This summary aims to give you an overview of the information contained in this Prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a dairy farming company in China dedicated to the production of super premium raw milk. As of 30 June 2013, we owned and operated two mega-scale dairy farms, namely, Kedong YST Farm and Zhenlai Farm Phase I, and two large-scale dairy farms, namely, Gannan Oumei Farm and Kedong Oumei Farm. We commenced commercial sales at our Kedong YST Farm and Zhenlai Farm Phase I in 2010 and 2011, respectively, and acquired Gannan Oumei Farm and Kedong Oumei Farm in September 2011. Although we have a relatively short operating history, our four dairy farms collectively raised 37,000 dairy cows and produced approximately 460 tonnes of raw milk per day as of 31 December 2012, and our average annual milk yield per cow was 8.9 tonnes in 2012, which was approximately 62% higher than China's industry average in the same year. We ranked No. 5 in China in terms of herd size as of 31 December 2012 and No. 4 in China in terms of raw milk production volume in 2012. Our standardized farming methods have enabled us to consistently produce raw milk of a quality that surpasses the EU raw milk quality standard, which is among the highest industrial standards for raw milk and other dairy products in the world, and to sell our raw milk at premium prices. In 2012, the average selling price of our raw milk reached approximately RMB4,100 per tonne, approximately 25% higher than the average selling price of raw milk from major production regions in China. As of 30 June 2013, we had a total of 38,788 dairy cows. The average selling price of our raw milk reached approximately RMB4,527 per tonne for the six months ended 30 June 2013, an increase of 10.9% from the six months ended 30 June 2012.

Our Farms

As of 30 June 2013, all of the dairy farms that we owned and operated were located within the Songnen Plain, which is comprised of parts of Heilongjiang and Jilin, the two most northeastern provinces in China. The Songnen Plain is considered a primary agricultural region in China. The Songnen Plain is composed of abundant pastures and arable land, and has a significantly higher average farmland per person than the national average, which ensures stable feed supplies for our current operations and future expansion plans. In particular, the Songnen Plain is located in a temperate zone similar to the world's foremost dairy regions, such as Brittany, France and Hokkaido, Japan. Like these major dairy regions, the Songnen Plain has the dry weather and cool temperatures to make it suitable for raising high-quality dairy cows and producing premium raw milk.

Our dairy farms, each having an actual designed capacity ranging from 6,000 to 18,000 dairy cows, are among the largest dairy farms in China, and are designed and constructed to have modern layouts and automated equipment to ensure high milk yields and cost efficiency. We have implemented rationalized farm designs and layouts, standardized operating procedures, centralized management functions and automated information systems at all of our farms, enabling us to enjoy efficient management and low operating costs. The following table summarizes the details of our existing farms as of 30 June 2013:

	Gannan Oumei Farm	Kedong Oumei Farm	Kedong YST Farm	Zhenlai Farm Phase I	Total
Location (province)	Heilongjiang	Heilongjiang	Heilongjiang	Jilin	N/A
Commencement of construction	2007	2007	2009	2010	N/A
Year of acquisition	2011	2011	N/A	N/A	N/A
Commencement of commercial production	November 2008	November 2008	October 2010	July 2011	N/A
Area (sq.m.)	986,333	384,000	784,000	1,066,667	3,221,000
Actual designed capacity (number of dairy cows)(1)	12,000	6,000	18,000	15,000	51,000
Operational scale	Large-scale(2)	Large-scale(2)	Mega-scale(3)	Mega-scale(3)	N/A
Number of milkable cows	5,909	3,565	7,408	4,003	20,885
Number of female calves and heifers	3,557	1,401	6,327	6,618	17,903
Spare capacity (number of dairy cows)(4)	2,534	1,034	4,265	4,379	12,212

Notes:

(1) The actual designed capacity is based on our farm design plan, confirmed by the construction contractor.

(2) A large-scale dairy farm refers to a farm with 1,000 heads and more.

(3) A mega-scale dairy farm refers to a farm with 10,000 heads and more.

(4) Representing the actual designed capacity deducted by the total number of dairy cows at our farms. We will maintain our self-bred heifers at our existing dairy farms, and transfer them to new farms after construction of the essential facilities at the new farms is completed.

Our Expansion Plan

We plan to build five additional farms in the Songnen Plain within the next three years, including one farm for educational tours, one farm dedicated to raising reserve cows and three farms for commercial production, and aim to attain a total herd size of approximately 100,000 dairy cows by 2017. In this regard, we have already acquired land for one of these new farms and are seeking to acquire land for the remaining farms. In addition, we are in the process of obtaining the requisite licenses and permits for Tiefeng Farm, Baiquan Farm and Kedong Yongjin Farm, and will obtain the licenses and permits for Honghai Farm and Sifang Farm in 2014. We seek to replicate our business model of operating mega-scale dairy farms at our future farms, which we expect will each have a capacity ranging from 12,000 to 15,000 dairy cows, with the exception of our new farm for educational tours. We believe that, in addition to increasing our milk production and sales volumes, the expansion of our business scale will enable us to increase our operating efficiency, optimize our systematic farm management and control our operating costs to achieve further economies of scale.

As of 30 June 2013, we did not incur any capital expenditure for these new farms. According to our current plan, for the years ending 31 December 2013, 2014 and 2015, we expect to incur capital expenditures of approximately RMB88 million, RMB729 million and RMB564 million, respectively, for the new farms. The projected capital expenditures for Tiefeng Farm, Baiquan Farm, Kedong Yongjin Farm, Honghai Farm and Sifang Farm is approximately RMB47 million, RMB329 million, RMB147 million, RMB429 million and RMB429 million, respectively. The estimated amount of expenditure may vary from the actual amount for a variety of reasons, including changes in market conditions, competition and other factors. The construction of these new farms will be funded using primarily the proceeds received from the Pre-IPO Investments and the Global Offering, loans from banks and cash flow from operations.

