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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)

CONTINUING CONNECTED TRANSACTIONS -

(1) RAW MILK PURCHASE AGREEMENT;

(2) SILAGE AND WHEATGRASS PURCHASE AGREEMENTS; AND

(3) DAIRY PRODUCTS SALES AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

References are made to the Board meeting of the Company held on 30 December 2021, in which the Board passed the resolution for approving the estimation of ordinary connected transactions of the Company for 2022, agreeing to the proposed transactions with each of (i) Tianmu Dairy; (ii) Nongken Jinchang; and (iii) Gansu Nongken Group. The Company announces on 18 January 2022 that it shall enter into:

- (i) the Raw Milk Purchase Agreement;
- (ii) the Silage and Wheatgrass Purchase Agreements; and
- (iii) the Dairy Products Sales Agreement.

for the year ending 31 December 2022.

LISTING RULES IMPLICATIONS

(1) Raw Milk Purchase Agreement

As at the date of this announcement, Gansu Nongken Asset is interested in 37,931,665 A Shares, representing approximately 19.2% of the total A Shares and 16.3% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Tianmu Dairy is a fellow subsidiary of the holding company of Gansu Nongken Asset. Accordingly, Tianmu Dairy is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Raw Milk Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual cap under the Raw Milk Purchase Agreement exceeds 5%, the continuing connected transactions contemplated under the Raw Milk Purchase Agreement are subject to the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the Raw Milk Purchase Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 11 February 2022 in accordance with the Listing Rules.

(2) Silage and Wheatgrass Purchase Agreements

Nongken Jinchang is a wholly owned subsidiary of Gansu Nongken Group. Gansu Nongken Group is the Controlling Shareholder and is interested in 68,826,365 A Shares, representing approximately 34.9% and 29.62% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Accordingly, Nongken Jinchang is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Silage and Wheatgrass Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual cap under the Silage and Wheatgrass Purchase Agreements exceeds 0.1% but less than 5%, the continuing connected transactions contemplated under the Silage and Wheatgrass Purchase Agreements are subject to the reporting, announcement and annual review requirements but exempted from circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(3) Dairy Products Sales Agreement

Gansu Nongken Group is the Controlling Shareholder and is interested in 68,826,365 A Shares, representing approximately 34.9% and 29.62% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Accordingly, Gansu Nongken Group is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Dairy Products Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual cap under the Dairy Products Sales Agreement exceeds 0.1% but less than 5%, the continuing connected transactions contemplated under the Dairy Products Sales Agreement are subject to the reporting, announcement and annual review requirements but exempted from circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

References are made to the Board meeting of the Company held on 30 December 2021, in which the Board passed the resolution for approving the estimation of ordinary connected transactions of the Company for 2022, agreeing to the proposed transactions with each of (i) Tianmu Dairy; (ii) Nongken Jinchang; and (iii) Gansu Nongken Group.

Set out below are the major terms of (1) the Raw Milk Purchase Agreement; (2) the Silage and Wheatgrass Purchase Agreements; and (3) the Dairy Products Sales Agreement:

(1) THE RAW MILK PURCHASE AGREEMENT

- Date : 18 January 2022
- Parties : (1) the Company (for itself and on behalf of its subsidiaries); and
(2) Tianmu Dairy
- Term : From 18 January 2022 to 31 December 2022.
- Condition precedent : The obtaining of approval from the Independent Shareholders at the EGM
- Subject matter : The Raw Milk Purchase Agreement is a master agreement which governs the purchase of the raw milk by the Group from Tianmu Dairy. Pursuant to the Raw Milk Purchase Agreement, the Group agreed to purchase raw milk from Tianmu Dairy, and Tianmu Dairy agreed to sell raw milk to the Group.
- The Group and Tianmu Dairy will enter into separate purchase order for each purchase, which shall stipulate the price as well as quantity for each purchase, provided that the terms of such order are consistent with the Raw Milk Purchase Agreement.
- Pricing policy : The price of raw milk shall be based on the prevailing market price determined by (i) comparing the price obtained with at least three Independent Third Party suppliers of same or similar products during the same period; and (ii) regularly conducting market review on the market price of long term raw milk supply charged by other industry participants in Gansu province and Ningxia region taking into account the supply of raw milk in the industry.
- As a general principle, the terms (including the price and payment terms) of each purchase order shall be agreed between the Group and Tianmu Dairy based on normal commercial terms after arm's length negotiations, which shall be no less favourable than those offered to the Group by the Independent Third Parties of same or similar products.

