
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

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 the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
UNDER SPECIFIC MANDATE,
NOTICE OF THE 2020
FIRST EXTRAORDINARY GENERAL MEETING,
NOTICE OF A SHAREHOLDERS' CLASS MEETING AND
NOTICE OF H SHAREHOLDERS' CLASS MEETING**

A letter from the Board is set out on pages 4 to 22 of this circular.

The Company will convene the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting at 2:30 p.m. on Friday, 17 January 2020 at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC. Notice of EGM, 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 EGM, 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 EGM, 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 EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting or at any other adjourned meeting should you so wish.

* *For identification purpose only*

31 December 2019

TABLE OF CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
1 INTRODUCTION	4
2 PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER SPECIFIC MANDATE	5
3 FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES BY THE COMPANY	16
4 REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED	17
5 REMEDIAL MEASURE OF THE DILUTION OF IMMEDIATE RETURN RESULTING FROM THE NON-PUBLIC ISSUANCE OF A SHARES AND RISK WARNING	17
6 ANNOUNCEMENT ON THE UNDERTAKINGS GIVEN BY THE CONTROLLING SHAREHOLDERS, THE <i>DE FACTO</i> CONTROLLER, THE DIRECTORS AND SENIOR MANAGEMENT IN RELATION TO THE REMEDIAL MEASURES ADOPTED FOR THE DILUTION OF IMMEDIATE RETURNS BY THE NON-PUBLIC ISSUANCE OF A SHARES BEING IMPLEMENTED APPROPRIATELY	18
7 SHAREHOLDER RETURN PLAN FOR THE FORTHCOMING THREE YEARS (2020-2022)	18
8 AUTHORIZATION TO THE BOARD TO DEAL WITH THE RELEVANT MATTERS RELATING TO THE NON-PUBLIC ISSUANCE WITH FULL DISCRETION AT THE GENERAL MEETING	19
9 AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS .	21
10 THE EGM AND CLASS MEETINGS	21
11 VOTING BY POLL AT EGM AND CLASS MEETINGS	22
12 RECOMMENDATION	22
13 FURTHER INFORMATION	22
 APPENDIX I — PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED	 I-1
 APPENDIX II — PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES	 II-1
 APPENDIX III — PROPOSED REMEDIAL MEASURES OF DILUTION OF CURRENT RETURNS AND RISK WARNING	 III-1

TABLE OF CONTENTS

	<i>Page</i>
APPENDIX IV — ANNOUNCEMENT ON THE UNDERTAKINGS GIVEN BY THE CONTROLLING SHAREHOLDERS, THE <i>DE FACTO</i> CONTROLLER, THE DIRECTORS AND SENIOR MANAGEMENT IN RELATION TO THE REMEDIAL MEASURES ADOPTED FOR THE DILUTION OF IMMEDIATE RETURNS BY THE NON-PUBLIC ISSUANCE OF A SHARES BEING IMPLEMENTED APPROPRIATELY .	IV-1
APPENDIX V — SHAREHOLDER RETURN PLAN FOR THE FORTHCOMING THREE YEARS (2020-2022)	V-1
APPENDIX VI — ANNOUNCEMENT ON ENGAGING THE SPECIFIC AUDIT AGENCY FOR THE NON-PUBLIC ISSUANCE OF A SHARES	VI-1
APPENDIX VII — AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS	VII-1
NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING	N-1
NOTICE OF A SHAREHOLDERS' CLASS MEETING	N-5
NOTICE OF H SHAREHOLDERS' CLASS MEETING	N-8

DEFINITIONS

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

“A Share(s)”	the domestic-listed ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which have been 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 2:45 p.m. on Friday, 17 January 2020 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 EGM or any adjournment thereof (whichever is the later)
“Administrative Measures for Issuance”	the Administrative Measures for the Issuance of Securities by Listed Companies
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“Board Meeting”	the board meeting of the Company convened on Thursday, 5 December 2019
“Class Meetings”	A Shareholders’ Class Meeting and H Shareholders’ Class Meeting
“Company”	Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司), a joint stock company established in the People’s Republic of China with limited liability and the H Shares of which have been listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1533) and the A Shares of which have been listed on the Shenzhen Stock Exchange (Stock Code:002910)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

* *For identification purpose only*

DEFINITIONS

“EGM” or “Extraordinary General Meeting”	the 2020 first extraordinary general meeting or any adjourned meeting to be held at 2:30 p.m. on Friday, 17 January 2020 at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders or any adjourned meeting to be held at 3:00 p.m. on Friday, 17 January 2020 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 Share(s)”	overseas-listed foreign share(s) in the share capital of the company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“H Shareholders”	holders of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Implementation Rules”	the Implementation Rules for the Non-public Issuance of Stocks by Listed Companies
“Latest Practicable Date”	31 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Non-public Issuance” or “Issuance”	the proposed non-public issuance of not more than 38,000,000 new A Shares by the Company
“Notice of A Shareholders’ Class Meeting”	the notice convening the A Shareholders’ Class Meeting
“Notice of EGM”	the notice convening the EGM
“Notice of H Shareholders’ Class Meeting”	the notice convening the H Shareholders’ Class Meeting

DEFINITIONS

“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Regulation Questions and Answers”	Issuance Regulation Questions and Answers — Regulatory Requirements regarding Guiding and Regulating Financing Activities of Listed Companies (Revision)
“RMB”	Renminbi, the lawful currency in the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary 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
“Shareholder(s)”	the holder of Share(s)
“Shareholders’ Meetings”	the Extraordinary General Meeting, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“Sponsor”	China Dragon Securities Co., Ltd.* (華龍證券股份有限公司), the sponsor and lead underwriter of the Issuance, which is a third party independent of the Company and its connected persons

* For identification purpose only

LETTER FROM THE BOARD



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. Ma Hongfu
Mr. Wang Guofu
Mr. Chen Yuhai
Ms. Zhang Qianyu

Non-executive Directors:

Mr. Yap Kean Chong
Mr. Song Xiaopeng

Independent Non-executive Directors:

Ms. Liu Zhijun
Mr. Zhao Xinmin
Mr. Wong Cho Hang Stanley

Registered office in the PRC:

Sanjiaocheng Village
Sanjiaocheng Town
Yuzhong County
Lanzhou, Gansu
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:

Units 3306-12, 33/F
Shui On Centre
Nos. 6-8 Harbour Road
Wanchai, Hong Kong

31 December 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES
UNDER SPECIFIC MANDATE,
NOTICE OF THE 2020
FIRST EXTRAORDINARY GENERAL MEETING,
NOICE OF A SHAREHOLDERS' CLASS MEETING AND
NOTICE OF H SHAREHOLDERS' CLASS MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 December 2019 in relation to the Non-public Issuance and the convening of the Shareholders' Meetings. The Board would like to

* For identification purpose only

LETTER FROM THE BOARD

invite you to attend the EGM to be held at 2:30 p.m. and the Class Meetings or any adjourned meeting to be held on Friday, 17 January 2020 at 26th Floor, Block B, Shanghui Building of Gansu Province, No. 601, Yanyuan Road, Chengguan District, Lanzhou City, Gansu Province, the PRC.

The purpose of this circular is to provide the Shareholders with information on, among other things, considering and approving (a) the proposed Non-public Issuance; and (b) other matters contained in the notices of EGM and Class Meetings, so that the Shareholders may make an informed decision on voting in respect of the resolutions to be tabled at the EGM and the Class Meetings.

2. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER SPECIFIC MANDATE

Pursuant to the provisions under the Company Law, Securities Law, Administrative Measures for Issuance, Implementation Rules, the Regulation Questions and Answers and other relevant laws, regulations and normative documents, after conducting self-examination item by item, the Company has complied with various requirements of the Non-public Issuance of A Shares.

The Board has approved the proposed Non-public Issuance on 5 December 2019. The detailed plan of the Non-public Issuance is as follows:

A. Class and nominal value of shares to be issued

Domestic-listed ordinary Shares denominated in RMB (A Shares) with a nominal value of RMB1.00 each.

B. Method and time of Issuance

Issuance is conducted by way of non-public issuance of A Shares to target subscribers. The Company will issue the relevant A Shares at an appropriate time within the validity period upon obtaining the approval documents of the CSRC.

C. Target subscribers and subscription method

The target subscribers for the Non-public Issuance will be no more than ten target subscribers which satisfy the relevant requirements of the CSRC. The target subscribers shall be securities investment fund management companies, securities firms, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFII) that comply with laws and regulations, and other domestic institutional and individual investors, which satisfy the relevant requirements of the CSRC. A securities investment fund management company subscribing for the shares with two or more of the funds under its management shall be deemed as one single target subscriber. Trust investment companies shall only subscribe for the A Shares with their own capital.

The target subscribers of the Non-public Issuance shall be reasonably determined, after obtaining the approval from the CSRC, by the Board as authorized by the Shareholders' Meetings based on the situation of subscription in accordance with the principle of price priority and time priority. All the target subscribers shall subscribe for A shares under this non-public issuance at the same price and in cash.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, it is expected that none of the connected persons (as defined under the Hong Kong Listing Rules) of the Company will participate in the subscription of the new A Shares to be issued under the Non-public Issuance. If any of the new A Shares under the Non-public Issuance is issued to any connected person of the Company, the Company will comply with relevant requirements under Chapter 14A of the Hong Kong Listing Rules including but not limited to announcement and independent Shareholders' approval. The Company will announce the identity of the subscribers upon final determination.

D. Issue price and pricing principles

The price determination date of the Non-public Issuance shall be the first day of the issue period of the Non-public Issuance of the Company. The issue price of the Issuance shall be no less than 90% of the average trading price of the A Shares of the Company for the 20 trading days preceding the price determination date.

The final offer price will be determined by the Board through negotiation with the Sponsor based on the bidding results and the authorization of the Shareholders' Meetings in accordance with the relevant provisions after the Company has obtained the approval from the CSRC for the Non-public Issuance. In case of occurrence of ex-rights or ex-dividend events during the period from the pricing benchmark date to the date of issuance such as distribution of dividends, issuance of bonus shares, converting capital reserve into share capital, the bottom price will be adjusted accordingly.

E. Issue Size

The number of shares issued shall not exceed 38,000,000 Shares (including the figure stated), the total number of Shares issued shall not exceed 20% of the total share capital of the Company before the Issuance, and the total proceeds raised shall not exceed RMB380,000,000 (including the figure stated, without deducting the issuance costs). Subject to the above limit, the Board advises the Shareholders' Meetings to authorize the Board to determine the final issuance number through negotiation with the Sponsor based on the actual situation of issuance. In case of occurrence of ex-rights or ex-dividend events during the period from the date of announcement of the Board resolution regarding the Non-public Issuance to the date of issuance such as distribution of dividends, issuance of bonus shares, converting capital reserve into share capital, the number of Shares issued will be adjusted accordingly.

LETTER FROM THE BOARD

F. Amount and the use of proceeds

The total amount of proceeds from the Non-public Issuance is no more than RMB380 million (inclusive). The proceeds are mainly used in the following areas:

Unit: RMB10,000

No.	Name of project	Total investment amount	Financed by the fund raised
1	Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District	49,834.57	34,000.00
2	Repayment of bank loan	<u>4,000.00</u>	<u>4,000.00</u>
Total		<u><u>53,834.57</u></u>	<u><u>38,000.00</u></u>

The Company intends to finance the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District” and to repay the bank loans with the proceeds from the Non-public Issuance of A Shares, particulars of which are as follows:

1. Details of the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District”:

Project construction period:

The proposed construction period of the project is 2 years

Project implementation entity:

Gansu Ruijia Farming Co., Ltd., a wholly-owned subsidiary of the Company

Project implementation location:

West side of Jin’a Railway, Shuangwan Town, Jinchuan District, Jinchang City, Gansu Province

Project investment estimate:

The total investment amount of the project is RMB498,345,700, of which RMB340 million will be satisfied by the proceeds raised from the Non-public Issuance of A Shares, and the remaining will be invested by the Company with its own funds. So far, RMB60 million was invested (expensed) by the Company with its own funds.

LETTER FROM THE BOARD

Status of implementation:

Currently under construction by the Company with its own funds

Assessment on the economic benefits of the project:

After the completion, this project will provide 68,000 tons of high-quality raw milk, 3,400 male calves, 2,650 female calves and 750 retired cows per year. The normal annual sales revenue of the project is RMB283,200,000 and the average annual total profit is RMB63,371,500, with a payback period of 8.29 years. Each of the main financial and economic indicators is reasonable and feasible, with high operational safety and good economic benefit.

Project approval and filing:

The Development and Reform Bureau of Jinchuan District of Jinchang City issued the Notice of Development and Reform Bureau of Jinchuan District of Jinchang City on the Change of the Filing of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District (Jin Qu Fa Gai (Bei) [2019] No. 126) on 3 June 2019 and agreed to change the registration and filing of the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District”.

The Jinchang Environmental Protection Bureau (金昌市環境保護局) issued the “Reply on the Environmental Impact Report on the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District” (《關於甘肅瑞嘉牧業有限公司金川區萬頭奶牛養殖循環產業園項目環境影響報告書的批復》)(金環保發[2018]561號) (Jin Huan Bao Fa [2018] No. 561) on 18 December 2018. Pursuant to the approval opinion, this investment project “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District” meets all of the environmental protection requirements.

Land use of the project:

The Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District is implemented at South Beach, Gucheng Village, Shuangwan Town, Jinchuan District, Jinchang City, Gansu Province. All of the surrounding areas have access to electricity and the power is sufficient. The location of the project site is convenient for transportation, and the communication, radio and television signals cover the whole area. The project covers a total area of 1,860 mu (畝), among which, the Company intends to purchase 370 mu (畝) in the form of grant, and the local government leases 1,490 mu (畝) of facility agricultural land for free.

LETTER FROM THE BOARD

According to the Notice of Jinchuan District People's Government of Jinchang City on the Filing of the First Phase of the facility agricultural land for a dairy farm with 10,000 dairy cows for the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District from Jinchuan District People's Government of Jinchang City (Jin Qu Zheng Tu Fa [2019] No. 2), it is permitted to make filing on the facility agricultural land agreement signed by Ruijia Farming and Shuangwan Town People's Government and agree that the Company can occupy 1,490 acres of unused state-owned land on the west side of Jin'a Railway of Shuangwan Town as the land for the newly constructed farm project for 10,000 dairy cows.

The Company has signed the Land Use Rights Grant Contract with Jinchang Natural Resources Bureau (金昌市自然资源局) in July 2019, pursuant to which the Company intends to purchase 372.20 mu (亩) of project land with its own funds for office, dormitory, exhibition hall and dairy cows breeding purposes. Up to now, the Company has paid the above-mentioned land purchase payment, and is in the process of completing the property rights formalities.

2. Information on the relevant bank loans:

The Company and BANK OF LANZHOU CO., Ltd. entered into a loan contract, pursuant to which a loan of RMB 50 million was granted for a term of 12 months commencing on 27 June 2019 and ending on 27 June 2020, at the monthly interest rate of 3.625%.

The proceeds raised will be invested as needed according to the actual construction progress of the mentioned above projects. The bank loans or its own funds of the Company have been used to finance the operation of the projects before the proceeds raised in this issuance are in place, and the proceeds raised will be used to substitute its own funds after the Company received such proceeds. If the net proceeds raised this time are less than the total investment amount, the shortfall will be financed by the Company's own funds or other financing resources.

G. Lock-up period

The lock-up period for the Non-public Issuance is 12 months commencing from the closing date of the Non-public Issuance. After the end of lock-up period, the transactions under the Non-public Issuance shall be conducted in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange.

The lock-up period is imposed upon the target subscribers of A Shares under the Non-public Issuance. The specific target subscribers "shall be reasonably determined by the Board as authorized by the Shareholders' general meeting after obtaining the approval from the CSRC based on the conditions of subscription quotation on a 'price priority and time priority' basis".

LETTER FROM THE BOARD

The above arrangement complies with the requirements of paragraph 2 of the Article 38 to the “Administrative Measures for the Issuance of Securities by Listed Companies (Revised in 2008)” (《上市公司證券發行管理辦法(2008修訂)》) issued by the CSRC which provides that the “shares under the issuance shall not be transferred within 12 months from the end of the issuance” and the Article 10 to the “Implementation Rules for the Non-public Issuance of Stocks by Listed Companies (Revised in 2017)” (《上市公司非公開發行股票實施細則(2017修訂)》) issued by the CSRC which provides that the “shares subscribed for by the targets of the issuance shall not be transferred within 12 months from the end of the issuance”.

Meanwhile, pursuant to the Article 2 to the “Certain Rules on the Reduction in Shareholding by the Shareholders, Directors, Supervisors and Senior Management of Listed Companies (Zhong Guo Zheng Quan Jian Du Guan Li Wei Yuan Hui Gong Gao [2017] No. 9)” (《上市公司股東、董監高減持股份的若干規定》(中國證券監督管理委員會公告〔2017〕9號)) issued by the CSRC which provides that “in the case that the controlling shareholders and those who hold over 5% of the total shares (collectively, the “substantial shareholders”), directors and supervisors reduce the numbers of shares held by them and in the case that shareholders reduce the shares of the company issued prior to the initial public offering and the shares under the non-public issuance of listed companies, this rule shall apply” and the Article 2 to the “Detailed Implementation Rules on the Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of the Listed Companies of the Shenzhen Stock Exchange” (《深圳證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) issued by the Shenzhen Stock Exchange which provides that “these implementation rules shall apply to the following shareholding reduction behaviors: ... (2) Specific shareholders (the “Specific Shareholders”), namely those other than the substantial shareholders of the shares issued prior to the initial public offering of the company and the shares under the non-public issuance of listed companies (the “Specific Shares”) reduce such shares held by them; ...”, the shareholding reduction behaviors of shareholders who hold the shares of listed companies through subscription under the non-public issuance after the expiry of the above lock-up period shall also meet the requirements of the above regulations, the details of which are set out below:

The Article 9 to the “Certain Rules on the Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (Zhong Guo Zheng Quan Jian Du Guan Li Wei Yuan Hui Gong Gao [2017] No. 9)” (《上市公司股東、董監高減持股份的若干規定》(中國證券監督管理委員會公告〔2017〕9號)) provides that “the total number of shares reduced by a substantial shareholder of a listed company through a centralized bidding trading on a stock exchange within three months shall not exceed 1% of the total number of shares of the company. When shareholders reduce the shares issued prior to the initial public offering of the company and the shares under the non-public issuance of listed companies held by them through a centralized bidding trading on a stock exchange, they shall comply with the limitations on proportion as stipulated in the preceding paragraph. The number of shares held by shareholders under the non-public issuance of listed companies but reduced by them within 12 months after the expiry of the lock-up period shall also comply with the limitations on proportion as stipulated by the stock exchange”.

LETTER FROM THE BOARD

The Article 4 to the “Detailed Implementation Rules on the Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of the Listed Companies of the Shenzhen Stock Exchange” (《深圳證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) provides that “If the Substantial Shareholders or the Specific Shareholders reduce their shareholding through a centralized bidding trading, the total number of shares to be reduced within any 90 consecutive calendar days shall not exceed 1% of the total number of shares of the company. When shareholders reduce the holding of shares under the non-public issuance of listed companies through a centralized bidding trading, other than in compliance with the requirements of the preceding paragraph, the numbers of shares to be reduced shall not exceed 50% of the total number of shares held by them under the non-public issuance within 12 months after the expiry of the period during which share are restricted to be transferred”.

The Article 5 to the “Detailed Implementation Rules on the Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of the Listed Companies of the Shenzhen Stock Exchange” (《深圳證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) provides that “If the Substantial Shareholders or the Specific Shareholders reduce their shareholding through a block trading, the total number of shares to be reduced within any 90 consecutive calendar days shall not exceed 2% of the total number of shares of the company. The transferees to the transaction in the preceding paragraph shall not transfer the shares transferred to them within six months after such transfer. Both the buyers and the sellers shall specify the nature, number, type and price of the shares to be purchased and sold on transaction, and shall comply with the relevant provisions of these rules”.

The Article 6 to the “Detailed Implementation Rules on the Reduction in Shareholding by Shareholders, Directors, Supervisors and Senior Management of the Listed Companies of the Shenzhen Stock Exchange” (《深圳證券交易所上市公司股東及董事、監事、高級管理人員減持股份實施細則》) provides that “If the Substantial Shareholders or the Specific Shareholders reduce their shareholding through a transfer agreement, the number of shares to be transferred to a single transferee shall not be less than 5% of the total number of shares of the company, and the lowest end of the range of the price for transfer shall be determined in accordance with the requirements on block trading, except otherwise provided by laws, administrative rules, department regulations, normative documents and the business rules of the stock change. If the Substantial Shareholders reduce their shareholding by a transfer agreement and cease to be a substantial shareholder after such reduction, the transferor and the transferee shall continue to comply with the reduction proportion requirements set out in paragraph 1 of the Article 4 to these Rules within six months and shall also continue to comply with the information disclosure requirements set out in the Articles 13 and 14 of these Rules. If the Specific Shareholders reduce their shareholding by a transfer agreement, the transferor and the transferee shall continue to comply with the reduction proportion requirements set out in paragraph 1 of the Article 4 of these Rules within six months”.

LETTER FROM THE BOARD

In conclusion, the transaction of the non-public shares subscribed by the target subscribers of A Shares of the Non-public Issuance shall still be subject to the relevant provisions of the CSRC and the Shenzhen Stock Exchange after the expiry of the 12-month lock-up period. Meanwhile, the regulatory departments and the Shenzhen Stock Exchange may also make adjustments to the relevant requirements and policies for the non-public issuance of shares by listed companies. The Company has undertaken in the Issuance that it will closely monitor the changes in laws, rules and relevant policies. If relevant laws and rules are revised and implemented in the course of the issuance, the Company will convene a Board meeting in time to consider the same, and will, to the extent authorized by the Shareholders' general meeting, adjust, improve and timely disclose the specific terms of the Non-public Issuance of A Shares in accordance with the relevant adjusted policies.

H. Listing venue

The A Shares to be issued under the Non-public Issuance will be listed and traded on the Shenzhen Stock Exchange.

I. Arrangement of accumulated undistributed profits

Both new Shareholders and existing Shareholders after the Issuance are entitled to the accumulated undistributed profits of the Company.

J. Validity period

Validity period of the resolution for the Non-public Issuance is 12 months from the date when the resolutions relating to the Issuance are considered and approved at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

The Issuance is subject to the approval of the CSRC. The Issuance will take place pursuant to the specific mandate to be sought at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, and take effect upon the approval of the Shareholders at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting by way of a special resolution. If one or some of the resolutions in the Shareholders' Meetings in relation to the Issuance has or have been voted down, the Issuance shall not proceed. The detailed terms on the Issuance (including the issue price and issue size) will be announced separately by the Company upon final determination.