The table below summarizes the details of our new farms:

	Tiefeng Farm	Baiquan Farm	Kedong Yongjin Farm	Honghai Farm	Sifang Farm
Location (province)	Heilongjiang	Heilongjiang	Heilongjiang	Heilongjiang	Heilongjiang
Expected completion of construction(1)	Fourth quarter of 2014	Second quarter of 2015	Fourth quarter of 2014	Fourth quarter of 2015	Fourth quarter of 2015
Expected commencement of operation/ commercial production(1)	Fourth quarter of 2014	Second quarter of 2015	Fourth quarter of 2014	Fourth quarter of 2015	Fourth quarter of 2015
Designed capacity (number of dairy cows)	450	15,000	12,000	15,000	15,000
Purpose of construction	Educational tours	Commercial production	Raising of reserve cows	Commercial production	Commercial production
Size (sq.m.)	200,010	994,000	714,000	1,000,000	673,333

Note:

(1) We generally commence commercial production after construction of the essential facilities at the new farms is completed. As a result, the date of expected commencement of commercial production could be earlier than the date of expected completion of construction.

Because (i) we expect that each of our four existing farms will reach full capacity by the end of 2014, and (ii) the construction of a standard dairy farm will take approximately two years, we plan to commence construction of our new farms while our existing farms still have spare capacity. We will transfer our self-bred heifers to new farms after construction of the essential facilities at the new farms is completed. In addition, we plan to build five additional farms within the next three years as our herd size grows following the maturity of our self-bred calves and heifers. See "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations and Financial Condition — Size and expansion of our herd" for more information.

In addition, we intend to expand our business to encompass upstream operations, including the production and sale of feed and organic fertilizers by developing our own feed farms and through strategic cooperative arrangements with local farmers in neighboring regions. We believe that extending our business operations to include feed farming will help to ensure stable supplies of quality feed for our operations, as well as to diversify our revenue streams. In particular, the plantation of corn, which is the primary feed for our dairy cows, will provide us with access to silage and corn feeds of higher quality which we expect will enable us to increase our annual milk yield per cow while maintaining, or further improving, our high milk quality. To promote our own self-sufficiency and the environmental sustainability of our operations, we also plan to recycle a portion of the processed waste from our operations through our recycling systems to produce fertilizers. Furthermore, we plan to develop strategic relationships with renowned international and domestic brands and leaders in the dairy sector to expand downstream into China's high-end dairy products market. We intend to broaden our customer base and gain market recognition in the dairy products industry. As of the Latest Practicable Date, we did not have a definitive timetable set for commencing our upstream operations or any concrete plans for the downstream expansion of our business.

Our Super Premium Raw Milk

According to *Euromonitor International* and based on its trade interviews with industry experts and dairy farming companies, the raw milk we produce falls into the classification of super premium raw milk, which typically has an average selling price higher than RMB4,000 per tonne in major production regions in 2012. As a commonly adopted industry standard, raw milk quality is assessed based on four indicators, namely microbe count, SCC, protein content and fat content. The average microbe count and SCC of our raw milk are as low as 4K/ml and 162K/ml, respectively, while the average percentages of protein and fat of our raw milk are as high as 3.4% and 4.2%, respectively. The table below sets forth the average key milk quality indicators of our raw milk compared to the average indicators of raw milk produced by the top ten dairy farming companies in China, as well as the key indicators under the China Standard and the EU Standard:

	Our Group(1)	Average among top ten dairy farming companies in China(2)	China Standard(3)(4)	EU Standard(4)(5)
Safety Standard				
Microbe count(6)	4K/ml	143K/ml	≤2,000K/ml	≤100K/ml
SCC(6)	162K/ml	370K/ml	N/A	≤400K/ml
Nutritional Standard				
Protein(7)	3.4%	3.2%	≥2.8%	N/A
Fat(7)	4.2%	3.8%	≥3.1%	N/A

Notes:

(1) Indicators according to our inspection report before delivery of raw milk in 2012.

(2) Calculated by averaging each of the four quality indicators of raw milk produced by the top ten dairy farming companies in China, including us, in terms of raw milk production volume in 2012 according to *Euromonitor International.* See "Industry Overview — Dairy Farming Industry in China — Competitive Landscape of the Dairy Farming Industry in China."

(3) As set forth in the National Food Safety Standard — Raw Milk published on 26 March 2010.

(4) Indicators for freshly milked raw milk and before treatment.

(5) As set forth in the Raw Milk Quality Standards in Council Directive 92/46/EEC of 16 June 1992 adopted in the EU.

(6) Microbe count and SCC are two of the major indicators used to determine safety quality of raw milk. Generally a lower SCC indicates better animal health, while a lower microbe count indicates improved sanitation. The China Standard does not impose a maximum SCC requirement.

(7) Fat content and protein content are two major indicators used to determine the nutritional value of raw milk. Generally a higher fat and protein content indicates higher quality. The EU Standard does not impose a minimum fat or protein requirement.

Sources: Ministry of Health of the PRC, EUR-Lex, a database of EU Law and Euromonitor International

As measured by the safety standard and nutritional standard, our raw milk is considered the safest and most nutritious in China and therefore is in high demand among leading domestic dairy products manufacturers. During the Track Record Period, Mengniu Group and Feihe Dairy Group, two of China's top dairy brands, sourced our super premium raw milk primarily for the production of their high-end dairy products. For the year ended 31 December 2012 and the six months ended 30 June 2013, we generated RMB689.1 million and RMB385.1 million from sales of 168,070 tonnes and 85,079 tonnes of raw milk, respectively.

