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If you have sold or transferred all your shares in China Youran Dairy Group Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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優然牧業
YOURAN DAIRY

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)

**PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED RE-APPOINTMENT OF AUDITORS;
RENEWAL OF CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE RAW MILK PURCHASE AND
SALE FRAMEWORK AGREEMENT;
RENEWAL OF DISCLOSEABLE AND CONTINUING CONNECTED
TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES
FRAMEWORK AGREEMENT;
AND
NOTICE OF AGM**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
波博資本有限公司

Capitalized terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 26 of this circular. A letter from the Independent Board Committee is set out on pages 27 to 28 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 29 to 56 of this circular.

A notice convening the AGM of China Youran Dairy Group Limited to be held at No. 169, Hexi Road, Saihan District, Hohhot, Inner Mongolia, China on Friday, May 22, 2026, at 10:00 a.m. is set out on pages 72 to 78 of this circular. A form of proxy for use at the AGM is also enclosed. Such form of proxy is also set out on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yourandairy.com). Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

April 27, 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2023 Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and Yili Finance Company on April 24, 2023 in respect of the provision of a range of financial services by Yili Finance Company to the Group
“2023 Framework Agreements”	collectively, the 2023 Raw Milk Purchase and Sale Framework Agreement and the 2023 Financial Services Framework Agreement (as amended and supplemented by the 2025 Supplemental Financial Services Framework Agreement)
“2023 Raw Milk Purchase and Sale Framework Agreement”	the raw milk purchase and sale framework agreement entered into between the Company and Yili on April 24, 2023 in respect of the provision of long-term supply of raw milk by the Group to Yili Group
“2025 Supplemental Financial Services Framework Agreement”	the supplemental agreement to the 2023 Financial Services Framework Agreement entered into between the Company and Yili Finance Company on August 22, 2025 to revise the maximum daily balance of deposits (including the interest accrued thereon) for the period from the effective date of the 2025 Supplemental Financial Services Framework Agreement to December 31, 2026
“AGM”	the annual general meeting of the Company to be held at No. 169, Hexi Road, Saihan District, Hohhot, Inner Mongolia, China at 10:00 a.m. on Friday, May 22, 2026, or any adjournment thereof and notice of which is set out on pages 72 to 78 of this circular
“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBIRC”	The China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Company”	China Youran Dairy Group Limited (中國優然牧業集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability 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
“Financial Services Framework Agreement”	the financial services framework agreement entered into between Yili Finance Company and the Company on April 13, 2026 in respect of the provision of a range of financial services by Yili Finance Company to the Group
“Framework Agreements”	collectively, the Raw Milk Purchase and Sale Framework Agreement and the Financial Services Framework Agreement
“General Mandate”	a general mandate proposed to be granted to the Directors at the AGM to allot, issue and/or deal with Shares (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) not exceeding 20% of the total number of issued Shares (excluding any Treasury Shares) as at the date of passing of the relevant resolution granting the General Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin, which has been formed to advise the Independent Shareholders on the Framework Agreements and the transactions contemplated thereunder
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who have no material interest in, and are not required to abstain from voting at the AGM to consider, and if thought fit, approve, among other things, the Framework Agreements and the transactions contemplated thereunder
“Inner Mongolia Youran”	Inner Mongolia Youran Dairy Co., Ltd. (內蒙古優然牧業有限責任公司), a company established under the laws of the PRC on August 1, 2007 and a wholly-owned subsidiary of the Company
“Jingang”	Hong Kong Jingang Trade Holding Co., Limited, a company incorporated in Hong Kong, and a wholly-owned subsidiary of Yili
“Latest Practicable Date”	April 21, 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Date”	June 18, 2021, being the date when the Shares were initially listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“NFRA”	The National Financial Regulatory Administration (國家金融監督管理總局)

DEFINITIONS

“Nomination Committee”	the nomination committee of the Company
“PBOC”	The People’s Bank of China (中國人民銀行)
“Prospectus”	the prospectus of the Company dated June 7, 2021
“Raw Milk Purchase and Sale Framework Agreement”	the raw milk purchase and sale framework agreement entered into between Yili and the Company on April 13, 2026 in respect of the provision of long-term supply of raw milk by the Group to Yili Group
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the AGM to repurchase Shares not exceeding 10% of the total number of the issued Shares (excluding any Treasury Shares) as at the date of passing of the relevant resolution granting the Repurchase Mandate
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong (as amended from time to time)
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“US\$”	US dollars, the lawful currency of the United States of America
“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
“Yili Finance Company”	Yili Finance Company Limited* (伊利財務有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Yili
“Yili Group”	Yili, its subsidiaries and associates from time to time
“%”	per cent.

* For identification purposes only.

LETTER FROM THE BOARD



優然牧業
YOURAN DAIRY

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)

Executive Directors:

Mr. Hao Haijun (*Chairman and President*)

Mr. Dong Jiping

Ms. Meng Yilan

Registered office:

89 Nexus Way

Camana Bay, Grand Cayman

KY1-9009, Cayman Islands

Non-executive Directors:

Mr. Bai Wenzhong

Ms. Li Lin

Mr. Xu, Zhan Kevin

*Headquarter and principal place of
business in the PRC:*

No. 169, Hexi Road, Saihan District

Hohhot, Inner Mongolia

China

Independent non-executive Directors:

Ms. Xie Xiaoyan

Mr. Yao Feng

Ms. Huang Lin

April 27, 2026

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES;
PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
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NOTICE OF AGM**

LETTER FROM THE BOARD

1. INTRODUCTION

References are made to (a) the Company's announcement dated April 24, 2023 in relation to, among others, the 2023 Raw Milk Purchase and Sale Framework Agreement and the 2023 Financial Services Framework Agreement; (b) the Company's circular dated April 25, 2023 in relation to, among others, the 2023 Raw Milk Purchase and Sale Framework Agreement and the 2023 Financial Services Framework Agreement; (c) the Company's announcement dated August 22, 2025 and its circular dated September 8, 2025 in relation to, among others, the 2025 Supplemental Financial Services Framework Agreement; and (d) the Company's announcement dated April 13, 2026 in relation to, among others, the Raw Milk Purchase and Sale Framework Agreement and the Financial Services Framework Agreement.

The purpose of this circular is to give you notice of the AGM and further information on the following ordinary resolutions to be put forward at the AGM: (a) the proposed grant of the general mandates to issue Shares and repurchase Shares; (b) the proposed re-election of retiring Directors; (c) the proposed re-appointment of auditors of the Company and the proposed authorization to the Board to fix their remuneration for the year ending December 31, 2026; and (d) the Framework Agreements and the transactions contemplated thereunder.

2. GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution numbered 4(a) as set out in the notice of AGM will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with the Shares (including any sale or transfer of Treasury Shares) up to 20% of the aggregate number of issued Shares (excluding any Treasury Shares) as at the date of passing of the resolution approving such mandate. As at the Latest Practicable Date, the total number of issued Shares was 4,191,977,833 (with no Treasury Shares held). Subject to the passing of the ordinary resolution numbered 4(a) and assuming that the number of issued Shares remains unchanged following the Latest Practicable Date and prior to the date of the AGM, the Directors will be authorized to issue (or transfer out of treasury) a maximum of 838,395,566 Shares under the General Mandate. An ordinary resolution numbered 4(c) as set out in the notice of the AGM will also be proposed at the AGM authorizing the number of Shares repurchased by the Directors under the proposed Repurchase Mandate to be added to the aggregate number of Shares to be allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) or agreed conditionally or unconditionally to be allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) under the proposed General Mandate.

LETTER FROM THE BOARD

3. REPURCHASE MANDATE TO REPURCHASE SHARES

An ordinary resolution numbered 4(b) as set out in the notice of the AGM will be proposed at the AGM to approve the grant of the Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares of an aggregate amount not exceeding 10% of the total number of issued Shares (excluding any Treasury Shares) as at the date of passing of the resolution approving the Repurchase Mandate.

An explanatory statement required by the Listing Rules in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular.

4. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Accordingly, Mr. Bai Wenzhong and Ms. Li Lin, who were appointed as non-executive Directors on June 27, 2025, and Ms. Huang Lin, who was appointed as an independent non-executive Director on the same date, shall retire and, being eligible, have offered themselves for re-election at the AGM.

Pursuant to the Article 108(a) of the Articles of Association, at each annual general meeting, one-third of the Directors (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Dong Jiping, the executive Director, and Mr. Yao Feng, the independent non-executive Director, will retire from office at the AGM and, being eligible, have offered themselves for re-election.

On March 27, 2026, the Nomination Committee reviewed the structure, size and composition of the Board and has considered the Board diversity from a number of aspects, including but not limited to gender, age, race, language, cultural and educational background, industry and professional experience, and skills and knowledge. The Nomination Committee and the Board have taken into account the profiles and the contributions of the above retiring Directors who have offered themselves for re-election at the AGM. The Company has also received the independence confirmation from Ms. Huang Lin and Mr. Yao Feng pursuant to Rule 3.13 of the Listing Rules as regards the factors for assessing independence set out therein and was satisfied with their independence.

LETTER FROM THE BOARD

In view of the above, the Nomination Committee and the Board believes that the above independent non-executive Directors are independent and the education, background and experience of each of the above retiring Directors will allow each of them to provide valuable insights and contribute to the diversity of the Board and therefore should be re-elected.

Details of the above retiring Directors who are subject to re-election at the AGM are set out in Appendix I to this circular.

5. RE-APPOINTMENT OF AUDITORS

Deloitte Touche Tohmatsu will retire as the auditors of the Company at the AGM and, being eligible, have offered themselves for re-appointment.

The Board, upon the recommendation of the audit committee of the Company, proposed to re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix its remuneration for the year ending December 31, 2026. After considering various factors including the scale of operations, the industry where the Group operates, the complexity of accounting treatments, the scope and specific requirements of the annual audit work performed during the year ended December 31, 2025, the required audit personnel arrangement and level of work input, and the audit fees with reference to prevailing market price levels, the audit fee (including the fee for reviewing the interim results for the six months ending June 30, 2026) payable to the auditors of the Company for the year ending December 31, 2026 is expected to be not more than RMB7,300,000.

6. THE RAW MILK PURCHASE AND SALE FRAMEWORK AGREEMENT

As the 2023 Raw Milk Purchase and Sale Framework Agreement will expire on December 31, 2026 and the Group expects to continue to conduct the transactions thereunder upon the expiry of the 2023 Raw Milk Purchase and Sale Framework Agreement, therefore, on April 13, 2026, the Company entered into the Raw Milk Purchase and Sale Framework Agreement with Yili, pursuant to which the Group agreed to supply raw milk to Yili Group for a term commencing from January 1, 2027 to December 31, 2029 to renew the continuing connected transaction contemplated thereunder.

The principal terms of the Raw Milk Purchase and Sale Framework Agreement are set out below:

Date

April 13, 2026

Parties

- (i) the Company; and
- (ii) Yili.

LETTER FROM THE BOARD

Term

Unless terminated earlier in accordance with the terms of the Raw Milk Purchase and Sale Framework Agreement, the Raw Milk Purchase and Sale Framework Agreement shall be effective from January 1, 2027 to December 31, 2029.

Scope of services

- (i) Yili Group agreed to purchase raw milk that meets the relevant national standards and the quality requirements of Yili Group from the Group; and
- (ii) the Group agreed to sell and Yili Group agreed to buy not less than 70% of the Group's annual raw milk production on the terms and subject to the conditions of the Raw Milk Purchase and Sale Framework Agreement. Yili Group also agreed to buy the remaining 30% of the Group's raw milk production volume so long as the Group is willing and able to supply raw milk to Yili Group.

Pricing guidelines

Yili Group should settle the payment for the raw milk by the 30th day of the following month. Specific payment arrangements shall be agreed between the relevant parties separately based on the principles, and within the parameters provided, under the Raw Milk Purchase and Sale Framework Agreement.

The minimum price and terms of raw milk to be supplied by the Group to Yili Group shall not be lower than the price of and comparable to the terms of raw milk to be supplied to Yili Group by dairy farms of a similar scale in terms of, among others, size of the dairy farms and number of milkable cows, located in the same or nearby geographical location as the Group, or in the absence of such dairy farms, by similar dairy farms in other regions and/or shall be negotiated on an arm's length basis between both parties based on the type, quality, purchase volume and historical transaction price of raw milk.

The purchase price of raw milk shall be determined and adjusted based on market conditions and seasonal factors (for example, the quality grade of raw milk may vary due to the weather conditions in different seasons). As agreed between both parties, the final purchase price of raw milk shall vary depending on the quality grade. In particular, the purchase price shall not be lower than the market average price with adjustments based on the quality grade of the milk. The market reference price refers to the average raw milk price, excluding the delivery fee and quality adjustments, of the preceding month of the top five dairy farms (the "**Top Five Dairy Farms**") in the same region as the Group's dairy farms which supply raw milk to Yili Group (the "**Base Milk Prices**") on a month-to-month basis in terms of the quantity of raw milk supply. To obtain such market reference price and terms, the operation management department and finance department of the Group will collect the prices and terms of raw milk supplied to Yili Group by the Top Five Dairy Farms based on the monthly sales volume to Yili Group. The quality grade is determined with reference to physical and chemical specifications, including but

LETTER FROM THE BOARD

not limited to the fat and protein content, color, taste, smell, texture, impurity level, bacteria content, and somatic cell count. In addition, the quality of raw milk supplied by the Group must satisfy the standards set by the government and the requirements of Yili Group.

