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China Youran Dairy Group Limited
中國優然牧業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9858)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LOGISTICS AND OPERATION SUPPORT SERVICES FRAMEWORK AGREEMENT

THE LOGISTICS AND OPERATION SUPPORT SERVICES FRAMEWORK AGREEMENT

The Board announces that on August 22, 2025, the Company entered into the Logistics and Operation Support Services Framework Agreement with Yishun, pursuant to which Yishun Group shall provide logistics and operation support services to the Group.

IMPLICATIONS UNDER THE LISTING RULES

Yili is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As Yishun is a wholly-owned subsidiary of Yili, and therefore is an associate of Yili under the Listing Rules and thus also a connected person of the Company. Accordingly, the transactions contemplated under the Logistics and Operation Support Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Logistics and Operation Support Services Framework Agreement exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Logistics and Operation Support Services Framework Agreement are exempt from the independent Shareholders' approval requirement, but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

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THE LOGISTICS AND OPERATION SUPPORT SERVICES FRAMEWORK AGREEMENT

Date

August 22, 2025

Parties

(i) the Company; and

(ii) Yishun

Term

Unless terminated earlier in accordance with the terms of the Logistics and Operation Support Services Framework Agreement, the Logistics and Operation Support Services Framework Agreement shall be effective from August 22, 2025 until December 31, 2027.

Scope of services

Yishun Group shall provide to the Group with logistics services, including transportation of goods through its supplier network, and operation support services, including but not limited to loading and unloading, packaging, picking and other operation tasks.

Separate underlying agreements will be entered into between the relevant parties which will set out the specific scope of service, service fees calculation, method of payment and other details of the service arrangement in the manner provided in the Logistics and Operation Support Services Framework Agreement.

Pricing policies

Pursuant to the Logistics and Operation Support Services Framework Agreement, the prices charged for the purchase of logistics and operation support services shall be determined after arm's length negotiations between the parties according to the following guidelines:

(i) where there is a tender and bidding process, the bidding price;

(ii) where there is no tender and bidding process, the comparable local, national or international industry prices of the different types and qualities of logistics and operation support services obtained through independent third parties; or

(iii) where there is no tender and bidding process and comparable industry prices for the specific type of service or where it is not practicable to apply the above pricing policies, the Group shall obtain and compare quotations for similar services from at least two independent third party suppliers and compare such quotes against the terms offered by Yishun Group taking into account the cost, technology, quality, procurement volume and historical transaction prices of the Group in respect of similar services. The parties shall ensure that the terms shall be no less favourable than those offered by the independent third party suppliers.

Historical amounts

The transaction amount of the logistics and operation support services supplied by Yishun Group to the Group for the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025 amounted to approximately RMB227 million, RMB356 million and RMB139 million, respectively.

Annual caps and basis of determination

The annual caps for the transaction amount under the Logistics and Operation Support Services Framework Agreement for the period from the effective date of the Logistics and Operation Support Services Framework Agreement to December 31, 2025, and the two years ending December 31, 2026 and 2027 are as follows:

Period from the effective date to December 31, 2025	**Year ending December 31, 2026**	**Year ending December 31, 2027**
RMB million	*RMB million*	*RMB million*
250	420	420

In arriving at the annual caps, the Directors considered the following:

(i) the historical and prevailing market price for the logistics and operation support services, as well as the potential fluctuations in the market price for the logistics and operation support services in the future;

(ii) the historical transaction volume of different types of logistics and operation support services during the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025;

(iii) the estimated demand for relevant logistics and operation support services for the period from the effective date of the Logistics and Operation Support Services Framework Agreement to December 31, 2025, and the two years ending December 31, 2026 and 2027; and

(iv) a buffer of 20% is set aside to cater for potential inflation and increased demand for the logistics and operation support services arising from market changes.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOGISTICS AND OPERATION SUPPORT SERVICES FRAMEWORK AGREEMENT

Given the Company's substantial transportation needs for products and raw materials across its production and sales operations, and in view of the fact that it currently possesses neither proprietary logistics and transportation equipment nor an in-house operations team, the Company has to engage a third-party service provider to deliver professional logistics and transportation services (including transportation of goods through its supplier network) and to furnish operation support services covering the full workflow of loading and unloading, packaging, picking and other ancillary tasks. After a thorough evaluation, Yishun Group has demonstrated well-established logistics infrastructure, a mature information-management system and extensive industry service experience. Following the selection through an open tender, Yishun Group's service quotation proved more competitive than the average market rate, making it the Company's preferred partner. Accordingly, the parties has entered into the Logistics and Operation Support Services Framework Agreement, aiming to effectively enhance the Group's supply-chain management efficiency by integrating Yishun Group's specialized resources, which allows the Group to focus on its core business, mitigate potential operational risks in the cooperation process, and ultimately achieve a systematic upgrade of overall operational capability.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Logistics and Operation Support Services Framework Agreement is entered into on normal commercial terms that are fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to regulate the transactions contemplated under the Logistics and Operation Support Services Framework Agreement in order to safeguard the interests of the Shareholders:

(i) the Company's independent non-executive Directors will independently scrutinize the implementation and enforcement of the transactions conducted under the Logistics and Operation Support Services Framework Agreement. In the event that a majority of the independent non-executive Directors reasonably consider that it would be in the Company's interests to reduce the level of transactions with Yishun Group, the Company will take appropriate steps to implement the decision of the independent non-executive Directors;

(ii) the Company's external auditors will be engaged to conduct an annual review of the transactions under the Logistics and Operation Support Services Framework Agreement to ensure that they have been (a) approved by the Board; (b) entered into in all material respects in accordance with the Logistics and Operation Support Services Framework Agreement; and (c) within the annual caps thereunder; and

(iii) the Company will monitor the continuing connected transactions in accordance with its internal control procedures. The Company's responsible financial person shall check the aggregate amount of fees, and promptly report to the Company's chief financial officer/the Board if such service fees are close to exceeding, or likely to exceed the proposed caps.

INFORMATION ABOUT THE PARTIES

The Company and the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the Main Board of the Stock Exchange (stock code: 9858) since June 18, 2021. The Group is primarily engaged in the production and sale of raw milk, and the production, sale and trading of feeds, ruminant farming products and breeding products in the PRC.

Yili and Yishun

Yili is a company established under the laws of the PRC in June 1993 whose shares are listed on the Shanghai Stock Exchange (stock code: 600887), and is the Company's controlling shareholder and major customer. Yili is principally engaged in the processing, manufacturing and sales of various dairy products and health drinks in the PRC.

Yishun is a company established under the laws of the PRC and has become a wholly-owned subsidiary of Yili since August 14, 2025. It is principally engaged in goods transportation (including network-based freight), international and domestic freight forwarding, loading, unloading and handling, warehousing services, supply-chain management and related activities in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Yili is a controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As Yishun is a wholly-owned subsidiary of Yili, and therefore is an associate of Yili under the Listing Rules and thus also a connected person of the Company. Accordingly, the transactions contemplated under the Logistics and Operation Support Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Logistics and Operation Support Services Framework Agreement exceeds 0.1% but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Logistics and Operation Support Services Framework Agreement are exempt from the independent Shareholders' approval requirement, but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Both Mr. Bai Wenzhong (白文忠) (a non-executive Director), who is the director of the financial shared services center (财務共享服務中心) of Yili, and Ms. Li Lin (李林) (a non-executive Director), who is a reserve cadre of the general manager office of the liquid milk division (液態奶事業部) of Yili, are deemed to have a material interest in the Logistics and Operation Support Services Framework Agreement. Therefore, Mr. Bai Wenzhong (白文忠) and Ms. Li Lin (李林) have abstained from voting on the Board resolutions in relation to the Logistics and Operation Support Services Framework Agreement. Save as disclosed above, none of the Directors had a material interest in the matters contemplated therein nor was any of them required to abstain from voting on the relevant Board resolutions approving the Logistics and Operation Support Services Framework Agreement and the transactions contemplated thereunder.

DEFINITIONS

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Company"	China Youran Dairy Group Limited (中國優然牧業集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 21, 2020, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 9858)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company, its subsidiaries and its associates
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Logistics and Operation Support Services Framework Agreement"	the framework agreement entered into between Yishun and the Company on August 22, 2025 regarding the provision of logistics and operation support services by Yishun Group to the Group
"percentage ratio(s)"	has the meaning ascribed to that it under the Listing Rules
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of par value US$0.00001 each in the issued share capital of the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Yili"	Inner Mongolia Yili Industrial Group Co., Ltd. (內蒙古伊利實業集團股份有限公司), a company established under the laws of the PRC in June 1993 and whose shares are listed on the Shanghai Stock Exchange (stock code: 600887), and is the controlling shareholder of the Company, and where the context requires, includes its subsidiaries and associates
"Yishun"	Inner Mongolia Yishun Supply-chain Management Co., Ltd.* (內蒙古伊順供應鏈管理有限公司), a company established under the laws of the PRC, which has become a wholly-owned subsidiary of Yili since August 14, 2025
"Yishun Group"	Yishun, its subsidiaries and associates
"%"	per cent.

By order of the Board
China Youran Dairy Group Limited
Hao Haijun
Chairman and Executive Director

Hohhot, August 22, 2025

As at the date of this announcement, the executive Directors are Mr. Hao Haijun, Mr. Dong Jiping and Ms. Meng Yilan; the non-executive Directors are Mr. Bai Wenzhong, Ms. Li Lin and Mr. Xu, Zhan Kevin; and the independent non-executive Directors are Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin.

* *For identification purposes only.*