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## **YuanShengTai Dairy Farm Limited**

**原生态牧业有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1431)**

### **PROFIT WARNING**

This announcement is made by YuanShengTai Dairy Farm Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcement dated 23 August 2016 in relation to the interim financial performance of the Group for the six months ended 30 June 2016 (the “**2016 Interim Period**”) and the interim report of the Company for the 2016 Interim Period, in which it was disclosed that the Group’s unaudited consolidated loss for the 2016 Interim Period was approximately RMB135.6 million, as compared to a net profit of approximately RMB10.9 million for the six months ended 30 June 2015.

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that, after the Board’s preliminary review of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2016 (“**FY2016**”) and information currently available to the Board, it is expected that the Company will record a net loss for FY2016 as compared to a net profit for the year ended 31 December 2015 (“**FY2015**”), primarily due to the following reasons:

- (i) imported milk powder and reconstituted milk continued to adversely affect the supply of the domestic raw milk market in China in FY2016. As such, the average selling price of the Group’s high quality raw milk during the FY2016 decreased by approximately 10.1% as compared to that of FY2015; and
- (ii) in connection with the above factor, there would be an increase in loss on changes in the fair value less costs to sell of biological assets for FY2016 as compared to that of FY2015.

As the Company is still in the process of finalising its financial results for FY2016, the information contained in this announcement is only based on preliminary assessment and review by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available, which have not been reviewed or audited by the Company's auditors. The financial results of the Group for FY2016 shall be subject to further adjustments and finalisation, which is currently expected to be published in March 2017.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**YuanShengTai Dairy Farm Limited**  
**Zhao Hongliang**  
*Chairman*

Hong Kong, 20 February 2017

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Hongliang, Mr. Wang Shaogang, Mr. Fu Wenguo and Mr. Chen Xiangqing; one non-executive Director, namely Mr. Lau Ho Fung; and three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Zhang Yuezhou and Mr. Zhu Zhanbo.*