Further, given the dairy retail market in the PRC being highly concentrated with a limited number of large conglomerates accounting for a significant market share, it is prevalent that the raw milk suppliers supply a substantial portion or all of its production to a single major customer. Despite such market norm, to maintain the Group's gross profit margin in the raw milk business, the Group will not only take into account the historical gross profit margin of the Group's raw milk business, but will also compare its selling price of raw milk to Yili Group against the average raw milk price in major dairy-producing provinces published by the Ministry of Agriculture and Rural Affairs of the PRC (the "Benchmark Price"). Where the average monthly settlement price is lower than the Benchmark Price by more than 10%, the Group will renegotiate the selling price with Yili Group. Based on the historical Benchmark Price published by the Ministry of Agriculture and Rural Affairs of the PRC, the year-on-year fluctuations in the average unit price of raw milk for the corresponding month between 2023 and 2024 and between 2024 and 2025 ranged from approximately 3% to approximately 16%, indicating a certain level of price fluctuations in raw milk. As such, according to the current trend in price fluctuations of raw milk, the 10% threshold as an indicator helps to filter out minor fluctuations in market price, and save the time and costs on engaging in frequent renegotiations triggered by short-term and minor price fluctuations, thereby enhancing operational efficiency.

Given the aforementioned nature of the dairy retail market in the PRC, it is paramount for the Group to maintain a stable and long-term business relationship with the dairy conglomerates, such as Yili Group. The stable demand and reliable settlement track record of Yili Group enable the Group to achieve higher capacity utilisation, reduce sales and credit risks and maintain operational stability. Meanwhile, as the Group's settlement price of raw milk had made reference to the Base Milk Prices, the Group's average monthly settlement price for the years ended December 2023, 2024 and 2025 was not lower than the Benchmark Price. This ensured the Group to maintain a stable gross profit margin in the raw milk business. Therefore, the Board considers that the 10% threshold is within a reasonable range and the above pricing guidelines are fair and reasonable.

Historical amounts

The annual caps under the 2023 Raw Milk Purchase and Sale Framework Agreement for the years ended December 31, 2024 and 2025 and for the year ending December 31, 2026 are RMB19,900 million, RMB22,400 million and RMB24,000 million, respectively. The transaction amounts under the 2023 Raw Milk Purchase and Sale Framework Agreement for the years ended December 31, 2024 and 2025 amounted to approximately RMB14,322.8 million and RMB15,471.3 million, respectively, representing approximately 72.0% and 69.1% of the annual caps under the 2023 Raw Milk Purchase and Sale Framework Agreement in 2024 and 2025, respectively.

LETTER FROM THE BOARD

Proposed annual caps and basis of determination

The annual caps under the Raw Milk Purchase and Sale Framework Agreement for the years ending December 31, 2027, 2028 and 2029 are as follows:

Year ending December 31,		
2027	2028	2029
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
22,400	24,200	26,100

In determining the aforementioned annual caps, the Directors considered the following:

- (i) the historical and current market prices of raw milk and potential future fluctuations in the market prices of raw milk in the future. According to the monitoring data of the Ministry of Agriculture and Rural Affairs of the PRC, the average price of raw milk in major dairy-producing provinces was approximately RMB4.16 per kg, RMB3.84 per kg, RMB3.32 per kg and RMB3.06 per kg for the years ended December 31, 2022, 2023, 2024 and 2025, representing a year-on-year decrease of approximately 7.7% in 2023, 13.5% in 2024 and 7.8% in 2025. This shows that the average unit price of raw milk began to decline since 2022 due to the imbalance between supply and demand.

However, it is expected that the supply and demand for raw milk will improve in 2026 given:

- (a) the contraction of supply of raw milk. According to the monitoring data of the Ministry of Agriculture and Rural Affairs of the PRC, the domestic inventory of dairy cows declined since 2024 as a result of a number of dairy farms disposing of low-yield cows or gradually exiting the market in light of the decline in raw milk prices. This is evidenced by the negative growth rate of the domestic raw milk production in the fourth quarter of 2025 according to the statistics from the National Bureau of Statistics of the PRC. In addition, the supply of raw milk will further contract due to the decrease in dairy products imports as a result of the implementation of anti-subsidy measures on certain dairy products imported from the European Union;
- (b) the increase in demand for dairy products. In light of the rising health awareness, the consumption of high value-added dairy products such as cheese, cream and butter continues to grow, and major dairy brands (including Yili, Mengniu and Feihe) are expanding their downstream deep processing and production capacity, which is expected to drive the demand for raw milk; and

LETTER FROM THE BOARD

- (c) improved industry chains collaboration. The “National Food Safety Standard – Sterilized Milk” jointly issued by the National Health Commission and the State Administration for Market Regulation in September 2025 stressed that sterilized milk production shall only use raw milk as the sole raw material and prohibited the addition of reconstituted milk, which is expected to increase the importance of the stable supply of raw milk in the dairy products industry. It is therefore expected that the relationship between upstream raw milk suppliers and downstream dairy products processors and producers will become closer, improving the industry chains collaboration. As a result, the dairy products processors and producers are more willing to enter into medium- to long-term supply arrangements with raw milk suppliers in order to ensure long-term supply arrangements, minimize price volatility and ensure a more stable operating environment. Furthermore, according to the development plan to be achieved by 2030 put forward by the Dairy Association of China, milk production should increase to about 45 million tonnes, milk self-sufficiency rate should be kept at above 70%, and milk consumption per capita should reach more than 47 kg in China by 2030. The dairy products processors and producers have been striving to enhance the production capacity by improving the capacity layout, upgrading processing facilities and expanding production lines to reach the above targets and meet the downstream consumer demand. In light of the above, it is expected that the supply-demand matching efficiency will be improved through enhanced long-term supply arrangements and improved capacity layout of downstream deep processing of dairy products, with market participants generally expecting a turning point in supply-demand balance of raw milk in 2026.