Our Contemplated Collaboration

We enjoy wide recognition for our large operating scale and the premium quality of raw milk. Leveraging our leading position in the premium raw milk supply chain and the quality of our raw milk, we plan to partner with world-renowned dairy products manufacturers and dairy farm operators to expand our business, continue to build our brand and improve breeding technologies in China. For example, in June 2013, we entered into a non-legally binding memorandum of understanding with Select Services, a U.S. dairy products supplier and dairy farm operator, contemplating a joint collaboration arrangement with respect to certain aspects of our operations, including importing quality embryos into China, advancing heifer breeding techniques and know-how, licensing and adopting innovative milk processing and dispensing technologies, and designing and building dairy facilities, to improve our overall operating efficiency and profitability. We expect to enter into one or several definitive agreements, comprising a set of collaboration agreements on the foregoing aspects of our operations, by the end of 2013. We are currently in the process of negotiating an agreement on importing embryos with Select Services. We expect that this arrangement will bring us new business opportunities and future profit growth, while also enhancing our corporate image.

Our Customers and Suppliers

During the Track Record Period, our top five customers were Yili Group, Mengniu Group, Feihe Dairy Group, Bright Dairy Group and Aibeite, a majority of which are leading dairy products manufacturers in China. Our revenue from these five customers collectively accounted for almost all of our total revenue during the Track Record Period. We source a majority of feed products from carefully selected feed suppliers in China to ensure reliable and high-quality feed supplies. We also procure approximately 50% to 80% of our alfalfa supplies from U.S. suppliers and a portion of oat supplies from Australian suppliers through either third-party domestic trading companies or agents. In addition, we purchase the semen of selected bulls from Canadian and U.S. suppliers either directly or through third-party domestic trading companies. Historically, we procured Holstein heifers aged at six to 16 months which were imported from Uruguay, New Zealand and Australia. Our five largest suppliers are all feed suppliers, together accounting for 44.1%, 19.3%, 35.0% and 21.9% of our total purchases for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, respectively.

Our Operating History and Track Record

Although we have a limited operating history and commenced commercial sales of raw milk in October 2010, we experienced significant growth during the Track Record Period. Our total revenue increased from RMB0.3 million in 2010 to RMB148.8 million in 2011, and to RMB689.1 million in 2012. Our total revenue increased from RMB327.4 million for the six months ended 30 June 2012 to RMB385.1 million for the six months ended 30 June 2013. Our gross profit increased from RMB113,000 in 2010 to RMB51.4 million in 2011, and to RMB260.5 million in 2012. Our gross profit increased from RMB127.3 million for the six months ended 30 June 2012 to RMB150.5 million for the six months ended 30 June 2013. The acquisition of two additional dairy farms in September 2011 and expansion in 2011 of the herd size at our first two dairy farms contributed significantly to the increase in our total revenue and gross profit in 2011. The continued expansion of our overall herd size across all four of our farms contributed to the further increase in our total revenue and gross profit in 2012 and further in the first half of 2013. Our profit for the year, excluding unrealized fair value gains on biological assets, was RMB2.5 million, RMB180.0 million and RMB192.0 million for the years ended 31 December 2010, 2011 and 2012, respectively. Our profit for the period, excluding unrealized fair value gains/losses on biological assets, was RMB90.7 million and RMB116.1 million for the six months ended 30 June 2012 and 2013, respectively.

The following table sets forth a breakdown of our revenue and gross profit by dairy farm for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2010		2011		2012		2012		2013	
	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
Kedong Oumei Farm	N/A	N/A	60,322(1)	21,668(1)	245,082(2)	85,028	123,783(2)	45,130	73,236	27,475
Gannan Oumei Farm	N/A	N/A	42,509(1)	13,893(1)	187,619	71,402	93,502	37,452	103,360	39,278
Kedong YST Farm	337	113	28,400	10,517	127,028	52,173	43,559	17,608	139,404	54,561
Zhenlai Farm Phase I	N/A	N/A	17,554	5,303	129,384	51,880	66,538	27,063	69,234	29,148
Total	337	113	148,785	51,381	689,113	260,483	327,382	127,253	385,234	150,462

Notes:

(1) We acquired Kedong Oumei Farm and Gannan Oumei Farm in September 2011. As a result, we recorded the revenue and gross profit from these two farms for the three months ended 31 December 2011.

(2) Our revenue generated from Kedong Oumei Farm for the year ended 31 December 2012 was high primarily due to the large number of milkable cows at Kedong Oumei Farm from January to November 2012. As of 31 December 2012, the number of milkable cows at Kedong Oumei Farm decreased to 3,924, mainly due to the internal title transfer of 7,033 dairy cows, including 3,882 milkable cows, from Kedong Oumei Farm to Kedong YST Farm in December 2012. This was also the primary reason that Kedong Oumei Farm generated higher revenue for the six months ended 30 June 2012, compared to the other three farms.

OUR RELATIONSHIP WITH FEIHE DAIRY GROUP

Feihe Dairy Group is based in Heilongjiang and is principally engaged in the production and distribution of milk powders and other dairy products in China.

