of the finance department prepares the sales delivery invoice according to the customer order, and the logistic department is responsible for delivery of goods. Upon receipt by the customers, the finance department will issue the invoice for sales and the income vouchers in accordance with the Accounting Standards for Business Enterprises.

The finance department prepares the “aging breakdown of accounts receivable” when closing accounts every month. The marketing center will review and follow up the collection work with credit sales customers in a timely manner. Should there exist uncollectible balances, the finance department will treat them as bad debts, which shall be subject to the consideration and approval of the marketing director and the general manager office.

#### ***11. Research and Development***

The research and development work focuses on the development of new products. Development of new products is undertaken mainly by the technology department. The Company formulated the Product R&D Management System of Lanzhou Zhuangyuan Pasture Co., Ltd., which set out the provisions on market research, project approval and development operation.

The research and development department, the marketing department and the sale department will file project proposals in the Project Proposal (《項目提出建議書》) based on their market research and understanding. After the research and development department gathers and screens project proposals, a feasibility discussion with various departments will be arranged by the production director at the monthly operation meetings on such proposals. The project proposals approved will be gathered by the marketing department, which will prepare the plan for promoting the R&D project, subject to the approval of the general manager. Implementation of projects may take forms of in-house research and development, acquisition of patents, cooperation in technologies, etc. In terms of projects carried out in the form of cooperation in technologies, the research and development department will screen the partners enter into cooperation contracts, and supervise such projects based on the requirements and needs of the Company.

The research and development department is responsible for the research and development activities. A number of tests are required as at the project initiating and up to the product launching. The marketing department will arrange tasting and inspection on the new products and report the information of the tasting and inspection to the research and development department that will make minor adjustments to the product process and formula accordingly. Before the launch of products, the finance department will propose the unit price of the products after taking into account the product formula and prices of raw materials provided by the research and development department, and such price shall be subject to the final approval by the sale department.



**12. Projects**

The operation department is responsible for the supervision and implementation of the Company's projects. The Company follows the management process of project approval, design, competitive negotiation, construction, inspection and acceptance, etc. in operation, and keeps the relevant archives.

Project planning and project budget are required before any increase in fixed assets and carrying out of reconstruction and extension projects, which are subject to the approval of the general manager's office meeting or the Board within authority. At each end of year, the operation department will review the project progress. Following the completion of a project, it will arrange the inspection and acceptance of the project and will issue an inspection report upon the completion of a trial production. At the stage of the production, with the coordination of the operation department, the audit department will issue an audit report to the finance department for accounting treatments. The project payment is subject to the approval of the Chairman of the Board.

**13. Investment**

In order to control the investment risk, the authority for approving an external investment is mainly conferred to the parent company. The shareholders' general meeting and the Board serve as the decision-making body in respect of external investments, and make decisions on external investments of the Company under the authority as defined in the Articles of Association, the Rules and Procedures for the Shareholders' General Meetings and the Rules and Procedures for the Board Meetings. Any other department or individual has no right to make decisions on external investments. The parent company shall manage the approval, assessment, decision-making, implementation, management, income and disposal of the investment projects.

The finance department of the Company is responsible for gathering the information in financial statements of the investees and ensuring the accuracy of the information in financial accounting. Where there is any indication of impairment, it shall prepare an impairment report, and make accounting treatment subject to approval of the Board of the Company.

**14. Guarantee**

The Company formulated the Administrative Measures for External Guarantees, which sets out the provisions on guarantee objects, approval authority, information disclosure, etc. The Company implements uniform management on external guarantees. The subsidiaries and branches of the Company may not provide external guarantees or mutual guarantees without the approval of the Board of the Company. External guarantees of the Company must be considered and approved by the Board or the shareholders' general meeting with the stipulated authority. The Company may not provide external guarantee without the approval of the Board or the shareholders' general meeting.

A guarantee contract/or counter-guarantee contract is required to be entered into in respect of an external guarantee of the Company. A guarantee contract is entered into by the Chairman of the Board or the authorized representative with guaranteed party. All departments and persons participating in an external guarantee are obliged to report the issues related to the external guarantee to the secretary to the Board and provide the information required for information disclosure in a timely manner. The issues in relation to the guarantee are recorded by the secretary to the Board, and used in the disclosures made in the financial reports with approval of the Chairman of the Board.

The Company provided guarantee to its subsidiaries in 2021, including Xi'an Dongfang Dairy, Ruixing Pasture and Ruijia Pasture. The issues in relation to the guarantee were resolved by the Board and the shareholders' general meeting and published. With sound procedures and complete approval authority, the implementation of internal control is effective.

**15. Financial report***(1) Related party and related party transactions*

The Company formulated the Related Party Transactions Decision-making Rules of Lanzhou Zhuangyuan Pasture Co., Ltd., pursuant to the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange. The Rules contain specific provisions on the scope of related party relationships, the type of related party transactions, authorities for decision-making and the consideration procedure, the voting abstention mechanism for related parties and information disclosures, which ensure the related party transactions of the Company are on the principles of openness, fairness and justness.

The Company defined the related party in accordance with relevant laws and regulations, such as the Corporate Governance Code issued by the Hong Kong Stock Exchange, the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange, the Accounting Standards for Business Enterprises, the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No.15 and Administrative Measures for Information Disclosure of Listed Companies, taking into account of its own situation. The Company provides trainings for persons within the scope defined by the related party, such as the shareholders, directors, supervisors and senior management members, and requires them to perform the duty of declaration. The list of related parties is reviewed by the chief financial officer and the secretary to the Board at the end of the year.

(2) *Financial accounting*

The Company formulated the Financial Management System of Lanzhou Zhuangyuan Pasture Co., Ltd. (蘭州莊園牧場股份有限公司財務管理制度) in accordance with the Accounting Law, the Accounting Standards for Business Enterprises, the Preparation Rules for Information Disclosure and Preparation Rules by the Companies Offering Securities to the Public No.15 and Administrative Measures for Information Disclosure of Listed Companies.

The Company's critical accounting estimates are determined in accordance with the discussion and analysis of the management or the industry practices, and are implemented subject to the consideration and approval of the Board. Adjustments in accounting policies and accounting estimate, required to be made due to changes in the Accounting Standards for Business Enterprises or the Company's businesses, will be submitted by the finance department to the Board for consideration and approval. Impact on financial statements arising from changes in accounting policies or accounting estimates will be dealt with using the methods stipulated in the Accounting Standards for Business Enterprises, and be disclosed in the financial statements. The Company includes the subsidiaries in the consolidated financial statements to prepare the financial statements of the parent company and the consolidated financial statements and the corresponding notes. The consolidated financial statements are prepared in accordance with the Accounting Standards for Business Enterprises. An accounting report is reviewed and signed by the head of the accounting department, the chief accountant and a legal representative, and disclosed upon consideration and approval of the Board.

**16. Contract management**

The Company formulated the Contract Management System and the Management Measures of Legal Affairs, which regulated the procedures for approval and execution of contracts, and specified the entities, form, content, signing, execution, alteration and termination of contracts, mediation, arbitration and litigation of contract disputes, custody and filing of contracts, to better regulate the contract management, prevent and control the contract risks and efficiently safeguard the legal interests of the Company.

**17. Communications of internal information**

The Company established various policies, such as the Management System for Inside Information, the Information Management Measures, the Internal Reporting System for Significant Non-public Information and the Management System for the Submission and Use of External Information, to regulate the Company's management of information communication activities and safeguard the Company's information safety. The Company specified the collection, processing, communication and scope of communication in relation to the internal control to ensure timely communication of information.

With dedicated IT staff maintaining its websites and information system, the Company is able to ensure swift and smooth communications between the management at different levels, departments, business divisions, and employees and the management, through the modern information platform, such as the internet.

With respect to the communication with regulators, the Company is subject to regular production quality inspection by government authorities to ensure the production safety, and from time to time, subject to the inspection by industrial and commercial authorities and tax bureau. With respect to the communication with the capital market, the Company appointed the secretary to the Board to keep communications with the Hong Kong Stock Exchange, the Shenzhen Stock Exchange and the CSRC. With respect to the communication with investors, in addition to the information published by the Company through statutory information disclosure channels, investors can learn about the information of the Company by means of EasyIR platform of the Shenzhen Stock Exchange, telephone, e-mail, direct visit and meetings, and enhance their understanding and trust for the Company through communications.

**18. Internal audit**

The Company established the Internal Audit System of Lanzhou Zhuangyuan Pasture Co., Ltd. The Company set up the audit department which is responsible for audit affairs within the Company. The audit department is accountable to the Audit Committee, which reports its work to the Board. The audit department is responsible for formulating the work schedule for annual internal audit, which will be subject to the approval of the Board for implementation.

The audit department performs the proper review procedures in accordance with the related requirements, evaluates the effectiveness of the internal control of the Company, and submits an evaluation report of internal control to the Board at least once in a year. Where any significant defects or risks in internal control are identified during the review process by the audit department, it shall promptly report to the Audit Committee. The Company shall disclose in an announcement the significant defects and risks in internal control, the consequences that have been or may be caused, and the measures that have been taken or are to be taken.

**(2) Basis of internal control evaluation and identification criteria of internal control defects**

The Company organized and conducted internal control evaluation work in accordance with the internal control system.

The Board distinguished the internal control of financial reports from those of non-financial reporting, studied and determined the criteria for identifying internal control defects applicable to the Company as in line with that in last year with reference to factors such as the scale of the Company, the characteristics of the industry, the risk preference and the degree of risk tolerance according to the identification requirements of the Standard System for Enterprises Internal Control in respect of material defects, major defects and general defects. The identification criteria for internal control defects determined by the Company are as follows:

**1. Identification criteria for internal control defects in financial reports**

Quantitative criteria for identifying internal control defects in financial reports of the Company are as follows:

Criteria for defects type	Material defects	Major defects	General defects
Operating revenue	$\geq 2\%$	1% (inclusive) – 2%	< 1%
The latest audited net assets	$\geq 2\%$	1% (inclusive) – 2%	< 1%

Qualitative criteria for identifying internal control defects in financial reports of the Company are as follows:

Indicators of material defects in financial reports include:

- (1) fraud of directors, supervisors and senior management of the Company;
- (2) the correction of the published financial reports by the Company;
- (3) material misstatement in the current financial reports found by a certified public accountant, but not identified through internal control of the Company;
- (4) Invalid supervision by the Audit Committee and the audit department on the Company's internal control on external financial reports and financial reports.

Indicators of major defects in financial reports include:

- (1) Accounting policies have not been selected and applied in accordance with generally accepted accounting principles;
- (2) No procedures and control measures of anti-fraud having been established;

- (3) No corresponding control mechanism or compensatory control having been set up or implemented for the accounting treatment of unusual or special transactions;
- (4) There exist one or more defects in the control on the final financial reporting process, and the truthfulness and completeness of financial statements cannot be reasonably ensured.

General defects are other internal control defects in addition to the above material defects and major defects.

## **2. Identification criteria for internal control defects in non-financial reporting**

Quantitative criteria for identifying internal control defects in non-financial reporting of the Company are as follows:

<b>Criteria for defects type</b>	<b>Material defects</b>	<b>Major defects</b>	<b>General defects</b>
Operating revenue	$\geq 2\%$	1% (inclusive) – 2%	$< 1\%$
The latest audited net assets	$\geq 2\%$	1% (inclusive) – 2%	$< 1\%$

Qualitative criteria for identifying internal control defects in non-financial reporting of the Company are as follows:

Indicators of material defects in non-financial reporting include:

- (1) Lack of democratic decision-making procedures, such as the lack of “Three Important and One Large” decision-making system;
- (2) Corporate decision-making being not scientific, such as decision-making failure leading to failure in merger and acquisitions;
- (3) Violations against national laws and regulations, such as environmental pollution;

- (4) Loss of management members or technical personnel;
- (5) Frequent negative publicity;
- (6) Lack of system control on, or the system failure of important business;
- (7) Other circumstances having material impact on the Company.

Other circumstances are identified as major defects or general defects according to the extent of impact.

**(3) The status of identification of internal control defects and rectification**

**1. *The status of identification of internal control defects in financial reports and rectification***

According to the above identification criteria of internal control defects in financial reports, the Company had no material internal control defects in financial reports during the reporting period.

**2. *The status of identification of internal control defects in non-financial reporting and rectification***

According to the above identification criteria of internal control defects in non-financial reports, the Company found no material internal control defects in non-financial reporting.

**IV. EXPLANATIONS ON OTHER SIGNIFICANT EVENTS IN RELATION TO INTERNAL CONTROL**

No explanation was made by the Company on other significant events in relation to internal control.



**V. THE COMPANY’S SELF-ASSESSMENT ON INTERNAL CONTROL**

As a result of the foregoing, the Board of the Company believes that, as at 31 December 2021, the Company has maintained effective internal control in relation to financial statements in all material aspects, which was established pursuant to the “Internal Accounting Control Standards – Basic Standards” issued by the Ministry of Finance of the People’s Republic of China.

The assessment on internal control has been approved by the Board of the Company.

The Board of Lanzhou Zhuangyuan Pasture Co., Ltd.

30 March 2022

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**APPENDIX IV            ANNOUNCEMENT IN RELATION TO THE PRELIMINARY  
PROFIT DISTRIBUTION PLAN FOR 2021**

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**Lanzhou Zhuangyuan Pasture Co., Ltd.**

**Announcement on the Preliminary Profit Distribution Plan for 2021**

<p>The Company and all members of the Board warrant that the contents of the announcement are true, accurate and complete, and there are no false records, misleading statements or major omissions.</p>
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**I.        CONTENTS OF PRELIMINARY PROFIT DISTRIBUTION PLAN**

1.        As of 31 December 2021, distributable profit of the parent company was RMB320,998,090.39 in accordance with the relevant requirements of the Company Law and the Articles of Association, which is the result of the unappropriated profits of the parent company of RMB308,266,324.31 as at the beginning of 2021 plus the net profit of RMB19,339,308.98 realized in 2021 and minus the cash dividend of RMB4,673,612.00 paid in 2020 and appropriated surplus reserve of RMB1,933,930.90.
2.        As audited by Daxin Certified Public Accountants (Special General Partnership), the net profit attributable to shareholders of the listed company in the consolidated statement of the Company for 2021 was RMB53,533,055.78. Based on the characteristics of the industry in which the Company operates, and such factors as business model, profit level and capital expenditure arrangement of the Company and considering long-term development and investors' interests of the Company, the Board resolved that a total of cash dividend of RMB10,921,908.50 was proposed to be paid, which was based on that share capital at the end of 2021 was RMB232,381,032, and a cash dividend of RMB0.47 was proposed to be paid for every 10 shares (including tax, the actual distribution amount may be slightly different due to rounding). In 2021, profits distributed by the Company in cash accounted for 20.40% of the distributable profits realized throughout the year (and net profits attributable to shareholders of the listed company).
3.        If the total share capital of the Company changes before the date of record for the implementation of equity distribution, it is proposed to remain the total distribution unchanged and adjust the distribution ratio per share accordingly. If the total share capital subsequently changes, announcement will be made in relation to specific adjustment.
4.        This preliminary profit distribution plan is subject to consideration at the general meeting.

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## **APPENDIX IV            ANNOUNCEMENT IN RELATION TO THE PRELIMINARY PROFIT DISTRIBUTION PLAN FOR 2021**

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### **5.     Feasibility of preliminary profit distribution plan**

The preliminary profit distribution plan is in line with the Company Law, Accounting Standards for Business Enterprises, CSRC Notice on Further Implementing Issues Concerning Cash Dividends of Listed Companies, and CSRC Supervision Guidelines for Listed Companies No.3–Cash Dividends of Listed Companies, Articles of Association and Shareholder Return Plan for the Next Three Years (2020 –2022).