Accordingly, with the expected improvement in its supply and demand starting from 2026, the Board expects that the average unit price of raw milk will increase moderately between 2027 and 2029;

- (ii) the historical transaction volume of raw milk purchased by Yili Group from the Group during the three years ended December 31, 2025. In particular, the historical transaction amount of raw milk sold by the Group to Yili Group for the three years ended December 31, 2025 amounted to approximately 96.5%, 94.8% and 96.6% of the Group’s total revenue from raw milk business for the corresponding years. The large amount of raw milk sales to Yili Group is mainly attributable to the in-depth and long-term cooperation between the Group and Yili Group, which is expected to continue for the three years ending December 31, 2029;

LETTER FROM THE BOARD

- (iii) the historical annualized average milk yield per milkable cow (excluding Jerseys) of the Group for the years ended December 31, 2023, 2024 and 2025 was 12.0 tons, 12.6 tons and 12.8 tons respectively. In particular, in recent years, the Group has consistently utilized genetic testing and advanced breeding technologies to improve the breed of its milkable cows, increase the proportion of high-yielding dairy cows, and implement lean management, resulting in a steady increase in the Group's milk yield per milkable cow. It is expected that the Group's milk yield per milkable cow will continue to increase steadily, and therefore, the raw milk production is expected to continue to grow steadily in the coming years;
- (iv) the number of milkable cows will continue to increase steadily after considering the full operation of the Group's newly built ranches and the available capacity of the Group's existing ranches, which is expected to bring about a compound annual growth rate of approximately 3.9% of the average number of milkable cows from 2025 to 2029. Hence, the Group's raw milk production is expected to continue to grow for the years ending December 31, 2027, 2028, and 2029; and
- (v) a 20% buffer in anticipation of the expected continued business growth and possible continued development of China's dairy industry in the future.

Reasons for and benefits of entering into the Raw Milk Purchase and Sale Framework Agreement

The Raw Milk Purchase and Sale Framework Agreement helps Yili to ensure its own operation and future growth with high quality and stable source of raw milk and is an indication of Yili's reliance on the Group's continuous supply of premium raw milk as the Group has been Yili's largest raw milk supplier since 2020. Further, Yili is one of the dominant dairy conglomerates in the PRC and a long-term purchase and sale arrangement with Yili ensures a stable demand for the Group's raw milk, which provides a stable and sustainable guarantee to the Group's business growth and future strategic and operational planning.

LETTER FROM THE BOARD

The Board is of the view that despite the Group's reliance on Yili Group, it is in line with industry practice and can be properly managed for the following reasons:

- (i) the PRC dairy retail market is dominated by a handful of conglomerates, who are major customers of raw milk suppliers (including the Company) in the PRC. Accordingly, it is the industry norm in the PRC for a raw milk supplier such as the Group to sell a majority of its raw milk to a single customer. In addition, due to the high entry barriers of the dairy retail industry and the market dominance of a few conglomerates such as Yili Group in the dairy retail market in the PRC, it is arduous for the Company to diversify or reduce its reliance on its major customer;
- (ii) the Group is a leading integrated provider of products and services in the upstream dairy industry, and Yili Group, one of the world's top five largest and fast-growing dairy manufacturers. The Group and Yili Group are complementary to each other and our business relationship is mutually beneficial. It is important for the Group to maintain a stable demand for its products as it is important for Yili Group to secure a stable supply of high-quality raw milk. As such, the relationship between Yili Group and the Group under the Raw Milk Purchase and Sale Framework Agreement is mutually dependent and stable, and not subject to any material adverse changes in the foreseeable future; and
- (iii) pursuant to the terms of the Raw Milk Purchase and Sale Framework Agreement, the agreement may only be amended or terminated with both parties' consent and cannot be amended or terminated unilaterally by Yili Group. Accordingly, it is unlikely for the business relationship between the Group and Yili Group to terminate or materially or adversely change.

In light of the above, the Directors (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) are of the view that the Raw Milk Purchase and Sale Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

7. THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

As the 2023 Financial Services Framework Agreement will expire on December 31, 2026 and the Group expects to continue to conduct the transactions thereunder upon the expiry of the 2023 Financial Services Framework Agreement, therefore, on April 13, 2026, the Company entered into the Financial Services Framework Agreement with Yili Finance Company, pursuant to which Yili Finance Company agreed to provide a range of financial services to the Group, including the Deposit Services, the Settlement Services, and the Other Financial Services, for a term commencing from January 1, 2027 to December 31, 2029, to renew the continuing connected transaction contemplated thereunder.

The principal terms of the Financial Services Framework Agreement are set out below:

Date

April 13, 2026

Parties

- (i) the Company; and
- (ii) Yili Finance Company.

Term

Unless terminated earlier in accordance with the terms of the Financial Services Framework Agreement, the Financial Services Framework Agreement shall be effective from January 1, 2027 to December 31, 2029.

LETTER FROM THE BOARD

Scope of services

Yili Finance Company shall provide the following financial services to the Group:

- (i) deposit services, under which Yili Finance Company shall accept deposits from the Group of up to a maximum daily balance of deposits (including the interest accrued thereon) not exceeding RMB3,000 million, RMB3,200 million and RMB3,400 million for the years ending December 31, 2027, 2028 and 2029 (the “**Deposit Services**”);
- (ii) settlement services, including collection, payment or internal settlement services and other settlement services approved by NFRA (the “**Settlement Services**”); and
- (iii) other financial services, including financial and financing consulting services, credit certification and related consulting and agency services, and other services approved by NFRA (the “**Other Financial Services**”).

Pricing guidelines

The payment terms and the details of the financial services shall be agreed between the relevant parties separately based on the principles, and within the parameters provided, under the Financial Services Framework Agreement.

The interest rate payable by Yili Finance Company and fees payable by the Group under the Financial Services Framework Agreement shall be determined according to the following guidelines:

- (i) the interest rate payable by Yili Finance Company to the Group for the Deposit Services shall not be lower than (a) the benchmark deposit rates prescribed by the PBOC; and (b) deposit rates payable by the major commercial banks in the PRC, including, inter alia, Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, Bank of Communications and China Construction Bank etc.;
- (ii) the fees charged by Yili Finance Company for the Settlement Services shall not be higher than the fees publicly quoted by the major commercial banks in the PRC for the same type of services; and
- (iii) the fees charged by Yili Finance Company for Other Financial Services shall be equal to the lower of (a) the fees publicly quoted by the major commercial banks in the PRC for the same type of services; and (b) the pricing standard prescribed by PBOC, NFRA or other applicable regulatory authorities for the same type of services.

For each of the Deposit Services, the Settlement Services and the Other Financial Services, the Company will obtain quotes from no less than five major commercial banks in the PRC for comparison and will only engage Yili Finance Company if the terms offered by Yili Finance Company are no less favorable.