Our founder, Mr. HL Zhao, who was an entrepreneur in various industries, has past experience in raising dairy cows and cattle management in Heilongjiang Province. With this background, he has been paying attention to the development of the dairy farming industry in China from time to time. In 2007, the General Office of the State Council of the PRC promulgated the *Opinions of the State Council on Promoting the Sustainable and Healthy Development of Dairy Industry* (《國務院關於促進奶業持續健康發展的意見》) which indicated the government's emphasis on achieving a sustainable development of China's dairy industry. Subsequently in 2008, following the melamine incident, the PRC Government introduced more stringent control measures and food safety laws to ensure the safety of domestic dairy products, while local governments such as Heilongjiang provincial government also promulgated and implemented favorable policies to encourage the growth of the dairy farming industry in the region and the operation of large-scale modernized dairy farms. Leveraging the opportunities in the dairy farming industry and recognizing Feihe Dairy Group's reputation, experience and business network in the dairy business in Heilongjiang, Mr. HL Zhao, being a long time acquaintance and business partner of the controlling shareholder of Feihe Dairy Group, sought advice and assistance from Feihe Dairy Group with respect to matters such as choice of farm location, construction and operation of dairy farms, liaison with local government entities as well as on government incentive policy. Given that Mr. HL Zhao's intention to enter into dairy farming industry was in line with Feihe Dairy Group's own business objective to ensure a stable source of supply of raw milk in Heilongjiang, Feihe Dairy Group agreed to assist Mr. HL Zhao to his request. As a result, to facilitate the relevant regulatory process for establishing our businesses, when YST Heilongjiang was first established, among all 12 registered equity-holders, 11 of them were then existing and previous employees of Feihe Dairy Group. All the 11 registered equity-holders held equity-interests in YST Heilongjiang on trust for the benefit of Mr. HL Zhao. In February 2010, all such employees of Feihe Dairy Group (except Mr. Wang Shaogang, an executive Director) terminated their entrusted shareholding arrangements with Mr. HL Zhao by ceasing to be registered equity holders of YST Heilongjiang.

In line with our strategy of expanding our operations, in September 2011, we completed the acquisition of Gannan Oumei Farm and Kedong Oumei Farm from Feihe Dairy Group and Mr. Ma Jinyan (then an employee of Feihe Dairy Group) and since then have taken over the existing raw milk production business at these two farms.

In 2010, when we were in the initial stage of our commercial production, sales made to Feihe Dairy Group accounted for all of our revenue. As a result of our growth and the diversification of our customer base, we were able to reduce our overall customer concentration and our sales to Feihe Dairy Group, one of our top five customers, decreased to 35.5% and 13.3% of our revenue for the years ended 31 December 2011 and 2012, respectively.

During the Track Record Period, we obtained financial assistance from Feihe Dairy Group in the form of guarantees for our bank borrowings. As of 31 December 2010, 2011 and 2012 and 30 June 2013, our borrowings that were guaranteed by Feihe Dairy Group amounted to RMB159.9 million, RMB402.5 million, RMB365.0 million and RMB349.0 million, respectively. All guarantees by Feihe Dairy Group had been released as of the Latest Practicable Date. On 31 January 2011, Feihe Dairy HLJ paid RMB68.6 million on our behalf to a local heifer importer as a portion of the total purchase price of RMB132.8 million for the procurement of 8,300 Holstein heifers from Uruguay. We fully settled such amount with Feihe Dairy HLJ in June 2013.

During the Track Record Period, we supplied raw milk to Feihe Dairy Group to settle the consideration for acquisition of two dairy farms, and RMB18.0 million, RMB91.7 million and RMB63.0 million was recognized as our revenue from such supplies for the years ended 31 December 2011 and 2012 and the six months ended 30 June 2013, respectively. As of 30 September 2013, we had outstanding payables of RMB403.6 million due to Feihe Dairy Group as part of the remaining consideration, which will be settled, in quarterly installments, by delivery of raw milk or in cash pursuant to the supplemental agreement we entered into with Feihe Dairy Group in April 2013. We expect to settle such consideration in full by supply of raw milk to Feihe Dairy Group.

Feihe Dairy Group (comprising Feihe Dairy HLJ and its subsidiaries) is not a connected person of the Company for the purpose of Rule 14A.11 of the Listing Rules. However, due to our past relationship and transactions with Feihe Dairy Group as disclosed in "History, Development and Reorganization — Our Relationship with Feihe Dairy Group," it is deemed by the Stock Exchange as a connected person pursuant to Rule 14A.06 of the Listing Rules.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths contribute to our leading position in China's dairy farming industry:

- We produce raw milk of the highest quality in China.
- Strategically located in Heilongjiang and Jilin, our farms benefit from favorable geographical conditions and supportive government policies.
- We are a leading dairy farming company in China in terms of herd size and, by leveraging our management expertise, we are able to operate mega-scale dairy farms with high milk yield and enjoy economies of scale.
- We have established solid and stable customer relationships with certain top dairy companies in China.

- Our capable management team and experienced personnel have extensive industry experience that ensures the successful development of our business.

OUR BUSINESS STRATEGIES

Our principal business objective is to maintain and further strengthen our position in China as a leading dairy farming company. Key strategies for reaching our goal are as follows:

- Expand our business scale through the replication of our business model in strategic locations
- Enhance our brand recognition in China's dairy sector by developing downstream distribution channels and penetrating the high-end dairy products market
- Enhance our feeding, breeding and production technologies to maximize our production efficiency
- Diversify our revenue stream by expanding our business to encompass upstream operations

OUR HISTORY AND DEVELOPMENT

The history of our Group can be traced back to September 2008 when our first operating subsidiary, YST Heilongjiang, was established, which started our primary business of dairy farming. The following table contains some brief details of the date of establishment and principal activities of our dairy farming operating subsidiaries as of the Latest Practicable Date:

Entity	Date of establishment	Principal activities
YST Heilongjiang	5 Sept 2008	Operation of Kedong YST Farm/Investment holding
YST Zhenlai	9 July 2009	Operation of Zhenlai Farm Phase I
YST Heping	3 July 2007[(1)]	Operation of Kedong Oumei Farm
Ruixinda Gannan	9 July 2007[(1)]	Operation of Gannan Oumei Farm

Note:

(1) Completion of acquisitions of YST Heping and Ruixinda Gannan by Ruixinda took place in September 2011. Prior to such acquisition, YST Heping and Ruixinda Gannan were not part of our Group.