The market price of the Company's A Share and H Share as at the Latest Practicable Date are RMB11.45 and HK\$5.9 respectively.

LETTER FROM THE BOARD

IMPACT OF THE ISSUANCE ON THE COMPANY'S SHAREHOLDING STRUCTURE

For reference and illustration purposes only, assuming that there are no changes to the total issued share capital of the Company prior to the completion of the Issuance and that subject to the regulatory requirements of the places where the Shares of the Company are listed, a maximum of 38,000,000 A Shares are issued under the Issuance (which represents approximately 19.93% of the total issued share capital of the Company as at the date of this circular and approximately 16.62% of the total issued share capital of the Company as enlarged by the issuance of the A Shares under the Issuance), the shareholding structure of the Company immediately before and after completion of the Issuance is set out as follows:

	Capacity/ Nature of interest	Immediately before completion of the Issuance		Immediately after completion of the Issuance	
		Number of Shares	Approximate percentage of the Company's total issued share capital	Number of Shares	Approximate percentage of the Company's total issued share capital
A Shares					
Mr. Ma Hongfu	Beneficial owner	32,197,400	16.89%	32,197,400	14.08%
(Note 1)	Interest of controlled corporation	45,894,700	24.07%	45,894,700	20.07%
Other A Shareholders		77,458,500	40.62%	77,458,500	33.87%
New A Shares to be issued under the Issuance		—	—	38,000,000	16.62%
Sub-Total of A Shares		155,550,600	81.58%	193,550,600	84.64%
H Shares		35,130,000	18.42%	35,130,000	15.36%
Total:		<u>190,680,600</u>	<u>100%</u>	<u>228,680,600</u>	<u>100%</u>

Note:

- (1) Mr. Ma Hongfu has a personal interest in 32,197,400 Shares. Mr. Ma Hongfu also holds 97.38% equity interests in Lanzhou Zhuangyuan Investment Co., Ltd.* (蘭州莊園投資股份有限公司) (“Zhuangyuan Investment”) and 39.44% equity interests in Gansu Lucky Cow Investment Co., Ltd.* (甘肅福牛投資有限公司) (“Lucky Cow”). Under the SFO, he is deemed to be interested in the 30,894,700 Shares held by Zhuangyuan Investment and the 15,000,000 Shares held by Lucky Cow.

* For identification purpose only

LETTER FROM THE BOARD

PUBLIC FLOAT

According to the public information available to the Company and to the best of the Directors' knowledge, as at the date of this circular, approximately 59.04% of the total issued A Shares and H Shares of the Company were held by the public, among which, the H Share public float was approximately 18.42%.

Assuming that there are no changes to the total issued Shares of the Company (excluding the Non-public Issuance) from the date of this circular to the date immediately preceding the completion of the Non-public Issuance, and all of a maximum of 38,000,000 new A Shares to be issued under the Non-public Issuance are held by public Shareholders, immediately after the completion of the Non-public Issuance, the total public float in respect of the A Shares and H Shares as a whole will be approximately 65.85%, among which, the H Share public float will be approximately 15.36%. The Board expects that the Company would still be able to maintain sufficient public float to meet the minimum requirement of the Hong Kong Listing Rules.

REASONS FOR AND BENEFITS OF THE ISSUANCE

Since the listing of A shares, the Company has been actively planning to raise funds through the listing platform, so as to meet the daily operating capital requirements of the Company. Pursuant to the requirements on the refinancing of listed companies of the CSRC, the time interval between the date of convening and resolution of the Board meeting in respect of the refinancing (including non-public issuance) of a listed company and the time when the proceeds raised from the previous financing are in place shall, in principle, not be less than 18 months, provided that the convertible corporate bonds are not subject to such limit. As the initial public offering and the listing of A shares of the Company took place on 31 October 2017, a refinancing through the methods other than convertible bonds by using the listing platform shall, in principle, be conducted at least after 30 April 2019. In view of this, the Company, after careful consideration, preferred the refinancing on a convertible basis which is not subject to restrictions on time, and held the 15th meeting of the third session of the Board on 31 January 2019, at which the resolution on the Issuance of A-Share Convertible Corporate Bonds was considered and passed. The Company discharged its information disclosure obligations as required, and submitted the relevant documents to the CSRC in June 2019.

As Ruihua Certified Public Accountants (Special General Partnership), the auditor for project of A-share convertible bonds, has been investigated by the CSRC for its suspected violation of the securities laws and regulations in the business of auditing the annual report of Kangde Xin Composite Materials Corporation Limited (康得新複合材料股份有限公司) (Investigation notice no.: Su Zheng Diao Cha Zi No. 2019085), the Company convened the 22nd meeting of the third session of the Board on 22 July 2019, at which the Resolution on the Application to the CSRC for Cessation of Auditing on the Public Issuance of A-Share Convertible Corporate Bonds (《關於向中國證監會申請中止公開發行A股可轉換公司債券審核的議案》) was considered and passed, and the Company convened the 25th meeting of the third session of the Board on 19 September 2019, at which the Resolution on Application to the CSRC for Withdrawal of Application Documents for the Public Issuance of A-Share Convertible Corporate Bonds (《關於

LETTER FROM THE BOARD

向中國證監會申請撤回公開發行A股可轉換公司債券申請文件的議案》) was considered and passed, and received the Notice of the CSRC on Terminating the Review for Application of Administrative Permission ([2019] No. 307) issued by the CSRC on 11 October 2019 . The project of A-share convertible bonds was terminated.

It is nearly 24 months since the initial public offering and the listing of A shares on 31 October 2017, which exceeds the minimum limit of not less than 18 months from time when the proceeds raised from the previous financing are in place, as required by the CSRC for refinancing of listed companies. The Company meets the basic requirements for the non-public issuance. Having made careful research and considerations according to the actual circumstances of the Company, the Company decided to make refinancing by non-public issuance of shares, so as to meet the operating capital requirements of the Company, and convened the 29th meeting of the third session of the Board on 5 December 2019, at which the resolution on the Non-public Issuance of A Shares of the Company was considered and approved.

The Company intends to utilize the proceeds from the Non-public Issuance to finance the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows”, which will further enhance the supply ratio of the Company’s own raw milk after the completion of the project, guarantee product quality at the source, and achieve long-term, stable and sustainable development. Meanwhile, with the “reconstruction and expansion project with daily processing 600 tons of liquid milk” gradually completed and put into operation, the daily processing capacity, annual production capacity, production process and production efficiency of the Company’s dairy products have been greatly improved than before, and the demand for raw milk will also increase. The implementation and operation of the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows” will provide the necessary raw milk guarantee for the smooth implementation of the Company’s “reconstruction and expansion project with daily processing 600 tons of liquid milk”, meet the growing demand for production-use raw milk of the Company and its subsidiaries, and ensure the stable supply ratio of the Company’s own raw milk.

With the continuous development of the Company’s own business and the construction of “reconstruction and expansion project with daily processing 600 tons of liquid milk”, the liability level, especially short-term loans, has recently increased significantly. With the further implementation of financing the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows” with its own funds, the Company expects a further increase in bank loans in the future. By utilizing the funds raised from the Non-public Issuance to repay part of the bank loans, the Company will to some extent reduce the liability level (especially short-term loans), reduce financial costs, optimize capital structure, strengthen financial stability and improve the anti-risk capability of the Company.

LETTER FROM THE BOARD

The investment project financed by the proceeds from the Non-public Issuance is in line with the national industrial policies, the operational requirements and future strategic development plans of the Company, which has a good market prospect and economic benefits. Through the implementation of the investment project financed by the proceeds from the Non-public Issuance, the Company will further enhance the supply ratio of its own raw milk, strengthen the product quality control, address the Company's increasing demand for raw milk in the future, optimize the product mix, improve its profitability, enhance the Company's core competitiveness and promote the Company's sustainable development, which is in the interests of the Company and all Shareholders.

In order to ensure the smooth implementation of the investment project funded with the proceeds, i.e. the "Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District", the Company will meet its capital requirements through bank loans and undistributed profits accumulated over years if the relevant resolutions in relation to this Non-public Issuance of A Shares are considered and voted down.

Through years of development, the Company has accumulated a certain amount of profits and as of September 30, 2019, the consolidated undistributed profit of the Company amounted RMB476,469,200. With the gradual implementation of the "Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day" and this investment project funded with the proceeds, the revenue, net profits and other profit indicators of the Company are expected to be further improved and the undistributed profits of the Company will be further increased, which will guarantee the smooth implementation of the projects.

CAPITAL RAISING ACTIVITIES

On 31 January 2019, the Board approved the proposed issuance of A Share convertible bonds. On 23 May 2019, resolutions in relation to the issuance of A Share convertible bonds were considered and passed at the 2019 first extraordinary general meeting of the Company. On 23 July 2019 the Company submitted the application to CSRC for withdrawal of the application documents for public issuance of A Share convertible bonds.

Save as disclosed herein, as at the date of this circular, the Company has not conducted any fund-raising activities in relation to the issue of the equity securities in the 12 months immediately preceding the date of this circular.

3. FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES BY THE COMPANY

In accordance with the relevant requirements of the Administrative Measures for Issuance of Securities by Listed Companies of the CSRC, the Company has prepared the Feasibility Report on the Use of Proceeds Raised from the Non-public Issuance of A Shares by the Company, full text of which is set out in Appendix I to this circular.

LETTER FROM THE BOARD

On 5 December 2019, the Board approved and resolved to propose to the Shareholders to consider and, if thought fit, approve the resolution on the feasibility report on the use of proceeds raised from the Non-public Issuance of A Shares by the Company at the EGM by way of special resolution.

4. REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

According to the Provisions on the Report on the Use of Proceeds Raised from Previous Fund Raising Activities (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)) issued by the CSRC, if a listed company applies for the issuance of securities, and it is less than five accounting years since the date of receipt of the previously raised proceeds to now, the board of directors shall prepare a report on the use of proceeds raised from previous fund raising activities and submit the report to the shareholders' general meeting for approval after resolving on the report. Meanwhile, the report on the use of proceeds raised from previous fund raising activities should be issued with an attestation report by the accounting firm. Please refer to Appendix II to this circular for details of the Report on the Use of Proceeds Raised from Previous Fund Raising Activities of the Company as of 31 December 2018 and the attestation report issued by Ruihua Certified Public Accountants (Special General Partnership).

On 5 December 2019, the Board approved and resolved to propose to the Shareholders to consider and, if thought fit, approve the resolution on the report on the use of proceeds raised from previous fund raising activities of the Company at the EGM by way of special resolution.

5. REMEDIAL MEASURE OF THE DILUTION OF IMMEDIATE RETURN RESULTING FROM THE NON-PUBLIC ISSUANCE OF A SHARES AND RISK WARNING

According to the Certain Opinions of the State Council on Further Promoting the Healthy Development of Capital Markets (Guo Fa [2014] No. 17)(《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)) , Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Medium and Small Investors in Capital Markets (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)) and Guiding Opinions on Matters relating to the Dilution of Immediate Return Resulting from Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)) of the CSRC, the Company has made analysis on the influence of dilution of immediate return of the Non-public Issuance, and prepared the Dilution of Immediate Return Resulting from the Non-public Issuance of A Shares and the Remedial Measures of the Company, full text of which is set out in Appendix III to this circular.

LETTER FROM THE BOARD

6. ANNOUNCEMENT ON THE UNDERTAKINGS GIVEN BY THE CONTROLLING SHAREHOLDERS, THE *DE FACTO* CONTROLLER, THE DIRECTORS AND SENIOR MANAGEMENT IN RELATION TO THE REMEDIAL MEASURES ADOPTED FOR THE DILUTION OF IMMEDIATE RETURNS BY THE NON-PUBLIC ISSUANCE OF A SHARES BEING IMPLEMENTED APPROPRIATELY

Pursuant to the Several Opinions of the State Council on Further Promoting the Healthy Development of Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) (Guo Fa [2014] No. 17), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors' Legitimate Interests in Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) (Guo Ban Fa [2013] No. 110) and the Guiding Opinions on Matters Relating to the Dilution of Immediate Returns As a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (China Securities Regulatory Commission Announcement [2015] No. 31), in order to protect the interests of small and medium investors, the Company analyzed the impact of the Non-public Issuance on diluted immediate returns carefully, and proposed the detailed return remedial measures, and the controlling shareholders, *de facto* controllers, all directors and senior management made commitments on the performance of the dilution of current return remedial measures for the Non-public Issuance, full text of which is set out in Appendix IV to this circular.

On 5 December 2019, the Board approved and resolved to propose to the Shareholders to consider and, if thought fit, approve the resolution on the dilution of immediate return resulting from the Non-public Issuance of A Shares by the Company and the remedial measures at the EGM by way of special resolution.

7. SHAREHOLDER RETURN PLAN FOR THE FORTHCOMING THREE YEARS (2020-2022)

To further enhance the awareness of providing return to the Shareholders and provide sustainable, stable and reasonable investment return to the Shareholders, the Company has formulated the Shareholder Return Plan for the Forthcoming Three Years (2020-2022) of the Company, in accordance with the provisions of the Company Law, the Securities Law, the Notice regarding Further Implementation of Cash Dividends Distribution of Listed Companies of the China Securities Regulatory Commission (《中國證券監督管理委員會關於進一步落實上市公司現金分紅有關事項的通知》), the Listed Company Regulation Guideline No. 3 — Cash Dividend of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) and the Articles of Association of Lanzhou Zhuangyuan Pasture Co., Ltd. after taking into full account the actual operation and demand of future development of the Company. The full text of the Shareholder Return Plan for the Forthcoming Three Years (2020-2022) of the Company is set out in Appendix V to this circular.

On 5 December 2019, the Board approved and resolved to propose to the Shareholders to consider and, if thought fit, approve the resolution on Shareholder return plan for the forthcoming three years (2020-2022) at the EGM by way of special resolution.

LETTER FROM THE BOARD

8. AUTHORIZATION TO THE BOARD TO DEAL WITH THE RELEVANT MATTERS RELATING TO THE NON-PUBLIC ISSUANCE WITH FULL DISCRETION AT THE GENERAL MEETING

In accordance with the arrangement of the Non-public Issuance and pursuant to relevant provisions of Company Law, Securities Law and other laws and regulations as well as the Articles of Association, it is proposed that the Board be authorized by the Shareholders' general meeting and the Chairman, President and Secretary to the Board of the Company be delegated by the Board, to solely or jointly handle the matters related to the Non-public Issuance to efficiently and smoothly promote the relevant work of the Non-public Issuance, including but not limited to:

1. To formulate and implement the specific plan for the Non-public Issuance, duly amend, adjust and supplement the terms of the Non-public Issuance, clarify specific terms and plan before the issuance, and formulate and implement the final plan for the Non-public Issuance, including but not limited to determination of issuance time, amount of proceeds, issue price, number of Shares to be issued, target subscribers, designated account for proceeds, use of proceeds and other matters related to the issuance plan, in accordance with national laws and regulations, relevant provisions of securities regulatory authorities and particular situation of the Company;
2. To handle application matters related to the Non-public Issuance, including but not limited to preparation, modification, signing, submission, subsequent submission, implementation and announcement of the plan and the listing application materials of the Non-public Issuance pursuant to requirements of relevant government departments and regulatory authorities, handle relevant procedures, and implement lock-up and other procedures related to the issuance and listing, and handle information disclosure matters related to the Non-public Issuance in accordance with regulatory requirements;
3. To sign, modify, supplement, complete, submit, and implement all the agreements, contracts and documents related to the Non-public Issuance (including but not limited to sponsor and underwriting agreements, engagement letters of intermediaries, agreements related to proceeds, subscription agreements entered into with investors, circulars, announcements and other disclosure documents, etc.);
4. To determine and engage a Sponsor, law firm, accounting firm and other intermediaries, and handle other matters related thereto;

LETTER FROM THE BOARD

5. To amend the corresponding articles of the Articles of Association according to the results of the Non-public Issuance, submit to relevant government departments and regulatory authorities for approval or filing, handle industrial and commercial registration of changes at the industry and commerce administration authorities, and handle matters in relation to registration, custody and lock-up of new Shares at relevant departments, upon completion of the Non-public Issuance;
6. In the event that relevant laws, regulations and regulatory authorities impose new regulations and requirements on refinancing to remedy the immediate returns, to make a further analysis, study, and demonstration on the impact of the Non-public Issuance on the immediate financial indicators and immediate returns to the Shareholders of the Company, formulate and amend relevant remedial measures and policies, and handle all the other matters thereto with absolute discretion, subject to the then relevant laws, regulations and requirements of the regulatory authorities;
7. In the event that relevant laws and regulations, other normative documents and relevant regulatory authorities impose new regulations on the non-public issuance of A shares by listed companies and market conditions change, to adjust the issue plan and use of proceeds and continue to handle matters related to the Non-public Issuance subject to relevant provisions and requirements of securities regulatory authorities (including review feedback opinions on the application for the Non-public Issuance) and market conditions, save the matters that shall be voted upon again at the Shareholders' general meeting with no authorization allowed as stipulated in relevant laws, regulations and the Articles of Association;
8. In the event of force majeure or other circumstances which are sufficient to make the plan of the Non-public Issuance difficult to implement, or which will bring adverse consequences to the Company although the issue plan can be implemented, or in the event of any change in the policy of non-public issuance of A shares, to determine to postpone or terminate in advance the plan of the Non-public Issuance at discretion;
9. To handle all other necessary, proper and appropriate matters related to the Non-public Issuance; and
10. The authorization shall be effective for 12 months after the Resolution on the Grant of Authorization to the Board and Its Authorized Persons by the Shareholders' General Meeting to Deal with the Relevant Matters relating to the Non-public Issuance of A Shares is considered and approved at the Shareholders' general meeting and class meetings of the Company. Upon the expiration of the authorization period, the Board shall, based on the actual situation of the Non-public Issuance, propose to the Shareholders' general meeting and class meetings of the Company for approval of new authorization.

On 5 December 2019, the Board approved and resolved to propose to the Shareholders to consider and, if thought fit, approve the resolution on the grant of authorization to the Board and its authorized persons by the Shareholders' general meeting to deal with the relevant matters relating to the Non-public Issuance of A Shares at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively, by way of special resolutions.

LETTER FROM THE BOARD

9. AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS

According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), the requirements on the notice period of the general meeting, shareholders' proposal right and convening procedures for joint stock companies incorporated in China and listed overseas shall be governed by the relevant provisions under the Company Law of the People's Republic of China, instead of the provisions under the Articles 20 to 22 of the Special Provisions of the State Council on Overseas Share Raising and Listing of Joint Stock Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》). Accordingly, the amendments to the relevant provisions of the Articles of Association concerning the notice period of the general meeting, shareholders' proposal right and convening procedures made by the Company have been reviewed and approved by the 2nd Extraordinary General Meeting of 2019 on 30 December 2019. The Company now intends to adjust and amend the relevant contents in the Rules of Procedures for General Meetings.

The proposed amendments to the Rules of Procedures for General Meetings shall be submitted to the shareholders for approval by a special resolution at the Extraordinary General Meeting.

10. THE EGM AND CLASS MEETINGS

The Company will convene the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting on Friday, 17 January 2020 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 notices convening the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting set out in pages N-1 to N-11 of this circular. The A Shareholders' Class Meeting will be held immediately after the conclusion of the EGM, 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 resolutions. Notice of EGM, 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 EGM and H Shareholders' Class Meeting, the register of members of the Company will be closed from Tuesday, 31 December 2019 to Friday, 17 January 2020, both days inclusive. To be eligible to attend and vote at the EGM 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 Thursday, 28 November 2019.

Shareholders who intend to appoint a proxy to attend the EGM, A Shareholders' Class Meeting 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 EGM or any adjourned meeting thereof.

LETTER FROM THE BOARD

11. VOTING BY POLL AT EGM AND CLASS MEETINGS

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 EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting will therefore demand a poll for every resolution put to the vote at the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting pursuant to Article 86 of the Articles of the Association.

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.

12. RECOMMENDATION

The Board considers that all resolutions set out in the Notice of EGM, 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 a whole. As such, the Board recommends the Shareholders to vote in favour of the said resolutions set out in the Notice of EGM, Notice of A Shareholders' Class Meeting and Notice of H Shareholders' Class Meeting which are to be proposed at the EGM and Class Meetings.

13. FURTHER INFORMATION

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

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

* For identification purpose only

Lanzhou Zhuangyuan Pasture Co., Ltd.*

Audit Report on Actual Deposit and Use of the Proceeds

Da Xin Zhuan Shen Zi [2019] No. 35-00001

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.
Audit Report on Actual Deposit and Use of the Proceeds

Da Xin Zhuan Shen Zi [2019] No. 35-00001

All the shareholders of Lanzhou Zhuangyuan Pasture Co., Ltd.*,

I. Audit Opinions

We have been entrusted to audit the attached Special Report on Actual Deposit and Use of the Proceeds during January to September 2019 of Lanzhou Zhuangyuan Pasture Co., Ltd.* (hereinafter referred to as the “Company”).

We consider that the preparation of the Special Report on Actual Deposit and Use of the Proceeds during January to September 2019 of the Company complies with relevant requirements and fairly reflects the actual deposit and use of the proceeds during January to September 2019 in all material aspects.

II. Basis for Forming Audit Opinions

We have performed audit in accordance with the requirements of the Audit Standards for Certified Public Accountants of the PRC. The section titled “Responsibilities of the Certified Public Accountant” in the Audit Report further clarifies our responsibilities under these standards. Based on the Code of Professional Ethics for Certified Public Accountants of the PRC, we are independent of the Company and have fulfilled other responsibilities in respect of professional ethics.

We believe that our audit provide a reasonable basis for expressing opinions.

III. Responsibilities of the Board of Directors

The board of directors of the Company assumes the responsibilities to prepare the Special Report on Actual Deposit and Use of the Proceeds in accordance with the 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 other documents issued by the CSRC, and guarantees that its contents are true, accurate and complete and there are no false records, misleading statements or material omissions.

IV. Responsibilities of the Certified Public Accountant

Our goal is to express opinions on the deposit and use of the proceeds of the Company during January to September 2019 based on the implementation of the audit.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

We exercise professional judgment and maintain professional skepticism in the course of performing the audit in accordance with the Audit Standards. At the same time, we also perform the following engagements:

- (I) Planning and performing the audit to obtain reasonable assurance on whether there is no material misstatement in the report on deposit and use of the proceeds during January to September 2019.
- (II) Implementing the audit procedures we consider necessary during the audit such as checking relevant information and documents, spot checking accounting records.