Fully considering actual operating situation of the Company, and the development characteristics and development cycle of dairy industry, the profit distribution plan of the Company provides investors with reasonable returns, which is conducive to sustainable development of the Company and to realize obligations and responsibilities of the Company, matches the operating results and future development of the Company, and is in line with development plan of the Company.

## **II.    CONSIDERATION BY THE BOARD AND OPINIONS OF INDEPENDENT DIRECTORS**

Proposal on Profit Distribution of the Company for 2021 was considered and approved at the 11th meeting of the fourth session of the Board, and the proposal was submitted it to the annual general meeting for consideration.

The independent directors of the Company are of the view that the profit distribution plan not only fully considers actual operating situation of the Company, and the development characteristics and development cycle of dairy industry, but also provides investors with reasonable returns, which is conducive to sustainable development of the Company and to realize obligations and responsibilities of the Company, matches the operating results and future development of the Company, and is in line with development plan of the Company. Based on those, the independent directors agree upon the profit distribution plan put forward by the Board.

## **III.   OPINIONS OF THE BOARD OF SUPERVISORS**

The Board of Supervisors are of the view that this profit distribution plan complies with the Company Law, Accounting Standards for Business Enterprises, CSRC Notice on Further Implementing Issues Concerning Cash Dividends of Listed Companies, and CSRC Supervision Guidelines for Listed Companies No.3–Cash Dividends of Listed Companies, Articles of Association and Shareholder Return Plan for the Next Three Years (2020 –2022), and relevant preliminary plans comply with the profit distribution policy, profit distribution plan, long-term plan for shareholder return and relevant commitments made by the Company, and therefore they are legal, compliant and reasonable.

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**APPENDIX IV      ANNOUNCEMENT IN RELATION TO THE PRELIMINARY  
PROFIT DISTRIBUTION PLAN FOR 2021**

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**IV.    RELEVANT RISK WARNING**

The preliminary profit distribution plan is uncertain as it is subject to consideration and approval at the annual general meeting of the Company. Investors are advised to make reasonable investment and to be aware of the investment risks involved.

**V.    DOCUMENTS AVAILABLE FOR INSPECTION**

1.    Resolution of the 11th Meeting of the Fourth Session of Board of Directors of the Company
2.    Resolution of the 7th Meeting of the Fourth Session of Board of Supervisors of the Company
3.    Independent Opinions of Independent Directors on Issues Concerning the 11th Meeting of the Fourth Session of board of directors.

Board of Directors of Lanzhou Zhuangyuan Pasture Co., Ltd.

30 March 2022

**Special Report on Actual Deposit and  
Use of the Proceeds during 2021 of  
Lanzhou Zhuangyuan Pasture Co., Ltd.\***

All the directors of the Company undertake that the contents of this report are true, accurate and complete and there are no false records, misleading statements or material omissions.

Pursuant to relevant requirements such as the Provisions on the Report on the Use of the Proceeds Previously Raised (Zheng Jian Fa Xing Zi [2007] No. 500) 《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) and, the Guidelines for the Supervision and Control of Listed Companies No. 2 – Regulation Requirements for the Management and Use of Proceeds of Listed Companies (Revision 2022) 《上市公司監管指引第2號–上市公司募集資金管理和使用的監管要求》(2022年修訂)) issued by the CSRC, and the Guidelines of Shenzhen Stock Exchange for Self-Regulatory Supervision by Listed Companies (No. 1) – Standardized Operations of Listed Companies on the Main Board (《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》), No. 21 Information Disclosure Announcement Format for Listed Companies in Shenzhen Stock Exchange: Format of Special Report on Annual Actual Deposit and Use of the Proceeds of Listed Companies 《深圳證券交易所上市公司信息披露公告格式第21號：上市公司募集資金年度存放與使用情況的專項報告格式》) issued by the Shenzhen Stock Exchange, the Board of Directors of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (hereinafter referred to as the “Company”) has prepared the Special Report on Actual Deposit and Use of the Proceeds as of 31 December 2021.

## I. BASIC INFORMATION ON THE PROCEEDS

### (I) Actual Proceeds Raised in Cash (after Deduction of the Issuance Expenses) and the Time of Receipt of Proceeds Raised

#### 1. Basic Information of Proceeds Raised from Public of A Shares in 2017

As approved by the “Approval for the Issue of Shares of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (Zheng Jian Xu Ke [2017] No. 1779)” 《關於核准蘭州莊園牧場股份有限公司首次公開發行股票的批復》(證監許可[2017]1779號)) issued by China Securities Regulatory Commission, the Company the public offering of 46,840,000 ordinary shares (A Shares) of RMB1.00 each at an issue price of RMB7.46 per share to the public. The total proceeds were RMB349,426,400 and after deducting underwriting expenses and sponsor’s fee, issuance registration fee and other transaction expenses of RMB39,922,700 in total, the net proceeds amounted to RMB309,503,700.

On 24 October 2017, KPMG Huazhen LLP has inspected the availability of the proceeds from the initial public offering of A Shares by the Company and issued KPMG Huazhen Yan Zi No. 1700634 capital verification report for verification and confirmation.

**2. Basic Information of Proceeds Raised from Non-public Issuance of A Shares in 2020**

As approved by the “Approval for the Non-public Issuance of Shares of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (Zheng Jian Xu Ke [2020] No. 1864)” 《(關於核准蘭州莊園牧場股份有限公司非公開發行股票的批覆》(證監許可[2020]1864號)) issued by China Securities Regulatory Commission, the Company carried out the non-public offering of not exceeding 43,000,000 ordinary shares (A Shares) of RMB1.00 each at an issue price of RMB8.78 per share to the specific investors. The total proceeds were RMB377,540,000 and after deducting underwriting expenses and sponsor’s fee, issuance registration fee and other transaction expenses of RMB8,661,200 in total, the net proceeds amounted to RMB368,878,800.

On 30 November 2020, WUYIGE Certified Public Accountants LLP. has inspected the availability of the proceeds from the non-public offering of A Shares by the Company and issued WUYIGE Yan Zi [2020] No. 35-00010 capital verification report for verification and confirmation.

**(II) Amount Used in Prior Years, Amount Used during the Year and Current Balance****1. Use of Proceeds Raised from Public Issuance of A Shares in 2017**

In 2021, the Company had used the proceeds raised from public issuance of A Shares of RMB7,944,246.46, and the interest income of the raised funds in special account after deducting handling fees in amount of RMB67,142.59. The Company has used A-share proceeds of RMB268,592,376.71, the accumulated interest income of the raised funds deducted the net handling fee in amount of RMB1,541,183.23. The balance of unused raised funds was RMB42,452,506.52, and the amount of the raised funds deposited in special account as at the end of 2021 was RMB12,452,506.52.

**2. Use of Proceeds Raised from Non-public Issuance of A Shares in 2020**

In 2021, the Company utilized raised funds of RMB104,306,458.41, and the interest income of the raised funds in special account after deducting handling charges for the period was RMB1,761,333.38. The Company also received a refund of RMB31,850,000 in relation to the payment for purchase of cows made in 2020. The Company had utilized RMB213,164,775.85 out of the funds raised from the non-public issuance of A shares. The net interest income from the raised funds after deducting handling charges was RMB1,835,768.08. The balance of the unutilized raised funds was RMB157,549,779.02. As at the end of 2021, the amount deposited in the special account for raised funds was RMB57,537,623.59.

**II. MANAGEMENT OF RAISED FUNDS**

In order to regulate the management and use of raised funds and to protect the interests of investors, with reference to the Articles of Association and the actual situation of the Company, the Company formulated the Management System for the Use of Raised Fund of Lanzhou Zhuangyuan Pasture Co., Ltd. 《蘭州莊園牧場股份有限公司募集資金使用管理制度》) (hereinafter referred to as “Administrative Measures”) in accordance with the relevant provisions of laws and regulations, such as the Administrative Measures for Securities Issuance and Listing Sponsorship Business 《證券發行上市保薦業務管理辦法》), the Listed Companies Supervision Guidelines No. 2-Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies 《上市公司監管指引第2號—上市公司募集資金管理和使用的監管要求》), the Share Listing Rules of Shenzhen Stock Exchange 《深圳證券交易所股票上市規則》), the Guidelines of Shenzhen Stock Exchange for Self-Regulatory Supervision by Listed Companies (No. 1) – Standardized Operations of Listed Companies on the Main Board 《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》). According to the Administrative Measures, the Company implemented special account placement for raised funds, it opened a special account for raised funds in a bank, and signed the Tripartite Supervision Agreement on Raised Funds with the sponsor China Dragon Securities Co., Ltd. and the commercial banks where the raised funds deposited. There is no major difference between the main content of these agreements and the Tripartite Supervision Agreement on Raised Funds (Model) of the Shenzhen Stock Exchange. The Company and each party to the agreement have fulfilled their rights and obligations in accordance with the relevant terms of the agreement.

**(I) Deposit and Management of Funds Raised From the Public Issuance of A Shares in 2017**

After the funds raised from the public issuance of A Shares are in place, the Company opened four special accounts for raised funds, among which account 1, account 2, and account 3 (the account numbers in this report are all referred to in the table below) are used for the placement and use of funds raised from “The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows”. Account 4 is used for the placement and use of funds raised from “construction project of milk vending machines and ancillary facilities”.

The “Resolution on Increasing the Registered Capital of Wholly Owned Subsidiary (《關於向全資子公司增加註冊資本的議案》)” was considered and passed by the Company at the 33th meeting of the third session of the Board of Directors convened on 5 March 2020, which authorized the Company to increase the registered capital of the wholly-owned subsidiary Gansu Ruijia Farming Co., Ltd. (hereinafter referred to as “Ruijia Farming”) with its own funds and proceeds from initial public offering of A Shares at a total amount of RMB170 million, of which RMB107,485,478 (including interest income) was funded by proceeds from the public issuance of A Shares. On 10 March 2020, the “Resolution on Opening Special Accounts for Raised Funds (《關於開設募集資金專項帳戶的議案》)” was considered and passed by the Company at the 34th meeting of the third session of the Board of Directors, pursuant to which Ruijia Farming opened a special account (Account no. 8210000110120100084325) (Account 5) for raised funds in China Zheshang Bank Co., LTD, Lanzhou East Branch. Such special account is specially used for the placement and use of funds raised from the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District. The Company (including Ruijia Farming), China Zheshang Bank Co., LTD, Lanzhou East Branch (浙商銀行股份有限公司蘭州東部支行) and China Dragon Securities Co., LTD (華龍證券股份有限公司), the continuous supervision institution (hereinafter referred to as “China Dragon Securities”) entered into the Tripartite Agreement on Supervision of Proceeds. On 7 April 2020, the Company published Announcement on Entering into the Tripartite Agreement on Supervision of Proceeds from Lanzhou Zhuangyuan Pasture Co., Ltd. (Announcement No.: 2020-030). For ease of management, the Company cancelled Account 1, 2, 3 and 4, and carried out the procedure for issuing announcements.



As at 31 December 2021, balance of the special account for the proceeds raised from the Company's public issuance of A Shares was RMB12,452,506.52, breakdown of which was set forth below:

Unit: RMB

No.	Bank for the Deposit of Proceeds Raised	Account Number of Special Account for the Proceeds Raised	31 December 2021
Account 1	Xinglong Sub-branch of BANK OF LANZHOU	101472000568575	Cancelled
Account 2	Lanzhou East Sub-branch of China Zheshang Bank	8210000110120100058409	Cancelled
Account 3	Lanzhou Jinchang Road Sub-branch of Bank of China	104059529335	Cancelled
Account 4	Lanzhou Hi-tech Sub-branch of Shanghai Pudong Development Bank	48170078801800000030	Cancelled
Account 5	Lanzhou East Sub-branch of China Zheshang Bank	8210000110120100084325	12,452,506.52
Total			<u>12,452,506.52</u>

**(II) Deposit and Management of the Proceeds Raised from Non-public Issuance of A shares in 2020**

The Company considered and approved Resolution in Relation to Opening Special Accounts for Proceeds to be Raised at the 43rd meeting of the third session of the Board of the Company convened on 26 November 2020. Together with the sponsor, China Dragon Securities Co., Ltd. (華龍證券股份有限公司), the Company signed the Tripartite Supervision Agreement on the Proceeds with Xinglong Sub-branch of BANK OF LANZHOU CO., Ltd. and Lanzhou Branch of China CITIC Bank Corporation Limited, respectively, and opened special accounts for proceeds raised. After the proceeds raised from non-public issuance of A Shares are readily available, the Company opened Account 6 and Account 7 with Xinglong Sub-branch of BANK OF LANZHOU and Lanzhou Branch of China CITIC Bank, respectively, which would be used for the deposit and usage of the proceeds to be raised for "Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District".

On 22 December 2020, the Company published Announcement on Entering into the Tripartite Agreement on Supervision of Proceeds from Lanzhou Zhuangyuan Pasture Co., Ltd. (Announcement No.:2020-086).

The Company considered and approved Resolution in Relation to the Implementation of Main Capital Increase by using the Proceeds to be Raised for the Investment Projects Funded with the Proceeds at the 44th meeting of the third session of the Board and the 29th meeting of the third session of Supervisory Committee of the Company convened on 23 December 2020, for the purpose of capital increase with the raised proceeds for Ruijia Farming, the implementation entity of “Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District”, the investment project financed by the proceeds from the non-public issuance. The amount for the capital increase was RMB328,945,000.00.

The Company considered and approved Resolution in Relation to Opening Special Accounts for Proceeds to be Raised at the 44th meeting of the third session of the Board of the Company convened on 23 December 2020. Together with the sponsor, China Dragon Securities, the Company signed the Tripartite Supervision Agreement on the Proceeds with Xinglong Sub-branch of BANK OF LANZHOU CO., Ltd., and opened a special account for proceeds raised. Ruijia Farming opened Account 8 with Xinglong Sub-branch of BANK OF LANZHOU which would be used for the deposit and usage of the proceeds to be raised for “Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District”.

On 22 December 2020, the Company published Announcement on Entering into the Tripartite Agreement on Supervision of Proceeds from Lanzhou Zhuangyuan Pasture Co., Ltd. (Announcement No.:2020-091).

For ease of management, the Company cancelled Account 6 and 7 in December 2021, and carried out the procedure for issuing announcements.

As at 31 December 2021, balance of the special account for the proceeds raised from the Company's non-public issuance was RMB57,537,623.59, breakdown of which was set forth below:

No.	Bank for the Deposit of Proceeds Raised	Account Number of Special Account for the Proceeds Raised	31 December 2021
Account 6	Xinglong Sub-branch of BANK OF LANZHOU	101472000640515	Cancelled
Account 7	Lanzhou Branch of China CITIC Bank	8113301013900110603	Cancelled
Account 8	Xinglong Sub-branch of BANK OF LANZHOU	101472000641778	57,537,623.59
Total			<u>57,537,623.59</u>

Note: On 7 December 2021, the Company transferred the balance of RMB12,155.43 in Account 6 to the general account of Lanzhou Zhuangyuan at Xinglong Sub-branch of BANK OF LANZHOU (account no.: 7029709110591012) when Account 6 was cancelled. Subsequently, the Company found that it was not appropriate and transferred the funds to Account 8 (which is for fundraising) on 14 March 2022.

### III. ACTUAL USE OF THE PROCEEDS DURING THE YEAR

#### (I) Actual Use of the Proceeds Raised

##### 1. Use of the Proceeds Raised from Public Issuance of A Shares in 2017

Please see Schedule 1 for the actual use of proceeds raised from public issuance of A Shares as of 31 December 2021.