For the purpose of financing the construction and operations of the dairy farms by our PRC subsidiaries, we have received several advances in aggregate of RMB477.8 million from certain individual and corporate entities, including HLJ Beian NKTH, Ms. Song Miao, Ms. SX Li, Mr. Liu Chengmin and Mr. Mao Haifei, during the period between December 2010 and April 2012. As of 13 May 2013, such amount was repaid to the respective creditors in full.

For further details, see "History, Development and Reorganization" in this Prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders consist of Mr. HL Zhao, Mr. HY Zhao, ZHL Asia Limited and ZHY Asia Limited.

We have full control over our assets to continue our business independently of our Controlling Shareholders. We do not rely on our Controlling Shareholders for our operations, technology, product development, production, staffing or marketing, although we have certain feed-purchase transactions with entities directly or indirectly controlled by Mr. HL Zhao as disclosed in this Prospectus. Our

Directors and senior management conduct our business with established systems and arrangements in place. Our organizational structure is made up of functional departments, each with specific areas of responsibility. We have also established a set of internal controls to facilitate the effective operation of our business.

During the Track Record Period, we financed our operations partly through borrowings from our Controlling Shareholders and their respective associates. As of 31 December 2010, 2011 and 2012, we had obtained interest-free borrowings of RMB16.2 million, RMB267.5 million and RMB341.0 million, respectively, from our Controlling Shareholders or their associates. We did not have any interest-free borrowings from our Controlling Shareholders or their associates as of 30 June 2013. As of the Latest Practicable Date, all loans, advances and balances due to and from our Controlling Shareholders had been fully settled, and all security and guarantees by them in connection with our borrowings were fully released. Save as mentioned above, our source of funding was independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective associates financed our operations during the Track Record Period.

During the Track Record Period, we entered into certain feed-purchase transactions with entities directly or indirectly controlled by Mr. HL Zhao. The feed-purchase transactions are expected to continue after the Listing. These transactions are governed by agreements entered into in the ordinary course of our business and on terms which we believe are fair and reasonable, and we are entitled to choose third parties who can provide the relevant products to us upon comparable terms.

Each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business.

Each of our Controlling Shareholders has given a deed of non-compete and other undertakings in favor of the Company (for itself and for the benefits of its subsidiaries) on 7 November 2013 in relation to the non-participation in certain business activities which may compete with our business.

For further details, see "Relationship with Our Controlling Shareholders" in this Prospectus.

PRE-IPO INVESTMENTS

On 28 March 2013, the Company, Mr. HL Zhao, ZHL Asia Limited and the BVI Subsidiary entered into the Pre-IPO Subscription Agreements (and other Pre-IPO Investment Agreements) with each of the Pre-IPO Investors, namely Ares, OCBC and KNI (as supplemented by (among other documents) supplemental agreements all dated 15 May 2013), pursuant to which each of Ares, OCBC and KNI subscribed for 5,201, 5,044 and 5,044 Shares, respectively, at a consideration of the US$ or HK$ (as the case may be) equivalent to RMB206,220,500, RMB200,000,000 and RMB200,000,000, respectively. The expected percentages of shareholding of each of Ares, OCBC and KNI immediately following completion of the Global Offering and the Capitalization Issue (having taken into the number of Sale Shares initially sold by them under the International Offering, but without taking account of any Sale Shares to be sold upon the exercise of the Over-allotment Option) are 4.82%, 4.66% and 4.66%, respectively. We believe the Pre-IPO Investments demonstrate the confidence of the Pre-IPO Investors in our operation of our dairy farms and their recognition of the past performance of our Group. We also believe the Pre-IPO Investments serve as an endorsement of our strengths and prospects.

For further details, see "History, Development and Reorganization — Pre-IPO Investments" on page 127 of this Prospectus.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following summary historical data of consolidated statements of comprehensive income and the consolidated statements of financial position set forth below have been derived from the Accountants' Report included as Appendix IA to this Prospectus and should be read in conjunction with our consolidated financial information included in "Appendix IA — Accountants' Report," which has been prepared in accordance with IFRS.

Summary Consolidated Statements of Comprehensive Income

The following table sets forth the data from our consolidated statements of comprehensive income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	**337**	**148,785**	**689,113**	**327,382**	**385,129**
Cost of sales	(224)	(97,404)	(428,630)	(200,129)	(234,667)
Gross profit	**113**	**51,381**	**260,483**	**127,253**	**150,462**
Other income	6,461	2,585	17,513	1,505	10,018
Gains on bargain purchase	—	164,417	—	—	—
Gains from non-interest bearing financial arrangements	—	—	—	—	49,195
Selling and distribution expenses	—	(3,294)	(17,383)	(8,052)	(9,248)
Administrative expenses	(3,548)	(10,969)	(22,843)	(10,363)	(26,191)
Finance costs	(525)	(24,170)	(45,742)	(19,635)	(58,180)
Changes in fair value less costs to sell of biological assets	5,608	9,903	17,713	15,400	(16,462)
Profit before tax	**8,109**	**189,853**	**209,741**	**106,108**	**99,594**
Income tax expense	—	—	—	—	—
Profit for the year/period	**8,109**	**189,853**	**209,741**	**106,108**	**99,594**
Adjusted profit for the year/period(1)	2,501	15,533	192,028	90,708	66,861
Other comprehensive expenses to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	—	—	—	—	(2,440)
Total comprehensive income for the year/period	**8,109**	**189,853**	**209,741**	**106,108**	**97,154**