V. Other Explanatory Matters

This report is only for the purpose of reporting targeted additional issuance by the Company to China Securities Regulatory Commission and shall not be used for other purposes. We agree to take this report as a necessary document for declaration materials of targeted additional issuance and submit it together with other documents and disclose them to the public. The consequences arising from improper use have nothing to do with the certified public accountant and the firm of accountants which perform this audit.

WUYIGE Certified Public Accountants LLP.

Beijing • China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

5 December 2019

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Special Report on Actual Deposit and Use of the Proceeds during January to September 2019 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 (Zheng Jian Hui Gong Gao [2012] No. 44) (《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》(證監會公告[2012]44號)) issued by the CSRC, and the Regulations on the Standardization Operation Guidelines for Listed Companies in SME Board of Shenzhen Stock Exchange (《深圳證券交易所中小企業板上市公司規範運作指引》), 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 30 September 2019.

I. Basic Information on the Proceeds

(I) Basic information on the proceeds raised from H shares

As approved by the “Approval for the Issue of Overseas-listed Foreign Shares of Lanzhou Zhuangyuan Pasture Co., Ltd.* (Zheng Jian Xu Ke [2015] No. 1142)” (《關於核准蘭州莊園牧場股份有限公司發行境外上市外資股的批復》(證監許可[2015]1142號)) issued by China Securities Regulatory Commission, Lanzhou Zhuangyuan Pasture Co., Ltd.* (hereinafter referred to as the “Company”) carried out the initial public offering of 35,130,000 overseas-listed foreign shares (“H shares”) at a price of HK\$5.30 per share on 15 October 2015, which were paid up in cash in Hong Kong dollars. The total sum amounted to HK\$186,189,000. After deducting underwriting expenses and sponsor’s fee, various intermediaries’ fees and other issuance expenses from the total sum, the actual net proceeds raised amounted to HK\$141,832,158 (equivalent to RMB116,031,470 based on the middle point of the prevailing exchange rates of Hong Kong dollars against RMB on the date on which the Company received the prices).

The above funds were remitted to the account opened by the Company in Hong Kong branch of Bank of China Limited on 15 October, 19 October and 3 November 2015 respectively (account number: 01255068197773). KPMG Huazhen LLP has inspected the funds and issued KPMG Huazhen Yan Zi No. 1600935 capital verification report.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

During January to September 2019, the proceeds of RMB1,591,546 were used and the accumulated proceeds used in the previous years amounted to RMB107,687,541. As of 30 September 2019, the Company had used RMB109,279,087 of the proceeds from issuance of H shares accumulatively, with the accumulated net interest income of the proceeds net of handling fee amounting to RMB175,493, the balance of the special account of the proceeds amounting to RMB6,927,876 and the balance of the unused proceeds amounting to RMB6,927,876.

(II) Basic information on the proceeds raised from issuance of A shares

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, Lanzhou Zhuangyuan Pasture Co., Ltd.* (hereinafter referred to as the “Company”) carried out the public offering of 46,840,000 RMB ordinary shares (A shares) of RMB1.00 each at an issue price of RMB7.46 per share to the society. 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.

From January to September 2019, we utilized the proceeds of RMB0, temporarily replenished current capital of RMB100,000,000 and recovered the proceeds from temporarily replenished current capital of RMB100,000,000 for the year of 2018. The interest income of the special account of the proceeds for the current period after deducting handling fee amounted to RMB435,761 and the payment of the expenses for operating error amounted to RMB4,740,000. As of 30 September 2019, the Company had used proceeds from issuance of A shares of RMB203,400,000 accumulatively. The accumulated net interest income of the proceeds net of handling fee amounted to RMB1,351,963, the accumulatively replenished current capital amounted to RMB200,000,000 and the replenished current capital that was recovered amounted to RMB100,000,000. The balance of the special account of the proceeds amounted to RMB2,715,663 and the balance of the unused proceeds amounted to RMB107,455,663.

II. Deposit and Management of the Proceeds

In order to regulate the management and use of the proceeds and protect the interest of the investors, pursuant to the requirements of laws and regulations such as the Administrative Measures for the Sponsorship Business of Issuance and Listing of Securities (《證券發行上市保薦業務管理辦法》), 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》), the Shenzhen Stock Exchange Share Listing Rules (amended in 2018) (《深圳證券交易所股票上市規則(2018修訂)》), the Regulations on the Standardization Operation Guidelines for Listed Companies in SME Board of Shenzhen Stock Exchange (amended in 2015) (《深圳證券交易所中小企業板上市公司規範運作指引(2015年修訂)》) and in combination with the Articles of Association and the actual conditions of the Company, the Company has formulated the “Administrative Measures for Special Storage and Use of Proceeds of the Initial Public Offering of A shares” (《首次公開發行A股股票募集資金專項存儲及使用管理辦法》)

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

(hereinafter referred to as the “Administrative Measures”). Pursuant to the Administrative Measures, the Company implemented special account reserve for the proceeds, set up a special account for the proceeds with a bank and together with the sponsor institution, China Dragon Securities Co., Ltd. (華龍證券股份有限公司), signed the Tripartite Supervision Agreement on the Proceeds with Xinglong Sub-branch of BANK OF LANZHOU, Lanzhou Dongbu Sub-branch of China Zheshang Bank, Lanzhou Jinchang Road Sub-branch of Bank of China and Lanzhou Hi-tech Sub-branch of Shanghai Pudong Development Bank, respectively. There is no material difference between the main contents of these agreements and the Tripartite Supervision Agreement on the Proceeds (Template) of the Shenzhen Stock Exchange. The Company and the parties to the agreements have performed their rights and obligations in accordance with relevant terms of the agreements.

(I) Deposit and Management of the Proceeds Raised from Issuance of H shares

The proceeds raised from issuance of H shares were remitted to the account opened by the Company in Hong Kong branch of Bank of China Limited on 15 October, 19 October and 3 November 2015 respectively (account number: 01255068197773). As of 30 September 2019, all the idle proceeds had been deposited in the special account for the proceeds opened by the Company in Xinglong Sub-branch of BANK OF LANZHOU CO., Ltd. (account number: 101472000454788). We will continue to invest in the projects funded with the proceeds and the balance of the special account for the proceeds is RMB6,927,876.

The use of the proceeds from issuance of H shares of the Company from January to September 2019 is as follows:

Unit: RMB

Project	Amount
Balance of the special account for the proceeds as of 31 December 2018	8,497,307
Plus: net interest income of the proceeds net of handling fee	22,115
Minus: the use of the proceeds	1,591,546
Minus: temporarily replenished current capital	
Plus: return of temporarily replenished current capital	
Balance of the special account for the proceeds as of 30 September 2019	6,927,876
Balance of the available proceeds as of 30 September 2019	6,927,876

(II) Deposit and Management of the Proceeds Raised from Issuance of A shares

After the proceeds raised from issuance of A shares are readily available, the Company has opened four special accounts for the proceeds, among which, Account 1, Account 2 and Account 4 (the numbers of the accounts in this report are shown in the table below) are used for the deposit and use of the proceeds of the “10,000 imported fine cows farming construction project”. Account 3 is used for the deposit and use of the proceeds of the “construction project of self-service milk selling machines and ancillary facility”. In July 2018, the Company changed the use of all funds of RMB49,408,785.05 (including interest income) from investing in the “construction project of self-service milk selling machines and ancillary facility” to acquiring 82% equity interest of Xi’an Dongfang Dairy Co., Ltd.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

As of 30 September 2019, the balance of the special account of the proceeds of the Company was RMB2,715,663. The breakdown of the balance of the special account of the proceeds of the Company is as follows:

Unit: RMB

No.	The bank where the proceeds are deposited	Account number of the proceeds	Balance as of 30 September 2019 (RMB)
Account 1	Xinglong Sub-branch of BANK OF LANZHOU	101472000568575	8,897
Account 2	Lanzhou Jinchang Road Sub-branch of Bank of China	104059529335	15,602
Account 3	Lanzhou Hi-tech Sub-branch of Shanghai Pudong Development Bank	48170078801800000030	13,581
Account 4	Lanzhou Dongbu Sub-branch of China Zheshang Bank	8210000110120100058409	2,677,583
Total			2,715,663

The use of the proceeds raised from issuance of A shares of the Company from January to September 2019 is as follows:

Unit: RMB

Item	Amount
Balance of the special account for the proceeds as of 31 December 2018	7,019,902
Plus: net interest income of the proceeds net of handling fee	435,761
Minus: the payment of operation errors (note)	4,740,000
Minus: temporarily replenished current capital	100,000,000
Plus: return of temporarily replenished current capital	100,000,000
Balance of the special account for the proceeds as of 30 September 2019:	2,715,663
Balance of the available proceeds as of 30 September 2019	107,455,663

Note: this payment was refunded to the account of the proceeds on 3 December 2019.

III. Actual Use of the Proceeds from January to September 2019

(I) Use of the Proceeds Raised from Issuance of H shares

See Schedule 1 for the actual use of the proceeds raised from issuance of H shares as of 30 September 2019.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Schedule 1:

Comparison Table of the Use of Proceeds Raised from Issuance of H shares from January to September 2019

Unit: RMB

Total proceeds	Total proceeds invested during the period		Total proceeds invested during the period		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)	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	
	116,031,470														
Total proceeds with changes in use during the reporting period															1,591,546
Accumulated total proceeds with changes in use															109,279,087
Proportion of accumulated total proceeds with changes in use			40%												
Committed investment projects and investment directions of over-subscription funds															
Committed investment projects															
1. The construction of 3,000 raw milk kiosks of communities	Yes		37,130,070								N/A	N/A	N/A	N/A	N/A
2. Some source of fund for the project of importing approximately 5,000 dairy cows from Australia or New Zealand	Yes		34,809,441		81,222,029				81,222,029	100%		Note 1 and Note 2			
3. Promotion and marketing of brands	No		23,206,294		23,206,294			1,591,546	16,453,911	71%	N/A	N/A	N/A	N/A	No
4. Construction of a new technical center	Yes		9,282,518								N/A	N/A	N/A	N/A	N/A
5. Operating capital and others	No		11,603,147		11,603,147				11,603,147	100%	N/A	N/A	N/A	N/A	N/A

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Amount of and reasons for the proceeds balance of project implementation	N/A
Use and directions of unused proceeds	Unused proceeds raised are placed in an account opened for the proceeds raised designated by the Company and will be continuously invested in the proceeds projects. See II, (I) for the details.
Problems or other circumstances in use and disclosure of proceeds	N/A

Note 1: The actual investment amount is aggregated under the premise that all the expenses related to the committed investment projects are incurred till the proceeds are fully utilized assuming that such proceeds are transferred to the relevant bank account.

Note 2: As the Company did not make any undertaking as to the estimated benefits of the investment of the proceeds raised in the prospectus for the initial public offering of H shares of the Company, no information on the benefits of the investment of the proceeds raised is disclosed.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

(II) Use of the Proceeds Raised from Issuance of A shares

Please see Schedule 2 for the actual use of proceeds raised from issuance A shares as of 30 September 2019.

Schedule 2:

Actual use of proceeds raised from issuance A shares from January to September 2019

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)	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
Total proceeds										
Total proceeds with changes in use during the reporting period										
Accumulated total proceeds with changes in use					150,000,000					203,400,000
Proportion of accumulated total proceeds with changes in use					48.46%					
1. 10,000 imported fine cows farming construction project	Yes	260,193,300	159,503,700		53,400,000	33.48%	N/A	N/A	N/A	No
2. Self-service milk machine and supporting facilities construction project	Yes	49,310,400					N/A	N/A	N/A	Yes
3. Acquisition of 82% equity interests of Xi'an Dongfang Dairy Co., Ltd.	Yes		150,000,000		150,000,000	100%	N/A	N/A	N/A	No
Subtotal of committed investment projects		309,503,700	309,503,700		203,400,000	65.72%				
Investment directions of over-subscription funds										
No										
Repayment of bank loans (if any)	—						—	—	—	—

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Amount, use and progress of over-raised funds	N/A
Changes in implementation location of investment projects of proceeds	N/A
Adjustments in implementation of investment projects of proceeds	N/A
Pre-investment and replacement of investment projects of proceeds	N/A
Replenishment of the working capital temporarily by use the idle proceeds	<p>On 26 July 2018, the Company held the 6th meeting of the Board of Directors and the 4th meeting of the 3rd session of the Supervisory Committee, which considered and approved the Resolution on Replenish the Working Capital Temporarily By Using Partial Idle Proceeds. The Independent Directors gave the consent with independent opinion, they agreed to use RMB100 million of idle proceeds to replenish the working capital temporarily. The use period shall not exceed 12 months from the date of approval by the Board of Directors. Before the due date, the Company will return such part of funds to the designated proceeds account in a timely manner and full amount. As of 12 July 2019, the Company returned the funds of RMB 100,000,000 to replenish the working capital temporarily to the designated proceeds account of the Company in advance, and made the sponsor of the Company China Dragon Securities Co., Ltd. and Sponsor representatives informed of the return status of proceeds. Thus, the project of using idle proceeds to temporarily replenish the working capital was completed.</p> <p>On 5 August 2019, the Company held the 23th meeting of the Board of Directors, which considered and approved the Resolution on Replenish the Working Capital Temporarily By Using Partial Idle Proceeds. The Independent Directors and the Supervisory Committee gave the consent with independent opinion, they agreed to use RMB100 million of idle proceeds to replenish the working capital temporarily. The use period shall not exceed 12 months from the date of approval by the Board of Directors. Before the due date, the Company will return such part of funds to the designated proceeds account in a timely manner and full amount.</p>
Amount and reasons for the proceeds balance of project implementation	N/A
Use and directions of unused proceeds	As of 30 September 2019, the unused proceeds from the initial public issuance of A shares of the Company were RMB107,455,663 (including interest income), the Company intends to change the unused funds of “10,000 imported fine cows farming construction project” to “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows”. The 25th meeting of the 3rd session of the Board of Directors of the Company considered and approved the Proposal on Changes in Partial Investment Projects of Proceeds, and agreed to submit the issues relating to changes in partial investment projects of proceeds to the general meeting of shareholders of the Company for approval.
Problems or other circumstances in use and disclosure of proceeds	N/A

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

(3) Use the proceeds to replace the pre-invested funds in the investment projects

As of 30 September 2019, the Company did not use any proceeds to replace pre-invested funds in investment projects.

(4) Temporarily replenish the working capital with the idle proceeds

According to the fund use plan of the investment projects of proceeds from issuance of A shares, and under the premise of ensuring that the implementation progress of investment projects of proceeds is not affected, in order to satisfy the Company's increasing working capital requirements, improve the use efficiency of proceeds and reduce financial expenses, the Company replenished the working capital by using RMB100 million of idle proceeds.

On 26 July 2018, the Company held the 6th meeting of the 3rd session of the Board of Directors and the 4th meeting of the 3rd session of the Supervisory Committee, which considered and approved the Resolution on Replenish the Working Capital Temporarily by Using Partial Idle Proceeds. The Independent Directors expressed independent opinion on the proposal, and agreed to replenish the working capital by using RMB100 million of idle proceeds temporarily. The use period shall not exceed 12 months from the date of adoption of the resolution by the Board of Directors.

As of 12 July 2019, the Company returned the funds of RMB100,000,000 to replenish the working capital temporarily to the designated proceeds account of the Company in advance, and informed the sponsor of the Company China Dragon Securities Co., Ltd. and Sponsor representatives of the return status of proceeds. Thus, the matter in respect of using idle proceeds to temporarily replenish the working capital was completed.

On 5 August 2019, the Company held the 23th meeting of the 3rd session of the Board of Directors, which considered and approved the Proposal on Replenish the Working Capital Temporarily by Using Partial Idle Proceeds. The Independent Directors and the Supervisory Committee gave the consent with independent opinion, they agreed to use RMB100 million of idle proceeds to replenish the working capital temporarily. The use period shall not exceed 12 months from the date of approval by the Board of Directors. Before the due date, the Company will return such part of funds to the designated proceeds account in a timely manner and full amount.

(5) Use idle proceeds to purchase wealth management products

As of 30 September 2019, the Company did not use any idle proceeds to purchase wealth management products.

(6) Use of proceeds balance

As of 30 September 2019, there was no proceeds balance in the Company.

(7) Use and direction of unused proceeds

As of 30 September 2019, the unused proceeds from the initial public issuance of A shares of the Company were RMB107,455,663 (including interest income), of which RMB100,000,000 was used to replenish the working capital after performing the corresponding procedures, RMB2,715,700 was deposited in the proceeds account, and RMB4,740,000 was returned on 3 December 2019 due to payment error of the Company.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

In September 2019, the 25th meeting of the 3rd session of the Board of Directors of the Company considered and approved the Resolution on Changes in the Use of Partial Proceeds, the Company intended to change the unused funds and interest of “10,000 imported fine cows farming construction project” to “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows”. The resolution will be considered in the 2019 Second Extraordinary General Meeting to be convened on 30 December 2019, 2019 Third A Class Meeting and 2019 Third H Class Meeting.

IV. CHANGE THE USE OF FUNDS OF INVESTMENT PROJECTS TO BE FUNDED WITH THE PROCEEDS

(I) Change the use of funds of investment projects to be funded with the proceeds raised from H shares

For changing the use of funds of investment projects of proceeds raised from H shares, please refer to the “Table of the change of investment projects for the proceeds raised from H shares” (Schedule 3).

1. Reason for changes

As of June 2016, the Company had built 179 community milk kiosks in large residential community and high-end residential community in Lanzhou to distribute cold chain liquid yogurt products. However, with changes in the market environment, increasing awareness of property owners on right protection and the impact of enforcement agency, the strategy of developing community dairy cow kiosks ran into the bottleneck, the Board considered that the number of community milk kiosks could be increased to up to 300, far below the goal of 3000, which could not achieve the expected scale and penetration rate of community milk kiosks. In addition, the Company is currently identifying the appropriate local technology centers, which should be close to the office of the Company in Lanzhou, and convenient to promoting research and development activities with professional institutions and universities in consideration of the transportation network. Meanwhile, it still takes time for the Company to resolve the issue about the site selection of technology centers and to apply the proceeds of “new technology center construction” in other more efficient aspects.

As of October 2016, the Company had imported approximately 2000 dairy cows from Australia or New Zealand. As the average production of imported dairy cows are higher than that of local dairy cows, the Company raised the proportion of imported dairy cows, improved quality of dairy cows and increased the production of fresh milk. To complete the goal of importing 5000 dairy cows from Australia or New Zealand, the Company has decided to change the use of proceeds from “construction of 3,000 community fresh milk kiosks” and “new technology center construction” to “importation of approximately 5,000 dairy cows from Australia or New Zealand”.

2. Description of decision-making procedures and information disclosure

On 26 October 2016, the Company held the 12th extraordinary Board meeting, the notice of the meeting was delivered to all directors, supervisors and senior management as required, the meeting was voted on site and by communication, the members of the Supervisory Committee and senior management attended the meeting. The meeting considered and approved the “Resolution on change of the ‘use of proceeds’ in Prospectus (“Prospectus”) on global offering of the shares of the Company issued on 30 September 2015 and the interim report of the Company for the six months ended 30 June 2016”.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

(2) Change the use of funds of investment projects of proceeds raised from issuance of A shares

For changing the use of funds of investment projects of proceeds raised from issuance of A shares, please refer to the “ Table of the change of investment projects for the proceeds raised from A shares” (Schedule 4).

1. Reason for changes

(1) Reasons for changing the self-service milk machine and supporting facilities construction Project

From the distribution area, the 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 large population, 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, so terminate the self-service milk machine and supporting facilities construction project, and the project’s proceeds RMB49,408,785.05 (including interest income) are all used to acquire 82% equity interests of Dongfang Dairy.

(2) Reasons for changing the 10,000 imported fine cows farming construction project

According to the feasibility study report of the project, the Company will implement it in three years according to the stage development plan of the pasture, which will 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 some of the project’s proceeds to acquire 82% equity interests of Dongfang Dairy.

Among the Company’s subordinate farms, Yuzhong Ruifeng, Gansu Ruijia, Linxia Ruian 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 joint farming model in the future. Therefore, partial proceeds of the project are changed to acquire 82% equity interests of Dongfang Dairy.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

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 some of the project's proceeds to acquire 82% equity interests of Dongfang Dairy.

2. Description of decision-making procedures and information disclosure

(1) Description of decision-making procedures and information disclosure for acquisition 82% equity interests of Dongfang Dairy

On 26 July 2018 and 26 September 2018, the Company held the 6th meeting of the 3rd 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 "10,000 imported fine cows farming construction project" and all the funds RMB49,408,785.05 (including interest) of the "self-service milk machine and supporting facilities construction project", the two investment projects of proceeds raised from IPO of A shares, totaled RMB150,000,000 was changed to acquire 82% equity interests of 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 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 of 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 has 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.

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

Schedule 3:

Table of the change of investment projects for the proceeds raised from H 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
Some source of fund for the project of importing approximately 5,000 dairy cows from Australia or New Zealand	Some source of fund for the project of importing approximately 5,000 dairy cows from Australia or New Zealand, the construction of 3,000 raw milk kiosks of communities, the construction of a new technical centre	81,222,029		81,222,029	100%	N/A	N/A	N/A	No
The promotion and marketing of brands	The promotion and marketing of brands	23,206,294	1,591,546	16,453,911	71%	N/A	N/A	N/A	No
Operating capital and others	Operating capital and others	11,603,147		11,603,147	100%	N/A	N/A	N/A	No
	Total	116,031,470	1,591,546	109,279,087	94%				
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		N/A							
Illustration of significant changes on the feasibility of the project after changes		N/A							

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

Schedule 4:

Table of the change of investment projects for the proceeds raised from A shares

Unit: RMB

Projects after changes	Corresponding original committed projects	Total proceeds raised 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 project of cultivation and construction of 10,000 imported good dairy cows	The project of cultivation and construction of 10,000 imported good dairy cows	159,503,700		53,400,000	33.48%	N/A	N/A	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		49,310,400	100%	N/A	N/A	N/A	No
The acquisition of 82% equity interest of Dongfang Dairy	The project of cultivation and construction of 10,000 imported good dairy cows	100,689,600		100,689,600	100%	N/A	N/A	N/A	No
	Total		309,503,700		203,400,000	65.72%			
Illustration of the reason for change, decision-making procedures and information disclosure		See IV, (II)							
The circumstances and reasons for not meeting the planned schedule or expected revenue		As of 30 September 2019, “10,000 imported fine cows farming construction project” have paid RMB53,400,000 for the cow purchase, and the cows have not reached the farms of the Company.							
Illustration significant changes on the feasibility of the project after changes		N/A							

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

V. Problems in the use and disclosure of the proceeds raised

(I) Problems in the use and disclosure of proceeds raised from H shares

The Company has contrasted the actual use of the above-mentioned proceeds raised with the relevant content disclosed in 2015 annual report, 2016 annual report, 2017 Annual report, “report of the Board of Directors” in the 2018 annual report, chapters in the 2019 half-year report and other relevant information disclosure documents of the Company item by item and the actual use of the proceeds raised is consistent with the relevant contents disclosed.