Payment terms : As set out in the purchase order entered into between the Group and Tianmu Dairy. The final purchase amount for each month shall be calculated on or before the 15th day of the following month. Tianmu Dairy shall issue the invoice containing the final amount to the Group five days before the payment date. If the invoice is not provided in time; the invoice amount provided is incorrect or not confirmed, the payment time will be postponed, and the resulting loss shall be borne by Tianmu Dairy. If the payment date is a holiday, the payment date will be postponed accordingly.

Historical Amount

For the year ended 31 December 2021, the historical amounts of purchase of raw milk paid by the Group to Tianmu Dairy is set out below:

	For the year ended 31 December 2021 <i>RMB'000</i> <i>(unaudited)</i>
Historical transaction amounts	133,610

Annual cap and basis of determination

The table below sets out the proposed annual cap for the price payable by the Group to Tianmu Dairy for purchase of the raw milk for the year ending 31 December 2022:

	Year ending 31 December 2022 <i>RMB'000</i>
Annual cap	200,000

In determining the annual cap, the Directors have considered generally:

- (a) the historical amount of the purchase of raw milk;
- (b) the prevailing market price of the raw milk; and
- (c) the anticipated market demand of the Group on the raw milk during the term of the Raw Milk Purchase Agreement for the year ending 31 December 2022.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE RAW MILK PURCHASE AGREEMENT

As set out in the announcement of the Company dated 22 December 2020 in relation to, among others, the non-public issuance of A Shares, Gansu Nongken Asset subscribed for 37,931,665 A Shares, representing approximately 19.1% and 16.2% of the total issued A Shares and the total issued A Shares and H Shares, respectively. Accordingly, Gansu Nongken Asset became a substantial Shareholder. As a substantial Shareholder, Gansu Nongken Asset has accorded priority to fulfill the demand for quality raw milk from the Group. Since the completion of the expansion project for processing 600 tons of liquid milk per day of the Company pursuant to the Company's announcement dated 15 May 2020, the production capacity of the Group's milk products has increased and the demand for raw milk has increased accordingly. Nonetheless, the Group's main source of raw milk has not provided sufficient supply. As such, taking into account the Group's future business plans, the Group aims to procure raw milk from Tianmu Dairy, which is a relatively larger and more experienced raw milk supplier. As a result, the supply of raw milk will be more stable and the quality will be more assured.

The Company considers that the purchase of raw milk from Tianmu Dairy by the Group are conducted in the Group's ordinary and usual course of business based on the commercial needs of the Group.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their opinion in the circular) consider that the entering into of the Raw Milk Purchase Agreement together with the transactions contemplated thereunder (including the annual cap) are in the ordinary and usual course of business of the Group and the terms are on normal commercial terms which have been arrived at after arm's length negotiations between the parties thereto, and that the terms thereof and the annual cap are fair and reasonable, and that the entering into of the Raw Milk Purchase Agreement is in the interests of the Company and the Independent Shareholders as a whole.

(2) THE SILAGE AND WHEATGRASS PURCHASE AGREEMENTS

Date	:	18 January 2022
Parties	:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) Nongken Jinchang
Term	:	From 18 January 2022 to 31 December 2022.
Subject matter	:	The Silage and Wheatgrass Purchase Agreements is a set of master agreements which governs the purchase of silage and wheatgrass by the Group from Nongken Jinchang. Pursuant to the Silage and Wheatgrass Purchase Agreements, the Group agreed to purchase silage and wheatgrass from Nongken Jinchang, and Nongken Jinchang agreed to sell silage and wheatgrass to the Group at such time as requested by the Group and for silage, according to the harvest time which is dependent upon the composition of silage.

The Group and Nongken Jinchang will enter into separate purchase order (such purchase order for purchase of silage will be entered into on a quarterly basis), which shall stipulate the price as well as quantity for each purchase, provided that the terms of such order are consistent with the Silage and Wheatgrass Purchase Agreements.