Note:

(1) Adjusted profit for the year/period represents profit for the year/period excluding (i) changes in fair value less costs to sell of biological assets, (ii) gains on bargain purchase, and (iii) gains from non-interest bearing financial arrangements. The adjusted profit for the year/period is not a standard measure under IFRS. We have included the adjusted profit for the year/period as a supplemental financial measure to assess our operating performance. The adjusted profit for the year/period should not be considered independently, or construed as an alternative to profit for the year/period or as an indicator of our operating performance or profitability.

Selected Consolidated Statements of Financial Position

The following table sets forth selected data from our consolidated statements of financial position as of the dates indicated:

	As of 31 December			As of 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	701,114	2,156,516	2,360,248	2,453,251
Current assets	125,264	229,910	233,007	594,118
Current liabilities	507,582	1,402,214	1,704,308	1,312,248
Net current liabilities	(382,318)	(1,172,304)	(1,471,301)	(718,130)
Net assets	190,876	380,729	590,470	1,143,130

Selected Consolidated Statements of Cash Flows

The following table sets forth selected data from our consolidated statements of cash flows for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash and cash equivalents at beginning of year	38,604	73,882	17,419	17,419	7,748
Net cash flows from operating activities	213,146	74,706	128,837	21,267	23,044
Net cash flows used in investing activities	(299,188)	(563,735)	(219,320)	(43,853)	(162,161)
Net cash flows from financing activities	121,320	432,566	80,812	28,205	539,088
Net increase/(decrease) in cash and cash equivalents	35,278	(56,463)	(9,671)	5,619	399,971
Effect of foreign exchange rate changes, net	—	—	—	—	250
Cash and cash equivalents at end of year	73,882	17,419	7,748	23,038	407,969

Other Financial Information

The following table sets forth other financial information for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Gains on bargain purchase	—	164,417	—	—	—
Gains from non-interest bearing financial arrangements	—	—	—	—	49,195
Changes in fair value less costs to sell of biological assets	5,608	9,903	17,713	15,400	(16,462)
Adjusted net profit margin[(1)]	742.1%	10.4%	27.9%	27.7%	17.4%

Note:

(1) Adjusted net profit margin is calculated by finding the adjusted profit for the year/period as a percentage of the revenue for the same year/period. Adjusted profit for the year/period represents profit for the year/period excluding (i) changes in fair value less costs to sell of biological assets, (ii) gains on bargain purchase, and (iii) gains from non-interest bearing financial arrangements.

We recorded a one-time bargain purchase gain of RMB164.4 million, representing the difference between the purchase consideration and the fair value of the acquired assets, in our financial statements when we acquired Kedong Oumei Farm and Gannan Oumei Farm in September 2011. See "Financial

Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Components of Results of Operations — Gains on bargain purchase" on page 244 of this Prospectus for more information.

For the six months ended 30 June 2013, pursuant to the supplemental agreement we entered into with Feihe Dairy Group in April 2013, the due date of the consideration payable was extended to 2015 without any interest. An imputed interest gain of RMB49.2 million was recognized for such non-interest bearing financial arrangements. For more information on the fluctuation of gains from non-interest bearing financial arrangements, see "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Components of Results of Operations — Gains from non-interest bearing financial arrangements" on page 245 of this Prospectus.

For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012, we had gains arising from changes in fair value less costs to sell of biological assets of RMB5.6 million, RMB9.9 million, RMB17.7 million and RMB15.4 million, respectively. For the six months ended 30 June 2013, we had losses arising from changes in fair value less costs to sell of biological assets of RMB16.5 million. For more information on the fluctuation of fair value gains/losses and related valuation methodology of biological assets, see "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Components of Results of Operations — Changes in fair value less costs to sell of biological assets" on page 247 of this Prospectus.

For more information on the fluctuation of our adjusted net profit margin, see "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Year ended 31 December 2012 compared with year ended 31 December 2011 — Profit for the year" on page 256 and "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Year ended 31 December 2011 compared with year ended 31 December 2010 — Profit for the year" on page 258 of this Prospectus.

Key Operating Data

The following table sets forth our key operating data for the periods and as of the dates indicated:

	As of and for the year ended 31 December			As of and for the six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
Raw milk sales volume for the year/period (tonnes)	95	35,722	168,070	80,209	85,079
Raw milk sales for the year/period (RMB '000)	337	148,785	689,113	327,382	385,129
Average selling price of raw milk for the year/period (RMB per tonne)	3,547.4	4,165.1	4,100.2	4,081.6	4,526.7
Milkable cows as of the year/period end	97	14,950	20,643	20,456	20,885
Calves and heifers as of the year/period end	7,796	17,269	16,357	15,340	17,903
Total number of dairy cows as of the year/period end	7,893	32,219	37,000	35,796	38,788

APPROACH AND KEY ASSUMPTIONS FOR BIOLOGICAL ASSET VALUATION

The Market Approach is adopted to value calves and heifers. The Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect the condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established market may be valued by this approach.