(II) Problems in the use and disclosure of proceeds raised from A shares

The Company has placed, used and managed the proceeds raised during the period 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 in SME Board of Shenzhen Stock Exchange (revised in 2015) 《深圳證券交易所中小企業板上市公司規範運作指引(2015年修訂)》 and Administrative Measures for Special Storage and Use of Proceeds of the Proceeds Raised by Initial Public Offerings of A shares (《首次公開發行A股股票募集資金專項存儲及使用管理辦法》) of the Company, and discloses the information timely, truly, accurately and completely and there is no non-compliance condition except for payment of RMB4.74 million due to operation error from January to September 2019, which led to illegal use of the amount.

For the misoperation of the RMB4.74 million, after verifying the Special Report on Actual Deposit and Use of the Proceeds during January to September 2019 of Lanzhou Zhuangyuan Pasture Co., Ltd. prepared by the Company, the Audit Report on Actual Deposit and Use of the Proceeds of Lanzhou Zhuangyuan Pasture Co., Ltd. issued by WUYIGE Certified Public Accountants LLP., the Agency Agreement for Imported Cows entered into between the Company and Tianjin Aohaihaode Import & Export Co., Ltd. (天津澳海浩德進出口有限公司) (Agreement No.: ZYMC-2019-0903), the Customer Electronic Receipt of CZBank in relation to the payment made mistakenly by the Company on 16 September 2019, the Payment Receipt of Bank of Lanzhou in relation to the return of the payment by the Company on 3 December 2019 and the Company’s explanation on this incident, we noted that the Company planned to make the first tranche payment of RMB4.74 million for the cows purchased according to the Agency Agreement for Imported Cows entered into between the Company and Tianjin Aohaihaode Import & Export Co., Ltd. (天津澳海浩德進出口有限公司) on 16 September 2019. The staff in the finance department of the Company mistakenly believed that such amount should be paid from the special account of the proceeds, and thus paid the same from special account of the proceeds of A shares. The Company identified the misoperation when verifying the deposit and use of the proceeds on 3 December 2019, and immediately returned RMB4.74 million to the special account of the proceeds on the same day.

APPENDIX I PROPOSED REPORT ON THE USE OF PROCEEDS PREVIOUSLY RAISED

In view of the above, such account operation was caused by the mistake of the staff without intention, and does not constitute the “unauthorized or disguised change of the purpose of the proceeds” or “using the special account of the proceeds for other purposes” under 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 in SME Board of Shenzhen Stock Exchange (revised in 2015) (《深圳證券交易所中小企業板上市公司規範運作指引(2015年修訂)》) issued by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”). The Company made a true, accurate and complete disclosure and explanation for such misoperation in the Report on the Use of the Proceeds raised from the Previous Financing prepared by the Company and the attestation report issued by the accounting firm on the Report on the Use of the Proceeds raised from the Previous Financing, which complied with the information disclosure requirements for the actual deposit and use of the proceeds under the relevant PRC laws and regulations. Moreover, the Company took corrective and remedial measures in a timely manner after identifying this incident, which neither generated substantial legal risks, nor constituted substantial legal obstacles to the Non-public Issuance of A shares by the Company.

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

5 December 2019

* For identification purposes only

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

Stock Abbreviation: Zhuangyuan Pasture

Stock Code: 002910

Lanzhou Zhuangyuan Pasture Co., Ltd.

(Domicile: Sanjiaocheng Village, Sanjiaocheng Town, Yuzhong County, Lanzhou, Gansu)



**Plan for the Non-public Issuance of A Shares
Feasibility Analysis Report on the Use of Proceeds**

December 2019

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

In order to further enhance the comprehensive competitiveness of Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司) (“Zhuangyuan Pasture” or the “Company”) and improve sustainable development of the Company, the 29th meeting of the third session of the Board of the Company considered and approved relevant matters concerning the Non-public Issuance of A Shares, pursuant to which the Company intends to issue not more than 38 million Shares to not more than 10 specific targets on non-public basis. The feasibility analysis on the investment projects funded with the proceeds above is as follows:

I. PLAN FOR THE USE OF THE PROCEEDS FROM THE ISSUANCE

The total proceeds (inclusive of the issuance expenses) from the Non-public Issuance of A Shares by the Company will not exceed RMB380,000,000 (inclusive). The proceeds are intended to be used in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District and to repay bank loans, particulars of which are as follows:

Unit: RMB’0,000

No.	Name of the project	Total investment amount	Proceeds to be invested
1	Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District	49,834.57	34,000.00
2	Repayment of bank loans	4,000.00	4,000.00
Total		53,834.57	38,000.00

The proceeds raised will be invested as needed according to the actual construction progress of the projects. If the Company has used bank loans or its own funds to invest and construct some related projects before the proceeds from the issuance are available, the proceeds from the issuance will be used to replace such bank loans or its own funds after they are available. If the net proceeds from the issuance are less than the total amount of funds to be invested, the shortfall shall be financed by the Company with its own funds or other financing methods.

II. BACKGROUND OF THE IMPLEMENTATION OF THE INVESTMENT PROJECTS FUNDED WITH THE PROCEEDS FROM THE ISSUANCE

1. National and Local Policy Support

It is the general idea and guidance for the agricultural development in China that the animal husbandry should be intensified, the structure of animal husbandry adjusted, the development of dairy production focused upon, the industrialisation of the dairy industry proactively promoted and the weight of milk in the national diet increased during the “13th Five-Year Plan” period and an even longer period thereafter. Since 2017, the General Office of the State Council, the Ministry of Agriculture, the National Development and Reform Commission and many other departments have promulgated the “National Dairy Development Plan (2016-2020)” (《全國奶業發展規劃(2016-2020)

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

年)), the “National Nutrition Plan (2017-2030)” (《國民營養計劃(2017—2030年)》), the “Opinions on Promoting the Revitalization of Dairy Industry to Ensure the Quality and Safety of Dairy Products” (《關於推進奶業振興保障乳品質量安全的意見》), the “Opinions on Further Promoting the Revitalization of Dairy Industry” (《關於進一步促進奶業振興的若干意見》), the “Opinions of the Central Committee of the CPC and the State Council on Giving Priority to the Development of Agricultural and Rural Area and Deal with Matters in Relation to Agriculture, Rural Areas and Farmers Properly (No. 1 Document of the Central Committee of the CPC in 2019)” (《中共中央國務院關於堅持農業農村優先發展做好「三農」工作的若干意見》(2019年中央一號文件)) and other documents, with an aim to further coordinate the development of Holstein cattle and other dairy animals, promote the coordinated development of milk source base construction, forage planting and dairy processing and achieve a self-sufficiency rate of milk source of over 70% by 2020, which has clarified the position of the dairy industry in the national economy, and the development direction and goals of dairy products in the future.

According to the “Opinions of the Gansu Provincial People’s Government of CPC Gansu Provincial Committee on Further Deepening Rural Reform and Accelerating Agricultural Modernization” (《中共甘肅省委甘肅省人民政府關於進一步深化農村改革加快推進農業現代化的意見》), a scale breeding should be developed, leading enterprises supported, breeding communities built, the pilot projects of the whole industry chain of the modern animal husbandry expanded, the construction process of 35 modern animal husbandry demonstration counties and 4 grassland agricultural pilot counties accelerated, the policies to support to-be-bigger-and-stronger key leading agricultural enterprises implemented and new 600 standardized farms (communities) built under the goal of increasing the income of farmers and improving agricultural efficiency based on the provincial conditions.

The Company has been assessed as a national key leading enterprise of agricultural industrialization by several ministries and commissions for many years. The implementation of the investment projects to be funded with by the proceeds from the Non-public Issuance falls within the scope of the are as supported by the national and local policies, meets the requirements of relevant industry policies, and has been implemented when the country focuses on the development of the animal husbandry and production of dairy products.

2. The Actual Needs of the Company’s Production and Operation (Raw Milk)

Currently, the Company is a specialized dairy product producer in Gansu Province with large investment, integrating dairy farming, dairy processing, and sales as a whole. Since the establishment of its predecessor, Zhuangyuan Dairy, the issuer has always adhered to the development philosophy of “Survival on Quality”, maintained the balanced development strategy of “Coordinated Market Development and Supply Capacity”, and met the quality management requirements of “Safety and Freshness”. After building a safe and controllable production, transportation and marketing system that integrates dairy farming, raw milk procurement, dairy processing, and product transportation and marketing, it uses the production base as the center to expand market gradually within a reasonable distribution radius. With fresh and reliable product quality and distinctive product mix, the issuer has

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

gradually expanded itself in the local market. After nearly two decades of efforts, it has grown from a small county-based private enterprise to a regional market leader, showing a good development momentum. At present, the Company's products have high market share in Gansu, Qinghai and Xi'an markets, and enjoy obvious brand advantages and high market position in regional markets.

The Company's production base in Sanjiaocheng Town, Yuzhong County, Lanzhou, Gansu, was completed and put into operation in 2003, and its layout was based on the market size, consumption demand and industry characteristics at that time. With a history of nearly two decades since then, some factory buildings are outdated and some equipment is gradually aging. Given that the Company's existing dairy processing base in Yuzhong County cannot fully meet the growing diversified needs of the dairy consumption market and the actual operating issues, including the upgrade of advanced dairy production processes, such as filling technology, the Company has invested and implemented the "Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day" with its own funds. As for the project, the Company intends to use the existing production and processing bases and newly purchased surrounding land, rely on experienced and well-qualified engineering design institutes to rationalize and modernize the re-planning, investment and construction, eliminate existing aging production equipment used in backward production processes with low utilization rate and long service life, and purchase and build new production lines to increase the Company's production capacity. Since the commencement of construction in 2018, the "Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day" is under construction and is expected to be put into use in 2020. After the project is completed and put into operation, the production capacity and output will increase to certain extent as compared with the current production capacity and output, and the demand for raw milk used in supporting production will also increase to certain extent as compared with the current demand.

Therefore, through implementing the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District invested by the proceeds from the Non-public Issuance, the Company will secure adequate supply of raw milk after the "Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day" is put into operation. The Non-public Issuance is also implemented based on the actual needs of the Company's current production and operations and future development plans.

III. BASIC INFORMATION ON THE IMPLEMENTTION OF THE PROJECTS INVESTED BY THE PROCEEDS FROM THE NON-PUBLIC ISSUANCE

(I) 10,000 Dairy Cows Farming Construction Project in Jinchuan District

1. Basic Information of the Project

Project construction period: The proposed construction period of the project is 2 years

Project implementation entity: Gansu Ruijia Farming Co., Ltd. ("Ruijia Farming"), a wholly-owned subsidiary of the Company

Project implementation location: West side of Jin'a Railway, Shuangwan Town, Jinchuan District, Jinchang City, Gansu Province

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

Project investment estimate: the total investment amount of the project is RMB498,345,700, of which RMB340 million will be satisfied by the proceeds raised from the Non-public Issuance of A Shares, and the remaining will be invested by the Company with its own funds, details of which are as follows:

(1) Construction Project

The estimated investment in construction project is based on the economic indicators of similar projects and the recent labor and material prices in Jinchang City. The investment amount is RMB211,651,800. Please see the following table for details:

No.	Name of building (structure)	Quantity	Unit	Unit price (RMB/m ² , RMB/m ³)	Total price (RMB10,000)
I	Major projects for production				
1	Barns for milkable cows (7)	75,250.10	m ²	601.88	4,529.22
2	Barns for suckling calves	5,111.47	m ²	650.00	332.25
3	Barns for special cows and production office	6,953.71	m ²	650.00	451.99
4	Barns for heifers (3)	24,096.10	m ²	550.00	1,325.29
5	Barns for young cows	10,789.20	m ²	580.00	625.77
6	Milking parlour, parlour for cows to be milked and platform for visiting	9,921.01	m ²	1,500.00	1,488.15
7	Channel for milking	2,758.41	m ²	520.00	143.44
	Subtotal	134,880.00			8,896.11
II	Auxiliary projects for production				
1	Silo (8)	34,560.00	m ²	220.00	760.32
2	Silage collection tank (2)	90.00	m ²	7,250.00	62.25
3	Forage yard (5)	14,400.00	m ²	220.00	429.09
4	Forage shed (3)	4,500.00	m ²	650.00	316.80
5	Concentrate library	1,864.86	m ²	960.00	179.03
6	Mixing plant	1,964.04	m ²	650.00	127.66
7	Weight bridge foundation	84.00	m ²	420.00	3.52
8	Manure and sewage transfer canal	1,063.22	m	1,450.00	154.17
9	Solid-liquid separation room of cow manure	3,454.62	m ²	960.00	331.64
10	Drying yard for dry manure	10,200.00	m ²	220.00	224.40
11	Temporary storage tank for wastewater (4)	40,000.00	m ²	220.00	880.00
12	Machine workshop and oil depot	747.91	m ²	650.00	48.61

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

No.	Name of building (structure)	Quantity	Unit	Unit price (RMB/m ² , RMB/m ³)	Total price (RMB10,000)
13	Disinfection locker	322.72	m ²	1,450.00	46.79
14	Temporary storage room for hazardous waste	50.00	m ²	1,450.00	7.25
	Subtotal	113,301.37			3,571.53
III	Auxiliary projects				
1	Office building (2)	3,964.28	m ²	1,980.00	784.93
2	Dormitory	13,526.96	m ²	1,980.00	2,678.34
3	Dairy Cow Museum	4,673.29	m ²	1,200.00	560.79
4	Pavilion for visit and experience	3,438.70	m ²	1,200.00	412.64
5	Canteen and restaurant	812.70	m ²	1,500.00	121.91
6	Boiler room	220.23	m ²	1,500.00	33.03
7	Guard room, entry disinfection channel and weighbridge room	268.00	m ²	1,500.00	40.20
8	Water pump room	34.11	m ²	1,500.00	5.11
9	Power distribution room (4)	136.44	m ²	1,500.00	20.46
	Subtotal	27,074.71			4,657.41
IV	Other projects				
1	Wells	2.00	Well	350,000.00	70.00
2	Hardening of roads and sites	35,112.00	m ²	160.00	561.79
3	Fence	6,745.00	m	460.00	310.27
4	Vehicle disinfection channel	32.00	m ²	2,200.00	7.04
5	Basketball court	2,026.88	m ²	220.00	44.59
6	Greening	179,718.00	m ²	25.00	449.29
8	Earthwork	84,587.40	m ²	14.00	118.42
9	Site formation	518,028.00	m ²	4.00	207.21
10	Power supply and distribution system	518,028.00	m ²	5.00	259.01
11	Water supply system	518,028.00	m ²	7.00	362.62
12	Fire control system	518,028.00	m ²	5.00	259.01
13	Rainwater system	518,028.00	m ²	5.00	259.01
14	Monitoring system	518,028.00	m ²	3.00	155.41
15	Processing system for cow manure and cow urine	1.00	system		360.00
	Subtotal	3,416,393.28			3,423.67
V	Total construction costs				20,548.72
VI	Installation and decoration works	Calculated at 3% of the construction costs in general			616.46
VII	Total costs for construction and installation and decoration works				21,165.18

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

(2) Project Implementation Schedule

According to the Phased Development Plan of Ruijia Farming, 5,000 fine dairy cows will be purchased from 2018 to 2020.

The implementation schedule of the project is as follows:

Year	2018						2019						2020												
	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	
Complete the feasibility study	█																								
Complete all procedures and approvals and funding		█	█	█	█	█	█	█	█	█															
Preliminary design and construction drawing design, equipment ordering and construction preparation		█	█	█	█	█	█																		
Civil engineering			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█						
Install equipment and facilities, personnel training and purchase office supplies																									
Completed and put into production																									

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

(3) Equipment Purchase

The price of the equipment is based on manufacturer's quotation or market inquiry. The equipment required for the project is RMB79,845,500 in total, and the installation and commissioning costs are RMB2,395,400. Therefore, the equipment purchase and installation and commissioning costs are RMB82,240,900 in total. The equipment purchased for the project mainly includes equipment used in barns, feed processing equipment, milking equipment, manure removal equipment, water supply equipment, power equipment, monitoring equipment, equipment for embryo transfer and fertilization, and inspection equipment used by veterinary. Please see the following table for details:

No.	Name of equipment	Specification and type	Unit	Quantity	Unit price (RMB10,000)	Total price (RMB10,000)
I	Equipment used in barns					
1	Cow cangue	JJ750	cangue	5712	0.03	148.51
		JJ600	cangue	2200	0.02	52.80
		JJ450	cangue	1568	0.02	37.63
2	Barn for cows	WL5000	barn	5610	0.04	196.35
		WL4500	barn	1952	0.04	68.32
		WL4000	barn	548	0.03	17.54
3	Electric shutter (polyethylene composite cloth)		m ²	18908	0.02	415.98
4	Automatic thermostatic drinking water equipment	YSC4000	set	254	0.60	152.40
		YSC3400	set	28	0.48	13.44
		YSC2400	set	40	0.40	16.00
		YSC1200	set	5	0.20	1.00
5	Subtotal					1,119.97
II	Feed processing equipment					
1	Concentrate storage bin		set	5	6.50	32.50
2	Loader	Model 50	suit	2	36.00	72.00
		Model 30	suit	2	24.00	48.00
3	Feeding TMR mixer	Self propelled	set	2	210.00	420.00
4	Feeding TMR mixer	Trailed	set	2	80.00	160.00
5	Automatic calf feeder	1 for 4 plants	suit	8	45.00	360.00
6	Calf milk pasteurization tank	500L	suit	8	8.00	64.00
7	Calf milk refrigerator	1000L	suit	8	4.00	32.00
8	Supplementary feeder for calves		suit	32	0.65	20.80
9	Feed analyzer	infrared	suit	1	35.00	35.00
10	Cow lamp	special cow lamp		2,000	0.08	150.00

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

No.	Name of equipment	Specification and type	Unit	Quantity	Unit price (RMB10,000)	Total price (RMB10,000)
11	Subtotal					1,394.30
III	Milking equipment					
1	Rotary milking equipment	80 position	set	2	600.00	1,200.00
2	Side-by-side milking equipment	2*20	set	1	80.00	80.00
3	Gate used to drive the cow		set	2	20.00	40.00
4	Divider door		set	3	15.00	45.00
5	Vertical milk storehouse	30 tons	set	8	30.00	240.00
6	Refrigeration system		set	1	300.00	300.00
7	Water heating equipment for cleaning	5T	suit	2	5.00	10.00
		1T	suit	2	2.50	5.00
8	Hoof repair equipment		suit	2	19.00	38.00
9	Collar					included in milking equipment
10	Refrigeration and cleaning equipment					
11	Subtotal					1,958.00
IV	Veterinary and milk testing equipment					
1	Equipment and instruments for artificial propagation		set	2	45.00	90.00
2	Veterinary equipment and instruments		set	2	30.00	60.00
3	Testing equipment and instruments for fresh raw milk		set	1	130.00	130.00
4	DHI analysis system		set	1	36.00	36.00
5	Subtotal					316.00
V	Manure removal equipment					
1	Full automatic manure drying and removal equipment (scraping board)		set	39	15.00	585.00
2	Loader	Model 30	suit	2	24.00	48.00
3	Wet and dry separation equipment	65	set	7	18.00	126.00
4	Microfiltration equipment		suit	7	22.80	159.60
5	Feed pump		suit	8	11.00	88.00
6	Recoil pump		suit	2	11.28	22.56

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

No.	Name of equipment	Specification and type	Unit	Quantity	Unit price (RMB10,000)	Total price (RMB10,000)
7	Mixing pump		suit	4	9.73	38.92
8	Grille machine		suit	2	3.00	6.00
9	Manure turner		set	2	19.20	38.40
10	Pad spreader	12m ³	set	5	7.00	35.00
11	Manure spreader			2	5.00	10.00
12	Cow bed loosening machine		set	5	0.76	3.80
	Subtotal					1,161.28
VI	Water supply equipment					
1	Towerless water supply equipment		set	2	13.50	27.00
2	Water purification equipment		set	2	8.00	16.00
3	Subtotal					43.00
VII	Electrical Equipment					
1	Transformer and box change	800kVA	set	5	35.00	175.00
2	Diesel generator	500kW	suit	2	30.00	60.00
3	Cables and appliances		set	1	520.00	520.00
4	Subtotal					755.00
VIII	Monitoring equipment					
1	Park monitoring equipment		set	1	115.00	115.00
2	Subtotal					115.00
IX	Sewage treatment equipment		set			
1	Sewage treatment equipment		set	1	580.00	580.00
2	Subtotal					580.00
X	Others					
1	Water heating equipment for cow delivery barn		set	1	2.00	2.00
2	Weighbridge (100T3.4*18))		suit	2	25.00	50.00
3	Forklift	3T	suit	2	10.00	20.00
4	Fire control equipment		set	1	220.00	220.00
5	Natural gas boiler	2T	set	6	15.00	90.00
6	Natural gas pipeline		set	1	160.00	160.00
7	Subtotal					542.00
XI	Total equipment purchase costs				7,984.55	

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

No.	Name of equipment	Specification and type	Unit	Quantity	Unit price (RMB10,000)	Total price (RMB10,000)
XII	Total installation and commissioning costs	Calculated at 3% of the equipment purchase costs				239.54
XIII	Total equipment purchase, installation and commissioning costs			8,224.09		

(4) Assessment on the Economic Benefits of the Project

After the completion, this project will provide 68,000 tons of high-quality raw milk, 3,400 male calves, 2,650 female calves and 750 retired cows per year. The normal annual sales revenue of the project is RMB283,200,000 and the average annual total profit is RMB63,371,500, with a payback period of 8.29 years. Each of the main financial and economic indicators of the project is reasonable and feasible, with high operational safety and good economic benefit.