Pricing policy : The price of silage and wheatgrass shall be based on the prevailing market price determined by (i) comparing the price obtained with at least three Independent Third Party suppliers of same or similar products during the same period; and (ii) regularly conducting market review on the market price of long term silage and wheatgrass supply charged by other industry participants in nearby regions taking into account the supply of silage and wheatgrass in the industry.

As a general principle, the terms (including the price and payment terms) of each purchase order shall be agreed between the Group and Nongken Jinchang based on normal commercial terms after arm's length negotiations, which shall be no less favourable to the Group than those offered to the Group by the Independent Third Parties of same or similar products.

Payment terms : For purchase of silage, as set out in the quarterly purchase order entered into between the Group and Nongken Jinchang. The payment terms shall be determined after the below tests on the composition of silage are conducted. Generally, the price of silage shall be based on a base price of RMB380/tonne for silage with average dry content is equal to or greater than 30%; average starch content equal to or greater than 30%; and plant ratio equal to or greater than 35%; and the base price shall be adjusted by the following factors:

- (i) the price shall be increased/decreased by RMB12/tonne for every one percentage point increase/decrease in the dry content and the price shall not increase when the dry content reaches above 37%;
- (ii) when the starch content is between 30% and 31%, the price shall be increased by RMB12/tonne for every one percentage point increase in starch content; and when the starch content is between 29% and 30%, the price shall be decreased by RMB12/tonne for every one percentage point decrease in starch content;
- (iii) when the starch content is between 31% and 34%, the price shall be increased by RMB13/tonne for every one percentage point increase in starch content; and when the starch content is between 26% and 29%, the price shall be decreased by RMB13/tonne for every one percentage point decrease in starch content;

- (iv) when the starch content is above 35%, the price shall be increased by RMB14/tonne for every one percentage point increase in starch content; and when the starch content is below 25%, the price shall be decreased by RMB14/tonne for every one percentage point decrease in starch content; and
- (v) when the dry content is below 28% or greater than 37% or when the starch content is below 28%, no silage would be purchased.

The composition of silage would be inspected and set out in the test results when the purchase of silage are settled.

For purchase of wheatgrass, payment shall be made within 60 days after delivery of the wheatgrass and issue of invoice by Nongken Jinchang.

Historical Amount

There are no prior transactions for the purchase of wheatgrass by the Group to Nongken Jinchang. For the year ended 31 December 2021, the historical amount of purchase of silage paid by the Group to Nongken Jinchang is set out below:

	For the year ended 31 December 2021 RMB'000 (unaudited)
Historical transaction amount	25,621

Annual cap and basis of determination

The table below sets out the proposed annual cap for the price payable by the Group to Nongken Jinchang for purchase of silage and wheatgrass for the year ending 31 December 2022:

	Year ending 31 December 2022 RMB'000
Annual cap	30,000

In determining the annual cap, the Directors have considered generally:

- (a) the historical amount of the purchase of silage and wheatgrass from Nongken Jinchang and the Group's other suppliers;
- (b) the prevailing market price of the silage and wheatgrass; and

- (c) the anticipated market demand of the Group on silage and wheatgrass during the term of the Silage and Wheatgrass Purchase Agreements for the year ending 31 December 2022. Such quantity is expected to be approximately 40,000 tonne to 42,000 tonne (in respect of silage) and approximately 800 tonne (in respect of wheatgrass).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SILAGE AND WHEATGRASS PURCHASE AGREEMENTS

Gansu Nongken Group and its subsidiaries have abundant agricultural resources. In particular, the procurement of silage and wheatgrass from Nongken Jinchang, a subsidiary of Gansu Nongken Group, fulfills the Group's demand for silage and wheatgrass, which is one of the main raw materials for the Group's production. Procuring from Nongken Jinchang would provide a stable source of silage and wheatgrass for the Group.

The Company considers that the purchase of silage and wheatgrass from Nongken Jinchang by the Group are conducted in the Group's ordinary and usual course of business based on the commercial needs of the Group.

Based on the above, the Directors consider that the entering into of the Silage and Wheatgrass Purchase Agreements together with the transactions contemplated thereunder (including the annual cap) are in the ordinary and usual course of business of the Group and the terms are on normal commercial terms which have been arrived at after arm's length negotiations between the parties thereto, and that the terms thereof and the annual cap are fair and reasonable, and that the entering into of the Silage and Wheatgrass Purchase Agreements is in the interests of the Company and the independent Shareholders as a whole.

