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

**蘭州莊園牧場股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**(Stock Code: 1533)**

**DISCLOSEABLE TRANSACTION  
PROVISION OF FINANCIAL ASSISTANCE AND  
ADVANCE TO A THIRD PARTY**

**PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO A THIRD PARTY**

The Board would like to announce that on 14 March 2016 (after trading hours), the Company has entered into the Loan Agreements with Mr. Hu pursuant to which, the Company, as lender, has confirmed its agreement to grant to Mr. Hu, as borrower, the unsecured loans in the principal amount of RMB50,000,000 in aggregate for a term of 3 months from (i) 22 December 2015 (in respect of loan in the amount of RMB5,000,000); (ii) 23 December 2015 (in respect of loan in the amount of RMB5,000,000); (iii) 24 December 2015 (in respect of loan in the amount of RMB20,000,000); and (iv) 25 December 2015 (in respect of loan in the amount of RMB20,000,000).

**LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan granted to Mr. Hu under the Loan Agreements exceed 5% but are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

On 25 February 2016, Mr. Hu repaid the principal of the Loan in full to the Company prior to the maturity of the Loan. The accrued interest amounting to approximately RMB380,000 was repaid by Mr. Hu to the Company on 14 March 2016.

The disclosure obligations in relation to the Loan Agreements should have arisen on 25 December 2015 stipulated in Rule 14.34 of the Listing Rules. The Company was required to comply with such requirement as mentioned above but the Company had not done so. The omission by the Company to comply with the Listing Rules requirement to make timely disclosure was due to inadvertent mistakes. The Company has strengthened its internal control procedures and organised training to the Directors to ensure that such oversight will not happen again.

## PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO A THIRD PARTY

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### LOAN AGREEMENTS

Date of Loan Agreements: 14 March 2016 (after trading hours)

Lender: The Company

Borrower: Mr. Hu Keliang (“**Mr. Hu**”). Since 22 December 2015 and up to the date of this announcement, Mr. Hu holds 7,924,500 H Shares, representing approximately (i) 22.56% of H Shares; and (ii) 5.64% of Shares. Mr. Hu is the chairman and the controlling shareholder of Xi’an Dongfang Dairy Co., Ltd.\* (西安東方乳業有限公司) (“**Xi’an Dongfang**”), a limited liability company established in the PRC in which the Company owns 18% equity interest as at the date of this announcement. As at the date of this announcement, Mr. Hu holds approximately 49.17% equity interest in Xi’an Dongfang.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save for the aforesaid, Mr. Hu is a third party independent of the Company and its connected persons.

Principal: RMB50,000,000 in aggregate

Interest rate: 4.35% per annum

Term: 3 months commencing from (i) 22 December 2015 (in respect of loan in the amount of RMB5,000,000); (ii) 23 December 2015 (in respect of loan in the amount of RMB5,000,000); (iii) 24 December 2015 (in respect of loan in the amount of RMB20,000,000); and (iv) 25 December 2015 (in respect of loan in the amount of RMB20,000,000), with the option to early repayment in full by Mr. Hu.

Repayment: Mr. Hu shall repay the accrued and the principal on or before the end of the term of the Loan pursuant to the respective Loan Agreements.

The Loan is unsecured loans. The interest rate of 4.35% per annum is arrived at with reference to the prevailing market interest rate. The Loan Agreements were entered into and negotiated between the Company and Mr. Hu on an arm's length basis.

## **FUNDING OF THE LOAN**

The Company financed the Loan in full with the Company's internal resources.

## **INFORMATION OF THE COMPANY**

The Company is a leading dairy company in Gansu and Qinghai, the PRC where the operations and sales are primarily located. The Group's vertically integrated business model covers the critical stages of the dairy industry value chain, from dairy farming, to manufacturing, and then to marketing and sales of dairy products.

## **REASONS FOR ENTERING INTO THE LOAN AGREEMENTS**

As mentioned in the section "Loan Agreements" above, Mr. Hu is a long-term strategic partner with the Company. The entering into of the Loan Agreements will (i) strengthen the long-term cooperation relationship with Mr. Hu; (ii) provide the Company with some interest income; and (iii) allow Mr. Hu to obtain the additional funding for further development of his business and fulfillment of his financial commitments falling due shortly.

Taking into account the above and the satisfactory financial background of Mr. Hu, the Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreements are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

On 25 February 2016, Mr. Hu repaid the principal of the Loan in full to the Company prior to the maturity of the Loan. The accrued interest amounting to approximately RMB380,000 was repaid by Mr. Hu to the Company on 14 March 2016.

## **LISTING RULES IMPLICATIONS**

As certain of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan exceed 5% but are less than 25%, the grant of the Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

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## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Lanzhou Zhuangyuan Pasture Co., Ltd.* 蘭州莊園牧場股份有限公司, a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the registered capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by domestic investors in the PRC and which are not yet approved for overseas listing
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loans in the principal amount of RMB50,000,000 in aggregate provided by the Company to Mr. Hu Keliang under the Loan Agreements
“Loan Agreements”	the four loan agreements entered into between the Company and Mr. Hu Keliang on 14 March 2016 (after trading hours), particulars of which are stated in the section headed “Loan Agreements”

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Lanzhou, the PRC, 14 March 2016

*As at the date of this announcement, the executive Directors are Mr. Ma Hongfu, Mr. Wang Guofu, Mr. Chen Yuhai and Mr. Yan Bin; the non-executive Directors are Mr. Yap Kean Chong and Mr. Song Xiaopeng; and the independent non-executive Directors are Mr. Bai Yongzhi, Ms. Xin Shihua and Mr. Wong Cho Hang Stanley.*

\* *For identification purpose only*