(5) Project Approval and Filing

The Development and Reform Bureau of Jinchuan District of Jinchang City 《金昌市金川區發展和改革局》 issued the Notice of Development and Reform Bureau of Jinchuan District of Jinchang City on the Change of the Filing of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District (Jin Qu Fa Gai (Bei) [2019] No. 126) (《金昌市金川區發展和改革局關於變更甘肅瑞嘉牧業有限公司金川區萬頭奶牛養殖循環產業園項目備案的通知》(金區發改(備)[2019]126號)) on 3 June 2019 and agreed to change the registration and filing of the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District”.

The Jinchang Environmental Protection Bureau (金昌市環境保護局) issued the “Reply on the Environmental Impact Report on the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District ” (《關於甘肅瑞嘉牧業有限公司金川區萬頭奶牛養殖循環產業園項目環境影響報告書的批復》)(金環保發[2018]561號)(Jin Huan Bao Fa [2018] No. 561) on 18 December 2018. Pursuant to the approval opinion, this investment project “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District” meets all of the environmental protection requirements.

(6) Land Use of the Project

The Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District is implemented at South Beach, Gucheng Village, Shuangwan Town, Jinchuan District, Jinchang City, Gansu Province. All of the surrounding areas have access to electricity and the power is sufficient. The location of the project site enjoys convenient transportation, and the communication, radio and television signals cover the whole area. The project covers a total area of 1,860 mu (畝), among which, the Company intends to purchase 370 mu (畝) in the form of grant, and the local government leases 1,490 mu (畝) of facility agricultural land for free.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

According to the Notice of Jinchuan District People’s Government of Jinchang City on the Filing of the First Phase of the Facility Agricultural Land for a Dairy Farm with 10,000 Dairy Cows for the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows of Gansu Ruijia Farming Co., Ltd. in Jinchuan District from Jinchuan District People’s Government of Jinchang City (Jin Qu Zheng Tu Fa [2019] No. 2), it is permitted to make filing on the facility agricultural land agreement signed by Ruijia Farming and Shuangwan Town People’s Government and it is agreed that the Company can occupy 1,490 acres of unused state-owned land on the west side of Jin’a Railway of Shuangwan Town as the land for the newly constructed farm project for 10,000 dairy cows.

The Company signed the Land Use Rights Grant Contract with Jinchang Natural Resources Bureau (金昌市自然資源局) in July 2019, pursuant to which the Company intends to acquire 372.20 mu (畝) of project land with its own funds for office, dormitory, exhibition hall and dairy cows breeding purposes. Up to now, the Company has paid the above-mentioned land purchase payment, and is in the process of completing the property rights formalities.

2. Necessity of Project Construction

(1) Conducive to the supply guarantee of the Company’s raw milk

The Company’s production base in Sanjiaocheng Town, Yuzhong County, Lanzhou, Gansu, was completed and put into operation in 2003, and its layout was based on the market size, consumption demand and industry characteristics at that time. With a history of nearly two decades since then, some factory buildings are outdated and some equipment is gradually aging. Given that the Company’s existing dairy processing base in Yuzhong County can’t fully meet the growing diversified needs of dairy consumption market and actual operating issues, namely the upgrade of advanced dairy production processes, such as filling technology, the Company invests and implements the “Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day” with its own funds, uses existing production and processing bases and newly purchased surrounding land, relies on experienced and well-qualified engineering design institutes to rationalize and modernize the re-planning, investment and construction, eliminates existing aging production equipment used in backward production processes with low utilization rate and long service life, as well as purchases and builds new production lines to increase the Company’s production capacity.

Since the commencement of construction in 2018, the “Reconstruction and Expansion Project with Daily Processing 600 tons of Liquid Milk” has been under construction and is expected to be put into operation in 2020. After the project is put into production, the daily processing capacity, annual production capacity, annual output, production process and production efficiency of the Company’s dairy products will be improved, and the consumption of raw milk for production will also increase. In addition, the Company completed the acquisition of Dongfang Dairy in November 2018. With the integration of the Company’s internal business, brands, channels and the synergy, Dongfang Dairy is expected to achieve growth in revenue and profit in the future, resulting in an increase in demand for raw milk. The implementation and operation of the “Recycling industrial park project of a dairy farm

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

with 10,000 Dairy Cows” will ensure the supply of raw milk for the smooth implementation of the Company’s “Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day”, meet the growing demand on production-use raw milk of the Company and its subsidiaries, and guarantee the stable supply ratio of the Company’s own raw milk.

The implementation of the “Recycling industrial park project of a dairy farm with 10,000 dairy cows in Jinchuan District” invested by proceeds raised from the Non-public Issuance will help the Company to meet the increasing demand for raw milk after the “Reconstruction and Expansion Project with a Capacity of Processing 600 Tons of Liquid Milk Per Day” is put into operation, based on existing production and operation and actual requirements for future development plan of the Company, which will optimize the Company’s product mix.

(2) Conducive to further strengthening the Company’s product quality control

Since the outbreak of the melamine-related incident triggered by the Sanlu Group’s milk powder-related incident in 2008, seeking quality, reliable, fresh and stable raw milk has become a decisive factor affecting the core competitiveness of the industry. Drawing on the experience of national dairy companies such as Mengniu and Yili, the Company has selected cities and counties with rich grass, suitable climate and long cultivation history in Gansu, Qinghai and Ningxia provinces, invested in the construction of various standardized farms, in order to change the traditional raw milk supply mode, strengthen the Company’s product quality control, ensure clean, hygienic, fresh raw milk supply, so that the consumers can drink safe milk. With the gradual construction and operation of subordinated pastures, the proportion of raw milk supplied by the Company’s own farms has increased year by year. In 2018, the proportion of raw milk supplied by the Company’s own farms was 53.10%, of which the proportion of raw milk supplied by its own cows was 38.28%. The implementation of the “Recycling industrial park project of a dairy farm with 10,000 dairy cows” will help to further increase the Company’s own milk supply ratio, and protect the Company’s product quality from the source, achieving long-term, stable and sustainable development of the Company.

(3) Conducive to meeting the growing demand for low temperature products

With the continuous improvement of people’s consumption level and the growing awareness of health, milk has become an indispensable important part of our living. The demand for dairy products continues to grow, and the market share has increased year by year, of which the average growth rate of Gansu, Qinghai and Shaanxi regional dairy consumption is about 10%. In addition, the change and rise of consumption concepts such as low temperature, freshness, short guarantee period, maintenance of nutrients as much as possible, etc., make the consumption demand of low-temperature dairy products increase rapidly in recent years, and also raise higher requirements on raw milk supply radius, storage, delivery conditions and time for dairy processing enterprises. The implementation location of the “Recycling industrial park project of a dairy farm with 10,000 dairy cows” is Jinchang City, Gansu Province. It is close to the Company’s production base in Yuzhong and its subsidiary Qinghai Lake Dairy, so it can effectively shorten the delivery time of raw milk output to processing and production, thus meet the growing demand on low-temperature dairy consumption demand.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

(4) Conducive to the smooth implementation of the previous investment projects

In April 2018, our subsidiary, Ningxia Zhuangyuan received the “Notice on Closure and Relocation of Farms in Animal and Poultry Forbidden Areas”, and the “Litong District Implementation Plan for Closure or Relocation of Farms (Communities) in Animal and Poultry Forbidden Areas”, issued by the People’s Government of Litong District, Wuzhong City. 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, the core dairy breeding area in Jinyin Beach, where Ningxia Zhuangyuan is located, has been included in the Animal and Poultry Breeding Forbidden Areas and the scope of closure and relocation. Ningxia Zhuangyuan is one of the implementation entity of the “10,000 imported fine cows farming construction project” to be invested by proceeds raised from the Company’s A-share IPO.

As the investment attraction project of the local government, Ningxia Zhuangyuan Pasture has been included in the forbidden areas, resulting in less venues for cow breeding undertaken by the implementation entities proposed upon the initial public offering of A shares, it is necessary to acquire new land for breeding. Therefore, the implementation of the “Recycling industrial park project of a dairy farm with 10,000 dairy cows” is conducive to the Company’s pastures to cope with the future relocation risks caused by new environmental protection requirements, which is conducive to the smooth implementation of the Company’s previous investment projects.

(5) Conducive to coping with the relocation risk of breeding pastures

In April 2019, the Company’s subsidiary, Qinghai Shengyuan received the Notice of Closure within the Time Limit issued by Huangyuan County People’s Government. 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. Ruijia Farming is the implementation entity of the “Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows”. The implementation location is 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. It is conducive for the Company’s pastures to cope with the relocation risks caused by new environmental protection requirements, to ensure the normal operation of the Company’s pastures and supply of milk for the Company’s production.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

3. Feasibility of Project Construction

(1) Greater Growth Potential of the Dairy Products Industry

In 2000, the per capita consumption of dairy products in China was only 7 kilograms, and in 2017 it reached 36.9 kilograms, an average of 100 grams per day, reflecting an obvious growth. Despite this, the per capita consumption level of dairy products is still far from the daily 300-gram standard recommended by the Dietary Guidelines for Chinese Residents, and also less than half of the average consumption level of dairy products in Asia and one-third of the average consumption level in developed countries. In particular, as rural residents accounting for half of the national population still seldom drink milk, the growth of milk consumption has large market potential. With the income growth of urban and rural residents, the acceleration of urbanization and student drinking milk programs promotion, and the implementation of the comprehensive second-child policy, China's dairy product consumption market will maintain a continuous and steady growth.

In recent years, the domestic economy has shown a steady and positive development trend. The per capita disposable income of the national residents has increased faster than the GDP growth rate, and the contribution of consumer expenditure to economic growth has increased year by year. In particular, as the income gap between urban and rural residents continues to shrink, the per capita consumption expenditure of rural residents is higher than that of urban residents, which has effectively boosted the consumption of dairy products in third- and fourth-tier cities and rural markets. In addition, the rapid development of convenience stores, e-commerce platforms, maternal and child stores and other channels has promoted the simultaneous growth of online and offline dairy market. With the improvement of residents' living standard and accelerated upgrading of food consumption, combined with the implementation of national strategies such as "Healthy China" and "Village Revitalization", domestic dairy consumption scale will continue to expand in the future, and the industry growth rate will increase steadily.

The implementation of the "Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows" funded by the proceeds raised will help the Company meet its increasing demand for raw milk after the "Reconstruction and Expansion Project with Daily Processing 600 Tons of Liquid Milk" is put into operation, which in turn will be translated into end-use dairy production so as to achieve the growth of its sale revenue, which is in line with the continuous growth of the dairy industry with good market space.

(2) National and Local Policy Support

It is the general ideas and guidance for agricultural development in China during the "13th Five-Year Plan" period and even the period thereafter that the animal husbandry should be vigorously developed, the structure of animal husbandry adjusted, the development of dairy production highlighted, the industrialization of dairy industry proactively promoted, and the proportion of milk in the national diet increased. Since 2017, the General Office of the State Council, the Ministry of Agriculture, the National Development and Reform Commission and others have promulgated and issued the National Dairy Development Plan (2016-2020), the National Nutrition Plan (2017-2030), the Opinions on Promoting the Revitalization of Dairy Industry to Ensure the Quality and Safety of

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

Dairy Products, Opinions on Further Promoting the Revitalization of Dairy Industry, Opinions of the Central Committee of the CPC and the State Council on Giving Priority to the Development of Agricultural and Rural Area and Deal with Matters in relation to Agriculture, Rural areas and Farmers Properly (No. 1 Document of the Central Committee of the CPC in 2019) and other documents, to further coordinate the development of Holstein cattle and other dairy animals, promote the coordinated development of milk source base construction, forage planting and dairy processing, achieve the comprehensive production capacity of dairy industry greatly improved by 2020, with the proportion of farms with a scale of more than 100 heads up to more than 65%, and achieve a self-sufficiency rate of milk source of over 70% by 2020, which has clarified the position of the dairy industry in the national economy, and the development direction and development goals of dairy products in the future.

The “Opinions of the Gansu Provincial People’s Government of CPC Gansu Provincial Committee on Further Deepening Rural Reform and Accelerating Agricultural Modernization” puts forward: based on the provincial conditions, with the goal of increasing farmers’ income and improving agricultural efficiency, develop scale farming, support leading enterprises, build breeding communities, expand pilot projects of the whole industry chain of modern animal husbandry, accelerate the construction process of 35 modern animal husbandry demonstration counties and 4 grassland agricultural pilot counties, implement support policies, support key agriculture leading enterprises to become bigger and stronger, and newly build 600 standardized farms (communities).

The Company has been successively assessed as a national key leading enterprise of agricultural industrialization jointly by several ministries and commissions for many years. The implementation of this project funded by proceeds from the non-public issuance is supported by national and local policies, meets the requirements of relevant industry policies against the background of great governmental support for animal husbandry and dairy manufacturing, and has a good policy feasibility basis.

(3) Good Economic and Social Effects

Following the completion of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District, it is expected to provide 68,000 tons of high-quality raw milk, 3,400 male calves, 2,650 female calves and 750 retired cows per year. The normal annual sales revenue of the project will be RMB283,200,000 and the total average annual profit will be RMB63,371,500, with a payback period of 8.29 years. As each of the main financial and economic indicators is reasonable and feasible, the project has high operational safety and good economic benefit. In terms of the designed breeding scale, after the project is completed and put into production, a large amount of silage, alfalfa, corn and other green fodder are needed, which will in turn bring more jobs and the needs for personnel. Moreover, the surrounding areas of the project implementation entity are the above-mentioned agricultural raw material breeding areas, and the per capita income level of the locals is low. The implementation of this project provides a reliable sales channel for the feed crops planted by local farmers. Through the integrated operation of dairy products production, process and

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

sales, the single, extensive and backward traditional animal husbandry industry will be changed, it will achieve a win-win situation between the Company and the local farmers, promote local economic development, reflect the social responsibility assumed by the Company as the national leading enterprise in agricultural industrialisation with good economic and social effects.

(4) Rich Farming Experience and Professional Talent Reserve

Since the outbreak of the melamine-related incident triggered by the Sanlu Group's milk powder-related incident in 2008, in order to seek quality, reliable, fresh and stable raw milk, strengthen the product quality control from the source, the Company has invested in the construction of nine standardised, large-scale and modernised farms with its own funds in Gansu and gradually put them into production. The Company strengthened cooperation with local dairy farmers under the "company + base + farmers" model, integrated the farming resources in the surrounding areas, promoted the transformation of the farming model from decentralisation to large scale, from small scale to specialization, from low capacity to high capacity, and achieved good multi-win results for the Company, local farmers and dairy farmers. In addition, the Company has accumulated rich practical experience in the construction, operation, management, etc. of farms, and reserved necessary professional talents, whereby laying a solid foundation for the smooth implementation of the "Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District" of the Company.

(II) Repayment of Bank Borrowings

1. Project Overview

The Company intends to use the net proceeds from the non-public issuance of A shares of RMB40 million to repay bank loans, so as to reduce the indebtedness, optimize the asset structure, decrease the financial expenses, and improve the profitability of the Company.

2. Feasibility and Necessity of Project Implementation

With the development of the business of the Company and the investment in the construction of the "Reconstruction and Expansion Project with Daily Processing 600 Tons of Liquid Milk", the Company has borrowed more bank loans to meet the capital requirements for its daily operations in recent years, which in turn resulted in a significant increase in its indebtedness, especially the short-term loans. Before the proceeds from the non-public issuance are readily available, the Company will invest its own funds in the projects according to the actual progress of the projects. With the further implementation of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows, the bank loans of the Company are expected to further increase in the future.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

As of 30 September 2019, the balance of the short-term loans of the Company was RMB595 million, representing an increase of 36.16% as compared to that as at the end of 2018; and the consolidated gearing ratio and the gearing ratio of the parent was 50.54% and 48.62%, respectively, representing an increase of 19.85% and 27.98%, respectively, as compared to that as at the end of 2018. As of 30 September 2019, the current ratio and quick ratio of the Company was 0.85 and 0.76, respectively, both lower than the average of the listed companies engaged in dairy products. With the further implementation of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows invested by the Company's own funds, the Company expected that there would be a further increase in its bank loans, resulting in a higher pressure of debt repayment.

The Company will apply the proceeds from the non-public issuance to repay some bank loans, which will result in a decrease in the indebtedness (especially the short-term loans) and financial expenses, an optimised asset structure, and an improved financial soundness, risk resistance capacity and financing capability, which is in the interests of all shareholders.

IV. IMPACT OF THE NON-PUBLIC ISSUANCE ON THE COMPANY

(1) The impact on the operation and management of the Company

The principal businesses of the Company are the production, processing and sale of dairy products and dairy cows farming in the food manufacturing industry. The Construction Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District funded with the proceeds from the non-public issuance falls within the scope of the cow farming related business. It will provide a strong guarantee for the sustained supply of raw milk for the Company's production; it accords to the relevant national industrial policies and the actual requirements of the production and operation and development plans of the Company; it enjoys good prospect for market development and benefits. This is conducive to increasing the supply capacity of raw milk for the Company's production, optimising the Company's product mix, and increasing the profitability of the principal businesses and the ability of sustainable development of the Company, thus laying a solid foundation for the expansion of production capacity and further expansion of market. The proceeds raised will be applied in part to repay bank loans, which will help the Company reduce the gearing ratio, increase the capital base, optimise the asset structure of the Company, and improve the financial soundness and the ability to resist risks. Therefore, the non-public issuance will strengthen the product quality control and the profitability of the principal businesses of the Company, and enhance the ability to resist risks and make continuous innovation, whereby laying a solid foundation for its further development in the future.

Following the non-public issuance, there was no change in the control of the Company, and the *de facto* controller before and after the issuance is Mr. Ma Hongfu. Ruijia Farming, a wholly-owned subsidiary of the Company is the implementation entity of the project funded with the proceeds. The Company has invested in the construction of nine standardised, large-scale and modernised farms with its own funds and gradually put them into production, and has accumulated rich practical experience in the construction, operation, management of farms, etc., and reserved necessary professional talents. There will be no change in the management system of the Company after the completion of the projects funded with the proceeds.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

(2) The impact on the financial position of the Company

This non-public issuance will help enlarge the scale of assets of the Company, further strengthen the capital base of the Company, downsize the scale of liabilities and lower the gearing ratio, improve the financial anti-risk ability, help optimize the capital structure of the Company and further improve the overall financial conditions of the Company. With the gradual implementation and construction of the projects funded by the proceeds from the issuance, there may be a decrease in the key financial indicators such as the return on net assets and earnings per share of the Company, due to dilution of immediate earnings. However, as the projects continuously generate benefits, there will be a steady growth in income, a further improved profitability and anti-risk ability and significantly improved overall strength, benefiting the long-term development of the Company. Once the “Construction Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District” is completed and put into production, it will record a normal annual sales revenue of RMB283,200,000 and a total average annual profit of approximately RMB63,371,500.

(3) Changes in the business structure of the Company after the non-public issuance

After the implementation of the investment projects funded with the proceeds from the non-public issuance, there will be no material changes in the business structure of the Company.

(4) Changes in the related party transactions between the Company and the entities controlled by the de facto controllers, the controlling shareholders and the related parties

There will be no new related party transactions between the Company and the entities controlled by the de facto controllers, the controlling shareholders and the related parties as a result of this non-public issuance.

(5) Changes in the horizontal competition between the Company and the entities controlled by the de facto controllers, the controlling shareholders and the related parties

There will be no horizontal competition between the Company and the entities controlled by the de facto controllers, the controlling shareholders and the related parties as a result of this non-public issuance.

(6) Is there any circumstance under which the funds and assets of the Company are occupied by the controlling shareholders and their affiliates, or any listed company provides guarantees for the controlling shareholders and their affiliates after the completion of the issuance?

There is no circumstance under which the funds and assets of the Company are occupied by the controlling shareholders and their affiliates, or the Company provides guarantees for the controlling shareholders, the *de facto* controllers and their related parties.

There will be no circumstances that the funds and assets of the Company are occupied by the de facto controllers, the controlling shareholders and the related parties as a result of this non-public issuance. There will be no circumstances that the Company provides guarantees for the de facto controllers, the controlling shareholders and the related parties as a result of this non-public issuance.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

SECTION VI DESCRIPTION OF THE RISKS RELATING TO THE ISSUANCE

In evaluating the non-public issuance of A shares of the Company, investors shall especially consider the following risk factors in addition to all other information provided under the plan:

I. MARKET COMPETITION RISKS

(1) Risk relating to the increased industrial competition

With the improvement of the quality of life of Chinese residents, consumption upgrade brought about by increased purchasing power per capita and consumers' deeper understanding of dairy products, the dairy industry is facing good development opportunities. High-quality and distinctive dairy products are increasingly favored by urban and rural consumers with an optimistic prospect. Therefore, in the current environment, the regional urban dairy companies that have safe and stable milk source bases, reasonable sales radius, and approachable regional culture will demonstrate increasingly competitive advantages and further improve their market share.

With the rapid development of the dairy industry, the national dairy companies may accelerate their entry into regional markets, and may enter Gansu province and its surrounding areas through mergers and acquisitions, self-construction and other ways, which will increase their brand awareness and influence in the Gansu market, thus intensifying the market competition and bringing greater market impact to local dairy companies in Gansu province, including the Company. If the Company fails to take effective measures to deal with the competition, it may face the risks of a decline in both market share and operating results and a slowdown in development.

As a regional branded urban dairy company, the Company has certain competitive advantages in regional market share, regional brand awareness and product structure, milk source control, marketing network, and customer resources, etc.. However, if it fails to achieve rapid improvement in scale, products, technologies and market expansion and enhance its market position in the competition, the Company may face the risks of a decline in both market share and operating results and a slowdown in development. Therefore, the Company will be subject to the risk of increased industrial competition.

(2) Risk relating to relying on regional markets

During the reporting period, as a regional dairy company, the Company enjoyed competitive advantages in terms of regional market share, regional brand awareness and product structure, milk source control, marketing network and customer resources. The main business income of the Company mainly derives from Gansu, Qinghai and Shaanxi provinces, and during the reporting period, the main business income from these regions accounted for more than 90% of the total main business income of the Company, and the Company's products are less involved in the more developed central and eastern regions. However, with the increase of Mengniu and Yili's investment in the northwest region and the growth of local dairy companies, the Company will gradually face increasing pressure in the marketing strategy and the development of new products and the competitive advantages of the Company in the Gansu, Qinghai and Shaanxi markets will be affected.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

Gansu, Qinghai, and Shaanxi regions are the key areas for the business development of the Company. In the future, the Company will continue to deeply explore the Northwest region, develop competitive products for key markets, and further amplify the regional advantages of the Company. However, if there is any adverse change in the regional market covered by the dairy products of the Company and the Company fails to make proper adjustments in a timely manner, the operating results of the Company will be adversely affected in the short term.