##### 2. Use of the Proceeds Raised from Non-public Issuance of A Shares in 2020

Please see Schedule 2 for the actual use of proceeds raised from non-public issuance of A Shares of the Company as of 31 December 2021.

## Schedule 1:

**Actual use of proceeds raised from public issuance A Shares in 2017**

Unit: RMB

			83%			Total proceeds invested during the period				
Total proceeds						309,503,700.00				
Total proceeds with changes in use during the reporting period							7,944,246.46			
Accumulated total proceeds with changes in use						256,103,700.00				
Proportion of accumulated total proceeds with changes in use							268,592,377.71			
Committed investment projects and investment directions of over-subscription funds	Whether the project has been changed (including partial changes)	Total committed investment of proceeds	Total investment after adjustment (1)	The amount invested during the period	Accumulated amount invested as of the end of the period (2)	Date of Investment progress as of the end of the period (3)=(2)/(1)	Date of project reaches the scheduled usable status	The benefit during the period	Whether the expected benefits are reached	Whether the project feasibility has been changed significantly
	Committed investment projects									
1. The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows	Yes	260,193,300.00	53,400,000.00		53,400,000.00	100.00%	December 2021	7,545,865.31	N/A	No
2. The construction project of self-service milk selling machines and ancillary facility	Yes	49,310,400.00					N/A	N/A	N/A	Yes
3. The acquisition of 82% equity interest of Xi'an Dongfang Dairy			150,000,000.00		150,000,000.00	100.00%	31 October 2018	N/A	N/A	No
4. The Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District			106,103,700.00	7,944,246.46	65,192,376.71	61.44%	December 2021	7,545,865.31	N/A	No
<b>Subtotal of committed investment projects</b>		<b>309,503,700.00</b>	<b>309,503,700.00</b>	<b>7,944,246.46</b>	<b>268,592,376.71</b>	<b>86.78%</b>		<b>7,545,865.31</b>		
Investment directions of over-subscription funds										
Nil										
Repayment of bank loans (if any)										
Replenishment of current capital (if any)										
<b>Subtotal of investment directions of over- subscription funds</b>										
<b>Total</b>		<b>309,503,700.00</b>	<b>309,503,700.00</b>	<b>7,944,246.46</b>	<b>268,592,376.71</b>	<b>86.78%</b>		<b>7,545,865.31</b>		
Circumstances and reasons for failure to meet the schedule or expected revenue	The Recycling Industrial Park Project of a Dairy Farm for 10,000 Dairy Cows in Jinchuan District achieved a net profit of RMB7,545,900 in 2021, and has not yet become fully operational by the end of 2021.									
Descriptions of significant changes in the feasibility of projects	See IV. (I)									
Amount, use and progress of over-subscription funds	N/A									
Changes in implementation location of investment projects of proceeds	See IV. (I)									
Adjustments in implementation approach of investment projects of proceeds	N/A									
Pre-investment and replacement of investment projects of proceeds	N/A									
Replenishment of the working capital by idle raised proceeds temporarily	See III. (III) 1.									
Amount and reasons on the balance of raised proceeds of project implementation	N/A									
Use and directions of unused proceeds	See III. (VI) 1.									
Problems or other circumstances in use and disclosure of proceeds	See V. (I)									

## Schedule 2:

## Actual use of proceeds raised from non-public issuance A Shares in 2020

Unit: RMB

Committed investment projects and investment directions of over-subscription funds	Whether the project has been changed (including partial changes)	Total committed investment of proceeds	Total investment after adjustment (1)	The amount invested during the period	Accumulated amount invested as of the end of the period (2)	Total proceeds invested during the period	Date of project reaches the scheduled usable status	The benefit during the period	Whether the expected benefits are reached	Whether the project feasibility has been changed significantly
Total proceeds					368,878,787.79					104,306,458.41
Total proceeds with changes in use during the reporting period										
Accumulated total proceeds with changes in use										213,164,775.85
Proportion of accumulated total proceeds with changes in use										
Committed investment projects and investment directions of over-subscription funds	Whether the project has been changed (including partial changes)	Total committed investment of proceeds	Total investment after adjustment (1)	The amount invested during the period	Accumulated amount invested as of the end of the period (2)	Total proceeds invested during the period	Date of project reaches the scheduled usable status	The benefit during the period	Whether the expected benefits are reached	Whether the project feasibility has been changed significantly
<b>Committed investment projects</b>										
The Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District		328,878,786.79	328,878,786.79	104,306,458.41	173,164,775.85	52.65%	December 2021	7,545,865.31	N/A	No
Repayment of bank loans		40,000,000.00	40,000,000.00		40,000,000.00	100.00%	N/A	N/A	N/A	No
<b>Subtotal of committed investment projects</b>		<b>368,878,786.79</b>	<b>368,878,786.79</b>	<b>104,306,458.41</b>	<b>213,164,775.85</b>	<b>57.79%</b>		<b>7,545,865.31</b>		
Investment directions of over-subscription funds										
Nil										
Repayment of bank loans (if any)										
Replenishment of current capital (if any)										
<b>Subtotal of investment directions of over-subscription funds</b>										
<b>Total</b>		<b>368,878,786.79</b>	<b>368,878,786.79</b>	<b>104,306,458.41</b>	<b>213,164,775.85</b>	<b>57.79%</b>		<b>7,545,865.31</b>		
Circumstances and reasons for failure to meet the schedule or expected revenue	The Recycling Industrial Park Project of a Dairy Farm for 10,000 Dairy Cows in Jinchuan District achieved a net profit of RMB7,545,900 in 2021, and has not yet become fully operational by the end of 2021.									
Descriptions of significant changes in the feasibility of projects	N/A									
Amount, use and progress of over-subscription funds	N/A									
Changes in implementation location of investment projects of proceeds	N/A									
Adjustments in implementation approach of investment projects of proceeds	N/A									
Pre-investment and replacement of investment projects of proceeds	See III. (II) 2.									
Replenishment of the working capital by idle raised proceeds temporarily	See III. (III) 2.									
Amount and reasons on the balance of raised proceeds of project implementation	N/A									
Use and directions of unused proceeds	See III. (VI) 2.									
Problems or other circumstances in use and disclosure of proceeds	See V. (II)									

**(II) Use of Raised Funds to Replace Investment Projects Invested In Advance with Raised Funds****1. *Proceeds from the Public Issuance of A Shares in 2017***

As of 31 December 2021, there had been no proceeds from the public issuance of A Shares of the Company in 2017 used to replace investment projects invested in advance with raised funds.

**2. *Proceeds from the Non-public Issuance of A Shares in 2020***

In order to ensure the smooth progress of the fundraising projects, the Company has made the following arrangements for the replacement of the initial investment of raised funds in “Preplan for Non-public Issuance of A Shares” and the revised draft: “If the Company has used bank loans or its own funds to invest in some related projects before the funds raised are in place, such invested funds will be replaced with the raised funds after such funds are in place.” On 28 December 2020, The “Proposal on Using Proceeds from Non-Public Issuance of Shares to Replace Self-raised Funds That Have Been Invested in Fund-raising Projects in Advance” was considered and passed at the 45th meeting of the third session of the Board of Directors and the 30th meeting of the third session of the Supervisory Committee of the Company.

The Company has used self-raised funds to invest in advance in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District before the funds raised from the non-public issuance are in place, with self-raised funds invested in advance in fundraising projects totaling RMB100,708,317.44. Therefore, the raised funds that have been used to replace the funds from fundraising projects invested in the early stage was RMB100,708,317.44.

In 2021, there had been no proceeds from the non-public issuance of A Shares of the Company in 2020 used to replace investment projects invested in advance with raised funds.

**(III) The Use of Idle Raised Funds to Temporarily Supplement Liquidity****1. Proceeds from the Public Issuance of A Shares in 2017**

On the premise of ensuring that the implementation progress of the investment project with raised funds is not affected, the Company used RMB350 million of idle raised funds to temporarily supplement liquidity according to the fund use plan of the A-share fund-raising investment project, to meet the Company's growing demand for working capital, improve the efficiency of the use of raised funds, and reduce financial expenses.

The "Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds 《關於使用部分閒置募集資金暫時補充流動資金的議案》)" was considered and passed at the 6th meeting of the third session of the Board of Directors and the 4th meeting of the third session of the Supervisory Committee of the Company convened on 26 July 2018. Independent Directors have expressed their independent opinions on such resolution, which agreed that the idle proceeds of RMB100 million would be used by the Company as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. On 12 July 2019, the Company has returned all of the temporary liquid funds in the amount of RMB100 million to the Company's special account for raised funds in advance, and notified the Company's sponsor China Dragon Securities Co., Ltd. and the Sponsor representative of the return of the above-mentioned raised funds. So far, the use of idle raised funds to supplement liquidity has been completed.

The "Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds 《關於使用部分閒置募集資金暫時補充流動資金的議案》)" was considered and passed at the 23th meeting of the third session of the Board of Directors of the Company convened on 5 August 2019. Independent Directors have expressed their independent opinions on such resolution, which agreed that the idle proceeds of RMB100 million would be used as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date. On 27 December 2019, the Company has returned all of temporary liquid funds in amount of RMB100 million to the Company's special account for raised funds in advance, and notified the Company's sponsor China Dragon Securities Co., Ltd. and the sponsor representative of the return of the above-mentioned raised funds. So far, the use of idle raised funds to supplement liquidity has been completed.

The “Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds (《關於使用部分閒置募集資金暫時補充流動資金的議案》)” was considered and passed at the 37th meeting of the third session of the Board of Directors of the Company convened on 8 April 2020, which agreed that the idle proceeds of RMB50 million would be used as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date. On 13 April 2021, the Company has returned all of the temporary liquid funds in the amount of RMB50 million to the Company’s special account for raised funds in advance, and notified the Company’s sponsor China Dragon Securities Co., Ltd. and the Sponsor representative of the return of the above-mentioned raised funds. So far, the use of idle raised funds to supplement liquidity has been completed.

The “Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds (《關於使用部分閒置募集資金暫時補充流動資金的議案》)” was considered and passed at the 52nd meeting of the third session of the Board of Directors convened on 28 April 2021, which agreed that the idle proceeds of not exceed RMB50 million would be used as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date. On 12 May 2021, the Company has returned all of temporary liquid funds in amount of RMB50 million to the Company’s special account for raised funds in advance, and notified the Company’s sponsor China Dragon Securities Co., Ltd. and the sponsor representative of the return of the above-mentioned raised funds. So far, the use of idle raised funds to supplement liquidity has been completed.

The “Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds (《關於使用部分閒置募集資金暫時補充流動資金的議案》)” was considered and passed at the fourth meeting of the fourth session of the Board of Directors convened on 6 September 2021, which agreed that the idle proceeds of not exceed RMB150 million (in which, RMB100 million from the proceeds from the non-public issuance of A Shares in 2020, RMB50 million from the proceeds raised from initial public issuance of A Shares in 2017) would be used as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date. On 14 December 2021, the Company has returned temporary liquid funds in amount of RMB20 million to the Company’s special account for raised funds in advance, and notified the Company’s sponsor China Dragon Securities Co., Ltd. and the sponsor representative of the return of the above-mentioned raised funds. As of 31 December 2021, the remaining temporary liquid funds is RMB30 million.



**2. Proceeds from the Non-public Issuance of A Shares in 2020**

The “Resolution on the Use of Partial Idle Proceeds From Non-public Issuance as Temporary Liquid Funds (《關於使用非公開發行部分閒置募集資金暫時補充流動資金的議案》)” was considered and passed at the 45th meeting of the third session of the Board of Directors and the 30th meeting of the third session of the Supervisory Committee of the Company convened on 28 December 2020, which agreed that the idle proceeds of not exceed RMB100 million would be used by the Company as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date. On 3 September 2021, the Company has returned all of temporary liquid funds in amount of RMB100 million to the Company’s special account for raised funds in advance, and notified the Company’s sponsor China Dragon Securities Co., Ltd. and the sponsor representative of the return of the above-mentioned raised funds. So far, the use of idle raised funds to supplement liquidity has been completed.

The “Resolution on the Use of Partial Idle Proceeds as Temporary Liquid Funds (《關於使用部分閒置募集資金暫時補充流動資金的議案》)” was considered and passed at the fourth meeting of the fourth session of the Board of Directors convened on 6 September 2021, which agreed that the idle proceeds of not exceed RMB150 million (in which, RMB100 million from the proceeds from the non-public issuance of A Shares in 2020, RMB50 million from the proceeds raised from initial public issuance of A Shares in 2017) would be used as temporary liquid funds for a term of not exceeding 12 months from the date of adoption of the resolution by the Board of Directors. The Company will fully return such fund to the special account for raised funds in a timely manner before the expiry date.

As of 31 December 2021, the Company’s temporary liquid funds of RMB100 million has not yet expired.

**(IV) USE OF IDLE PROCEEDS TO PURCHASE WEALTH MANAGEMENT PRODUCTS**

As of 31 December 2021, the Company did not use any idle proceeds to purchase wealth management products.

**(V) USE OF PROCEEDS BALANCE**

As of 31 December 2021, there was no surplus in the Company’s proceeds balance.

**(VI) USE AND DIRECTION OF UNUSED PROCEEDS****1. *Proceeds Raised from Public Issuance of A Shares in 2017***

As of 31 December 2021, unused amount of the proceeds raised from public issuance of A Shares of the Company was RMB42,452,506.52 (including interest income), of which RMB30,000,000 was used for replenishing the working capital, and RMB12,452,506.52 was the deposit balance in the special account for raised funds of the Company. Such unused amount will continue to be used to invest in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District in the future.

**2. *Proceeds Raised from Non-public Issuance of A Shares in 2020***

As of 31 December 2021, the unused amount of funds raised from the Company's non-public issuance of A Shares in 2020 was RMB157,549,779.02 (including interest income), of which temporary liquid funds was RMB100,000,000.00, RMB57,537,623.59 was the deposit balance in the special account for raised funds of the Company, RMB12,155.43 was the deposit balance of the general account of the Company (the staff mistakenly transferred the balance of RMB12,155.43 to the general account when handling the cancellation of the special account for raised funds, and transferred it to the raised funds account on 14 March 2022). Such unused amount will continue to be used to invest in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District in the future.

**IV. CHANGE THE USE OF FUNDS OF INVESTMENT PROJECTS TO BE FUNDED WITH THE PROCEEDS****(I) The Change of Use of Proceeds Raised by the Public Issuance of A Shares in 2017 for the Investment Projects**

For changing the use of funds of investment projects of proceeds raised from issuance of A Shares, please refer to "Table of the change of investment projects for the proceeds raised from A Shares" (Schedule 3).

**1. Reason for changes**

- (1) *Reasons for changing the use of all funds of “the self-service milk machine and supporting facilities construction project” to “acquire 82% equity interests in Dongfang Dairy”*

From the distribution area, coverage areas of the Company’s self-service milk machine include Lanzhou City in Gansu Province and Xining City in Qinghai Province. The locations covered include schools, banks, hospitals, airports, high-speed rail stations, bus stations, gas stations, residential communities and commercial office buildings, etc., all of which have a large population, a high liquidity, and a relatively high level of consumption. Since the self-service machines in Lanzhou and Xining markets are currently saturated, and some self-service machines invested previously by the Company have not been put into use, therefore, if we continue to promote and implement the project with proceeds in the future, self-service milk machines will be placed more in prefecture-level cities and districts, second-tier county markets and third-line township markets outside Lanzhou and Xining. Those regions are relatively sparsely populated and their economic level is relatively low. Also it will compete with the Company’s original distribution channels in areas where consumption is relatively limited. At the same time, some county towns and township markets are relatively remote, far from the Lanzhou and Xining production bases, and the cold chain products sold by self-service milk machines require regular and frequent replenishment and maintenance, which raises higher requirements on operating costs of the project. In addition, the daily purchases in the relatively remote and backward county and township areas are still mainly based on cash payment, which is not conducive to the smooth progress and implementation of the project.