LETTER FROM THE BOARD

Historical amounts

The maximum amount of daily deposit balance (including the interest accrued thereon) under the 2023 Financial Services Framework Agreement (as amended and supplemented by the 2025 Supplemental Financial Services Framework Agreement) for the years ended December 31, 2024 and 2025 and for the year ending December 31, 2026 shall not exceed RMB1,500 million, RMB2,500 million and RMB2,750 million, respectively. The actual maximum amount of daily deposit balance (including the interest accrued thereon) under the 2023 Financial Services Framework Agreement (as amended and supplemented by the 2025 Supplemental Financial Services Framework Agreement) for the years ended December 31, 2024 and 2025 amounted to approximately RMB1,381.7 million and RMB1,608.5 million, respectively, representing approximately 92.1% and 64.3% of the maximum amount of daily deposit balance under the 2023 Financial Services Framework Agreement (as amended and supplemented by the 2025 Supplemental Financial Services Framework Agreement) in 2024 and 2025, respectively.

Proposed annual caps and basis of determination

The maximum amount of daily deposit balance (including the interest accrued thereon) of the Deposit Services under the Financial Services Framework Agreement for the years ending December 31, 2027, 2028 and 2029 shall not exceed the following:

Year ending December 31,		
2027	2028	2029
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
3,000	3,200	3,400

In arriving at the aforementioned maximum amount of daily deposit balance (including the interest accrued thereon) of the Deposit Services for the period from January 1, 2027 to December 31, 2029, the Directors considered the following:

- (i) according to the Group's historical fund management, the Group utilized multiple collection and payment channels, which resulted in a high frequency of inter-bank fund transfers and increased operational costs. In order to enhance capital utilization efficiency, the Group strives to centralize its collection and payment activities through Yili Finance Company to reduce the need for inter-bank fund transfers and lower the settlement costs. The aforementioned maximum amount of daily deposit balance for the three years ending December 31, 2029 is set accordingly to accommodate the Group's monthly cash inflows and working capital reserves within this centralized management model;

LETTER FROM THE BOARD

- (ii) by leveraging the Group's full-industry chain advantages and advanced management, operations, and research and development capabilities, the Group's business scale continues to expand and operational efficiency has enhanced. Driven by these, the Group recorded a year-on-year growth of approximately 7.5% and 2.8% in its revenue for the years ended December 31, 2024 and 2025 respectively and is therefore expected to generate more operating cash flow. According to the unaudited consolidated management accounts of the Group for the year ended December 31, 2025, the Group's historical monthly operating cash inflow in 2025 was approximately RMB1,900.0 million, with collections of payments concentrated towards the end of each month. Furthermore, the subsidiaries of the Company maintain an aggregate working capital reserve of approximately RMB600.0 million with Yili Finance Company to meet routine payment obligations. Both of these amounts are expected to increase in line with the business expansion of the Group;
- (iii) the year-on-year increase of the actual maximum amount of daily deposit balance with Yili Finance Company in 2025 was approximately 16.4%. The maximum amount of daily deposit balance under the Financial Services Framework Agreement for the three years ending December 31, 2029 is set to accommodate the Group's expected increase in the amount of bank balances and cash available for deposit in anticipation of the aforementioned expansion of business scale of the Group;
- (iv) given the settlement cycle of the Group, the Group usually collects trade receivables at the end of each month and the collections will be further concentrated if coupled with the receipt of substantial financing proceeds. Accordingly, the aforementioned maximum amount of daily deposit balance for the three years ending December 31, 2029 is set to ensure that the Group will not be urgently required to suspend settlement arrangements or implement pressing fund transfers, thereby maintaining the stability and continuity of its operations; and
- (v) a 20% buffer in anticipation of the expected continued business growth in the future.

Despite the absence of a limit on the percentage of cash and bank balances to be placed with Yili Finance Company, the Group has deposited its bank balances and cash which accounted for approximately 54.6% and 71.3% of its total bank balances and cash with more than five financial institutions other than Yili Finance Company as at December 31, 2024 and 2025, respectively, and will continue to do so during the term of the Financial Services Framework Agreement, thereby retaining flexibility to allocate its deposits among different financial institutions, reducing concentration risk and enhancing the Group's financial flexibility.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the Financial Services Framework Agreement

- (i) The rates on deposits to be offered by Yili Finance Company to the Group under the Deposit Services will be similar to or more favorable than those offered by the major commercial banks in the PRC.
- (ii) The fees for the Settlement Services and Other Financial Services to be charged by Yili Finance Company will not be higher than the fees publicly quoted by the major commercial banks in the PRC for the same type of services.
- (iii) Yili Finance Company is regulated by PBOC and NFRA or other applicable regulatory authorities, and provides its services in accordance with the rules and operational requirements of these regulatory authorities. Key operational requirements of non-bank financial institutions in the PRC like Yili Finance Company include, among others, (a) a capital adequacy ratio of not less than 10.5%; (b) a liquidity ratio of not less than 25%; (c) a provision coverage ratio of not less than 150%; (d) a fixed assets ratio of not more than 20%; (e) a non-performing assets ratio of not more than 4%; and (f) a bad loan ratio of not more than 5%. Based on Yili Finance Company's confirmation, as at the Latest Practicable Date, it had complied with such requirements. The NFRA is responsible for monitoring Yili Finance Company's compliance with relevant regulations and conducting on-site visits from time to time, and may issue opinions on corrective measures to Yili Finance Company if non-compliance found. Based on the information available to the Company, the NFRA has not issued any opinions on corrective measures or taken any disciplinary actions, or imposed fines on the deposit business of Yili Finance Company since its incorporation.
- (iv) By depositing majority of the cash that is temporarily not in use by the Group, the Group can earn a higher interest income and thereby maximize the interest income received by the Group and maximize the Shareholders' value at the same time.
- (v) The Group is expected to benefit from Yili Finance Company's better understanding of the operation of the Group, which will facilitate more expedient and efficient services than those rendered by the major commercial banks in the PRC.

LETTER FROM THE BOARD

- (vi) By entering into the Financial Services Framework Agreement with Yili Finance Company, the Group will be able to centralize its control and management over its financial resources, therefore improve the utilization and efficiency of fund usage and mitigate its operating risks. It can also accelerate the turnover of funds and reduce transaction costs and expenses, thereby further enhancing the amount and efficiency of funds utilization. Meanwhile, the financial services to be provided under the Financial Services Framework Agreement are diversified and can meet the business needs of the Group.