II. RISK RELATING TO THE INSUFFICIENT SUPPLY OF RAW MATERIALS AND PRICE FLUCTUATION

The main raw materials used in the production of the Company include raw milk, various packaging materials, and other excipients such as sugar and flavor. Large fluctuations in the market prices of major raw materials will have a significant impact on production costs and thus affect the operating results of the Company.

During the reporting period, the raw milk accounted for a relatively high proportion, or approximately 60%, in the production costs of the Company. Currently, the Company has effectively met its demand for raw milk through its own pastures and procurement from third parties, and has thus actively ensured the long-term stable supply of raw milk by expanding the breeding scale of self-owned pastures and establishing good cooperative relations with large-scale milk supply enterprises. However, if the dairy companies' demand for raw milk exceeds the effective supply of raw milk, or there is insufficient supply of imported main raw materials (excipients) due to the impact of supply and demand in the international market and the related import and export policies of the government, the Company will be subject to the risk of insufficient supply of raw materials.

III. MANAGEMENT RISKS

(1) Risk that we may lose our core key staff and may be unable to attract outstanding talents

Core technical staff is the foundation for the survival and development of the Company, and to some extent, the quality assurance of the products of the Company relies on the capabilities of the technicians and front-line production management staff in terms of understanding, mastering and controlling techniques and processes formed based on their years of experience. The working attitude, working ability and working efficiency of the technical backbones and related production management staff of the Company is one of the bases for maintaining technical advantages and product quality advantages. A group of excellent management talents and technical talents cultivated by the Company during a long period are the core competitiveness which enables the Company to develop continuously and stably. During the reporting period, the business backbone team of the Company has been stable, thus ensuring the stability of the operating results of the Company. Meanwhile, the Company introduced a restricted stock incentive plan in 2019 to ensure that the stability of the existing core management staff and technical (business) staff can be maintained during the next five years. With the rapid expansion of the business of the Company in the future, the Company needs to attract numerous professional talents and backbones of operation and management. If we fail to maintain the stability of the existing professional talents and the backbone team of operation and management or fail to attract external excellent talents, the sustained and stable business development of the Company will be affected.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

(2) Risk that the development strategies may not be appropriately developed or effectively implemented

In recent years, the development of dairy industry has been promising, and the business scale of the Company has been expanding steadily. According to the evolving market situations, the management of the Company has formulated several material development strategies related to its future development, including actively expanding the production scale and the self-built pastures, and accelerating the adjustment of product structure. The implementation of these strategies will effectively respond to market changes, ensure the supply of raw milk of the Company and promote the continuous and stable improvement of the performance of the Company. However, if the management ability of the Company cannot be improved, or if the development strategies are not in line with the actual situation of the Company or are unable to meet the expansion demand of the Company, or if the development strategies are not effectively implemented, it will have an adverse impact on the development of the Company.

IV. RISK RELATING TO THE INVESTMENT PROJECTS FUNDED WITH THE PROCEEDS

(1) Risk that the proceeds raised may not be readily available

The total amount of the investment project funded with the proceeds from this issuance is RMB538,345,700, the total amount of the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District is RMB498,345,700, and the amount of repayment of bank loans is RMB40,000,000. The Company intends to use the proceeds of RMB380,000,000 to make investments, among which, RMB340,000,000 will be used to invest in the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District, RMB40,000,000 will be used to repay bank loans, and the shortfall will be financed by the Company's own funds. The above plan for the use of the proceeds is based on the Company's own development demand and the special business model of the industry in which the Company carries on its business after overall consideration of certain relevant factors such as current domestic policy environment, market demand, industry trend, current financing policy and future development plan. As there is a review period for the issuance and listing of A shares from the non-public issuance, it is uncertain as to whether it can be approved by the China Securities Regulatory Commission. Thus there is a risk that the proceeds raised from issuance of A shares may not be readily available. If the proceeds from issuance of A shares are not readily available, the construction cycle and expected income of the above projects will be affected.

(2) Risk that the return on net assets may decline

Upon the completion of the non-public issuance of A Shares, to a certain degree, the total share capital and net assets of the Company will increase significantly. Since it will take a certain period of time to implement the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District, the income from the project will be gradually materialised only after the completion, and there is a period from dairy breeding to milk production, the Company's net profit may not grow at a pace lower than its net assets during the year, there is a risk of a drop in the main indicators of the Company such as return on net assets and earnings per share arising from the increase of net assets and equity.

The Company will implement the projects as planned and invest its own funds in certain projects which will be replaced by the proceeds once readily available, so as to accelerate the implementation of projects, smoothly achieve the designed production capacity as early as possible, improve the return on net assets and bring better returns to the shareholders.

APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES

(3) Risk relating to the project operation

After the implementation of the investment projects funded with the proceeds from this issuance, the supply ratio of the Company's production-use raw milk will be further enhanced, the Company's product mix will be further optimised, the business scale will be further expanded, and the comprehensive strengthen and profitability will be improved. Although the investment projects funded with the proceeds from this issuance are in line with the national industrial policies and industry development trend, which have a good market prospect. The Company researches the feasibility of the investment projects funded with the proceeds from this issuance, but the success of the projects largely depends on the level of operation and management, including the continuous management and improvement of certain aspects such as human resource, market development, financial management and supply chain. If the Company encounters the management bottleneck such that the relevant businesses could not operate smoothly, the operation cost exceeds expectation and the operation efficiency and quality fails to meet the requirements, the operation results of the current business of the Company and the implementation and efficiency of the investment projects funded with the proceeds from this issuance will be adversely affected.

(4) Risk that the investment projects funded with the proceeds from this issuance may not achieve the expected benefits

The investment projects funded with the proceeds from this issuance include the Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District and repayment of bank loan. The Company has made full preliminary research and strict feasibility study on the use of the above proceeds, the implementation of the above investment projects funded with the proceeds from this issuance are in line with the spirit of the national documents including National Dairy Development Plan (2016-2020), the Opinions on Promoting the Revitalization of Dairy Industry to Ensure the Quality and Safety of Dairy Products and the Opinions on Further Promoting the Revitalization of Dairy Industry, conform to the future development strategy of the Company and are conducive to the development of the main businesses of the Company. However, based on the uncertain or uncontrollable factors such as the current market environment, industry policies and technology innovations, whether the investment projects funded with the proceeds from this issuance will be implemented smoothly in the future and the difference between market expansion and product price after implemented with those of expected by the Company, thus there is a risk that the investment projects funded with the proceeds from this issuance could not achieve the expected benefits.

(5) Risk that the new raw milk could not be sold up

Base on the good growth prospects of the domestic dairy consumption market and the time of the establishment of the factory and the current conditions of the production and sales, the Company implements the "reconstruction and expansion project with a capacity of processing 600 tons of liquid milk per day" with its own funds, which has been under construction so far, and is expected to be used in 2020. In order to meet the new demand of raw milk after the implementation of this project, the Company intends to implement the "Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District" to provide the necessary raw milk guarantee for the Company, meet the growing demand for production-use raw milk of the Company and its subsidiaries, and ensure the stable supply ratio of the Company's own raw milk. Although the Company has thoroughly explored the market prospect and feasibility study at the stage of scale design of the new production capacity and formulates special measures for the sale of future products, based on the uncertain or uncontrollable factors such as future market environment, industry policies and demand structure, it is uncertain as to whether the new raw milk could be sold up after the implementation of the investment projects funded with the proceeds from this issuance, there is a risk that the new raw milk could not be sold up.

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

V. RISK RELATING TO THE NON-PUBLIC ISSUANCE

(1) Risk relating to the approval of the non-public issuance

As the non-public issuance needs to be approved by the general meeting of the Company, it is possible that the plan could not be passed by voting at the general meeting of the Company. The non-public issuance also needs to be approved by China Securities Regulatory Commission, it is uncertain as to whether and when the approval of China Securities Regulatory Commission will be obtained. Therefore, there is uncertainty about whether the plan of the non-public issuance will be successfully implemented.

(2) Issuance risk

The Company intends to issue A shares to not more than 10 specific targets under the non-public issuance who satisfy the relevant requirements and raises funds therefrom. As affected by various factors including fluctuation in the securities market and the trend of the share price of the Company, there are risks about the issuance and insufficient funds in the non-public issuance.

(3) Risk that the return on net assets will be diluted after the completion of the issuance

Although the investment projects funded with the proceeds from the issuance are expected to bring good benefits, it takes some time to reach the expected production capacity and achieve the benefits. Before the achievement of the benefits of the investment projects funded with the proceeds from this issuance, the issuer's net profit may grow at a pace lower than its net assets, and the issuer will face the risk of dilution on current return indicators including earnings per share and weighted average ROE in the short term.

(4) Risk relating to the stock market

The shares of the Company are listed on the Shenzhen Stock Exchange. In addition to the operation and finance conditions, the price of shares of the Company will also be affected by various factors such as international and domestic macro-economic trend, capital market trend, market preference and all kinds of important emergencies. Investors should forecast the investment risks arising from the above factors and make prudent judgments when considering the investment in the shares of the Company.

**APPENDIX II PROPOSED FEASIBILITY REPORT ON THE USE OF
PROCEEDS RAISED FROM THE NON-PUBLIC ISSUANCE OF A SHARES**

VI. FEASIBILITY ANALYSIS CONCLUSION

Having made careful analysis, the Board of Directors is of the view that the investment projects funded with the proceeds from the non-public issuance of A shares are in line with the national and local industrial policies, the industry development direction, the actual requirements for production and operation, and the development plans of the Company, which will further increase the proportion of the supply of its own raw milk, strengthen the control on product quality, optimise the product mix, promote the sustained growth of the principal businesses, and enhance the profitability of the Company. Meanwhile, following the non-public issuance, there will be an increase in the Company's total assets and net assets and a decrease in the Company's gearing ratio, resulting in an optimised asset structure and an enhanced anti-risk ability of the Company, which is in the interests of all shareholders of the Company.

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

5 December 2019

Stock Code: 002910

Stock Abbreviation: Zhuangyuan Pasture

Announcement No.: 2019-089

Lanzhou Zhuangyuan Pasture Co., Ltd.
Announcement on Recovery Measures against and Risk
Warning for Diluting the Current Returns by Non-public
Issuance of A Shares

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.

Important: The following analysis of the impact on key financial indicators of the Company and the description of the recovery measures after the non-public issuance of A shares do not constitute the profit forecast and profit guarantee of the Company. Investors should not make their investment decision based on such information only and the Company will not be held liable for any loss howsoever arising therefrom.

Lanzhou Zhuangyuan Pasture Co., Ltd. (蘭州莊園牧場股份有限公司) (the “Company” or “Zhuangyuan Pasture”) intends to conduct the Non-public Issuance of A Shares (“Non-public Issuance”). Relevant matters have been deliberated and approved at the 29th meeting of the third session of the Board of Directors convened on 5 December 2019, which are still required to be submitted to the general meeting of the Company and the class meetings of A and H shareholders for consideration and are subject to the approval of China Securities Regulatory Commission.

According to relevant requirements of the Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國發[2014]17號)), the Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), and the Guiding Opinions on Issues Related to Diluted Current Returns from Initial Issuance, Refinancing and Major Asset Reorganization (Zheng Jian Hui Gong Gao [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)), in order to safeguard the right of information and to protect the interests of small and medium investors, the Company carefully analyzed the impact of the non-public issuance on diluted current returns, and the impact of diluting the current returns by the non-public issuance on key financial indicators of the Company and the recovery measures taken by the Company as explained below:

I. THE IMPACT OF DILUTING THE CURRENT RETURNS BY THE NON-PUBLIC ISSUANCE ON KEY FINANCIAL INDICATORS OF THE COMPANY

The number of shares under this non-public issuance does not exceed 38 million shares (inclusive), and the total amount of proceeds does not exceed RMB380 million. After the completion

of the non-public issuance, the total share capital and net assets of the Company will increase. As it will take a certain period of time to generate benefits from the projects to be invested, the Company will face the risk of diluted earnings per share and a decline in return on net assets. The details are as follows:

(I) Main Assumptions

The following assumptions are solely made for the purpose of estimating the impact of diluting the current returns by the non-public issuance on key financial indicators of the Company, and do not represent the Company's judgment on its operating conditions and the trends in 2019 and 2020, nor does it constitute a profit forecast and cash dividend commitment. Investors should not make their investment decision based on such information only and the Company will not be held liable for any loss howsoever arising therefrom.

1. It is assumed that there would be no significant adverse changes in the macro-economic environment, the general policy of the industry, the development trend of the industry, the market situation of the products and the operating environment of the Company.
2. It is assumed that the Company could complete the non-public issuance at the end of June 2020, which will be only used to calculate the impact of diluting the current returns by the non-public issuance on key financial indicators of the Company, does not represent the judgment of the Company. The actual completion date after the approval of this issuance by China Securities Regulatory Commission shall prevail.
3. It is assumed that the number of shares under the non-public issuance would be 38,000,000 shares (inclusive, the final number of shares issued will be determined by the Board and the sponsor through negotiation in accordance with the authorization of the general meeting, the relevant regulations of China Securities Regulatory Commission and the subscription quotations from buyers). The above number of shares issued does not exceed 20% of the total share capital of the Company before the non-public issuance. It is assumed that the total share capital of the Company would be increased from 190,680,600 shares to 228,680,600 shares after the issuance. When predicting the total share capital of the Company, only the impact of the non-public issuance of shares will be considered based on the total share capital of the Company as of the date on which this plan is announced, and the changes in the share capital caused by other adjusting events will not be considered.
4. It is assumed that the total proceeds from the non-public issuance would be the upper limit of the issuance plan. The total proceeds to be raised will be RMB380 million, excluding the impact of issuance expenses. The actual amount of the proceeds will be subject to the approval by China Securities Regulatory Commission, the subscription of the issuance, issuance expenses, etc.

5. It is assumed that the net profit of the Company attributable to shareholders of the listed company in 2019 and net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses would be basically the same as that in 2018. The net profit of the Company attributable to shareholders of the listed company in 2019 and net profit after deducting non-recurring gains and losses would be RMB63 million and RM50 million, respectively.

It is assumed that the net profit of the Company attributable to shareholders of the parent and net profit attributable to shareholders of the parent after deducting non-recurring gains and losses in 2020 would increase by 0%, 10% and -10%, respectively, compared to the data of 2019 (this assumption will be only used to calculate the impact of the non-public issuance on major indicators, and does not represent the Company's judgment on the operating conditions and the trends in 2019).

6. The impact of the non-public issuance on the Company's other production operation and financial conditions (e.g. financial expenses, investment income) will not be considered.
7. In predicting the Company's net assets after the issuance, the impact of other factors other than cash dividends, proceeds and net profit on net assets will not be considered.

It is assumed that the Company's cash dividends in 2019 would be 20% of the net profit attributable to shareholders of listed companies achieved in 2019 and be implemented in August 2020.

8. It is assumed that the impact of bank interest before the raised funds are not used will not be considered.
9. It is assumed that except for the non-public issuance, the Company will not implement other actions that would have an impact on its total share capital in 2019 and 2020.

(II) The Impact on the Key Financial Indicators of the Company

Based on the aforesaid assumptions, the comparison of the impact of diluting the current returns as a result of the non-public issuance of A shares on the key financial indicators is as follows:

Item	2019/As at 31 December 2019	2020/31 December 2020	
		Excluding the issuance	Include the issuance
Total ordinary shares (Shares)	190,680,600	190,680,600	228,680,600
Proceeds of the Issuance (RMB)	—	—	380,000,000
Cash dividend (RMB)	12,739,120.00	12,600,000.00	12,600,000.00
Assumption 1: It is assumed that the annual growth rates of net profit attributable to shareholders of the parent and net profit attributable to shareholders of the parent after deducting non-recurring gains and losses in 2020 are 0% (flat)			
Net assets attributable to shareholders of the parent at the beginning of the period (RMB)	1,184,406,733.12	1,234,667,613.12	1,234,667,613.12
Net assets attributable to shareholders of the parent at the end of the period (RMB)	1,234,667,613.12	1,285,067,613.12	1,665,067,613.12
Net profit attributable to shareholders of the parent (RMB)	63,000,000.00	63,000,000.00	63,000,000.00
Net profit attributable to shareholders of the parent after deducting non-recurring gains and losses (RMB)	50,000,000.00	50,000,000.00	50,000,000.00
Basic earnings per share (RMB per share)	0.3333	0.3304	0.3005
Diluted earnings per share (RMB per share)	0.3333	0.3304	0.3005
Basic earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2622	0.2385
Diluted earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2622	0.2385
Weighted average ROE	5.1995%	4.9922%	4.3389%

APPENDIX III

PROPOSED REMEDIAL MEASURES OF DILUTION
OF CURRENT RETURNS AND RISK WARNING

Item	2019/As at 31 December 2019	2020/31 December 2020	
		Excluding the issuance	Include the issuance
Weighted average ROE after deducting non-recurring gains and losses	4.1266%	3.9621%	3.4436%
Assumption 2: It is assumed that the annual growth rates of net profit attributable to shareholders of the parent and net profit attributable to shareholders of the parent after deducting non-recurring gains and losses in 20120 are 10% (increase)			
Net assets attributable to shareholders of the parent at the beginning of the period (RMB)	1,184,406,733.12	1,234,667,613.12	1,234,667,613.12
Net assets attributable to shareholders of the parent at the end of the period (RMB)	1,234,667,613.12	1,291,367,613.12	1,671,367,613.12
Net profit attributable to shareholders of the parent (RMB)	63,000,000.00	69,300,000.00	69,300,000.00
Net profit attributable to shareholders of the parent after deducting non-recurring gains and losses (RMB)	50,000,000.00	55,000,000.00	55,000,000.00
Basic earnings per share (RMB per share)	0.3333	0.3634	0.3305
Diluted earnings per share (RMB per share)	0.3333	0.3634	0.3305
Basic earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2884	0.2623
Diluted earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2884	0.2623
Weighted average ROE	5.1995%	5.4778%	4.7625%
Weighted average ROE after deducting non-recurring gains and losses	4.1266%	4.3474%	3.7798%

APPENDIX III

PROPOSED REMEDIAL MEASURES OF DILUTION
OF CURRENT RETURNS AND RISK WARNING

Item	2019/As at 31 December 2019	2020/31 December 2020	
		Excluding the issuance	Include the issuance
Assumption 3: It is assumed that the annual growth rates of net profit attributable to shareholders of the parent and net profit attributable to shareholders of the parent after deducting non-recurring gains and losses in 20120 are -10% (decrease)			
Net assets attributable to shareholders of the parent at the beginning of the period (RMB)	1,184,406,733.12	1,234,667,613.12	1,234,667,613.12
Net assets attributable to shareholders of the parent at the end of the period (RMB)	1,234,667,613.12	1,278,767,613.12	1,658,767,613.12
Net profit attributable to shareholders of the parent (RMB)	63,000,000.00	56,700,000.00	56,700,000.00
Net profit attributable to shareholders of the parent after deducting non-recurring gains and losses (RMB)	50,000,000.00	45,000,000.00	45,000,000.00
Basic earnings per share (RMB per share)	0.3333	0.2974	0.2704
Diluted earnings per share (RMB per share)	0.3333	0.2974	0.2704
Basic earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2360	0.2146
Diluted earnings per share after deducting non-recurring gains and losses (RMB per share)	0.2645	0.2360	0.2146
Weighted average ROE	5.1995%	4.5042%	3.9135%
Weighted average ROE after deducting non-recurring gains and losses	4.1266%	3.5748%	3.1060%

Note: Basic earnings per share, diluted earnings per share and average return on equity are calculated according to the "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 9): Calculation and Disclosure of Rate of Return on Equity and Earnings per Share" (2010 Revision) (《公開發行證券的公司信息披露編報規則第9號—淨資產收益率和每股收益的計算及披露》(2010年修訂)) .

II. RISK WARNING ON THE DILUTION OF CURRENT RETURNS AS A RESULT OF THE NON-PUBLIC ISSUANCE

Upon the completion of the non-public issuance, to a certain degree, the total share capital and net assets of the Company will increase, the comprehensive capital strength of the Company will be enhanced and the risk resistance capability of the Company will be strengthened. Since it will take a certain period of time to implement and generate benefits from the projects funded with the proceeds raised from this issuance, the Company's net profit may not grow at the same pace as its equity and net assets in the short run, resulting in a drop in the indicators of the Company, such as earnings per share and weighted average return on equity, compared with the previous years. There are still risks relating to the dilution and decrease of the Company's earnings per share and return on equity after the completion of the non-public issuance. Therefore, investors are advised to pay attention to the relevant information and beware of investment risks.

III. THE NECESSITY AND REASONABLENESS OF THE NON-PUBLIC ISSUANCE

The total amount of proceeds from the non-public issuance will not exceed RMB380 million (inclusive), which will be used for the following projects:

Unit: RMB in Ten Thousands

No.	Name of project	Total investment amount	Financed by the proceeds
1	Recycling industrial park project of a dairy farm for 10,000 dairy cows in Jinchuan District, owned by Gansu Ruijia Farming Co., Ltd.	49,834.57	34,000.00
2	Repayment of bank loans	4,000.00	4,000.00
Total		53,834.57	38,000.00

The investment projects funded with the proceeds from the non-public issuance are conducted mainly under the future strategic plans of the Company, and are mainly dedicated to the Holstein cattle farming so as to provide the Company's three dairy processing bases with raw milk, which is highly correlated to the Company's main business. The investment projects funded with the proceeds have been prudently discussed by the Company. The implementation of these projects will further improve the milk supply, strengthen the Company's product quality control, and provide a strong guarantee for raw milk supply to the project of "reconstruction and expansion project with daily processing 600 tons of liquid milk", which will be soon completed in 2020. Meanwhile, to a certain degree, it will reduce the Company's debt and financial expense, effectively improve the Company's profitability, consolidate the existing market position of the Company and enhance the sustainable development capability of the Company.

For details of the necessity and feasibility of the projects funded with proceeds raised from the non-public issuance, please refer to the Feasibility Analysis Report on Use of Proceeds Raised from the Public Issuance of A Share Convertible Bonds of Lanzhou Zhuangyuan Pasture Co., Ltd. released on the website of the Shenzhen Stock Exchange and www.cninfo.com.