Based on the above considerations, the Company has re-examined and evaluated the self-service milk machine and supporting facilities construction project, and considered that there is a certain uncertainty in the expected income of the project, which is not conducive to the use efficiency of proceeds, and terminated the self-service milk machine and supporting facilities construction project, and the project’s proceeds of RMB49,408,785.05 (including interest income) are all being used to acquire 82% equity interests in Dongfang Dairy.

- (2) *Reasons for changing the use of a part of funds of the “Construction Project of Cultivation of 10,000 Imported Good Dairy Cows” to “acquire 82% equity interests in Dongfang Dairy”*

According to the feasibility study report of the project, the Company would implement the project in three years according to the stage development plan of the pasture, which would be 2018, 2019 and 2020 respectively. Therefore, part of the project’s proceeds will be idle in the next two years, greatly reducing the efficiency of the use of proceeds. Thus, in order to improve the efficiency of the use of proceeds, the Company changed part of the project’s proceeds to acquire 82% equity interests in Dongfang Dairy.

Among the Company’s subordinate farms, Yuzhong Ruifeng, Linxia Li’an and Ningxia Zhuangyuan adopt a joint business model. In view of the good effect of joint farming and the positive significance on local poverty alleviation, some of the Company’s pastures will retain the adoption of the joint farming model in the future. Therefore, partial proceeds of the project are being changed to acquire 82% equity interests in Dongfang Dairy.

In view of the frequent fluctuations in market price of raw milk in recent years and the expectation of further increase in the Company’s raw milk supply ratio, in order to prevent the risk of raw milk price fluctuations and the risk of cost fluctuations caused by it, the Company changed part of the project’s proceeds to acquire 82% equity interests in Dongfang Dairy.

- (3) *Reasons for Changing the Use of Part of Raised Funds of “The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows” to “Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District”*

In April 2018, our subsidiary, Ningxia Zhuangyuan received the “Notice on Closure and Relocation of Farms in Animal and Poultry Forbidden Areas 《(關於畜禽禁養區內養殖場關閉搬遷的通告)》”, and the “Litong District Implementation Plan for Closure or Relocation of Farms (Communities) in Animal and Poultry Forbidden Areas 《(利通區進一步做好畜禽禁養區養殖場(小區)關閉或搬遷工作的實施方案)》”, issued by the People’s Government of Litong District, Wuzhong City, the core dairy breeding area in Jinyin Beach, where Ningxia Zhuangyuan is located, had been included in the Animal and Poultry Breeding Forbidden Areas and the scope of closure and relocation to further promote the feedback rectification opinions of the inspector from the Central Environmental Protection Inspection Team, control the pollution of animal and poultry breeding, and protect the ecological environment. Ningxia Zhuangyuan is one of the implementation entities of the “Construction Project of Cultivation of 10,000 Imported Good Dairy Cows” to be invested by proceeds raised by the initial public offering of A Shares of the Company. As the local government’s Investment Promotion and capital introduction project led to Ningxia Manor Ranch being included in the forbidden breeding area, the proposed implementation subject to undertake cow breeding sites at the time of A-share initial launch decreased, and additional breeding land was required. Therefore, the change of the fund-raising project was based on the fact that Ningxia Zhuangyuan, the original implementation entity, could not carry out cow breeding due to being included in the forbidden breeding area, which was helpful to further promote the fund-raising project.

Since the outbreak of the melamine-related incident, in order to strengthen the Company's product quality control and ensure a clean, sanitary and fresh raw milk supply, the Company has successively invested in the construction of eight standardized breeding pastures in Gansu, Qinghai and Ningxia. Some pastures adopted the joint breeding model of "company + farmer + base" and the Company established standard large-scale breeding farms, which were responsible for the professional management of breeding, and dairy farmers must sign contracts before entering the pasture and strictly implemented the standardized management model of the Company. Since the implementation of the joint breeding model, the feeding level and work enthusiasm of contracted dairy farmers in breeding pastures have been improved, without occurrence of any material raw milk-related accidents so far, which has not only guaranteed the supply of raw milk produced by the Company, but also consolidated the local farming resources, increased the dairy farmers' income and facilitated the local economic development. In order to ensure the implementation of the "Construction Project of Cultivation of 10,000 Imported Good Dairy Cows", the Company changed from the original joint breeding with Wuwei Ruida (武威瑞達) to self-breeding in early 2018. In view of the good effect of joint farming and the positive significance on local poverty alleviation, some of the Company's pastures (Yuzhong Ruifeng and Linxia Li'an) will retain the adoption of the joint farming model in the future. As the joint pastures could not undertake its own dairy farming and based on the Company's future operation plan, the Company required additional breeding land to ensure the smooth implementation of the original fund-raising project, and therefore it intended to carry out the change of the fund-raising project.

Moreover, the Company's subsidiary, Qinghai Shengyuan received the Notice of Closure within the Time Limit issued by Huangyuan County People's Government in April 2019. According to the relevant requirements of the Notice of the General Office of Xining City People's Government on Printing and Distributing the Relocation Plan of the Farms along the Huangshui River in Xining City (Ning Zheng Ban [2016] No. 107), the Ordinance on Pollution Prevention and Control in Huangshui Watershed of Qinghai Province, the Work Plan of Water Pollution Prevention and Control in Qinghai Province, the Notice of the General Office of Xining City People's Government on Printing and Distributing the Delimitation Plan for Forbidden Areas & Restriction Areas for Animal and Poultry Breeding in Xining City (Trial) (Ning Zheng Ban [2017] No. 143) and the Delimitation Plan of Forbidden Areas, Restricted Areas and Breeding Areas for Animal and Poultry Breeding in Huangyuan County (Yuan Zheng Ban [2016] No. 163), the breeding area of Qinghai Shengyuan has been delimited into forbidden areas for animal and poultry and included in the range of closure and relocation. Due to the actual fact that Qinghai Shengyuan and Ningxia Zhuangyuan had been closed and relocated due to being included in the forbidden breeding area for environmental protection requirements, in order to cope with the relocation risks of other farms under the Company due to the new environmental protection requirements and smoothly promote the previous fundraising project, the Company intended to change the project implementation entity to Ruijia Farming, our wholly-owned subsidiary, which is located at a standardized and large-scale industrial park which is beyond the forbidden area as confirmed by Jinchuan District People's Government of Jinchang City and the Bureau of Agriculture and Rural Areas of Jinchuan District of Jinchang City.

(4) *Reasons for Changing the Implementation Location of Part of the Raised Funds of “The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows”*

In April 2018, our subsidiary, Ningxia Zhuangyuan received the “Notice on Closure and Relocation of Farms in Animal and Poultry Forbidden Areas 《(關於畜禽禁養區內養殖場關閉搬遷的通告)》”, and the “Litong District Further Implementation Plan for Closure or Relocation of Farms (Communities) in Animal and Poultry Forbidden Areas 《(利通區進一步做好畜禽禁養區養殖場(小區)關閉或搬遷工作的實施方案)》”, issued by the People’s Government of Litong District, Wuzhong City, the core dairy breeding area in Jinyin Beach, where Ningxia Zhuangyuan is located, had been included in the Animal and Poultry Breeding Forbidden Areas and the scope of closure and relocation to further promote the feedback rectification opinions of the inspector from the Central Environmental Protection Inspection Team, control the pollution of animal and poultry breeding, and protect the ecological environment.

As Ningxia Zhuangyuan, the original implementation entity, was included in the forbidden breeding area and currently was closed, the pasture could not undertake the breeding of the cattle purchased this time. Meanwhile, Wuwei Ruida, Linxia Ruiyuan, and Lanzhou Ruixing currently have their cattle stocks approaching or close to saturation, while Yuzhong Ruifeng and Linxia Li’an are currently jointly farmed, the cows in stock are owned by local dairy farmers, and the cows newly purchased in stock are not convenient for daily management. Therefore, in order to smoothly promote the previous fund-raising project, the Company intended to change the project implementation entity to Ruijia Farming, our wholly-owned subsidiary, which is located at a standardized and large-scale industrial park which is beyond the forbidden area as confirmed by Jinchuan District People’s Government of Jinchang City and the Bureau of Agriculture and Rural Areas of Jinchuan District of Jinchang City, and Ruijia Farming will undertake the breeding of approximately 3,000 cows funded by RMB53.4 million under the “Construction Project of Cultivation of 10,000 Imported Good Dairy Cows”.



**2. Description of Decision-making Procedures and Information Disclosure***(1) Description of Decision-making Procedures and Information Disclosure for Acquisition 82% Equity Interests in Dongfang Dairy*

On 26 July 2018 and 26 September 2018, the Company held the 6th meeting of the 3rd session of Board of Directors and the 2nd Extraordinary General Meeting (EGM) of 2018, which considered and approved the Proposal on Acquisition of Equity of the Subsidiary Xi'an Dongfang Dairy Co., Ltd., and the Proposal on Changing the Use of Proceeds to Acquire Equity of Xi'an Dongfang Dairy Co., Ltd., thus RMB100,591,214.95 of "The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows" and all the funds of RMB49,408,785.05 (including interest) of the "self-service milk machine and supporting facilities construction project", namely the two investment projects of proceeds raised by initial public offering of A Shares, totalling RMB150,000,000, was changed to acquire 82% equity interests in Xi'an Dongfang Dairy Co., Ltd. ("Dongfang Dairy").

The independent Directors of the Company considered the Proposal on Acquisition of Equity of the Subsidiary Xi'an Dongfang Dairy Co., Ltd. and gave an independent opinion that the Company changed the use of partial proceeds to acquire equity, which was an adjustment based on the actual situation of the Company, and it was in line with the actual operation requirement of the Company and conducive to improve the use efficiency of proceeds; the Company has carried out a serious analysis and argumentation on this acquisition, and considered it was in line with the national industrial policies and relevant laws, regulations and rules; this change in the use of proceeds fulfilled the necessary legal procedures, and it complied with relevant provisions of the Stock Listing Rules of Shenzhen Stock Exchange, and the Standardization Operation Guidelines for Listed Companies in SME Board of Shenzhen Stock Exchange. Therefore, we unanimously agreed to the proposal to change partial proceeds to acquire equity interests in Xi'an Dongfang Dairy Co., Ltd., and submitted it to the general meeting of shareholders of the Company for consideration.

On 6 November 2018, Zhuangyuan Pasture disclosed the “Announcement on Completing the Registration of Industry and Commerce Change for Acquisition of 82% Equity of the Subsidiary Xi’an Dongfang Dairy Co., Ltd. (Announcement No.: 2018-079): Dongfang Dairy completed the registration procedures for industrial and commercial changes, and it obtained the Business License issued by Xi’an Administration for Industry and Commerce, then the Company became the sole shareholder and owns 100% equity interests of Dongfang Dairy.

(2) *Description of Decision-making Procedures and Information Disclosure for “Recycling Industrial Park Project of A Dairy Farm for 10,000 Dairy Cows in Jinchuan District”*

On 19 September 2019, the 25th meeting of the 3rd session of the Board of Directors of the Company considered and approved the Proposal on Changes of Partial Investment Projects of Proceeds (《關於變更部分募集資金投資項目的議案》), and agreed the matter relating to changes of the investment projects of proceeds and agreed to submit such matter to the general meeting of shareholders of the Company for approval.

The independent Directors of the Company consider that: after review, the matter relating to changes of the investment projects of proceeds is determined based on the specific implementation of the fund-raising project, market environment, regulatory requirements, actual operating conditions and future development plans of the Company, which is in line with the development direction of the main business and the interests of the Company and all shareholders, and is conducive to improving the efficiency of the use of raised funds, the objective requirements of the operation and future development of the Company without damaging the interests of minority shareholders; the matter relating to changes of the investment projects of proceeds fulfilled the necessary legal procedures, and complied with relevant provisions of the Stock Listing Rules of Shenzhen Stock Exchange, and the Standardization Operation Guidelines for Listed Companies in SME Board of Shenzhen Stock Exchange. Therefore, we unanimously agreed to the proposal on changes of the investment projects of proceeds, and submitted it to the general meeting of shareholders of the Company for consideration.

On 30 December 2019, the Company convened the 2019 Second Extraordinary General Meeting, 2019 Third A Shareholders' Class Meeting and 2019 Third H Shareholders' Class Meeting, at which the Proposal on Changing the Implementation Entity and the Implementation Location of the Partial Investment Projects of Proceeds 《(關於變更部分募集資金投資項目實施主體暨實施地點的議案)》 was considered and adopted with a simple majority of shareholders.

(3) *Description of Decision-making Procedures and Information Disclosure for Changing the Implementation Location of the Proceeds*

On 17 December 2019, the 30th meeting of the 3rd session of the Board of Directors of the Company considered and approved the Proposal on Changing the Implementation Entity and the Implementation Location of the Partial Investment Projects of Proceeds 《(關於變更部分募集資金投資項目實施主體暨實施地點的議案)》, pursuant to which it agreed to change the implementation entity to Ruijia Farming in relation to purchasing cows with the proceeds of RMB53.4 million under the “Construction Project of Cultivation of 10,000 Imported Good Dairy Cows”, and change the implementation location of the proceeds accordingly.

The independent Directors of the Company reviewed the Proposal on Changing the Implementation Entity and the Implementation Location of the Partial Investment Projects of Proceeds (《關於變更部分募集資金投資項目實施主體暨實施地點的議案》) and issued an independent opinion: the changes of the implementation entity and the implementation location of the partial investment projects of proceeds complies with the relevant provisions of the administration measures for raised funds and the actual implementation of the investment projects, is conducive to the Company's strategic development and reasonable layout, can give full play to the Company's existing resource integration advantages, help the projects to bring better returns, and is in line with the Company's long-term development plan, which does not affect the normal operation of the raised investment projects without any disguised change in the investment direction of the raised funds and damage to the interests of shareholders. The matter relating to changes of the Implementation Entity of Part of the Raised Funds fulfilled the necessary legal procedures, and complied with relevant provisions of the Stock Listing Rules of Shenzhen Stock Exchange, the Standardization Operation Guidelines for Listed Companies in SME Board of Shenzhen Stock Exchange, the Articles of Association and the Administrative Measures for the Use of Proceeds. Therefore, we unanimously agreed to the Matter on Changing the Implementation Entity and the Implementation Location of the Partial Investment Projects of Proceeds.

As the implementation entities before and after this change are all wholly-owned subsidiaries of the Company, which are all principally engaged in dairy cow breeding, and this change does not involve changes in the investment direction and use of proceeds. Therefore, the change of the implementation entity and the implementation location of the partial investment projects of proceeds is not required to be submitted to the general meeting of shareholders of the Company for consideration.

The Company has fulfilled the necessary decision-making procedures for the above-mentioned change of use of proceeds, and was consistent with the announcements and disclosures related to the changes of proceeds.

**(II) The Change of Use of Proceeds Raised by the 2020 Non-Public Issuance of A Shares for the Investment Projects**

There was no change in the investment projects and use of funds raised by the 2020 non-public issuance of A Shares.