In light of the above, the Directors (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) are of the view that the Financial Services Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

8. INTERNAL CONTROL MEASURES

The Company has adopted the following internal control measures to regulate the transactions to be conducted within the Framework Agreements and to safeguard the interests of the Shareholders:

- (i) in respect of the Raw Milk Purchase and Sale Framework Agreement, the operation management department and finance department of the Group review the transactions contemplated under the Raw Milk Purchase and Sale Framework Agreement on a monthly basis and issue relevant reports. In particular, the Group conducts monthly reviews on, among other things, the raw milk prices of the Top Five Dairy Farms and prepares the monthly price comparison reports to confirm the reasonableness and accuracy of the Base Milk Prices of the Top Five Dairy Farms as well as the comparability of the Base Milk Prices of the Top Five Dairy Farms to the Base Milk Prices of the Group;
- (ii) in respect of the Financial Services Framework Agreement, the Group would obtain quotations from the major independent third party service providers in the PRC for the same services it will request from Yili Finance Company before it conducts business with Yili Finance Company and compare the service fees with those quoted from Yili Finance Company to ensure that the most favorable terms are obtained. In addition, the transactions will be reported to and approved by the head of the finance department of the Group;

LETTER FROM THE BOARD

- (iii) in respect of the Financial Services Framework Agreement, the Group has established a finance department, which operates without influence from Yili and Yili Finance Company. The Group has adopted a financial management system to guide and monitor its financial activities. The Group also maintains accounts with external independent banks, and does not share any bank accounts with Yili or Yili Finance Company. Yili and Yili Finance Company cannot control the use of any of the Group's bank accounts. The Group has an independent tax registration and has paid tax independently pursuant to applicable PRC laws and regulations;
- (iv) the Company's independent non-executive Directors will independently scrutinize the implementation and enforcement of the transactions conducted under the Framework Agreements. If 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 Yili and/or Yili Finance Company, the Company will take appropriate steps to implement the decision of the independent non-executive Directors. Information on the transactions conducted under the Framework Agreements and the views of the independent non-executive Directors on the transactions conducted under the Framework Agreements will be disclosed in the annual reports of the Company;
- (v) during its annual audit, the Company will engage its auditors to review the continuing connected transactions to ensure that the transactions under the Framework Agreements have been approved by the Board and conducted in accordance with the pricing policies, the terms of such agreement and the annual caps thereunder; and
- (vi) the Company will monitor the continuing connected transactions in accordance with its internal control procedures, in particular, to ensure that the Company will monitor the transaction amounts under the Framework Agreements in a timely manner. The Group's responsible financial person shall promptly report to the Company's chief financial officer or the Board if such transaction amounts are close to exceeding, or likely to exceed the proposed caps.

Having considered the aforesaid, the Board is of the view that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the Framework Agreements will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

9. 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 trading, production and sale of feeds, ruminant farming products and breeding products in the PRC.

Yili and Yili Finance Company

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 the Company's controlling shareholder and one of its major customers. Yili is principally engaged in the processing, manufacturing and sales of various dairy products and health drinks in the PRC.

Yili Finance Company is a company established under the laws of the PRC on January 15, 2014 and is a non-bank financial institution approved by the CBIRC. It is a wholly-owned subsidiary of Yili and principally engaged in the provision of financial services in the PRC.

10. LISTING RULES IMPLICATIONS

Yili is the controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As Yili Finance Company is a wholly-owned subsidiary of Yili, Yili Finance Company is an associate of Yili and therefore also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, the Deposit Services under the Financial Services Framework Agreement also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Raw Milk Purchase and Sale Framework Agreement

As one or more of the applicable percentage ratios under the Listing Rules in respect of the Raw Milk Purchase and Sale Framework Agreement is more than 5%, the transactions contemplated under the Raw Milk Purchase and Sale Framework Agreement are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Financial Services Framework Agreement

In respect of the Deposit Services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios under the Listing Rules exceeds 5% but is less than 25%, the provision of the Deposit Services by Yili

LETTER FROM THE BOARD

Finance Company to the Group under the Financial Services Framework Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Deposit Services under the Financial Services Framework Agreement also constitute a continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Settlement Services and the Other Financial Services to be provided by Yili Finance Company to the Group under the Financial Services Framework Agreement will be carried out on normal commercial terms or better and the aggregate annual fees to be paid by the Group to Yili Finance Company for each of the years ending December 31, 2027, 2028 and 2029 are expected to fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules. Accordingly, such transactions are fully exempt from the reporting, annual review, announcement and independent Shareholders' approval 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 (財務共享服務中心) of Yili, and Ms. Li Lin (李林) (a non-executive Director), who is a reserve cadre of the president's office of Yili, are deemed to have a material interest in the Framework Agreements. 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 Framework Agreements. 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 Framework Agreements and the transactions contemplated thereunder.

11. NOTICE OF AGM

Set out on pages 72 to 78 of this circular is the notice of the AGM at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve the grant of the General Mandate to issue Shares, the grant of the Repurchase Mandate to repurchase Shares, the re-election of the retiring Directors, the re-appointment of auditors of the Company, the Framework Agreements and the transactions contemplated thereunder.

The register of members of the Company will be closed from Tuesday, May 19, 2026 to Friday, May 22, 2026, both days inclusive, in order to determine the eligibility of Shareholders to attend the AGM, during which period no Share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant Share certificates must be lodged with the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, May 18, 2026.

LETTER FROM THE BOARD

12. FORM OF PROXY

A form of proxy is enclosed for use at the AGM. Such form of proxy is also set out on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yourandairy.com). Whether or not you intend to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

13. VOTING BY POLL

As at the Latest Practicable Date, Yili, through its wholly-owned subsidiaries, Boyuan Investment Holding Limited and Jingang, was deemed to be interested in an aggregate of 1,320,800,000 Shares, representing approximately 31.51% of the total issued share capital of the Company. Accordingly, Yili is regarded as having a material interest in the Framework Agreements and required to abstain from voting on the resolutions proposed to be passed at the AGM for approving the Framework Agreements and the transactions contemplated thereunder.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no other Shareholders are required to abstain from voting at the AGM.

Pursuant to Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions set out in the notice of the AGM will be voted by way of a poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorized representative, shall have one vote for every fully paid Share of which he/she is the holder. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

LETTER FROM THE BOARD

14. RECOMMENDATION

The Directors consider that the proposed resolutions for the grant of the General Mandate to issue Shares, the grant of the Repurchase Mandate to repurchase Shares, the re-election of the retiring Directors and the re-appointment of auditors of the Company are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of all of the aforementioned resolutions to be proposed at the AGM.

Your attention is drawn to (i) the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Framework Agreements and the transactions contemplated thereunder set out on pages 27 to 28 of this circular; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Framework Agreements and the transactions contemplated thereunder set out on pages 29 to 56 of this circular. The Directors (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors, after taking into account the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favor of the resolutions approving the Framework Agreements and the transactions contemplated thereunder at the AGM.

15. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Framework Agreements and the transactions contemplated thereunder.



優然牧業
YOURAN DAIRY

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)

April 27, 2026

To the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTION
IN RELATION TO THE RAW MILK PURCHASE AND
SALE FRAMEWORK AGREEMENT AND THE DISCLOSEABLE AND
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
THE FINANCIAL SERVICES FRAMEWORK AGREEMENT**

We refer to the circular dated April 27, 2026 (the “Circular”) to the shareholders of the Company of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Raw Milk Purchase and Sale Framework Agreement and the Financial Services Framework Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons the Independent Financial Adviser has taken into consideration in giving such advice are set out in the “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the respective appendices thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Framework Agreements and the transactions contemplated thereunder and the advice of the Independent Financial Adviser, we are of the opinion that the terms of the Framework Agreements are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole. We, therefore, recommend that you vote in favor of the resolutions to be proposed at the AGM to approve the Framework Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of

Independent Board Committee

Ms. Xie Xiaoyan

Mr. Yao Feng

Ms. Huang Lin

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Agreements, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

April 27, 2026

To the Independent Board Committee and the Independent Shareholders

China Youran Dairy Group Limited
No. 169, Hexi Road, Saihan District
Hohhot, Inner Mongolia
China

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE RAW MILK PURCHASE AND SALE FRAMEWORK AGREEMENT AND DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Raw Milk Purchase and Sale Framework Agreement and the Financial Services Framework Agreement (the “**Agreements**”) and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated April 27, 2026 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On April 24, 2023, the Company entered into the 2023 Raw Milk Purchase and Sale Framework Agreement in respect of the provision of long-term supply of raw milk to Yili Group for the three years ending December 31, 2026. Also on April 24, 2023, the Company entered into the 2023 Financial Services Framework Agreement in respect of the provision of a range of financial services, including amongst others, the Deposit Services by Yili Finance Company to the Group for the three years ending December 31, 2026. On August 22, 2025, the Company and Yili Finance Company entered into the 2025 Supplemental Financial Services Framework Agreement to revise the annual caps in relation to the Deposit Services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Yili is the controlling Shareholder of the Company and therefore a connected person of the Company under the Listing Rules. As Yili Finance Company is a subsidiary of Yili, Yili Finance Company is an associate of Yili and therefore also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under each of the Agreements 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 annual caps for the Raw Milk Purchase and Sale Framework Agreement exceeds 5%, the transactions contemplated under the Raw Milk Purchase and Sale Framework Agreement are subject to reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Deposit Services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios under the Listing Rules exceeds 5% but is less than 25%, the provision of the Deposit Services by Yili Finance Company to the Group under the Financial Services Framework Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Deposit Services under the Financial Services Framework Agreement also constitute a continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Yili is considered to have a material interest in the Agreements, Yili and its associates will be required to abstain from voting on the relevant resolutions in relation to the Agreements to be proposed at the AGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Agreements are in the ordinary and usual course of business of the Group; (ii) whether the terms of the Agreements (including the proposed annual caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, Yili and Yili Finance Company that could reasonably be regarded as relevant to our independence. We have acted as (i) the independent financial adviser to the independent board committee and the independent Shareholders of the Company in relation to revision of the annual caps of the 2023 Financial Services Framework Agreement, details of which are set out in the circular of the Company dated September 8, 2025 and (ii) the independent financial adviser to the independent board committee and the independent Shareholders of the Company in relation to subscription of new shares under specific mandate and whitewash waiver, details of which are set out in the announcement of the Company dated January 16, 2026. Other than that, there was no

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

engagement or connection between the Group, Yili or Yili Finance Company and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, Yili or Yili Finance Company. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and therefore are qualified to give independent advice in respect of the Agreements and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Yili, Yili Finance Company or their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Agreements (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Information of the Group, Yili and Yili Finance Company

(i) Information of the Group

The Group is primarily engaged in the production and sale of raw milk, and the trading, production and sale of feeds, ruminant farming products and breeding products in the PRC. With more than 40 years of operations and in-depth research and development, the Group's business has grown to cover the entire upstream dairy industry chain, including (a) provision of raw milk to large-scale dairy manufacturers; (b) provision of nutritious concentrated feed and forage grass for dairy farms and ancillary ruminant farming services; (c) provision of ruminant farming products purchased from selected suppliers through own online platform *Jumuc.com* and offline pick-up stores; and (d) provision of breeding products including high-quality frozen bovine semen and sex-sorted embryos for dairy cattle and beef cattle to dairy farms.

Set out below is a summary of the audited consolidated financial information of the Group for the years ended December 31, 2023, 2024 and 2025 ("FY2023", "FY2024" and "FY2025", respectively) as extracted from the Company's annual report for the year ended December 31, 2024 and the Company's annual results announcement for the year ended December 31, 2025:

Financial performance

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Revenue	18,693,896	20,096,160	20,653,706
– Sales of raw milk	12,902,987	15,100,802	16,023,947
– Sales of feeds	5,209,450	4,446,410	4,031,793
– Sales of ruminant farming products	396,773	414,757	452,126
– Sales of breeding products	184,686	134,191	145,840
Gross profit	4,469,785	5,782,990	6,153,697

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	For the year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Loss arising from changes in fair value less costs to sell of biological assets	(3,613,271)	(3,921,360)	(4,311,969)
Other income	453,821	549,370	429,167
Impairment loss recognized in respect of goodwill	(120,966)	–	–
Impairment loss recognized in respect of property, plant and equipment and right-of-use assets	(7,879)	(512,850)	(48,141)
Selling and distribution expenses	(619,566)	(632,290)	(638,155)
Administrative expenses	(778,154)	(806,677)	(854,553)
Finance costs	(1,082,592)	(903,487)	(817,814)
Loss before tax	<u>(1,359,504)</u>	<u>(774,465)</u>	<u>(377,735)</u>
Loss attributable to the Shareholders	<u>(1,049,980)</u>	<u>(690,890)</u>	<u>(432,386)</u>

The Group derives revenue primarily from the sales of raw milk and feeds. The Group's revenue increased by approximately 7.5% from approximately RMB18,693.9 million for FY2023 to approximately RMB20,096.2 million for FY2024, primarily attributable to the (a) increases in revenue generated from raw milk business by approximately 17.0% as a result of continuous improvement in the milk yield per milkable cow, new dairy farms being put into operation and continuous optimization of herd structure, which are being partially offset by the decrease of average unit price of raw milk due to temporary imbalance of the supply and demand in domestic raw milk; and (b) decrease in revenue generated from feed business by approximately 14.6% as the Group proactively adjusted its sales strategy based on risk control due to the influence of industry demands and the decline in the market price of bulk raw materials. Gross profit of the Group increased by approximately 29.4% from approximately RMB4,469.8 million for FY2023 to approximately RMB5,783.0 million for FY2024, which was primarily due to the growth in revenue, the decrease in the purchase price of bulk raw materials and the Group's cost control measures. The Group recorded loss attributable to the Shareholders of approximately RMB690.9 million for FY2024, which represented a decrease of approximately 34.2% from loss of approximately RMB1,050.0 million for FY2023. This was primarily attributable to the increase in gross profit as aforementioned being partially

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offset by the increase in impairment loss recognized in respect of property, plant and equipment and right-of-use assets.