The market price of heifers approximately 14 months of age is a major assumption in this approach, and is determined by referring to the latest average purchase price of heifers of the same age. The fair values of calves and heifers belonging to age groups of less than 14 months are determined by subtracting the breeding costs required to raise the cows from their respective specific ages to 14 months of age with necessary adjustments. The fair values of heifers older than 14 months of age are determined by adding the breeding costs required to raise the dairy cows from 14 months of age to their respective specific ages with necessary adjustments. The prices of 14-month old heifers used in the valuation were RMB19,000, RMB21,000, RMB22,000 and RMB21,000 per head as of 31 December 2010, 2011 and 2012 and 30 June 2013, respectively.

The Income Approach is adopted to value milkable cows for the years ended 31 December 2011 and 2012 and the six months ended 30 June 2013. The Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present value of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile.

The fair value of the milkable cows is developed through the application of the income approach technique known as multi-period excess earnings method ("MEEM"). MEEM is a derivative of the discounted cash flow ("DCF") method. Using this technique, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL") estimates the direct economic benefits attributed to the milkable cows. Such economic benefits are then capitalized at a rate which reflects all business risks including intrinsic and extrinsic uncertainties in relation to the subject assets. To estimate the economic benefits, the revenues for the milkable cows are projected over their remaining useful lives. Based on the projected revenues, the costs associated with supporting the milkable cows are net off. The net income projection is then adjusted by economic capital charges. The capital charges include returns on the assets that are used or used up in generating the income projection of the subject biological assets. Examples of such assets include fixed assets and assembled workforce.

During the Track Record Period, the principal valuation assumptions adopted in applying the DCF approach are as follows:

General key assumptions

- the dairy cows are classified into the following categories: milkable cows, heifers, female calves and male calves;
- the milkable cows are supposed to produce milk and give birth to female and male calves at each lactation cycle, the new born male calves will be sold right after birth, and the female calves will be raised up. The calf birth rates (male to female birth ratio) are estimated based on historical record;
- the calf interval (including dry period and open days) is estimated based on historical data and is assumed to be 400 days (each milkable cow will give birth to a calf every 400 days). This 400-day period is one lactation cycle in this valuation exercise;
- the number of the existing cows at the end of each reporting period will be reduced at a certain culling rate due to both natural and unnatural factors, as applicable; the culling rate adopted for each of the first to six lactation cycles is approximately 10%, 13%, 15%, 23%, 35% and 100%, respectively, for milkable cows. These rates are based on the historical breeding data of our herd and future operating plans;

Key assumptions related to revenue

- the average milk yield during the projected period of six lactation cycles, which is the estimated amount of milk that may be produced by a cow. These yields are assumed according to the historical breeding data of our herd and projection in accordance with industry practice. Milk yield is typically low during the first lactation cycle of a cow, compared to when a cow reaches its peak level during the third and fourth lactation cycles, and then decreases in the following lactation cycles;

- the expected average selling prices of raw milk are estimated based on historical data, and are estimated after taking into account a certain percentage of growth for each projected period after considering future inflation in China;
- the prices of female heifers (given birth by milkable cows) at about 14 months of age is determined by referring to the market prices close to each valuation date;

Key assumptions related to costs

- costs are average costs based on historical cost information, and are estimated after taking into account a certain percentage of growth for each projected period after considering future inflation in China; the costs estimated in the cash flow mainly include feed costs, medicine and vaccination costs, insemination costs, labor and other indirect costs, administrative costs and transportation costs; and

Discount rate assumption

- the discount rates used were 14.0%, 14.7% and 13.8% as of 31 December 2011 and 2012 and 30 June 2013, respectively. JLL used the widely accepted Capital Asset Pricing Model ("CAPM") to determine the discount rate. The parameters adopted in CAPM include risk free rate, market risk premium and data of comparable listed companies with the same or similar businesses and location. The procedures employed and assumptions considered in determining the discount rate are consistent with market practice and in line with other dairy cow valuation exercises. For a sensitivity analysis of the fair value changes of our dairy cows to changes in milk prices, discount rates applied, yield per milkable cow and feed costs, see "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk — Fair value change sensitivity analysis."

For more details, see "Financial Information — Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Components of Results of Operations — Changes in fair value less costs to sell of biological assets" on page 247 of this Prospectus.

RECENT DEVELOPMENTS

Recent Developments in Our Group

In 2013, our average selling price of raw milk increased from RMB4,790.4 per tonne in July and RMB4,807.9 per tonne in August to RMB5,044.3 per tonne in September mainly because the supply of quality raw milk in China continued to decrease in the second half of 2013, which was attributable to the increased culling of cows by individual and small-scale farms due to low cost efficiencies. Our net current liabilities increased by RMB366.5 million, from RMB718.1 million as of 30 June 2013 to RMB1,084.6 million as of 30 September 2013, mainly because we repaid long-term bank loans in cash of approximately RMB349 million during the third quarter of 2013.

Our Directors confirm that, up to the date of this Prospectus, there had been no material adverse change in our business, results of operations, financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 30 June 2013, being the date of the latest audited consolidated financial statements of our Group.

Recent Developments in Our Industry

As media reports calling into question the safety and pricing of China's dairy products continued to emerge in recent months, the PRC Government has been progressing towards enhanced regulation of China's dairy industry through a series of policies and measures aimed at promoting industry consolidation and improving the safety and quality of raw milk. We believe that market players who develop and provide safe and high-quality raw milk and/or dairy products, like us, will benefit from such policies and regulations. For more details, see "Industry Overview — The Market for Dairy Products in China — Recent Developments in the Dairy Products Market in China" on page 84 of this Prospectus.