## Schedule 3:

**Table of the changes of investment projects funded by the proceeds raised by the 2017 public issuance of A Shares**

Unit: RMB

Projects after changes	Corresponding original committed projects	Total proceeds raised intended to invest into projects after changes (1)	The actual amount invested during the period	Actual accumulated amount invested as of the end of the period (2)	Investment progress as of the end of the period (%) (3)=(2)/(1)	Date when the project reaches the scheduled usable status	The benefit realized during the period	Whether the expected benefits are realized	Whether the project feasibility has been changed significantly after changes
The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows	The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows		53,400,000.00	53,400,000.00	100%	December 2021	7,545,865.31	N/A	No
The acquisition of 82% equity interest of Dongfang Dairy	The construction project of self-service milk selling machines and ancillary facility		49,310,400.00	49,310,400.00	100%	31 October 2018	N/A	N/A	No
The acquisition of 82% equity interest of Dongfang Dairy	The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows		100,689,600.00	100,689,600.00	100%	31 October 2018	N/A	N/A	No
Recycling Industrial Park Project of a Dairy Farm for 10,000 Dairy Cows in Jinchuan District	The Construction Project of Cultivation of 10,000 Imported Good Dairy Cows	106,103,700.00	7,944,246.46	65,192,376.71	61.44%	December 2021	7,545,865.31	N/A	No
<b>Total</b>	<b>309,503,700.00</b>	<b>7,944,246.46</b>	<b>268,592,376.71</b>	<b>86.78%</b>			<b>7,545,865.31</b>		
Illustration of the reason for change, decision-making procedures and information disclosure			See IV. (I)						
The circumstances and reasons for not meeting the planned schedule or expected revenue									Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District (金川區萬頭奶牛養殖循環產業園項目) has not fully reached its design capacity by the end of 2021 as its net profit was RMB7,545,900 in 2021.
Illustration significant changes on the feasibility of the project after changes									Nil

**(II) Transfer or Replacement of the Investment Projects Funded by the Proceeds**

The investment projects funded by the proceeds of the Company have not yet been transferred or replaced.

**V. PROBLEMS IDENTIFIED IN THE USE AND DISCLOSURE OF THE PROCEEDS RAISED****(I) Problems Identified in the Use and Disclosure of the Proceeds Raised by the 2017 Public Issuance of A Shares**

In September 2019, the Company signed the Agency Agreement for Imported Cows (Agreement No.: ZYMC-2019-0903) to prepay RMB4.74 million for the cows purchased from the third-party manufacturer Tianjin Aohaihaode Import & Export Co., Ltd. (天津澳海浩德进出口有限公司), and the financial personnel of the Company made the payment from the special fund-raising account due to the negligence. In December 2019, the Company immediately returned the amount of RMB4.74 million to the special account for proceeds once it discovered.

In December 2019, when the Company conducted the acceptance bills business with Shanghai Pudong Development Bank Lanzhou Branch, it transferred RMB60 million from the fund-raising account to the acceptance bill margin account opened in the bank, of which RMB20 million was returned to the special account for raised funds from the margin account in January 2020. The Company has regulated and rectified in a timely manner in accordance with the requirements of the internal audit agency, the audit committee, the audit agency and the continuous supervision agency during the verification and transferred RMB40 million to the special account for proceeds in March 2020.

On 8 April 2020, with the approval at the 37th meeting of the third session of Board and the 23rd meeting of the third session of Board of Supervisors, idle proceeds of RMB50 million were used for supplementing the working capital on a temporary basis for no more than 12 months commencing from the date on which the relevant proposal was considered and approved by the Board of the Company (from 8 April 2020 to 7 April 2021). Due to the negligence of our staff, the Company failed to return the proceeds to the special account of proceeds as scheduled before the expiration of the specified period during which the proceeds are used to temporarily supplement the working capital, as a consequence of which the Company used the proceeds to temporarily supplement the working capital for more than 6 days beyond the agreed period. After knowing that it had been using the proceeds to temporarily supplement the working capital for more than twelve months beyond the agreed period on 13 April 2021, the Company made timely rectification on the same day against suggestions as agreed upon with the continuous supervision organization by repaying the RMB50 million that was temporarily used for supplementing the working capital into the special account of proceeds.

**(II) Problems Identified in the Use and Disclosure of the Proceeds Raised by the 2020 Public Issuance of A Shares**

When the Proceed Account 6 was being cancelled on 7 December 2021, its balance of RMB12,155.43 was transferred into the general account of Zhuangyuan Pasture opened with Bank of Lanzhou Xinglong Branch (Account Number: 7029709110591012), and the Company subsequently identified such transfer, and returned the fund into the Proceed Account 8 on 14 March 2022.

Save as disclosed above, the Company has placed, used and managed the proceeds raised by strictly compliance with relevant requirements of the Guidelines for the Supervision and Control of Listed Companies No. 2 – Regulation Requirements for the Management and Use of Proceeds of Listed Companies (《上市公司監管指引第2號–上市公司募集資金管理和使用的監管要求》) and the Regulations on the Standardization Operation Guidelines for Listed Companies on Shenzhen Stock Exchange (《深圳證券交易所上市公司規範運作指引》) and the Administrative Measures for Special Storage and Use of the Proceeds of the Company, and has disclosed the information timely, truly, accurately and completely.

**VI. OTHER MATTERS****The accounts for the proceeds raised by the 2017 public issuance of A Shares of the Company:**

Account 1 Xinglong Branch of Bank of Lanzhou Co., Ltd. (account number: 101472000568575), which has cancelled on 7 July 2020;

Account 2 Lanzhou East Branch of China Zheshang Bank Co., Ltd. (account number: 8210000110120100058409), which has cancelled on 8 July 2020;

Account 3 Lanzhou Jinchang Road Sub-branch of Bank of China (account number: 104059529335), which has cancelled on 13 July 2020;

Account 4 Lanzhou High-tech Branch of Shanghai Pudong Development Bank (account number: 48170078801800000030), which has cancelled on 10 July 2020.

**(II) The accounts for the proceeds raised by the 2020 public issuance of A Shares of the Company:**

Account 6 Xinglong Branch of Bank of Lanzhou Co., Ltd. (account number: 101472000640515), which has been cancelled on 7 December 2021;

Account 7 Lanzhou Branch of China CITIC Bank (account number: 8113301013900110603), which has been cancelled on 3 December 2021.

The Board of Lanzhou Zhuangyuan Pasture Co., Ltd.\*

30 March 2022



## Lanzhou Zhuangyuan Pasture Co., Ltd.

## Annual Financial Final Account Report for 2021

## I. OVERVIEW OF AUDIT OF FINANCIAL STATEMENTS OF THE COMPANY FOR 2021

The annual financial statements of the Company for 2021 have been audited by Daxin Certified Public Accountants (Special General Partnership), for which a standard unqualified audit report has been issued.

In the opinion of the accountant, the financial statements of the Company are prepared in accordance with the provisions of Accounting Standards for Business Enterprises in all material respects and present fairly the consolidated and parent financial position of Zhuangyuan Pasture Company as at 31 December 2021 and the consolidated and parent operating results and cash flows for the year of 2021.

## II. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Unit: RMB

	2021	2020	Increase/ decrease as compared with the previous year	2019
Operating revenue (RMB)	1,021,431,541.67	739,820,698.20	38.06%	813,554,461.19
Net profit attributable to shareholders of the listed company (RMB)	53,533,055.78	10,453,468.09	412.11%	51,321,171.73
Net profit attributable to shareholders of the listed company after deduction of non-recurring gain or loss (RMB)	50,479,780.10	3,216,161.76	1469.57%	7,845,388.19
Net cash flows from operating activities (RMB)	206,991,243.70	141,646,871.16	46.13%	140,276,744.73
Basic earnings per share (RMB/share)	0.23	0.05	360.00%	0.27
Diluted earnings per share (RMB/share)	0.23	0.05	360.00%	0.27
Weighted average rate of return on net assets	3.31%	0.85%	2.46%	4.24%

	At the end of 2021	At the end of 2020	Increase/ decrease as compared with the end of the previous year	At the end of 2019
Total assets (RMB)	2,810,379,800.62	3,080,558,015.83	-8.77%	2,492,726,974.51
Net assets attributable to shareholders of the listed company (RMB)	1,640,693,050.51	1,591,833,606.73	3.07%	1,225,407,188.36

Note: The above data are the consolidated data

### III. ANALYSIS ON FINANCIAL POSITION OF THE COMPANY FOR 2021

#### I) Asset structure

Unit: RMB

Item	31 December 2021	31 December 2020	Percentage of change
<b>Current assets:</b>			
Monetary funds	403,688,542.41	846,728,942.97	-52.32%
Trading financial assets			
Bills receivable			
Receivables	38,980,803.20	41,585,884.40	-6.26%
Prepayments	2,751,705.56	7,997,596.05	-65.59%
Other receivables	9,129,972.95	20,791,553.57	-56.09%
Including: Interest receivable			
Dividend receivable			
Inventory	176,459,492.20	113,625,024.22	55.30%
Other current assets	2,427,825.62	10,738,310.25	-77.39%
<b>Total current assets</b>	<b>633,438,341.94</b>	<b>1,041,467,311.46</b>	<b>-39.18%</b>
<b>Non-current assets:</b>			
Other equity instruments			
investment	44,471.00	44,471.00	0.00%
Fixed assets	1,466,960,921.76	1,179,537,375.25	24.37%
Construction in progress	1,979,040.00	152,092,981.56	-98.70%
Productive biological assets	534,963,500.00	494,690,800.00	8.14%
Right-of-use assets	47,079,093.54	53,784,254.41	-12.47%
Intangible assets	97,826,814.19	97,156,312.67	0.69%
Goodwill			
Long-term deferred expenses	3,495,145.61	4,245,503.13	-17.67%
Deferred income tax assets	2,399,020.58	2,502,403.35	-4.13%
Other non-current assets	22,193,452.00	55,036,603.00	-59.68%
<b>Total non-current assets</b>	<b>2,176,941,458.68</b>	<b>2,039,090,704.37</b>	<b>6.76%</b>
<b>Total assets</b>	<b>2,810,379,800.62</b>	<b>3,080,558,015.83</b>	<b>-8.77%</b>

At the end of the reporting period, the total assets of the Company decreased by 8.77% compared with the end of the previous year, which is mainly due to the following factors:

- (1) The monetary fund decreased by 52.32% compared with the previous period, which is due to the continuous increase in investment in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District, and repayment of bank loans and the due payment of bills payable;
- (2) Prepayments decreased by 65.59% compared with the previous period, which is caused by the Company's adjustment of inventory reserve plan during the reporting period;
- (3) Other receivables decreased by 56.09% compared with the previous period, which is due to the receipt of performance compensation during the reporting period;
- (4) Inventory increased by 55.30% compared with the previous period, which is due to the corresponding increase in forage and other reserves during the reporting period;
- (5) Construction in progress decreased by 98.70% compared with the previous period, which is mainly due to the fact that the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District became ready for intended use.

## (II) Liability structure

Unit: RMB

Item	31 December 2021	31 December 2020	Percentage of change
<b>Current liabilities:</b>			
Short-term borrowings	214,666,056.62	322,336,936.66	-33.40%
Bills payable	80,000,000.00	431,160,000.00	-81.45%
Accounts payable	253,384,536.76	214,105,178.10	18.35%
Contract liabilities	18,717,096.18	10,669,316.26	75.43%
Employee remuneration payable	5,940,108.25	6,226,334.94	-4.60%
Taxes payable	4,606,023.94	6,419,248.92	-28.25%
Other payables	42,905,811.23	52,990,259.17	-19.03%
Including: Interests payable			
Dividends payable			
Non-current liabilities due			
within 1 year	110,348,905.45	48,421,754.16	127.89%
Other current liabilities	2,429,202.46	1,448,412.01	67.71%
<b>Total current liabilities</b>	<b>732,997,740.89</b>	<b>1,093,777,440.22</b>	<b>-32.98%</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	353,447,610.09	311,281,479.94	13.55%
Lease liabilities	40,941,595.71	40,483,271.07	1.13%
Long-term payable			
Estimated liabilities	506,196.19	490,275.50	3.25%
Deferred income	36,493,248.38	37,059,181.71	-1.53%
Deferred income tax liabilities	5,300,358.85	5,632,760.66	-5.90%
<b>Total non-current liabilities</b>	<b>436,689,009.22</b>	<b>394,946,968.88</b>	<b>10.57%</b>
<b>Total liabilities</b>	<b>1,169,686,750.11</b>	<b>1,488,724,409.10</b>	<b>-21.43%</b>

At the end of the reporting period, total liabilities of the Company decreased by 21.43% compared with that at the end of the previous year, which is mainly due to the following factors:

- (1) Short-term loans decreased by 33.40% compared with the previous period, which is due to the repayment of loans during the reporting period;
- (2) Bills payable decreased by 81.45% compared with the previous period, which is due to the Company's reduced use of bills for payment.

## (III) Owner's equity

Unit: RMB

Item	31 December 2021	31 December 2020	Percentage of change
Shareholders' equity:			
Share capital	232,381,032.00	233,680,600.00	-0.56%
Capital reserves	846,834,119.60	854,579,544.88	-0.91%
Less: Treasury stocks	14,205,582.72	23,250,576.00	-38.90%
Surplus reserves	45,321,343.15	43,387,412.25	4.46%
Retained earnings	530,362,138.48	483,436,625.60	9.71%
<b>Total equity attributable to the shareholders of the Parent Company</b>	<b>1,640,693,050.51</b>	<b>1,591,833,606.73</b>	<b>3.07%</b>
<b>Total shareholders' equity</b>	<b>1,640,693,050.51</b>	<b>1,591,833,606.73</b>	<b>3.07%</b>

At the end of the reporting period, the total shareholders' equity increased by 3.07% compared with the end of the previous year, which is mainly affected by the following factors:

- (1) Treasury stocks decreased by 38.90% compared with the previous period, which is due to the repurchase of restricted shares by the Company during the reporting period.