(3) THE DAIRY PRODUCTS SALES AGREEMENT

Date	:	18 January 2022
Parties	:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) Gansu Nongken Group.
Term	:	From 18 January 2022 to 31 December 2022.
Subject matter	:	The Dairy Products Sales Agreement is a master agreement which governs the sales of dairy products from the Group to Gansu Nongken Group. Pursuant to the Dairy Products Sales Agreement, the Group agreed to sell dairy products to Gansu Nongken Group and Gansu Nongken Group agreed to purchase dairy products from the Group.

The Group and Gansu Nongken Group will enter into separate sales order for each sale, which shall stipulate the price as well as quantity for each sale, provided that the terms of such order are consistent with the Dairy Products Sales Agreement.

Pricing policy : The price of dairy products shall be based on the prevailing market price determined by (i) comparing the price charged to at least three Independent Third Party customers of same or similar products during the same period; and (ii) regularly conducting market review on the market price of dairy products charged to other industry participants in Gansu province and Ningxia region taking into account the demand of dairy products in the industry.

As a general principle, the terms (including the price and payment terms) of each sales order shall be agreed between the Group and Gansu Nongken Group based on normal commercial terms after arm's length negotiations, which shall be no less favourable than those offered by the Group to Independent Third Parties of same or similar products.

Payment terms : As set out in the quarterly sales order entered into between the Group and Gansu Nongken Group.

Historical Amount

The Company had no prior transactions with Gansu Nongken Group for the sales of dairy products.

Annual cap and basis of determination

The table below sets out the proposed annual cap for the price payable by Gansu Nongken Group to the Group for purchase of dairy products for the year ending 31 December 2022:

	Year ending 31 December 2022 RMB'000
Annual cap	5,000

In determining the annual cap, the Directors have considered generally:

- (a) the historical amount of sales of dairy products to the Group's other customers;
- (b) the prevailing market price of dairy products; and
- (c) the anticipated market supply of dairy products during the term of the Dairy Products Sales Agreement for the year ending 31 December 2022.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE DAIRY PRODUCTS SALES AGREEMENT

Gansu Nongken Group requires dairy products including but not limited to pasteurized milk, sterilized milk, modified milk and fermented milk for daily consumption by its employees and customers and the Group's dairy products represent a near source of quality supply. The transactions contemplated under the Dairy Products Sales Agreement will contribute to the business of the Group by providing a stable source of revenue.

The Company considers that the sales of dairy products by the Group to Gansu Nongken Group are conducted in the Group's ordinary and usual course of business of the Group.

Based on the above, the Directors consider that the entering into of the Dairy Products Sales Agreement together with the transactions contemplated thereunder (including the annual cap) are in the ordinary and usual course of business of the Group and the terms are on normal commercial terms which have been arrived at after arm's length negotiations between the parties thereto, and that the terms thereof and the annual cap are fair and reasonable, and that the entering into of the Dairy Products Sales Agreement is in the interests of the Company and the Independent Shareholders as a whole.

LISTING RULES IMPLICATIONS

(1) Raw Milk Purchase Agreement

As at the date of this announcement, Gansu Nongken Asset is interested in 37,931,665 A Shares, representing approximately 19.2% of the total A Shares and 16.3% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Tianmu Dairy is a fellow subsidiary of the holding company of Gansu Nongken Asset. Accordingly, Tianmu Dairy is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Raw Milk Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual cap under the Raw Milk Purchase Agreement exceeds 5%, the continuing connected transactions contemplated under the Raw Milk Purchase Agreement are subject to the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

A circular containing, among other things, (i) details of the Raw Milk Purchase Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 11 February 2022 in accordance with the Listing Rules.