IV. THE RELATIONSHIP BETWEEN THE INVESTMENT PROJECTS FUNDED WITH THE PROCEEDS AND THE COMPANY'S EXISTING BUSINESSES

The Company will use the proceeds from the non-public issuance of A Share after deducting relevant issuance expenses to the “recycling industrial park project of a dairy farm for 10,000 dairy cows in Jinchuan District, owned by Gansu Ruijia Farming Co., Ltd.” and the “repayment of bank loans”. In particular, the “recycling industrial park project of a dairy farm for 10,000 dairy cows in Jinchuan District, owned by Gansu Ruijia Farming Co., Ltd.” provides supply guarantee for raw milk supply for the Company's production, thus ensuring that the Company's product quality is effectively controlled at the source. In particular, the “reconstruction and expansion project with daily processing 600 tons of liquid milk” invested and implemented by the Company with its own funds has been basically completed since the construction starting in 2018, and is expected to be put into use in 2020. By then, the further rising demand for raw milk of the Company will be satisfied. The repayment of bank loans will help downsize the scale of the liabilities of the Company (especially the short-term borrowings) and reduce finance costs. Therefore, with the implementation of the projects of proceeds, the Company will further increase the proportion of supply of its own raw milk, strengthen the product quality control, address the growing demand for raw milk of the Company in the future and improve the Company's profitability and core competitiveness, which are in line with the future development plans of the Company.

After the completion of the issuance, the Company's business scope will remain unchanged. Except for the above-mentioned projects funded with the proceeds, the Company has no other businesses and asset integration plans.

V. THE COMPANY'S RESERVES IN PERSONNEL, TECHNOLOGY AND MARKET FOR THE INVESTMENT PROJECTS FUNDED WITH THE PROCEEDS**(1) Personnel and Technology Reserve**

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, Ningxia and Shaanxi since 2009. Since the breeding pastures were put into operation, the Company has adopted a management mode of “company + base + farmer”. The Company adopts a self-breeding model and a joint breeding model for different pastures according to their regional characteristics 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, increase the dairy farmers' income and facilitated the local economic development while fully signifying the meaning of poverty relief by the leading enterprise in the agricultural industry. The Company's rich practical experience and professional team for the construction and management of large-scale and modern breeding farms have provide the staffing needed for the smooth implementation of investment projects funded with the proceeds.

As most of the Company's senior management, production, R&D, QC and other executives have long been employed by the Company, they are very familiar with the Company's existing production processes, product mix, industry characteristics, regional consumption habits, etc., and have a forward-looking perspective towards market and technology development trends. They are capable to lead the Company in maintaining a steady and long-term healthy and stable growth. At the same time, the Company will strengthen the training for all of its employees, so that the employees love their jobs, comply with systems, understand professional knowledge related to the work, maintain high position quality and professional ethics, find problems in time, properly handle and solve problems according to the rules and regulations, and ensure that the projects are implemented smoothly.

(2) Market Reserve

At present, the Company's products have a high market share in Gansu and Qinghai with certain brand awareness in Shaanxi and obvious brand advantages and high market position in regional markets. According to the different consumption habits, transportation distance, shelf life of different product, etc., the Company adopts different sales models such as direct sales, distribution and agency sales, covering major prefecture-level cities, states and subordinate counties and towns in Gansu and Qinghai. In order to meet the growing demand for low-temperature dairy products, the Company has established community milk kiosks or self-service milk machines in large residential areas, high-end office buildings, schools, airports, hospitals, and high-speed rail stations in Lanzhou, Xining and other cities, so as to better sell the Company's products and realise income growth.

The Company consistently adheres to the development strategy of "Keeping the Foothold in Northeast China and Expanding into the Rest of China". In the next few years, the Company will further strengthen its leading position and brand recognition in Gansu, Qinghai and Shaanxi markets and further cement the existing market share and regional advantages. While maintaining its solid local market, the Company has also formulated a detailed business expansion plan, has been well staffed with a professional sales team and has allocated resources for necessary sales expenses, so as to gradually market its products to the surrounding provinces, cities and other regions.

In summary, the investment projects funded with the proceeds from the non-public issuance of the Company has a good foundation in terms of personnel, technology and market. With the promotion of investment projects of proceeds and the gradual expansion of business scale, the Company will further improve its reserves in terms of personnel, technology, market, etc., so as to meet the needs of continuous development and upgrade of the business.

VI. Measures Adopted by the Company against Dilution of the Current Returns

In order to protect the interests of our investors, reduce the risk of diluting the current returns and increase the returns to our shareholders, the Company intends to take various measures to recover the current returns. In addition, the Company solemnly reminded investors that the following measures formulated by the Company do not represent an assurance made by the Company for the future profits.

(1) Strengthen the Management of Proceeds to Prevent the Risks in the Application of Proceeds

In accordance with the requirements of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), 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》), the Regulations on the Standardization Operation Guidelines for Listed Companies in SME Board of the Shenzhen Stock Exchange and other laws and regulations (《深圳證券交易所中小企業板上市公司規範運作指引》), and other laws and normative documents and the Articles of Association, the Company has formulated the “Administrative Measures for Special Storage and Use of Proceeds of Lanzhou Zhuangyuan Pasture Co., Ltd.”, and explicitly provided for the depositing, saving, usage, change of use, management and supervision of the proceeds.

In order to ensure the Company's standardised and effective use of the proceeds, after the proceeds raised from the non-public issuance are readily available, the Company will, in strict accordance with the above provisions, manage the proceeds, regularly check the use of proceeds, strengthen supervision over the investment projects funded with the proceeds, ensure that the proceeds are used in a reasonable and standardized manner according to the agreed use, and prevent the potential risks in the use of the proceeds.

(2) Accelerate the Progress of the Investment Projects Funded with, and Improve the Use Efficiency of, the Proceeds

After the proceeds raised from the issuance are readily available, the Company will, in strictly compliance with the use of the proceeds approved by the Board and the general meeting, allocate all internal resources, accelerate the construction of investment projects funded with the proceeds, and improve the use efficiency of the proceeds, with an aim to reaching the designed production capacity of investment projects funded with the proceeds as early as possible and achieving the expected benefits, whereby enhancing the Company's profitability and ensuring its long-term competitiveness and continuous profitability.

Before the proceeds raised from the issuance are readily available, in order to realise the profitability of investment projects of proceeds as soon as possible, the Company will proactively borrow funds through multiple channels and allocate resources, conduct the preliminary work of the projects funded with the proceeds, and invest its own funds in such projects which will be replaced by the proceeds once readily available, so as to ensure the timely implementation of investment projects funded with the proceeds, enhance the future returns to shareholders, and reduce the risk of diluting the current returns caused by the issuance.

(3) Strictly Implement the Cash Dividend Policy and Strengthen the Investor Return Mechanism

In accordance with the Notice on Further Implementing Rules Regarding Distribution by Listed Companies (Zheng Jian Fa [2012] No.37), the Guidelines for the Supervision and Control of Listed Companies No. 3 - Cash Dividend Distribution by Listed Companies (Zheng Jian Hui Gong Gao [2013] No.43) and relevant regulations as well as the spirit of the Guidelines of China Securities Regulatory Commission for the Articles of Association of Listed Companies, the Company has formulated relevant provisions on profit distribution in the Articles of Association, which has expressly clarified the specific condition, proportion and form of distribution for the Company's profit distribution (especially cash dividend) and share dividend distribution conditions, improved the decision-making procedures and mechanisms of the Company's profit distribution and the adjustment principles of profit distribution policy, and strengthened the interest protection mechanism for small and medium investors. Meanwhile, in order to elaborate the decision-making procedures and the terms of the profit distribution, and enhance the transparency and operation of cash dividend, the Company has formulated the Shareholders' Return Plan for the Forthcoming Three Years (2020-2022), and established a sound and effective shareholders' return mechanism.

After the completion of the issuance, when the conditions of profit distribution are satisfied, the Company will strictly implement the cash dividend policy and use its maximum efforts to proactively implement the profit distribution to shareholders in an effort to increase the return to shareholders.

(4) Improve the Company's Operational Efficiency and Reduce Operating Costs

The Company will further strengthen quality control, continuously optimise business processes and internal control, and standardise management and control on various business segments. In the daily operation and management, the Company will strengthen the management on procurement, production, sales, research and development and other segments, further promote cost control, improve the asset operation efficiency, and reduce the operation costs, so as to enhance the Company's profitability.

(5) Optimise Corporate Governance and Provide Institutional Guarantee for the Company's Development

The Company will strictly abide by the requirements of laws, regulations and normative documents such as the Company Law, the Securities Law, and the Guidelines for Governance of Listed Companies, continuously improve the corporate governance structure, and ensure that shareholders can fully exercise their rights; ensure that the Board of Directors can comply with the laws, regulations and the Company's Articles of Association when exercising their rights so as to make scientific, prompt and prudent decisions; ensure that the independent Directors can perform their duties conscientiously, safeguard the Company's overall interests, especially the legitimate rights and interests of small and medium shareholders; ensure that the Supervisory Committee can independently and effectively exercise supervision and inspection rights on the directors, managers, other senior management and financial affairs of the Company, so as to provide an institutional guarantee for the Company's development.

VII. UNDERTAKING BY RELEVANT STAKEHOLDERS

(1) The Directors and senior management of the Company make the following undertaking to ensure that the measures taken by the Company to recover the diluted current returns can be fully implemented according to relevant requirements of the CSRC:

1. I will not transfer any benefits to other entities or individuals with no payment or under unfair terms and shall not damage the Company's interests in any other ways;
2. I will fully support and abide by the Company's rules on constraining the duty-related consumption behavior of Directors and senior executives, and any duty-related consumption behavior will occur within the scope necessary to fulfill my duties to the Company. I strictly accept the supervision and management of the Company, and avoid waste or advance consumption;
3. I will strictly follow the requirements of relevant laws and regulations, the rules and principles of the regulatory authorities such as the CSRC and the stock exchange, as well as the Company's rules and regulations on the conduct code of Directors and senior managers, and will not utilize any assets of the Company for any investments or consumption activities unrelated to my performance of duties;
4. The remuneration system established by the Board or the Remuneration and Appraisal Committee is in line with the implementation of the return recovery measures;
5. If the Company is to adopt a equity incentive plan in the future, the vesting conditions of the stock incentive plan set by the Company is line with the implementation of the return recovery measures;
6. To undertake to effectively implement the return recovery measures set by the Company and all undertaking relating to the return recovery measures. If I breach such undertaking and cause losses to the Company or the investors, I am willing to bear the responsibility for compensation to the Company or investors in accordance with laws.

In case of breach of the above undertaking or refusal to perform the above undertakings, I agree to impose relevant penalties or take relevant management measures on me in accordance with relevant regulations and rules formulated or issued by securities regulatory authorities such as the CSRC and the Shenzhen Stock Exchange.

7. From the date of making these undertaking until the completion of the Non-public Issuance of A shares, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and the undertaking which cause the above undertaking unable to meet the requirements of the CSRC, I undertake to make supplementary undertaking at that time according to the latest requirements of the CSRC.

(2) In accordance with relevant provisions of the CSRC, to ensure that the recovery measures against the dilution of the current returns can be fully performed, the controlling shareholders and the *de facto* controllers of the Company also make the following undertaking:

1. To undertake not to intervene the operation and management activities of the Company or unlawfully occupy the Company's interests.;
2. To undertake to effectively implement the return recovery measures set by the Company and all undertaking relating to the return recovery measures. If I breach such undertaking and cause losses to the Company or the investors, I am willing to bear the responsibility for compensation to the Company or the investors in accordance with laws.

In case of breach of the above undertaking or refusal to perform the above undertaking, I agree to impose relevant penalties or take relevant management measures on me in accordance with relevant regulations and rules formulated or issued by securities regulatory authorities such as the CSRC and the Shenzhen Stock Exchange.

3. From the date of making these undertaking until the completion of the non-public issuance of A shares, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and the undertaking which cause the above undertaking unable to meet such requirements of the CSRC, I undertake to make supplementary undertaking at that time according to the latest requirements of the CSRC.

VIII. THE RECOVERY MEASURES FOR DILUTED CURRENT RETURNS AND THE PROCEDURES OF CONSIDERING THE UNDERTAKING

The Board has considered and approved the recovery measures for the diluted current returns and other relevant undertaking at the 29th meeting of the third session of the Board of Directors, and submitted it to the general meeting of shareholders and the class meetings of A and H shareholders for consideration.

The Board of Directors
Lanzhou Zhuangyuan Pasture Co., Ltd.*
5 December 2019

* *For identification purposes only.*

Stock Code: 002910 Stock Abbreviation: Zhuangyuan Pasture Announcement No.: 2019-090

Lanzhou Zhuangyuan Pasture Co., Ltd.*
Announcement on the Undertaking Given by the Controlling Shareholders, the *De Facto* Controller, the Directors and Senior Management in Relation to the Remedial Measures Adopted for the Dilution of Immediate Returns by the Non-public Issuance of A Shares Would be Implemented Appropriately

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

Pursuant to the requirements of the Several Opinions of the State Council on Further Promoting the Healthy Development of Capital Market (《國務院關於進一步促進資本市場健康發展的若干意見》) (Guo Fa [2014] No. 17), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors' Legitimate Interests in Capital Market (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》) (Guo Ban Fa [2013] No. 110) and the Guiding Opinions on Matters Relating to the Dilution of Immediate Returns As a Result of Initial Public Offering, Refinancing and Major Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (CSRC Announcement [2015] No. 31), in order to protect the interests of small and medium investors, Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司) (the "Company" or "Zhuangyuan Pasture") analyzed the impact of the Non-public Issuance on diluted immediate returns and proposed actual return remedial measures. The controlling shareholders, the *de facto* controller, the Directors and senior management of the Company made the undertaking for the Non-public Issuance on diluted immediate returns and remedial measures.

I. Commitments Made by the Controlling Shareholders and the *De Facto* Controller of the Company

Mr. Ma Hongfu, as one of the controlling shareholders and the *de facto* controller of the Company, makes the following commitments to safeguard the legitimate rights and interests of the Company and all shareholders and guarantee the measures of the Company to remedy diluted immediate returns can be fully performed:

1. I commit to neither act beyond my authority to intervene the operation management activities of the Company nor infringe the benefit of the Company;

2. Effectively fulfill the return remedial measures set by the Company and all commitments relating to the return remedial measures. If I breach such commitments and cause losses to the Company or the investors, I am willing to bear the responsibility for compensation to the Company or investors in accordance with laws.

In case of breach of the above commitments or refusal to perform the above commitments, I agree to impose relevant penalties or take relevant management measures on me in accordance with relevant regulations and rules formulated or issued by securities regulatory authorities such as CSRC and the Shenzhen Stock Exchange.

3. From the date of making these commitments until the completion of the Non-public Issuance of A Share, if CSRC imposes other new regulatory requirements in relation to the return remedial measures as well as the commitments which cause the above commitments unable to meet such requirements of CSRC, I commit to conduct supplementary commitments at that time according to the latest requirements of CSRC.

II. Commitments Made by All Directors and Senior Management of the Company

The Directors and senior management of the Company make the following commitments to safeguard the legitimate rights and interests of the Company and all shareholders, and guarantee the measures of the Company to remedy diluted immediate returns can be fully performed:

1. I commit to neither convey benefits to other units or individuals for free or with unfair conditions nor adopt other manners to damage the benefit of the Company;
2. I fully support and cooperate with the Company's rules on duty consumption behavior of Directors and senior executives, and any duty consumption behavior will occur within the scope necessary to fulfill my duties to the Company only. I strictly accept the supervision and management of the Company, and avoid waste or advance consumption;
3. I will strictly follow the requirements on conduct code of Directors and senior managers of relevant laws and regulations, the rules and principles of the regulatory authorities such as CSRC and the stock exchanges, as well as the Company's rules and regulations, and commit not to utilize any assets of the Company for any investments or consumption activities unrelated to my performance of duties;
4. The remuneration system established by the Board of Directors or the Remuneration and Appraisal Committee is linked with the implementation of the return remedial measures;
5. If the Company is to adopt a equity incentive plan in the future, the vesting conditions of the stock incentive plan set by the Company is linked with the implementation of the return remedial measures;
6. Effectively fulfill the return remedial measures set by the Company and all commitments relating to the return remedial measures. If I breach such commitments and cause losses to the Company or the investors, I am willing to bear the responsibility for compensation to the Company or investors in accordance with laws.

APPENDIX IV ANNOUNCEMENT ON THE UNDERTAKINGS GIVEN BY THE CONTROLLING SHAREHOLDERS, THE *DE FACTO* CONTROLLER, THE DIRECTORS AND SENIOR MANAGEMENT IN RELATION TO THE REMEDIAL MEASURES ADOPTED FOR THE DILUTION OF IMMEDIATE RETURNS BY THE NON-PUBLIC ISSUANCE OF A SHARES BEING IMPLEMENTED APPROPRIATELY

In case of breach of the above commitments or refusal to perform the above commitments, I agree to impose relevant penalties or take relevant management measures on me in accordance with relevant regulations and rules formulated or issued by securities regulatory authorities such as CSRC and the Shenzhen Stock Exchange.

7. From the date of making these commitments until the completion of the Non-public Issuance of A Shares, if CSRC imposes other new regulatory requirements in relation to the return remedial measures as well as the commitments which cause the above commitments unable to meet such requirements of CSRC, I commit to conduct supplementary commitments at that time according to the latest requirements of CSRC.

The Board of Lanzhou Zhuangyuan Pasture Co., Ltd. *
5 December 2019

* *For identification purposes only*

Lanzhou Zhuangyuan Pasture Co., Ltd.*
Shareholder Return Plan for the Forthcoming Three Years (2020-2022)

Subject to the requirements of the relevant documents the “Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No.37)” (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and the “Guideline No.3 on the Supervision and Administration of Listed Companies - Distribution of Cash Dividends by Listed Companies (CSRC Announcement [2013] No.43)” (《上市公司監管指引第3號—上市公司現金分紅》(證監發[2012]43號)) issued by China Securities Regulatory Commission, in order to fully protect the rights to return on assets and other lawful rights enjoyed by the Shareholders and to enable investors to share the fruits of the Company’s growth and development, the Company has formulated the “Shareholder Dividend Return Plan for the Forthcoming Three Years (2020-2022)”(the “Plan”) on the basis of comprehensive consideration of the Company’s strategic development objectives, business planning, profitability, shareholder returns, social capital costs and external financing environment and other factors, the details of which are set out as follows:

I. Factors Considered in Formulating the Plan

Focusing on the sustainable development in the future, the Company places full emphasis on providing investors with reasonable return. On the basis of comprehensive consideration of industry characteristics, the actual situation of the Company’s operation and development, development strategy, the cost of capital, financing environment, financial position, operating results, cash flow, etc., the Company has established and formulated a sustainable, stable and scientific return plan and mechanism for investors and make institutional arrangements for profit distribution to ensure the continuity and stability of its profit distribution policies.

II. Principles of Formulating the Shareholder Return Plan

The Shareholder Return Plan for the Forthcoming Three Years (2020-2022) of the Company shall be formulated in accordance with relevant laws, regulations and provisions regarding dividend distribution in the Articles of Association. Adhering to the basic principle of cash dividend distribution and focusing on both providing shareholders with reasonable return and the sustainable development of the Company, a rational shareholder return plan should be formulated taking into account the short-term interests and the long-term development of the Company, so as to ensure that the continuity and stability of the profit distribution policies can be guaranteed and comply with the relevant requirements of laws and regulations.

**III. Specific Contents of the Shareholder Return Plan for the Forthcoming Three Years
(2020-2022)**

1. Dividend distribution principle

The Company implements the continuous and stable profit distribution policy. The Company should pay attention to the reasonable return on investment to investors and take into account the sustainable development of the Company when distributing profits. If there is no major investment plan or major cash expenditure, the Company will actively distribute dividends in the form of cash, shares and otherwise under the condition of meeting the capital requirements of the normal production and operation of the Company.

2. Dividend distribution form

The Company may distribute dividends in the form of cash, shares and a combination of both and give preference to the distribution of dividends in cash. The annual profit distributed by the Company in cash shall not be less than 20% of the distributable profit realized in that year.

3. Period interval for profit distribution

Subject to the satisfaction of the profit distribution conditions, the Company shall make a dividend distribution every year, and the Board of Directors of the Company may propose the Company to carry out the medium-term profit distribution in the form of cash, shares or a combination of both according to the fund demand of the Company.

4. Conditions and proportion of cash dividends

When the Company realizes a profit in a year and satisfies the profit distribution conditions prescribed by the Company Law and other laws and regulations, the Company shall make profit distribution at least once in that year. In the absence of a major investment plan or major capital expenditure, the annual profit distributed by the Company in cash shall not be less than 20% of the distributable profit realized in the year.

When the Company formulates a specific plan for cash dividends, the Board of Directors shall carefully research into and demonstrate the timing, conditions and minimum proportion of the Company's cash dividends, the conditions for adjustment and the requirements of its decision-making procedures, and the independent directors shall express their clear opinions. The independent directors may solicit opinions from minority shareholders, present a dividend proposal and submit them directly to the Board of Directors for consideration.

The Board of Directors shall give overall consideration to the characteristics of the industry in which the Company carries on its business, the stage of development, the Company's own business model, profit level and whether there are major capital expenditure arrangements and other factors and put forward a differentiated cash dividend policy by distinguishing the following circumstances in accordance with the procedures set out in the Articles of Association:

- (1) If the development stage of the Company is a maturation stage, and there are no major capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be 80% when the profit distribution is carried out;
- (2) If the development stage of the Company is a maturation stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be 40% when the profit distribution is carried out;
- (3) If the development stage of the Company is a growth stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be 20% when the profit distribution is carried out;
- (4) If the development stage of the Company is difficult to distinguish but there are major capital expenditure arrangements, the minimum proportion of cash dividends in the profit distribution shall be 20% when the profit distribution is carried out;

5. Conditions for the distribution of stock dividends

On the premise that the profit and cash flows of the Company satisfy the normal operation and long-term development of the Company, the Company shall distribute dividends in cash; if the Board of Directors considers that the future growth of the Company is better, the net assets per share is high, the stock price of the Company does not match the size of the share capital of the Company, and the distribution of stock dividends is beneficial to the overall interests of all shareholders of the Company, it may formulate a stock dividend distribution plan subject to the compliance with the Company's cash dividend policy.

6. Decision-making procedures for the profit distribution plan

- (1) When the Company carries out dividend distribution, the Board of Directors of the Company shall firstly formulate a distribution plan and submit it to the general meeting of shareholders of the Company for consideration.