## IV. ANALYSIS ON OPERATING RESULTS

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period	Percentage of change
I. Operating revenue	1,021,431,541.67	739,820,698.20	38.06%
Less: Operating cost	778,503,600.85	553,389,451.17	40.68%
Taxes and surcharges	9,509,700.04	7,744,816.81	22.79%
Selling expenses	60,732,421.57	52,675,556.26	15.30%
Administrative expenses	101,257,306.12	68,815,010.49	47.14%
Research and development expenses	9,246,921.52	9,103,148.03	1.58%
Financial expenses	12,606,738.56	23,890,970.82	-47.23%
Including: Interest expenses	18,692,909.65	27,549,672.46	-32.15%
Interest income	6,587,038.06	5,470,259.43	20.42%

Item	Amount incurred for the current period	Amount incurred for the previous period	Percentage of change
Add: Other income	7,081,932.73	6,503,220.92	8.90%
Investment income (“-” means loss)	-3,343,998.00	-12,925,168.22	74.13%
Income from derecognition of financial assets at amortised cost	-3,343,998.00	-12,925,168.22	74.13%
Gains from changes in fair value (“-” means loss)	9,901,498.25	74,262,924.90	-86.67%
Impairment losses on credit (“-” means loss)	296,534.29	-1,512,831.18	119.60%
Impairment loss on assets (“-” means loss)	-590,914.73	-75,837,966.82	99.22%
Gains from asset disposal (“-” means loss)	-574,803.44	313,094.36	-283.59%
<b>II. Operating profit (“-” means loss)</b>	<b>62,345,102.11</b>	<b>15,005,018.58</b>	<b>315.50%</b>
Add: Non-operating income	3,623,063.05	9,005,986.62	-59.77%
Less: Non-operating expenses	10,840,647.87	11,650,412.65	-6.95%
<b>III. Total profit (“-” means total loss)</b>	<b>55,127,517.29</b>	<b>12,360,592.55</b>	<b>345.99%</b>
Less: Income tax expenses	1,594,461.51	1,907,124.46	-16.39%
<b>IV. Net profit (“-” means net loss)</b>	<b>53,533,055.78</b>	<b>10,453,468.09</b>	<b>412.11%</b>
(I) Classification by continuity of operation:			
1. Net profit from continuing operations (“-” means net loss)	53,533,055.78	10,453,468.09	412.11%
(II) Classification by the ownership:			
1. Net profits attributable to shareholder of the parent company (“-” means net loss)	53,533,055.78	10,453,468.09	412.11%
<b>V. Other net comprehensive income after tax</b>			

Item	Amount incurred for the current period	Amount incurred for the previous period	Percentage of change
<b>VI. Total comprehensive income</b>	<b>53,533,055.78</b>	<b>10,453,468.09</b>	<b>412.11%</b>
(I) Total comprehensive income attributable to the owners of the Parent Company	53,533,055.78	10,453,468.09	412.11%
<b>VII. Earnings per share</b>			
(I) Basic earnings per share	0.23	0.05	360.00%
(II) Diluted earnings per share	0.23	0.05	360.00%

During the reporting period, the total comprehensive income attributable to shareholders of the parent company increased by 412.11%, which is mainly due to the following factors:

- (1) The operating revenue increased by 38.06% compared with the previous period, which is due to the steady growth of revenue with the alleviation of COVID-19 epidemic during the reporting period;
- (2) The operating cost increased by 40.68% compared with the previous period, which is due to the corresponding increase in cost as a result of increase in revenue;
- (3) The administrative expenses increased by 47.14% compared with the previous period, which is due to the increase in labor costs, depreciation expense and amortization expenses of the Company during the reporting period;
- (4) Financial cost decreased by 47.23% compared with the previous period, which is due to the decrease in bank loans during the reporting period;
- (5) Investment income increased by 74.13% compared with the previous period, which is due to the decrease in bill discount during the reporting period;
- (6) Gains from changes in fair value decreased by 86.67% compared with the previous period, which is due to the decrease in the fair value of the Company's biological assets during the reporting period;
- (7) Impairment loss on assets decreased by 99.22% compared with the previous period, which is due to provision for asset impairment made by the Company in the previous period;
- (8) Non-operating income decreased by 59.77% compared with the previous period, which is due to recognition of performance compensation by the Company in the previous period.

## V. CASH FLOW ANALYSIS

Unit: RMB

Item	Amount incurred for the current period	Amount incurred for the previous period	Percentage of change
I. Cash flow from operating activities:			
Cash received from sale of			
goods and rendering of services	1,145,380,311.45	816,686,267.77	40.25%
Tax refund received	914,079.53	-100.00%	
Cash received in connection with			
other operating activities	33,714,273.39	43,869,334.03	-23.15%
Sub-total of cash inflow from			
operating activities	1,179,094,584.84	861,469,681.33	36.87%
Cash paid for purchase of			
goods and receipt of labor services	758,254,800.99	527,721,139.36	43.68%
Cash paid to and for employees	95,225,281.87	67,527,729.17	41.02%
Payment of various taxes	35,015,786.86	30,574,103.92	14.53%
Cash paid for other operating activities	83,607,471.42	93,999,837.72	-11.06%
Cash paid for other operating activities	972,103,341.14	719,822,810.17	35.05%
<b>Net cash flows from</b>			
<b>operating activities</b>	<b>206,991,243.70</b>	<b>141,646,871.16</b>	<b>46.13%</b>
II. Cash flows from investing activities:			
Net cash received from disposal of			
fixed assets, intangible assets and			
other long-term assets	27,908,822.94	21,619,436.00	29.09%
Cash received from			
other investing activities	14,106,479.42	41,233,249.23	-65.79%
Sub-total of cash inflows from			
investing activities	42,015,302.36	62,852,685.23	-33.15%
Cash paid for acquisition of fixed assets,			
intangible assets and			
other long-term assets	374,861,265.69	409,795,754.90	-8.52%
Cash paid for investments			
Cash paid for other investing activities			
Sub-total of cash outflows from			
investing activities	374,861,265.69	409,795,754.90	-8.52%
<b>Net cash flows from investing activities</b>	<b>-332,845,963.33</b>	<b>-346,943,069.67</b>	<b>4.06%</b>



Item	Amount incurred for the current period	Amount incurred for the previous period	Percentage of change
III. Cash flows from financing activities:			
Cash received from accepting investments	368,878,786.79	–100%	
Including: Cash received by subsidiaries as minority shareholders' investments			
Cash from borrowings	468,000,000.00	551,000,000.00	–15.06%
Cash received in connection with other financing activities	291,820,001.00	540,792,000.00	–46.04%
Sub-total of cash inflows from financing activities	759,820,001.00	1,460,670,786.79	–47.98%
Cash paid for repayments of borrowings	470,640,091.66	469,496,745.42	0.24%
Cash payments for distribution of dividends and profits or interest expenses	26,430,054.52	38,037,105.46	–30.52%
Including: Dividend and profit paid to minority shareholders by subsidiaries			
Other cash payments relating to financing activities	405,543,502.28	364,534,276.63	11.25%
Sub-total of cash outflows from financing activities	902,613,648.46	872,068,127.51	3.50%
<b>Net cash flows from financing activities</b>	<b>–142,793,647.46</b>	<b>588,602,659.28</b>	<b>–124.26%</b>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	–9,699.14	23,858.01	–140.65%
V. Net increase in cash and cash equivalents	–268,658,066.23	383,330,318.78	–170.09%
Add: Cash and cash equivalents at the beginning of the period	631,564,941.97	248,234,623.19	154.42%
VI. Cash and cash equivalents at the end of the period	362,906,875.74	631,564,941.97	–42.54%

The net increase in cash and cash equivalents in the reporting period decreased by 170.09% compared with the same period of last year, which is mainly due to the following factors:

- (1) The net cash flow from operating activities increased by 46.13% compared with the previous period, which is mainly due to the increase in cash inflow from operating activities as a result of the alleviation of epidemic situation and the increase in sales during the current period;
- (2) The net cash flow from investing activities increased by 4.06% compared with the previous period, which is mainly due to the land purchase price paid by the Company in the previous period;
- (3) The net cash flow from financing activities decreased by 124.26% compared with the previous period, which is mainly due to the reduction of bank loans during the reporting period and the completion of the non-public offering of 43 million A shares by the Company in the previous period, resulting in proceeds of RMB368, 878,786.79;
- (4) Cash and cash equivalents decreased by 170.09% compared with the previous period, which is mainly due to increase in proceeds of RMB368,878,786.79 from non-public offering of A shares completed by the Company at the end of the previous period, resulting in a high base of cash and cash equivalents at the end of the previous period. During the reporting period, the proceeds were used for the construction of intended projects, and bank loans were reduced, resulting in a decrease in cash and cash equivalents at the end of the reporting period.

Lanzhou Zhuangyuan Pasture Co., Ltd.

30 March 2022

**Lanzhou Zhuangyuan Pasture Co., Ltd.****Announcement on applying for a comprehensive credit amount from banks in 2022**

<p>The Company and all members of the Board guarantee that the contents of the announcement are true, accurate and complete, and there are no false records, misleading statements or major omissions. °</p>
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On 30 March 2022, the 11th meeting of the 4th session of Board of Lanzhou Zhuangyuan Pasture Co., Ltd. (hereinafter referred to as the “Company”) reviewed and approved the “Proposal on Applying for a Comprehensive Credit Amount from Banks in 2022”, and the relevant contents were as follows:

In order to meet the needs of the Company’s production and operation activities, after comprehensive consideration of the Company’s funding arrangements, the Company intends to apply to banks for a comprehensive credit amount of no more than RMB2,500,000,000. The credit categories mainly include: working capital loan, fixed assets investment loans, domestic letters of credit, bank acceptance bills, discounted commercial acceptance bills, non-financial guarantee, buyer’s factor guarantee, etc., and the above credit lines are subject to the actual credit amount approved by relevant banks, and the specific financing amount will be determined according to the actual operating needs of the Company. The credit line can be renewed during the credit period.

The authorized legal representative or its designated authorized agent shall, on behalf of the Company, sign the various legal documents (including but not limited to applications, contracts, agreements, etc. in relation to credit, loan, financing, etc.) within the above comprehensive credit line.

The above-mentioned authorization is valid from the date of approval at 2021 Annual General Meeting of the Company to the date of the new resolution passed at 2022 Annual General Meeting.

The comprehensive credit line shall be submitted to the Company’s general meeting for approval.

Announcement is hereby made.

The Board of Lanzhou Zhuangyuan Pasture Co., Ltd.

30 March 2022

ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME

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Stock Code: 002910 Stock Abbreviation: Zhuangyuan Pasture Announcement No.: 2022-035

Lanzhou Zhuangyuan Pasture Co., Ltd.

ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES IN THE  
SECOND RELEASE OF LOCKUP PERIOD UNDER THE 2019  
RESTRICTED SHARES INCENTIVE SCHEME

**The Company and all members of the Board warrant that the contents of the announcement are true, accurate and complete, and there are no false records, misleading statements or material omissions.**

At the 14th meeting of the fourth session of the Board of Directors and the 10th meeting of the fourth session of the Board of Supervisors held on 2 June 2022, Lanzhou Zhuangyuan Pasture Co., Ltd. (the “**Company**”) considered and approved the Proposal on Repurchase and Cancellation of All Restricted Shares in the Second Release of Lockup Period Under the 2019 Restricted Shares Incentive Scheme, pursuant to which the Company agreed to repurchase and cancel 869,508 restricted shares held in aggregate by 76 incentive participants that became involved due to failure to satisfy the unlocking conditions for the second release of lockup period under the 2019 Restricted Shares Incentive Scheme (the “**Incentive Scheme**”) in terms of the performance assessment at level of the Company; and to repurchase and cancel all 12,180 restricted shares that have been granted to one retired incentive participant but remain locked-up.

881,688 restricted shares granted but remaining locked-up will be subject to repurchase and cancellation contemplated hereunder, which accounts for 0.38% of the current share capital of 232,381,032 shares of the Company, and 0.45% of A share capital of 197,251,032 shares of the Company. In accordance with Measures for Administration of Equity Incentive of Listed Companies (the “**Administrative Measures**”), the above matter is subject to consideration at the general meeting of the Company. The following announcement is hereby made in relation to the relevant issues:

**I. SUMMARY OF IMPLEMENTATION OF THE COMPANY'S EQUITY INCENTIVE SCHEME**

1. On 28 September 2018, the Company convened the 10th meeting of the third session of the Board of Directors to consider and approve the Proposal on 2018 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. and its Summary, the Proposal on Measures for Implementation of Evaluation and Management of 2018 Restricted Shares Incentive Scheme of Lanzhou Zhuangyuan Pasture Co., Ltd. and the Proposal on Requesting the General Meeting of Shareholders to Authorise the Board to Handle Equity Incentives Related Matters; the Company convened the 6th meeting of the third session of the Board of Supervisors to verify the list of Incentive Participants for the Company's 2018 Restricted Shares Incentive Scheme, and to consider and approve the Proposal on 2018 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. and its Summary, the Proposal on Measures for Implementation of Evaluation and Management of 2018 Restricted Shares Incentive Scheme of Lanzhou Zhuangyuan Pasture Co., Ltd. and the Proposal on Verifying the List of Incentive Participants of the Company's 2018 Restricted Shares Incentive Scheme. The independent directors of the Company expressed independent opinions of approval on such Incentive Scheme.

The meeting considered and approved the number of Restricted Shares that may be granted under the 2018 Restricted Shares Incentive Scheme shall be 4,734,100 Shares, of which 3,834,100 Shares will be granted under the First Grant, and 900,000 Shares will be reserved. The total number of Incentive Participants under the First Grant is 115, and the grant price is RMB8.60 per share.

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

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2. On 11 March 2019, the Company convened the 16th meeting of the third session of the Board of Directors to consider and approve the Proposal on Agreeing to Change the 2018 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd., the Proposal on the 2019 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. and its Summary, the Proposal on Measures for Implementation of Evaluation and Management of 2019 Restricted Shares Incentive Scheme of Lanzhou Zhuangyuan Pasture Co., Ltd. and the Proposal on Requesting the General Meeting of Shareholders to Authorise the Board to Handle Equity Incentives Related Matters; the Company convened the 11th meeting of the third session of the Board of Supervisors to consider and approve the Proposal on Agreeing to Change the 2018 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd., and meanwhile to verify the list of Incentive Participants for the Company's 2019 Restricted Shares Incentive Scheme, and to consider and approve the Proposal on the 2019 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. and its Summary, the Proposal on Measures for Implementation of Evaluation and Management of 2019 Restricted Shares Incentive Scheme of Lanzhou Zhuangyuan Pasture Co., Ltd. and the Proposal on Verifying the List of Incentive Participants of the Company's 2019 Restricted Shares Incentive Scheme. The independent directors of the Company expressed independent opinions of approval on such incentive scheme.

The meeting considered and approved the number of Restricted Shares that may be granted under the adjusted 2019 Restricted Shares Incentive Scheme shall be 4,792,800 Shares, of which 4,192,800 Shares will be granted under the First Grant, and 600,000 Shares will be reserved. The total number of Incentive Participants under the First Grant is 100, and the grant price is RMB6.96 per share.

3. On 6 May 2019, the Company publicised the name and position of the intended Incentive Participants through its internal system. The publicity period was from 6 May 2019 to 16 May 2019, which was more than 10 days. Upon expiration of the publicity period, the Board of Supervisors of the Company did not receive any objection to the proposed Incentive Participants. On 17 May 2019, the Company disclosed the Explanation of the Publicity Status of Incentive Participants List for the Company's 2019 Restricted Shares Incentive Scheme and the Verification Opinions of the Board of Supervisors of Lanzhou Zhuangyuan Pasture Co., Ltd.

4. On 23 May 2019, the Company convened the 1st extraordinary general meeting in 2019 to consider and approve the Proposal on the 2019 Restricted Shares Incentive Scheme (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. and its Summary, the Proposal on Measures for Implementation of Evaluation and Management of 2019 Restricted Shares Incentive Scheme of Lanzhou Zhuangyuan Pasture Co., Ltd., the Proposal on Requesting the General Meeting of Shareholders to Authorise the Board to Handle Equity Incentives Related Matters, and the Proposal on Agreeing to the First Grant of Restricted A Shares to Executive Directors and Other Related Persons.

The general meeting considered and approved the number of the Restricted Shares that may be granted under the 2019 Restricted Shares Incentive Scheme shall be 4,792,800 shares, of which 4,192,800 shares will be granted under the First Grant, and 600,000 shares will be reserved. The total number of Incentive Participants under the First Grant is 100, and the grant price is RMB6.96 per share.

5. On 21 June 2019, the Company convened the 21st meeting of the third session of the Board of Directors and the 13th meeting of the third session of the Board of Supervisors, at which the Proposal on Matters Related to the Adjustment of 2019 Restricted Shares Incentive Scheme and the Proposal on the First Grant of Restricted Shares to Incentive Participants were considered and approved. The independent directors of the Company expressed independent opinions of approval thereon, and believed that the subject qualifications of Incentive Participants were legal and valid, the grant date as determined complied with relevant regulations, the grant conditions were satisfied, which would not damage the interests of the listed company and its shareholders as a whole. The Board of Supervisors of the Company would verify the adjusted list of Incentive Participants and deliver verification opinions.