OFFERING STATISTICS

	Based on an Offer Price of HK$2.49 per Share	Based on an Offer Price of HK$3.18 per Share
Market capitalization of our Shares(1)	HK$9,733 million	HK$12,430 million
Unaudited pro forma adjusted net tangible asset per Share(2)	HK$0.96	HK$1.13

Notes:

(1) The calculation of market capitalization is based on 3,908,747,000 Shares expected to be in issue and outstanding following the completion of the Global Offering and the Capitalization Issue.

(2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" in this Prospectus and on the basis of 3,908,747,000 Shares in issue at the respective Offer Prices of HK$2.49 and HK$3.18 pursuant to the Global Offering.

DIVIDEND POLICY

Our Group did not declare any dividends during the Track Record Period. After completion of the Global Offering, our Shareholders will be entitled to receive any dividends that we declare. Any amount of dividends we pay will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Bermuda Companies Act, including the approval of Shareholders.

LISTING EXPENSES

The total estimated listing expenses (excluding underwriting commission) in connection with the Global Offering amount to RMB41.5 million. We did not incur any listing expenses for the year ended 31 December 2012. For the six months ended 30 June 2013, we incurred listing expenses amounting to RMB18.8 million, among which RMB14.4 million has been charged to the profit and loss and RMB4.4 million was capitalized as deferred expenses, which is expected to be charged against equity upon successful listing under the relevant accounting standards. We estimate that the listing expenses to be incurred and charged to the profit and loss in the financial period after 30 June 2013 will be RMB17.0 million.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$2,622 million from the New Issue after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the Offer Price of HK$2.84 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus. We intend to use the proceeds from the New Issue for the purposes and in the amounts set forth below:

- approximately 75%, or approximately HK$1,967 million, will be used to finance the construction of our five new farms, namely Tiefeng Farm, Baiquan Farm, Kedong Yongjin Farm, Honghai Farm and Sifang Farm, expected to be completed by the fourth quarter of 2015 and details of which are summarized in "Business — Our Dairy Farms — Expansion Plan of Our New Dairy Farms" in this Prospectus;
- approximately 15%, or approximately HK$393 million, will be used to develop upstream operations; and
- approximately 10%, or approximately HK$262 million, for our working capital and general corporate purpose.

We estimate that the net proceeds to be received by the Selling Shareholders from the sale of Sale Shares will be approximately HK$669 million. Proceeds from the sale of the Sale Shares by the Selling Shareholders will not belong to the Company.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to be received by the Selling Shareholders from the sale of the Sale Shares will be approximately HK$502 million, after deducting the underwriting commissions and our estimated expenses, assuming an Offer Price of HK$2.84 per Share, being the mid-point of indicative offer price. We will not receive any of the proceeds from the sale of Sale Shares pursuant to the Over-allotment Option.

For more details, see "Future Plans and Use of Proceeds."

SELLING SHAREHOLDERS

The following Selling Shareholders are initially selling such number of Sale Shares in the 3rd column below as set opposite their respective names as part of the Global Offering. Where the Over-allotment Option is exercised by the Joint Bookrunners, the Selling Shareholders may sell up to such number of Sale Shares in the 5th column below as set opposite their respective names:

No.	Name of Selling Shareholder	Number of Sale Shares to be sold initially under the International Offering	Percentage shareholding of the issued Shares immediately after the Global Offering and the Capitalization Issue	Maximum number of Sale Shares to be sold upon exercise of the Over-allotment Option	Percentage shareholding of the issued Shares immediately after the Global Offering and the Capitalization Issue
1	YHW Asia Limited	35,301,087	0.90%	21,636,305	0.55%
2	ZSY Asia Limited	—	—	53,200,000	1.36%
3	SB Asia Limited	33,536,032	0.86%	20,554,490	0.53%
4	SXY Asia Limited	—	—	29,200,000	0.75%
5	MFQ Asia Limited	116,828,676	2.99%	—	—
6	Ares	19,543,735	0.50%	19,543,735	0.50%
7	OCBC	19,543,735	0.50%	19,543,735	0.50%
8	KNI	19,543,735	0.50%	19,543,735	0.50%
	Total:	244,297,000	6.25%	183,222,000	4.69%

The first five Selling Shareholders have been our Shareholders since 4 May 2012, shortly after the incorporation of our Company on 1 May 2012. The last three Selling Shareholders are the Pre-IPO Investors.

Particulars of these Selling Shareholders are set out in the section headed "Appendix IV — Statutory and General Information — F. Other information — 13. Particulars of the Selling Shareholders".

RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in China; and (iv) risks relating to the Global Offering. Some of the risks generally associated with our business and industry include the following:

- the outbreak of any major diseases among our cows or on neighboring farms could materially adversely affect our business.
- product contamination could harm our business and reputation and subject us to product liability claims and regulatory action.
- our unrealized fair value gains or losses on biological assets may fluctuate dramatically from period to period, are non-cash in nature, and are derived from many assumptions.
- our top five customers accounted for almost all of our revenue during the Track Record Period, and any decreases in our future sales to, or failure to make timely payments to us by, any of them could adversely affect our financial condition and results of operations.
- our limited operating history may make it difficult to evaluate our results of operations and prospects.
- our business and results of operations may be adversely affected by feed price fluctuations or interruptions in the supply of feed.
- failures in our quality control systems may adversely affect our business.
- our milk quality and milk yield are influenced by a number of factors, some of which are beyond our control.
- adverse publicity concerning dairy products and the existence of tainted or contaminated milk produced in China could have a negative impact on the PRC dairy farming industry.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this Prospectus and, in particular, should evaluate the specific risks set forth in "Risk Factors" on page 38 of this Prospectus in deciding whether to invest in our Shares.