- (2) The Board of Directors shall fully listen to the opinions of external directors and independent directors in the process of drawing up relevant proposals for profit distribution. The Board of Directors of the Company shall adopt a profit distribution plan by a majority vote of all the directors and by a vote of more than 1/2 of the independent directors, and the independent directors shall express their independent opinions on the profit distribution plan. The independent directors may solicit opinions from minority shareholders, present a dividend proposal and submit them directly to the Board of Directors for consideration.
- (3) The Board of Supervisors shall consider the relevant proposals of the Board of Directors for profit distribution, which shall be adopted by a vote of more than half of all the supervisors of the Board of Supervisors.
- (4) The Board of Directors and the Board of Supervisors shall submit the profit distribution plan that has been adopted to the general meeting of shareholders for consideration and approval. Before the consideration of the profit distribution plan at the general meeting of shareholders, the Company shall take the initiative to communicate and exchange with the shareholders, especially the minority shareholders, through various channels, fully listen to the opinions and demands from the minority shareholders, and answer the concerns of the minority shareholders in a timely manner.
- (5) If the Company is unable to determine the current year's profit distribution plan in accordance with the established cash dividend policy or the minimum cash dividend proportion, the Board of Directors shall make a special explanation for the specific reasons, and submit it to the general meeting of shareholders for deliberation after the independent directors express their opinions, and it shall be adopted by a vote of the shareholders holding more than 2/3 of the voting rights present at the general meeting. The Company shall disclose the specific reasons and the clear opinions of the independent directors in the annual report. In the above case, the Company shall provide a voting platform in the form of a network when a general meeting of shareholders is held.

7. Implementation of the dividend distribution plan

The specific dividend distribution plan of the Company shall be presented by the Board of Directors of the Company and shall be implemented after approval at the general meeting of shareholders. After a resolution on the dividend distribution plan is adopted at the general meeting of shareholders, the Board of Directors of the Company shall complete the payment of dividends (or shares) in accordance with the Guidelines for the Articles of Association of Listed Companies and the relevant regulations of the CSRC after a general meeting of shareholders is held. If a shareholder of the Company occupies the Company's funds in violation of the regulations, the Company shall deduct the cash dividends allocated to the shareholder to repay the funds occupied by it.

Any dividends and other payments to be paid by the Company to the shareholders holding domestic shares shall be denominated and declared in RMB currency, and shall be paid in RMB within two months after the date of declaration of the dividends; any dividends and other payments to be paid by the Company to the shareholders holding foreign shares shall be denominated and declared in RMB currency, and shall be paid in Hong Kong dollars within two months after the date of declaration of the dividends.

IV. Time Intervals for Formulation of the Shareholder Return Plan and the Decision-Making Mechanism

The Company shall revise its shareholder return plan for the forthcoming three years at least once every three years. The shareholder return plan for a given period shall be formulated by the Board according to its profit distribution policy being implemented at that time, taking into account the operation, cash flow conditions, development stage and funds requirements of the Company, and the Company shall fully consider and listen to the opinions of shareholders (especially public investors), independent Directors and the Supervisory Committee and submit the Plan to Board and the general meeting of the Company for consideration.

The annual profit distribution proposal of the Company shall be formulated by the Board according to the operation conditions of the Company and the relevant requirements and considered and passed by the Board and the Supervisory Committee before it is submitted to the general meeting for consideration. The Company shall fully listen to the opinions of independent Directors and the Supervisory Committee in regard to profit distribution and exchange views and communicate with minority shareholders through multiple channels and methods. When the general meeting is considering the profit distribution proposal, the Company may provide shareholders with online voting or other means to guarantee public shareholders' rights to participate in general meetings.

If the adjustment to the profit distribution policy is required either due to the national laws and regulations and the new rules enacted by the securities regulatory authorities on the profit distribution policies of listed companies or due to the substantial changes in the external operating environment or their own operation conditions, the proposal for such adjustment shall be in the interest of shareholders, meet the conditions stipulated in the articles of association, and elaborate and explain the reasons therefor under the corresponding decision-making procedures before it is passed by more than two-thirds of shareholders holding voting rights who are presented at the general meeting.

V. Other Matters

The matters not covered in the Plan shall be dealt with in accordance with relevant laws, regulations, regulatory documents and the Articles of Association.

The Shareholder Return Plan shall be explained by the Board of the Company and shall take effect from the date of approval at the general meeting of the Company.

The Board of Lanzhou Zhuangyuan Pasture Co., Ltd. *
5 December 2019

** For identification purposes only*

Stock Code: 002910 Stock Abbreviation: Zhuangyuan Pasture Announcement No.: 2019-093

Lanzhou Zhuangyuan Pasture Co., Ltd. *
Announcement on Engaging the Specific Audit Agency for
the Non-public Issuance of A Shares

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.

On 5 December 2019, Lanzhou Zhuangyuan Pasture Co., Ltd.* (蘭州莊園牧場股份有限公司) (the “Company”) convened the 29th meeting of the third session of the Board of Directors and the 18th meeting of the third session of the Supervisory Committee, at which the Resolution on Engaging the Specific Audit Agency for the Non-public Issuance of A Shares was considered and approved. Considering that the Company plans to initiate the non-public issuance of A shares, after comprehensive consideration and careful evaluation, the Company intends to engage WUYIGE Certified Public Accountants LLP (“WUYIGE”) as the specific audit agency for the Company’s non-public issuance of A shares. It will provide specific audit services for the Company’s application for non-public issuance of A shares and propose that the Shareholders’ Meeting authorises the management of the Company to negotiate with WUYIGE to determine the audit fees. The relevant details are announced as follows:

I. Details of the Accounting Firm to be Engaged

Name: WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥))

Unified social credit code: 91110108590611484C

Type: Special general partnership

Principal place of business: Room 1504, Xueyuan International Tower, No. 1 Zhichun Road, Haidian District, Beijing

Executive partners: Wu Weixing and Hu Yonghua

Date of establishment: 6 March 2012

Business Scope: audit the financial statements of enterprises and issue auditor's reports; verify the corporate capital and issue capital verification reports; conduct audit business in mergers, divisions and liquidation, and issue relevant reports; audit the financial statements for the year of basic construction; agency accounting; accounting consulting, tax consulting, management consulting, accounting training; other business as stipulated by laws and regulations. (Enterprises shall independently choose operating projects and carry out business activities according to the law; for business activities which are subject to approval according to law, carry out business activities that are subject to approval in accordance with those approved by relevant departments; and shall not engage in business activities that are prohibited and restricted by the city's industrial policy.)

WUYIGE is an accounting firm that holds the securities and futures related business license, and is one of the accounting firms that firstly obtained the qualifications for auditing H share in 2010. In the course of practice, WUYIGE strictly complied with relevant PRC laws, regulations, the Code of Practice of Chinese Certified Public Accountants and other practice standards, specifically strengthened the training of practicing personnel and improved their competence in practice. In the auditing process, it had carefully implemented the review system with a particular focus on the quality of its work to meet the requirements of the specific audit agency for the non-public issuance of A shares.

II. Approval Procedures Performed for Engagement of an Audit Agency

With the full understanding of the business qualifications and practice quality of WUYIGE and the careful verification of its relevant qualifications, and based on the business development needs and the actual situation of the Company, the Audit Committee under the Board of Directors of the Company believes that WUYIGE has the comprehensive qualifications for serving listed companies and is competent for the specific audit work of the non-public issuance of A shares of the Company.

The 29th meeting of the third session of the Board of Directors and the 18th meeting of the third session of the Supervisory Committee convened by the Company on 5 December 2019 considered and approved the Resolution on Engaging the Specific Audit Agency for the Non-public Issuance of A Shares, and agreed to engage WUYIGE as the specific audit agency for the non-public issuance of A shares.

This resolution needs to be proposed to the shareholders' meeting for consideration.

III. Opinions of the Independent Directors

1. Ex-ante Opinions of the Independent Directors

The Independent Directors believe that WUYIGE Certified Public Accountants LLP is qualified to engage in securities and future-related businesses, and has the experience and ability to provide audit services for listed companies, which can meet the requirements of the specific audit for the non-public issuance of A shares by the Company. Engaging an accounting firm by the Company, in accordance with the relevant laws and regulations, will not affect the audit quality of the accounting statements of the Company and harm the interests of the Company and shareholders. We agree to submit the proposal to the 29th meeting of the third session of the Board of Directors for consideration.

2. Independent Opinions of the Independent Directors

The Independent Directors believe that WUYIGE Certified Public Accountants LLP has such qualifications as required under the laws, regulations and relevant normative documents to provide audit services for the Company. We agree to engage WUYIGE Certified Public Accountants LLP as the specific audit agency for the non-public issuance of A shares, and agree to propose that the Shareholder's Meeting authorises the management of the Company to negotiate with WUYIGE to determine the audit fees. We agree to submit the matter to the Shareholders' Meeting for consideration.

IV. Reference Documents

1. The resolutions of the 29th meeting of the third session of Board of Directors of the Company
2. The resolutions of the 18th meeting of the third session of the Supervisory Committee of the Company
3. Ex-ante approval opinions of the independent directors on engaging the specific audit agency for the non-public issuance of A shares
4. Independent opinions of the independent directors on the relevant matters of the 29th meeting of the third session of the Board of Directors

The Board of Directors

Lanzhou Zhuangyuan Pasture Co., Ltd.*
5 December 2019

* For identification purposes only

The details of the amendments to the Rules of Procedures for General Meetings are as follows:

Before amendments	After amendments	Basis for amendments
<p>Article 13 Where the Company convenes a general meeting, a written notice of the meeting shall be given 45 days before the date of the meeting to notify all shareholders whose names appear on the register of shareholders of the matters to be considered at and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting 20 days before the date of the meeting.</p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	<p>Article 13 Where the Company convenes an annual general meeting, a notice of the meeting shall be given by announcement at least 20 days before the date of the meeting to notify all shareholders. Where the Company convenes an extraordinary general meeting, a notice of the meeting shall be given by announcement at least 15 days before the date of the meeting to notify all shareholders.</p> <p>Where the Company convenes a class meeting of shareholders, the notice period and method of notice shall be subject to the provisions of Article 86 this rule of procedure.</p> <p>In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	<p>【Reason for such amendments】 According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), amendments shall be made to the relevant provisions on the matters concerning the convening of a general meeting.</p>
<p>Article 14 The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days, notify the shareholders again by way of public announcement the matters to be considered at, and the date and place for, the meeting. The Company may hold the meeting after publication of such announcement.</p>	<p>Article 14 Delete the whole article.</p>	<p>【Reason for such amendments】 According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), amendments shall be made to the relevant provisions on the matters concerning the convening of a general meeting.</p> <p>Serial numbers of other provisions in the original Rules of Procedures shall be adjusted accordingly.</p>

Before amendments	After amendments	Basis for amendments
<p>Article 16 Unless the Articles of Association and this rule otherwise requires, the notice of a general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic shares, such notice of the general meeting may also be given by way of announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p>	<p>Article 15 Unless the Articles of Association or the Rules otherwise requires, the notice of a general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic shares, such notice of the general meeting may also be given by way of announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council within 20 days to 25 days prior to the convening of the annual general meeting and 15 days to 20 days prior to the convening of the extraordinary general meeting . Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p>	<p>【Reason for such amendments】 According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), amendments shall be made to the relevant provisions on the matters concerning the convening of a general meeting.</p>

Before amendments	After amendments	Basis for amendments
<p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares in any of the following manners, 45 days prior to the said meeting:</p> <p>(1) such notification or announcement should be delivered to every shareholders of overseas-listed foreign shares by person or by mail in accordance with the addresses of every shareholders. The notification for shareholders of H Shares should be sent at Hong Kong;</p> <p>(2) announced at the website of the Company or websites designated by the local stock exchange where shares of the Company are listed in accordance with relevant laws, regulations and listing rules;</p> <p>(3) other manners required by the local stock exchange where shares of the Company are listed and listing rules.</p>	<p>The notification, materials or written announcement of the shareholders' assembly meeting should be delivered to the shareholders of overseas-listed foreign shares 20 days prior to the convening of the annual general meeting or 15 days prior to the convening of the extraordinary general meeting in any of the following manners:</p> <p>(1) such notification or announcement should be delivered to every shareholders of overseas-listed foreign shares by person or by mail in accordance with the addresses of every shareholders. The notification for shareholders of H Shares should be sent at Hong Kong;</p> <p>(2) announced at the website of the Company or websites designated by the local stock exchange where shares of the Company are listed in accordance with relevant laws, regulations and listing rules;</p> <p>(3) other manners required by the local stock exchange where shares of the Company are listed and listing rules.</p>	

Before amendments	After amendments	Basis for amendments
<p>Article 87 When the Company is to convene a shareholders class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</p> <p>In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class, the Company may convene a shareholders class meeting of shareholders. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders class meeting.</p>	<p>Article 86 When the Company is to convene a shareholders class meeting, it shall issue a written notice 20 days prior to the convening of the annual general meeting or 15 days prior to the convening of the extraordinary general meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.</p>	<p>【Reason for such amendments】 According to the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to the Overseas Listed Companies (Guo Han [2019] No. 97) (《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函〔2019〕97號)), amendments shall be made to the relevant provisions on the matters concerning the convening of a general meeting.</p>

The resolution shall be submitted to the general meeting of the Company for consideration and approval, and shall be effective from the date of approval by the general meeting.

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING



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 THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the EGM of Lanzhou Zhuangyuan Pasture Co., Ltd.* (the “**Company**”) will be held at 2:30 p.m. on Friday, 17 January 2020 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:

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 31 December 2019 (the “**Circular**”) unless otherwise specified. Please refer to the Circular for details of the proposed resolutions.

SPECIAL RESOLUTIONS

- (1) To consider and approve the resolution on the fulfilment of conditions for the Non-public Issuance of A Shares by the Company;
- (2) To consider and approve each and every item of the resolution on the Non-public Issuance of A Shares of the Company:
 - (a) class and nominal value of shares to be issued;
 - (b) issue method and time;
 - (c) issue size;
 - (d) target subscribers and subscription method;

* For identification purpose only

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

- (e) issue price and pricing principles;
 - (f) lock-up period;
 - (g) listing venue;
 - (h) amount and the use of proceeds;
 - (i) arrangement of accumulated undistributed profits prior to the completion of the Issuance; and
 - (j) the validity period;
- (3) To consider and approve the resolution on the Plan for the Non-public Issuance of A Shares;
 - (4) To consider and approve the resolution on the Feasibility Report on the Use of Proceeds Raised from the Non-public Issuance of A Shares by the Company;

ORDINARY RESOLUTION

- (5) To consider and approve the resolution on the Report on the Use of Proceeds Previously Raised;

SPECIAL RESOLUTIONS

- (6) To consider and approve the resolution on the remedial measure of the dilution of immediate return resulting from the Non-public Issuance of A Shares and risk warning;
- (7) To consider and approve the resolution on the undertakings given by the Controlling Shareholders, the *de facto* controller, the Directors and senior management in relation to the remedial measures adopted for the dilution of immediate returns by the Non-public issuance of A Shares being implemented appropriately;
- (8) To consider and approve the resolution for authorization to the Board to deal with relevant matters in relation to the Non-public Issuance with full discretion at the general meeting;
- (9) To consider and approve the resolution on the Shareholder return plan for the forthcoming three years (2020-2022);

ORDINARY RESOLUTION

- (10) To consider and approve the resolution on engaging the specific audit agency for the Non-public Issuance of A Shares; and

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

SPECIAL RESOLUTION

- (11) To consider and approve the resolution on the amendments to the Rules of Procedures for General Meetings.

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

Lanzhou, the PRC, 31 December 2019

Notes:

1. In order to determine the H shareholders who are entitled to attend the EGM, the register of members for H shares of the Company will be closed from Tuesday, 31 December 2019 to Friday, 17 January 2020 (both days inclusive), during which period no transfer of H shares can be registered. In order to be qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificate(s) 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 registration not later than 4:00 p.m. on Thursday, 28 November 2019. H shareholders whose names appear on the register of members of the Company on Friday, 17 January 2020 are entitled to attend and vote at the EGM.
2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalf. A proxy need not be a shareholder of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post, 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 by 2:30 p.m. on Thursday, 16 January 2020 or not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they so wish.
4. Shareholders or their proxies shall produce their identity documents when attending the EGM.
5. In accordance with the requirements of Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting shall 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. Therefore, according to Article 86 of the articles of association of the Company, a poll will be demanded by the chairman of the EGM so that all resolutions set out in this notice of EGM will be decided on a poll. On a poll taken at the meeting, shareholders (including proxies) entitled to two or more votes are not required to cast all their vote.
6. The EGM (or any adjournment thereof) is expected to last less than one day. Shareholders or their proxies who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

* *For identification purpose only*

NOTICE OF THE 2020 FIRST EXTRAORDINARY GENERAL MEETING

7. The Company's principal place of business in the PRC is situated at:

26th Floor, Block B
Shanghai 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

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

As at the date of this notice, the executive directors of the Company are Mr. Ma Hongfu, Mr. Wang Guofu, Mr. Chen Yuhai and Ms. Zhang Qianyu; the non-executive directors of the Company are Mr. Yap Kean Chong and Mr. Song Xiaopeng; and the independent non-executive directors of the Company are Ms. Liu Zhijun, Mr. Zhao Xinmin and Mr. Wong Cho Hang Stanley.

NOTICE OF A SHAREHOLDERS' CLASS MEETING



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 2:45 p.m. on Friday, 17 January 2020 or immediately after the conclusion of the 2020 first extraordinary general meeting of the Company 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:

SPECIAL RESOLUTIONS

- (1) To consider and approve the resolution on the fulfilment of conditions for the Non-public Issuance of A Shares by the Company;
- (2) To consider and approve each and every item of the resolution on the Non-public Issuance of A Shares of the Company:
 - (a) class and nominal value of shares to be issued;
 - (b) issue method and time;
 - (c) issue size;
 - (d) target subscribers and subscription method;
 - (e) issue price and pricing principles;

* *For identification purpose only*

NOTICE OF A SHAREHOLDERS' CLASS MEETING

- (f) lock-up period;
 - (g) listing venue;
 - (h) amount and the use of proceeds;
 - (i) arrangement of accumulated undistributed profits prior to the completion of the Issuance; and
 - (j) the validity period;
- (3) To consider and approve the resolution on the Plan for the Non-public Issuance of A Shares;
 - (4) To consider and approve the resolution on the Feasibility Report on the Use of Proceeds Raised from the Non-public Issuance of A Shares by the Company;
 - (5) To consider and approve the resolution on the remedial measure of the dilution of immediate return resulting from the Non-public Issuance of A Shares and risk warning;
 - (6) To consider and approve the resolution on the undertakings given by the Controlling Shareholders, the *de facto* controller, the Directors and senior management in relation to the remedial measures adopted for the dilution of immediate returns by the Non-public issuance of A Shares being implemented appropriately;
 - (7) To consider and approve the resolution for authorization to the Board to deal with relevant matters in relation to the Non-public Issuance with full discretion at the general meeting;
 - (8) To consider and approve the resolution on the Shareholder return plan for the forthcoming three years (2020-2022); and
 - (9) To consider and approve the resolution on the amendments to the Rules of Procedures for General Meetings.

By Order of the Board
Lanzhou Zhuangyuan Pasture Co., Ltd.*
蘭州莊園牧場股份有限公司
Ma Hongfu
Chairman

Lanzhou, the PRC, 31 December 2019

Notes:

1. A Shareholders whose names appear on the A share register of members of the Company on Friday, 17 January 2020 will be entitled to attend and vote at the A Shareholders' Class Meeting.

* *For identification purpose only*

NOTICE OF 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 4 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 one 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

As at the date of this notice, the executive directors of the Company are Mr. Ma Hongfu, Mr. Wang Guofu, Mr. Chen Yuhai and Ms. Zhang Qianyu; the non-executive directors of the Company are Mr. Yap Kean Chong and Mr. Song Xiaopeng; and the independent non-executive directors of the Company are Ms. Liu Zhijun, Mr. Zhao Xinmin and Mr. Wong Cho Hang Stanley.

NOTICE OF H SHAREHOLDERS' CLASS MEETING



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 3:00 p.m. on Friday, 17 January 2020 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:

SPECIAL RESOLUTIONS

- (1) To consider and approve the resolution on the fulfilment of conditions for the Non-public Issuance of A Shares by the Company;
- (2) To consider and approve each and every item of the resolution on the Non-public Issuance of A Shares of the Company:
 - (a) class and nominal value of shares to be issued;
 - (b) issue method and time;
 - (c) issue size;
 - (d) target subscribers and subscription method;
 - (e) issue price and pricing principles;

* *For identification purpose only*

NOTICE OF H SHAREHOLDERS' CLASS MEETING

- (f) lock-up period;
 - (g) listing venue;
 - (h) amount and the use of proceeds;
 - (i) arrangement of accumulated undistributed profits prior to the completion of the Issuance; and
 - (j) the validity period;
- (3) To consider and approve the resolution on the Plan for the Non-public Issuance of A Shares;
 - (4) To consider and approve the resolution on the Feasibility Report on the Use of Proceeds Raised from the Non-public Issuance of A Shares by the Company;
 - (5) To consider and approve the resolution on the remedial measure of the dilution of immediate return resulting from the Non-public Issuance of A Shares and risk warning;
 - (6) To consider and approve the resolution on the undertakings given by the Controlling Shareholders, the *de facto* controller, the Directors and senior management in relation to the remedial measures adopted for the dilution of immediate returns by the Non-public issuance of A Shares being implemented appropriately;
 - (7) To consider and approve the resolution for authorization to the Board to deal with relevant matters in relation to the Non-public Issuance with full discretion at the general meeting;
 - (8) To consider and approve the resolution on the Shareholder return plan for the forthcoming three years (2020-2022); and
 - (9) To consider and approve the resolution on the amendments to the Rules of Procedures for General Meetings.

By Order of the Board
Lanzhou Zhuangyuan Pasture Co., Ltd.*
蘭州莊園牧場股份有限公司
Ma Hongfu
Chairman

Lanzhou, the PRC, 31 December 2019

* For identification purpose only

NOTICE OF H SHAREHOLDERS' CLASS MEETING

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 will be closed from Tuesday, 31 December 2019 to Friday, 17 January 2020, 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, 17 January 2020, 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 Thursday, 28 November 2019 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 4 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 one day. Shareholders or their proxies who attend the H Shareholders' Class Meeting (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

NOTICE OF H SHAREHOLDERS' CLASS MEETING

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

As at the date of this notice, the executive directors of the Company are Mr. Ma Hongfu, Mr. Wang Guofu, Mr. Chen Yuhai and Ms. Zhang Qianyu; the non-executive directors of the Company are Mr. Yap Kean Chong and Mr. Song Xiaopeng; and the independent non-executive directors of the Company are Ms. Liu Zhijun, Mr. Zhao Xinmin and Mr. Wong Cho Hang Stanley.