The number of the Restricted Shares granted under the adjusted 2019 Restricted Shares Incentive Scheme as considered and approved by such meeting shall be 3,940,600 shares, of which 3,340,600 shares will be granted under the First Grant, and 600,000 shares will be reserved. The total number of Incentive Participants under the First Grant is 84, and the grant price is RMB6.96 per share.

6. On 9 July 2019, the Board of the Company implemented and completed the registration of Restricted Shares grants. The grant date was 21 June 2019, and the listing date of Restricted Shares was 12 July 2019. The number of grantees under the 2019 Restricted Shares Incentive Scheme of the Company is 84, and the number of shares granted was 3,340,600 shares, and the grant price was RMB6.96 per share.

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

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7. On 15 January 2021, the Company convened the 46th meeting of the third session of the Board of Directors and the 31st meeting of the third session of the Board of Supervisors to consider and approve the Proposal on the Repurchase and Cancellation of All Restricted Shares in the First Release of Lockup Period under the 2019 Restricted Shares Incentive Scheme, and the independent directors expressed independent opinions of approval thereon.
8. On 18 March 2021, the Company convened the first extraordinary general meeting in 2021, at which the Proposal on the Repurchase and Cancellation of All Restricted Shares in the First Release of Lockup Period under the 2019 Restricted Shares Incentive Scheme was considered and approved, allowing the Company to repurchase and cancel a total of 874,728 Restricted Shares held by 77 Incentive Participants involved in the First Release of Lockup Period due to the Company's performance assessment failed to meet the requirements under the Restricted Shares Incentive Scheme, and allowing the Company to repurchase and cancel 424,840 Restricted Shares granted but restrictions not yet released from the 7 Incentive Participants who have resigned.
9. The Company published Announcement of Lanzhou Zhuangyuan Pasture Co., Ltd. on the Repurchase and Cancellation of All Restricted Shares in the First Release of Lockup Period under the 2019 Restricted Shares Incentive Scheme to Reduce Registered Capital and Notice to Creditors on the qualified information disclosure media, namely Securities Daily, Securities Times, Shanghai Securities News, China Securities Daily and www.cninfo.com.cn on 19 March 2021.
10. On 16 June 2021, the Company completed the procedures for repurchase and cancellation of all restricted shares for the first release of lockup period under the 2019 restricted share incentive scheme with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.
11. On 2 June 2022, the Company held the 14th meeting of the fourth session of the Board of Directors and the 10th meeting of the fourth session of the Board of Supervisors, respectively, at which Proposal on Repurchase and Cancellation of All Restricted Shares in the Second Release of Lockup Period Under the 2019 Restricted Shares Incentive Scheme was considered and approved. Independent directors expressed independent consent opinion regarding the proposal. The proposal is subject to consideration and approval at the general meeting of the Company.



**II. EXPLANATION ON MATTERS RELATED TO THE REPURCHASE AND  
CANCELLATION OF THE COMPANY'S RESTRICTED SHARES****(1) Explanation on the reasons for repurchase and cancellation and number of shares  
repurchased and cancelled*****1. Resignation of the Incentive Participants***

One Incentive Participant under the incentive scheme have resigned for personal reasons, and according to the provisions on the treatment of changes in the Company's Incentive Participants under the 2019 Restricted Shares Incentive Scheme (Draft): For the Incentive Participants who cease to hold office in the Company due to retirement or resignation, their Restricted Shares shall be repurchased and cancelled by the Company. Such Incentive Participants shall pay the individual income tax for the part of the Restricted Shares that have been released from the lockup period before resignation. A total of 12,180 Restricted Shares granted but restrictions not yet released shall be repurchased and cancelled by the Company, accounting for 0.36% of the total Restricted Shares granted under the Incentive Scheme, 0.005% of the Company's current total share capital of 232,381,032 shares, and 0.006% of the Company's total A Shares capital of 197,251,032 shares.

***2. Failure to meet the performance assessment targets***

According to the requirements of release conditions under the 2019 Restricted Shares Incentive Scheme (Draft), the performance assessment requirement at company-level in the second release period of Incentive Scheme is: the growth rate of operating income in 2020 shall not be less than 20%, based on the reasonably adjusted operating income in 2018.

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

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Since the Company completed the acquisition of 82% equity interests in Dongfang Dairy in early November 2018 and became the sole shareholder of Dongfang Dairy, Dongfang Dairy has been incorporated into the scope of consolidation. In future, the annual financial statements of the Company need to incorporate the data of Dongfang Dairy. In order to ensure the accuracy, rationality and scientificity of the future performance evaluation indicators under the Incentive Scheme, it is assumed that the Company would have completed the acquisition of 82% equity interests in Dongfang Dairy in early 2018, that is, the accounts of Dongfang Dairy would have been incorporated in January 2018, and the Company's 2018 annual operating income has been reasonably adjusted, and adopted the reasonably adjusted 2018 annual operating income as the benchmark for the share incentive performance evaluation. According to the Pro Forma Review Report issued by Ruihua Certified Public Accountants (Special General Partnership), the reasonably adjusted operating income of the Company in 2018 was RMB836.4894 million.

The audited operating income of the Company in 2020 was RMB73,982.07 million, which failed to meet the performance assessment requirement in the first release of lockup period under the incentive scheme.

As provided by the 2019 Restricted Shares Incentive Scheme (Draft) that "In the event the Company fails to meet the performance assessment targets above, all Restricted Shares which can be released by the Incentive Participants in the respective assessment year shall not be released and shall be repurchased and cancelled by the Company at the grant price plus the interest rate of bank deposits of the same term", the Company repurchased and cancelled 869,508 Restricted Shares held by 76 Incentive Participants involved in the Second Release of Lockup period due to the failure of satisfying the release conditions under the Incentive Scheme, accounting for 26.03% of the total Restricted Shares granted under the Incentive Scheme, 0.37% of the Company's current total share capital of 232,381,032 shares, and 0.44% of the Company's total A Shares capital of 197,251,032 shares.

**(2) Number of shares to be repurchased and cancelled**

The Company repurchased and cancelled Restricted Shares held by 76 Incentive Participants involved in the Second Release of Lockup period due to the failure of satisfying the release conditions under the Incentive Scheme and all Restricted Shares (i.e. 881,688 shares) granted but restrictions not yet released of such 1 resigned Incentive Participants, accounting for 0.38% of the Company's current total share capital of 232,381,032 shares, and 0.45% of the Company's total A Shares capital of 197,251,032 shares.

**(3) Repurchase price**

In August 2019, the Company implemented the profit distribution plan for 2018: Distribution of a cash dividend of RMB0.68 (inclusive of tax) per 10 shares held, being a total of RMB12,739,120.00 in cash, out of the available-for-distribution profits realized for 2018 to all shareholders based on a total of share capital of 187,340,000 shares (including 152,210,000 A shares and 35,130,000 H shares) as of 31 December 2018. No bonus shares were awarded in this distribution of profits, nor was the capital reserve converted into shares. During the period from the disclosure of the 2018 interest distribution plan to its implementation, the total share capital of the Company increased to 190,680,600 shares (including 155,550,600 A shares and 35,130,000 H shares) due to the completion of the registration of the grant of restricted shares. Under the principle that the total profit to be distributed of RMB12,739,120.00 remains unchanged, the amount of dividend per share was adjusted accordingly. After the adjustment, a cash dividend of RMB0.668087 (inclusive of tax) per 10 shares held was distributed to all shareholders.

In August 2020, the Company implemented the profit distribution plan for 2019: Distribution of a cash dividend of RMB0.55 (inclusive of tax) per 10 shares held, being a total of RMB10,487,433.00 in cash, out of the available-for-distribution profits realized for 2018 to all shareholders based on a total of share capital of 190,680,600 shares (including 155,550,600 A shares and 35,130,000 H shares) as of 31 December 2019. No bonus shares were awarded in this distribution of profits, nor was the capital reserve converted into shares.

In August 2021, the Company implemented Profit Distribution Plan for 2020: Based on the total share capital of 233,680,600.00 shares at the end of 2020, the cash dividends of RMB0.2 (tax inclusive) per 10 shares shall be distributed (tax inclusive, and actual amount of payment of dividends may be different due to rounding), resulting in an aggregate cash dividend payment of RMB4,673,612.00. If total share capital of the Company changes prior to the record date for the implementation of equity distribution, the total distribution amount will remain unchanged, and the distribution ratio per share will be adjusted accordingly. During the period from the disclosure of the 2020 annual equity distribution plan to its implementation, the total share capital of the Company decreased by 1,299,568 shares due to the cancellation of restricted share repurchase, and the total share capital decreased to 232,381,032 shares (including 197,251,032 A shares and 35,130,000 H shares). According to the principle in which if total share capital of the Company changes prior to the record date for the implementation of equity distribution, the total distribution amount will remain unchanged, the Company hereby adjusts the equity distribution plan as follows: based on the Company's existing total share capital of 232,381,032 shares, a cash dividend of RMB0.201118 (tax inclusive) will be paid for every 10 shares.

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

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In accordance with the requirements of the incentive scheme on release of the lockup conditions:

1. The provisions on the treatment of changes in the Company/Incentive Participants: “For the Incentive Participants who cease to hold office in the Company due to retirement or resignation, their Restricted Shares granted but restrictions not yet released shall not be released from the lockup period, and shall be repurchased and cancelled by the Company. Such Incentive Participants shall pay the individual income tax for the part of the Restricted Shares that has been released the lockup period before resignation.”
2. “If the Company fails to meet the above performance assessment targets, all Restricted Shares of such Incentive Participants that can be released in the corresponding assessment year shall not be released from lockup period, and shall be repurchased and cancelled by the Company at the grant price plus the interest on bank deposits for the same period.”

According to the provisions on the repurchase and cancellation principles of Restricted Shares under the Incentive Scheme that “Upon completion of registration of the Restricted Shares granted to the Incentive Participants, in case of capitalisation issue, bonus issue, sub-division of share capital, rights issue, share consolidation or distribution of dividends, the Restricted Shares which have been granted to the Incentive Participants but restrictions not yet released and the shares of the Company obtained by the Incentive Participants based on such Restricted Shares shall be repurchased by the Company according to the quantity adjusted. If the repurchase price and quantity are required to be adjusted according to the Incentive Scheme, the following methods shall be applied to make corresponding adjustments.”, and as authorised by the first extraordinary general meeting in 2019, the specific adjustment method of repurchase price of Restricted Shares under the Incentive Scheme is as follows:

Distribution of dividends  $P = P_0 - V$

Where:  $P_0$  represents the repurchase price per restricted share prior to adjustment;  $V$  represents the amount of dividends per share;  $P$  represents the repurchase price per restricted share after adjustment. After the adjustment through distribution of dividends,  $P$  shall still be greater than 1.

In summary, the adjusted repurchase price of Restricted Shares  $P = \text{RMB}6.82$  per share

**(4) Total amount and sources of funds for such repurchase**

The total amount to be used for such repurchase of the Restricted Shares is RMB6,537,109.74, including interest of RMB506,265.25 and cash dividend of RMB17,732.33 not paid to the Incentive Participants for 2020 (only corresponding to the 881,688 shares, which represents number of shares to be repurchased), all of which are self-owned funds.

**APPENDIX VIII**

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

**III. CHANGES IN THE SHARE CAPITAL STRUCTURE AFTER THE REPURCHASE AND CANCELLATION OF RESTRICTED SHARES**

After the completion of such repurchase and cancellation, the Company's total share capital was changed from 232,381,032 shares (including 197,251,032 A Shares and 35,130,000 H Shares) to 231,499,344 shares (including 196,369,344 A shares and 35,130,000 H shares). The changes in the share capital structure of the Company are as follows:

Category of shareholders	Before such change		Current change (share)	After such change	
	Number of shares (share)	As a percentage of the Company's total share capital		Number of shares (share)	As a percentage of the Company's total share capital
<b>1. Outstanding shares/ non-tradable shares subject to selling restrictions</b>	26,189,082	11.27%	-881,688	25,307,394	10.93%
Locked shares held by the senior management	24,148,050	10.39%		24,148,050	10.39%
Restricted shares under the share incentive scheme	2,041,032	0.88%	-881,688	1,159,344	0.50%
<b>2. Outstanding shares not subject to selling restrictions</b>	206,191,950	88.73%		206,191,950	89.07%
<b>3. Total share capital</b>	232,381,032	100.00%	-881,688	231,499,344	100%

The completion of such repurchase and cancellation would not result in any change in controlling shareholder and actual control person of the Company and the shareholding distribution of the Company is still eligible for listing.

**ANNOUNCEMENT ON THE REPURCHASE AND  
CANCELLATION OF ALL RESTRICTED SHARES  
IN THE SECOND RELEASE OF LOCKUP PERIOD UNDER  
THE 2019 RESTRICTED SHARES INCENTIVE SCHEME**

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**IV. IMPACT OF REPURCHASE AND CANCELLATION OF THE RESTRICTED SHARES  
INVOLVED IN THE SECOND RELEASE OF LOCKUP PERIOD DUE TO THE  
FAILURE OF SATISFYING THE RELEASE CONDITIONS UNDER THE INCENTIVE  
SCHEME ON THE COMPANY**

According to the relevant requirements of Accounting Standards for Business Enterprises, the Company will no longer recognise the share-based payment expenses incurred in connection with the cancelled incentive shares during the current period, and the share-based payment expenses recognised in the previous period will be reversed. The repurchase and cancellation of the incentive scheme will not cause material effects on financial position and shareholders' rights and interests of the Company. The impact of the final share-based payment on the company's net profit will be subject to the audit report issued by an accounting firm.

Such repurchase and cancellation comply with relevant laws, regulations, and regulatory documents, which is not detrimental to the interests of the Company and its shareholders. The management team, core business and technical personnel of the Company will continue to perform their duties diligently to create value for shareholders and make contribution to the business development of the Company.

According to the Administrative Measures, the repurchase and cancellation is required to be submitted to the Company's general meeting for consideration.

**V. OPINIONS OF INDEPENDENT DIRECTORS**

Independent directors are of the view that the Company proposes to repurchase and cancel 869,508 restricted shares held in aggregate by 76 incentive participants that became involved due to failure to satisfy the unlocking conditions for the second release of lockup period under the 2019 Restricted Shares Incentive Scheme in terms of the performance assessment at level of the Company; and to repurchase and cancel all 12,180 restricted shares that have been granted to one retired incentive participant but remain locked-up. The repurchase and cancellation are in compliance with the Measures for the Administration of Equity Incentives of Listed Companies and other relevant laws and regulations, and 2019 Restricted Shares Incentive Scheme of the Company (Draft), and will not affect operation of the Company on going concern basis and the diligence and diligence of the management team, not exert material effects on daily operations and financial position of the Company, and not harm the interests of the Company and all shareholders in any way.

Independent directors agree upon the Company's repurchase and cancellation of all restricted shares in the second release of lockup period under the 2019 restricted share incentive scheme, and agree to submit such proposal to the general meeting of the Company for consideration.

**VI. OPINIONS OF BOARD OF SUPERVISORS**

The Board of Supervisors is of the view that the Company proposes to repurchase and cancel 869,508 restricted shares held in aggregate by 76 incentive participants that became involved due to failure to satisfy the unlocking conditions for the second release of lockup period under the 2019 Restricted Shares Incentive Scheme in terms of the performance assessment at level of the Company; and to repurchase and cancel all 12,180 restricted shares that have been granted to one retired incentive participant but remain locked-up. The repurchase and cancellation are in compliance with the Measures for the Administration of the Equity Incentives of Listed Companies and other relevant laws and regulations, and 2019 Restricted Shares Incentive Scheme of the Company (Draft), and will not affect operation of the Company on going concern basis and the diligence and diligence of the management team, not exert material effects on daily operations and financial position of the Company, and not harm the interests of the Company and all shareholders in any way.