(2) Silage and Wheatgrass Purchase Agreements

Nongken Jinchang is a wholly owned subsidiary of Gansu Nongken Group. Gansu Nongken Group is the Controlling Shareholder and is interested in 68,826,365 A Shares, representing approximately 34.9% and 29.62% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Accordingly, Nongken Jinchang is an associate of a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Silage and Wheatgrass Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual cap under the Silage and Wheatgrass Purchase Agreements exceeds 0.1% but less than 5%, the continuing connected transactions contemplated under the Silage and Wheatgrass Purchase Agreements are subject to the reporting, announcement and annual review requirements but exempted from circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(3) Dairy Products Sales Agreement

Gansu Nongken Group is the Controlling Shareholder and is interested in 68,826,365 A Shares, representing approximately 34.9% and 29.62% of (i) the total issued A Shares; and (ii) the total issued A Shares and H Shares, respectively. Accordingly, Gansu Nongken Group is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Dairy Products Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the annual cap under the Dairy Products Sales Agreement exceeds 0.1% but less than 5%, the continuing connected transactions contemplated under the Dairy Products Sales Agreement are subject to the reporting, announcement and annual review requirements but exempted from circular (including independent financial advice) and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

INTERNAL CONTROL

The Company adopts the following internal control measures to ensure that the transactions contemplated under (i) the Raw Milk Purchase Agreement; (ii) the Silage and Wheatgrass Purchase Agreements; and (iii) the Dairy Products Sales Agreement are conducted on normal commercial terms and that the prices/payment terms (including the credit terms) are not less favourable than the prices/payment terms (including the credit terms) offered by/to other Independent Third Parties:

- (i) the Company will supervise the continuing connected transactions in accordance with the procedures set forth in the Company's internal control policy on continuing connected transactions;
- (ii) the finance department of the Company shall monitor and ensure that the departments overseeing the operation of the Company in connection with (i) the Raw Milk Purchase Agreement; (ii) the Silage and Wheatgrass Purchase Agreements; and (iii) the Dairy Products Sales Agreement will review and assess on a regular basis whether the transactions thereunder are conducted in accordance with the terms of thereof and the respective annual caps are not exceeded;

- (iii) staff of audit department responsible for the internal control will check the relevant documents provided by the purchasing/sales department against the purchase/sales invoices for transactions contemplated under (i) the Raw Milk Purchase Agreement; (ii) the Silage and Wheatgrass Purchase Agreements; and (iii) the Dairy Products Sales Agreement and other relevant documents on a regular basis; and
- (iv) the independent non-executive Directors shall, and the Company shall engage its external auditors to, conduct annual review of the continuing connected transactions entered into by the Group and the annual caps in accordance with the requirements of the Listing Rules.

APPROVAL BY THE BOARD

In the 8th meeting of the fourth session of the Board on 30 December 2021, the Board has considered and approved among other matters, the transactions with Tianmu Dairy; Nongken Jinchang; and Gansu Nongken Group. For details of the resolution passed for approving the proposed transactions with the above parties, please refer to the Announcement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the abstentions of Mr. Lian Enzhong, who is currently the human resources department head of Gansu Nongken Group; and Mr. Yao Gexian, who currently holds position in several related parties of Gansu Nongken Group, no other Director has or may be regarded to have a material interest in the transactions and therefore no other Director is required to abstain from voting at the board meeting approving the transactions contemplated under the (i) Raw Milk Purchase Agreement; (ii) Silage and Wheatgrass Purchase Agreements; and (iii) Dairy Products Sales Agreement.

GENERAL

INFORMATION OF THE GROUP

The Group principally operates two business segments: (i) dairy farming business, under which the Group produces and sells raw milk; and (ii) dairy products production business, under which the Group produces and sells dairy products.

INFORMATION OF TIANMU DAIRY

Tianmu Dairy is a fellow subsidiary of Gansu Nongken Asset, a substantial Shareholder, and is principally engaged in the processing and sales of dairy products, meat products and beverages. Its ultimate holding company is Gansu Nongken Group.

INFORMATION OF NONGKEN JINCHANG

Nongken Jinchang is a wholly owned subsidiary of Gansu Nongken Group, a Controlling Shareholder. Gansu Nongken Group is in turn Gansu National Assets Investment Group Company Limited* (甘肅省國有資產投資集團有限公司), a company established in the PRC and whose registered capital is owned as to 84% by Gansu People's Government Asset Supervisory Management Committee* (甘肅省人民政府國有資產監督管理委員會) and as to 16% by Jiuquan Steel (Group) Limited Liability Company* (酒泉鋼鐵(集團)有限責任公司). Nongken Jinchang is principally engaged in the farming, sales and packaging of agricultural, forestry and animal products.