The Board of Supervisors agrees upon the Company's repurchase and cancellation of all restricted shares in the second release of lockup period under the 2019 restricted share incentive scheme, and agrees to submit such proposal to the general meeting of the Company for consideration.

**VII. LEGAL OPINIONS AND CONCLUDING OBSERVATIONS**

The lawyer of the law firm is of the view that:

As of the date of issuance of this legal opinion, necessary procedures for this repurchase and cancellation have been completed, and the repurchase and cancellation are in compliance with the Measures for the Administration of the Equity Incentives of Listed Companies (the "Administrative Measures") and other relevant laws, regulations and normative documents, as well as the relevant provisions of the 2019 Restricted Stock Incentive Plan (Draft) of Lanzhou Zhuangyuan Pasture Co., Ltd. (the "Incentive Plan (Draft)"); this repurchase and cancellation are subject to consideration and approval at the general meeting of the Company, and subject to fulfillment of the corresponding information disclosure obligations and completion of the procedures of share cancellation and capital reduction in accordance with the Company Law and relevant regulations; and that the reasons for, number of shares under, price of and source of funds of this repurchase and cancellation are in line with the Administrative Measures and other relevant laws, regulations and normative documents, as well as the relevant provisions of the Incentive Plan (Draft).

**VIII. DOCUMENTS AVAILABLE FOR INSPECTION**

1. Resolution of the 14th Meeting of the Fourth Session of Board of Directors
2. Resolution of the 10th Meeting of the Fourth Session of Board Of Supervisors
3. Independent opinions of Independent Directors on Matters Related to the 14th Meeting of the Fourth Session of Board of Directors
4. Legal Opinions on Lanzhou Zhuangyuan Pasture Co., Ltd.\* Repurchase and Cancellation of All Restricted Shares in the Second Release of Locked Period under the 2019 Restricted Shares Incentive Scheme

Announcement is hereby given.

The Board of Directors of Lanzhou Zhuangyuan Pasture Co., Ltd.

2 June 2022



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## NOTICE OF AGM

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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)**

#### NOTICE OF 2021 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2021 annual general meeting (“AGM”) of Lanzhou Zhuangyuan Pasture Co., Ltd.\* 蘭州莊園牧場股份有限公司 (the “Company”) will be held at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the People's Republic of China (“PRC”), at 2:00 p.m. on Wednesday, 29 June 2022 for the following purposes:

#### AS ORDINARY RESOLUTIONS

To consider and approve the following matters for passing as ordinary resolutions:

1. To consider the resolution in relation to the Report of the Board of Directors for 2021
2. To consider the resolution in relation to the Report of the Supervisory Committee for 2021
3. To consider the resolution in relation to the Annual Report and Its Highlights of the Company for 2021
4. To consider the resolution in relation to the Report of Internal Control Evaluation for the Implementation of the Internal Control Rules for 2021
5. To consider the resolution in relation to the Preliminary Profit Distribution Plan for 2021
6. To consider the resolution in relation to the Special Report on the Actual Deposit and Use of 2021 Proceeds Raised of the Company

\* For identification purpose only

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## NOTICE OF AGM

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7. To consider the resolution in relation to the Special Report of the Occupation of Non-Operating Capital and the Transaction of Other Related Funds for 2021
8. To consider the resolution in relation to the Application to Banks of the Limits of Composite Credit Facilities for 2022
9. To consider the resolution in relation to the Final Financial Report for 2021 of the Company
10. To consider the resolution in relation to the Remuneration of Directors, Supervisors and Senior Management for 2022
11. To consider the resolution in relation to the Reappointment of the Auditor of the Company for 2022
12. To consider the resolution in relation to the Repurchase and Cancellation of All Restricted Shares in the Second Release of Locked Period under the 2019 Restricted Shares Incentive Scheme

### AS SPECIAL RESOLUTIONS

To consider and pass the following resolutions as special resolutions:

13. To consider the resolution for approval of the Share Buy-back Offer and the Voluntary Withdrawal of Listing
14. To consider the resolution for authorising the Board to procure the completion of the Share Buy-back Offer and the Voluntary Withdrawal of Listing

By order of the Board  
**Lanzhou Zhuangyuan Pasture Co., Ltd.\***  
蘭州莊園牧場股份有限公司  
**Yao Gexian**  
*Chairman of the Board*

Lanzhou, the PRC, 8 June 2022

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## NOTICE OF AGM

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*Notes:*

1. Important: A circular setting out further details of the resolutions and the form of proxy will be despatched and published by the Company in due course. The Company has published the Company's annual report for 2021 in due course. Shareholders of the Company ("Shareholders") who wish to appoint a proxy to attend and vote at the AGM shall first read the Company's annual report for 2021 published on the websites of The Stock Exchange of Hong Kong Limited and the Company, or despatched to relevant Shareholders. The annual report for 2021 comprises of the Directors' Report for 2021, the Independent Directors' Debriefing Report for 2021, the Supervisory Committee's Report for 2021, the audited financial statements and the Auditor's Report for 2021, etc.
2. In order to determine the holders of shares who are eligible to attend and vote at the AGM, the register of members of the Company is closed from Monday, 30 May 2022 to Wednesday, 29 June 2022, both days inclusive. To be eligible to attend and vote at the AGM, unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 27 May 2022.

In order to determine the holders of shares who are entitled to receive the proposed 2021 final dividend, the register of members of the Company will be closed from Wednesday, 6 July 2022 to Monday, 11 July 2022, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2021 (subject to the approval of the Shareholders), unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 5 July 2022.

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, will be deemed as shares held by non-resident enterprise Shareholders. Therefore, enterprise income tax will be withheld from dividends payable to such Shareholders. If holders of H Shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as at the record date of the proposed final dividend.

In accordance with the "Circular on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No.020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994] 020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, temporarily, exempted from the PRC individual income tax for dividend or bonuses received from foreign invested enterprises. In accordance with the "Letter of the State Administration of Taxation concerning Taxation Issues of Dividends Received by Foreign Individuals Holding Shares of Companies Listed in China" (Guo Shui Han Fa [1994] No. 440) (《外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》(國稅函發[1994] 440號)) as promulgated by the State Administration of Taxation on 26 July 1994, dividends (capital bonuses) received by foreign individuals holding B Shares or overseas shares (including H Shares) from Chinese enterprises issuing such B Shares or overseas shares are temporarily exempted from individual income tax. Accordingly, in the payment of final dividend, the Company will not withhold and pay the individual income tax on behalf of individual Shareholders when the Company distributes the final dividend to individual Shareholders whose names appear on the register of members of H Shares of the Company.

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## NOTICE OF AGM

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The Company will determine the resident status of the individual H Share Shareholders based on the registered address as recorded in the register of members of the Company on Monday, 11 July 2022 (the “Registered Address”). If the resident status of any individual H Share Shareholder is not in consistency with that indicated by the Registered Address, such individual H Share Shareholder shall notify the Company’s H Share registrar and transfer office in Hong Kong not later than 4:00 p.m. on Tuesday, 5 July 2022, and provide relevant supporting documents to the Company’s H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong. Any individual H Share Shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Share Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Share Shareholders or any disputes over the withholding mechanism or arrangements.

3. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the AGM on his, her or its behalf.
4. The instrument to appoint a proxy shall be signed by the appointer or his/her attorney duly authorized in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its director or attorney duly authorized.
5. To be valid, the form of proxy must be lodged with the Company’s H Share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong (for holders of H Shares of the Company) or the Company’s head office in the PRC (for holders of A Shares of the Company) not less than 24 hours prior to the holding of the AGM. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the form of proxy, be deposited at the specified place at the time set out in such form of proxy.
6. If the appointer is a legal person, its legal representative or any person authorised by resolutions of its board or other governing bodies may attend the AGM on behalf of the appointer.
7. The Company has the rights to request a Shareholder or a proxy who attends the AGM on behalf of a Shareholder to provide proof of identity.
8. The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
9. The contact of the Company is as follows:  
  
Address: Units 2703, 27/F., Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong  
Contact person: Ho Wing Yan  
Telephone number: (852) 2593 9610
10. As at the date of this notice, the non-independent directors of the Company are Mr. Yao Gexian, Mr. Ma Hongfu, Mr. Zhang Yu, Mr. Yang Yi, Mr. Lian Enzhong and Ms. Zhang Qianyu; and the independent directors of the Company are Mr. Wang Haipeng, Mr. Zhang Yubao and Mr. Sun Jian.

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## NOTICE OF A SHAREHOLDERS' CLASS MEETING

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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)**

### NOTICE OF A SHAREHOLDERS' CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the A Shareholders' Class Meeting of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (the "**Company**") will be held at 2:30 p.m. on Wednesday, 29 June 2022 or immediately after the conclusion of the AGM or any adjournment thereof (whichever is the later) at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC, for the purposes of considering, approving and authorizing the following matter:

#### AS ORDINARY RESOLUTION

To consider and pass the following resolution as an ordinary resolution:

1. To consider the resolution in relation to the Preliminary Profit Distribution Plan for 2021

#### AS SPECIAL RESOLUTIONS

To consider and pass the following resolutions as special resolutions:

2. To consider the resolution for approval of the Share Buy-back Offer and the Voluntary Withdrawal of Listing
3. To consider the resolution for authorising the Board to procure the completion of the Share Buy-back Offer and the Voluntary Withdrawal of Listing

By order of the Board  
**Lanzhou Zhuangyuan Pasture Co., Ltd.\***  
**Yao Gexian**  
*Chairman*

Lanzhou, the PRC, 8 June 2022

\* For identification purpose only

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## NOTICE OF A SHAREHOLDERS' CLASS MEETING

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*Notes:*

1. A Shareholders whose names appear on the A Share register of members of the Company on Thursday, 23 June 2022 will be entitled to attend and vote at the A Shareholders' Class Meeting.
2. Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the A Shareholders' Class Meeting (or any adjournment thereof) on his behalf. A proxy need not be a shareholder of the Company.
3. Shareholders must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder of the Company or by a person duly authorized by the relevant shareholder of the Company in writing. If the form of proxy is signed by the person authorized by the relevant shareholder of the Company as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarized. If a corporate shareholder of the Company appoints a person other than its legal representative to attend the A Shareholders' Class Meeting (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate shareholder of the Company or duly signed by its director or any other person duly authorized by that corporate shareholder of the Company as required by the Articles of Association of the Company.
4. To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note 3 above must be delivered to the Company's Department of Securities Affairs (address: 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC) (contact person: Pan Lai, Tel: +86 931 875 3001, Fax: +86 931 875 3001) not less than 24 hours before the time appointed for the A Shareholders' Class Meeting (or any adjournment thereof).
5. A shareholder of the Company or his proxy should produce proof of identity when attending the A Shareholders' Class Meeting (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorized by such corporate shareholder attends the A Shareholders' Class Meeting (or any adjournment thereof), such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative or the valid authorization document (as the case may be).
6. The A Shareholders' Class Meeting (or any adjournment thereof) is expected to last less than half a day. Shareholders or their proxies who attend the A Shareholders' Class Meeting (or any adjournment thereof) shall bear their own travelling and accommodation expenses.
7. The Company's principal place of business in the PRC is situated at:  
  
26th Floor, Block B  
Shanghui Building of Gansu Province  
No. 601, Yanyuan Road  
Chengguan District  
Lanzhou City, Gansu Province  
PRC  
  
Tel No.: (86) 931 875 3001  
Fax No.: (86) 931 875 3001
8. As at the date of this notice, the non-independent directors of the Company are Mr. Yao Gexian, Mr. Ma Hongfu, Mr. Zhang Yu, Mr. Yang Yi, Mr. Lian Enzhong and Ms. Zhang Qianyu; and the independent directors of the Company are Mr. Wang Haipeng, Mr. Zhang Yubao and Mr. Sun Jian.

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## NOTICE OF H SHAREHOLDERS' CLASS MEETING

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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)**

## NOTICE OF H SHAREHOLDERS' CLASS MEETING

**NOTICE IS HEREBY GIVEN** that the H Shareholders' Class Meeting of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (the "**Company**") will be held at 2:45 p.m. on Wednesday, 29 June 2022 or immediately after the conclusion of the A Shareholders' Class Meeting or any adjournment thereof (whichever is the later) at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC, for the purposes of considering, approving and authorizing the following matters:

### AS ORDINARY RESOLUTION

To consider and pass the following matter as an ordinary resolution:

1. To consider the resolution in relation to the Preliminary Profit Distribution Plan for 2021

### AS SPECIAL RESOLUTIONS

To consider and pass the following resolutions as special resolutions:

2. To consider the resolution for approval of the Share Buy-back Offer and the Voluntary Withdrawal of Listing
3. To consider the resolution for authorising the Board to procure the completion of the Share Buy-back Offer and the Voluntary Withdrawal of Listing

By order of the Board  
**Lanzhou Zhuangyuan Pasture Co., Ltd.\***  
**Yao Gexian**  
*Chairman*

Lanzhou, the PRC, 8 June 2022

\* For identification purpose only

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## NOTICE OF H SHAREHOLDERS' CLASS MEETING

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*Notes:*

1. In order to determine the list of Shareholders who will be entitled to attend and vote at the H Shareholders' Class Meeting, the registers of members of the Company is closed from Monday, 30 May 2022 to Wednesday, 29 June 2022, both days inclusive, during which no transfer of shares will be effected. Holders of H Shares whose names appear on the registers of members of the Company on Friday, 27 May 2022, shall be entitled to attend and vote at the H Shareholders' Class Meeting. In order for the Shareholders to qualify to attend and vote at the H Shareholders' Class Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Friday, 27 May 2022 for registration.
2. Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shareholders' Class Meeting (or any adjournment thereof) on his behalf. A proxy need not be a shareholder of the Company.
3. Shareholders must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder of the Company or by a person duly authorized by the relevant shareholder of the Company in writing. If the form of proxy is signed by the person authorized by the relevant shareholder of the Company as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarized. If a corporate shareholder of the Company appoints a person other than its legal representative to attend the H Shareholders' Class Meeting (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate shareholder of the Company or duly signed by its director or any other person duly authorized by that corporate shareholder of the Company as required by the Articles of Association of the Company.
4. To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note 3 above must be delivered to the Company's H share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 24 hours before the time appointed for the H Shareholders' Class Meeting (or any adjournment thereof).
5. A shareholder of the Company or his proxy should produce proof of identity when attending the H Shareholders' Class Meeting (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorized by such corporate shareholder attends the H Shareholders' Class Meeting (or any adjournment thereof), such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative or the valid authorization document (as the case may be).
6. The H Shareholders' Class Meeting (or any adjournment thereof) is expected to last less than half a day. Shareholders or their proxies who attend the H Shareholders' Class Meeting (or any adjournment thereof) shall bear their own travelling and accommodation expenses.
7. The address of the Company's H Shares registrar and transfer office in Hong Kong, Union Registrars Limited is:  
  
Suites 3301-04, 33/F  
Two Chinachem Exchange Square  
338 King's Road, North Point  
Hong Kong  
  
Tel No.: (852) 2849 3399  
Fax No.: (852) 2849 3319
8. As at the date of this notice, the non-independent directors of the Company are Mr. Yao Gexian, Mr. Ma Hongfu, Mr. Zhang Yu, Mr. Yang Yi, Mr. Lian Enzhong and Ms. Zhang Qianyu; and the independent directors of the Company are Mr. Wang Haipeng, Mr. Zhang Yubao and Mr. Sun Jian.