INFORMATION OF GANSU NONGKEN GROUP

Gansu Nongken Group is wholly owned by Gansu National Assets Investment Group Company Limited* (甘肅省國有資產投資集團有限公司), (“**Gansu National Assets**”) a company established in the PRC and whose registered capital is owned as to 84% by Gansu People’s Government Asset Supervisory Management Committee* (甘肅省人民政府國有資產監督管理委員會) (“**Gansu Government ASMC**”) and as to 16% by Jiuquan Steel (Group) Limited Liability Company* (酒泉鋼鐵(集團)有限責任公司), a company established in the PRC and whose registered capital is owned as to 68.42% by Gansu Government ASMC and as to 31.58% by Gansu National Assets. It is principally engaged in the planting, processing and sales of specialty medicinal materials, planting of crops, manufacturing and sales of agricultural and sideline products.

EGM

The EGM will be held by the Company for the Independent Shareholders to consider and, if thought fit, to approve the Raw Milk Purchase Agreement and the transactions contemplated thereunder. Tianmu Dairy and its associates (including Gansu Nongken Asset and Lanzhou Zhuangyuan Investment Co., Ltd.* (蘭州莊園投資有限公司)) shall abstain from voting at the EGM to be convened to consider the resolution(s) approving the abovementioned continuing connected transactions.

For the purpose of the EGM, an Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Raw Milk Purchase Agreement and the transactions contemplated thereunder. Altus will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Raw Milk Purchase Agreement; (ii) the letter of recommendation from the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 11 February 2022 in accordance with the Listing Rules.

DEFINITIONS

“Announcement”	the overseas regulatory announcement of the Company dated 30 December 2021
“associates”	has the meaning ascribed to it under the Listing Rules
“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 limited liability company incorporated in the People’s Republic of China, the issued H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1533) and the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002910)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Dairy Products Sales Agreement”	the dairy products sales agreement dated 18 January 2022 entered into between the Company and Gansu Nongkeng Group in relation to the sales of dairy products by the Group from Gansu Nongken Group
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held and if thought fit, to approve the Raw Milk Purchase Agreement and the transactions contemplated thereunder (including its annual cap)
“Gansu Nongken Asset”	Gansu Nongken Asset Operation Company Limited* (甘肅省農墾資產經營有限公司), a limited liability company established under the laws of PRC which is a substantial Shareholder of the Group’s A Shares
“Gansu Nongken Group”	Gansu Nongken Group Limited Liability Company* (甘肅省農墾集團有限責任公司), a limited liability company established under the laws of PRC which is a substantial Shareholder and controlling Shareholder of the Group’s A Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board formed to consider the Raw Milk Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Raw Milk Purchase Agreement
“Independent Shareholders”	Shareholders other than Gansu Nongken Asset and Lanzhou Zhuangyuan Investment Co., Ltd.* (蘭州莊園投資有限公司)
“Independent Third Party(ies)”	party(ies) which is(are) third party independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nongken Jinchang”	Gansu Nongken Jinchang Farm Company Limited* (甘肅農墾金昌農場有限公司), a limited liability company established under the laws of the PRC

“Raw Milk Purchase Agreement”	the draft master purchase agreement to be entered into between the Company and Tianmu Dairy in relation to the purchase of the raw milk by the Group from Tianmu Dairy
“Silage and Wheatgrass Purchase Agreements”	the set of silage and wheatgrass purchase agreements dated 18 January 2022 entered into between the Company and Nongken Jinchang in relation to the purchase of silage and wheatgrass by the Group from Nongken Jinchang
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianmu Dairy”	Gansu Nongken Tianmu Dairy Company Limited* (甘肅農墾天牧乳業有限公司), a limited company established under the laws of the PRC
“%”	per cent

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

Lanzhou, the PRC, 18 January 2022

As at the date of this announcement, the non-independent directors of the Company are Mr. Yao Gexian, Mr. Lian Enzhong, Mr. Zhang Yu, Mr. Yang Yi, Mr. Ma Hongfu and Ms. Zhang Qianyu; and the independent directors of the Company are Mr. Wang Haipeng, Mr. Zhang Yubao and Mr. Sun Jian.

** For identification purposes only*