For FY2025, the Group record revenue of approximately RMB20,653.7 million, representing an increase of approximately 2.8% as compared to FY2024, primarily attributable to the increase in revenue generated from raw milk business by approximately 6.1% as a result of the combined effect of (a) the increase of 13.2% in the sales volume of raw milk of the Group as a result of continuous improvement in the milk yield per milkable cow and the continuous optimisation of the herd structure and (b) the decline in sales prices of raw milk resulting from the temporary imbalance of supply and demand in domestic raw milk. Gross profit of the Group increased by approximately 6.4% from approximately RMB5,783.0 million for FY2024 to approximately RMB6,153.7 million for FY2025, which was primarily due to the increase in revenue and the decrease in the Group's average feed cost of premium raw milk and specialty raw milk due to the continuous decrease in market price of bulk raw materials and the Group's control of costs by supply chain process management and enhanced lean operation management. The Group recorded loss attributable to the Shareholders of approximately RMB432.4 million for FY2025, which represented a decrease of approximately 37.4% from loss of approximately RMB690.9 million for FY2024. This was primarily attributable to the increase in gross profit as aforementioned.

Financial position

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets, including:	34,793,319	35,300,474	33,662,048
– Property, plant and equipment	15,181,413	15,076,822	14,499,418
– Right-of-use assets	2,735,677	3,048,031	2,945,399
– Biological assets	14,605,898	15,364,953	14,583,108
– Interests in associates	1,047,147	891,844	795,602
Current assets, including:	11,406,409	8,356,193	8,708,765
– Inventories	4,504,858	4,311,226	4,000,583
– Trade receivables	792,071	691,643	660,445
– Amounts due from related parties	1,099,845	1,354,921	1,369,308
– Bank balances and cash	3,935,982	829,310	1,197,221
– Deposits placed with a related party	552,359	785,359	715,948
Total assets	<u>46,199,728</u>	<u>43,656,667</u>	<u>42,370,813</u>

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	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Current liabilities, including:	20,914,580	21,109,887	20,321,338
– Trade and bills payables	2,113,192	2,275,854	2,146,229
– Other payables and accruals	1,982,750	1,640,703	1,523,676
– Bank and other borrowings	16,433,086	16,709,437	16,083,449
– Lease liabilities	220,788	248,410	300,014
Non-current liabilities, including:			
– Bank and other borrowings	12,186,453	10,387,022	10,207,661
– Deferred income	9,826,502	7,546,965	7,328,389
– Lease liabilities	728,211	814,900	898,108
	1,601,913	1,988,397	1,944,217
Total liabilities	<u>33,101,033</u>	<u>31,496,909</u>	<u>30,528,999</u>
Equity attributable to the Shareholders	<u>11,830,718</u>	<u>11,295,246</u>	<u>10,980,148</u>

As at December 31, 2025, total assets of the Group were approximately RMB42,370.8 million, which mainly consisted of (a) property, plant and equipment of approximately RMB14,499.4 million, mainly representing buildings, machinery and equipment and construction in progress of the Group; (b) right-of-use assets of approximately RMB2,945.4 million, mainly representing the lands, properties and machinery and equipment leased by the Group to operate its business; (c) biological assets of approximately RMB14,583.1 million, including calves and heifers, milkable cows, feeder cattle, breeding stock and dairy goats; (d) inventories of approximately RMB4,000.6 million; (e) bank balances and cash of approximately RMB1,197.2 million; and (f) amounts due from related parties of approximately RMB1,369.3 million.

As at December 31, 2025, total liabilities of the Group were approximately RMB30,529.0 million, which mainly consisted of (a) trade and bills payables of approximately RMB2,146.2 million; (b) other payables and accruals of approximately RMB1,523.7 million, mainly including payables for purchase of property, plant and equipment and salaries and welfare payables; (c) bank and other borrowings of approximately RMB23,411.8 million; and (d) lease liabilities of approximately RMB2,244.2 million.

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(ii) Information of Yili

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 the Company's controlling Shareholder and one of its major customers. Yili is principally engaged in the processing, manufacturing and sales of various dairy products and health drinks in the PRC.

(iii) Information of Yili Finance Company

Yili Finance Company is a company established under the laws of the PRC on January 15, 2014 and is a non-bank financial institution approved by the CBIRC. It is a wholly-owned subsidiary of Yili and principally engaged in the provision of financial services in the PRC.

As at December 31, 2024, Yili Finance Company had a registered and fully-paid capital of RMB1.0 billion. According to the audit report of Yili Finance Company for FY2024, it generated net interest income of approximately RMB609.5 million, and recorded net profit of approximately RMB446.3 million. Its total assets and net assets amounted to approximately RMB12.4 billion and RMB2.2 billion as at December 31, 2024, respectively, among which cash and deposits amounted to approximately RMB780.4 million and deposits from peers amounted to approximately RMB10.0 billion.

The banking industry of the PRC is regulated by the NFRA. We are advised by the management of the Group that the regulation imposed by the NFRA on finance companies of enterprise groups such as Yili Finance Company are no less stringent than the regulations imposed on commercial banks. In addition, the NFRA monitors Yili Finance Company's compliance with relevant regulators and conducts on-site visits from time to time, and may issue opinions on corrective measures to Yili Finance Company. Based on our discussion with the management of the Group, the NFRA has not issue any opinions on corrective measures or taken any disciplinary actions, or imposed penalties or fines on the deposit business of Yili Finance Company since its incorporation. We have also reviewed the information relating to Yili Finance Company provided by the Group, including but not limited to, its financial information as at September 30, 2025 and noted that it had met its major regulatory ratios requirements such as liquidity ratio, loan ratio and capital adequacy ratio, and no material irregularities were noted.

2. Reasons for and benefits of entering into the Agreements

As stated in the section headed “1. Information of the Group, Yili and Yili Finance Company” above, the Group is principally engaged in, among others, providing raw milk to large-scale dairy manufacturers. The raw milk business is one of the major operating segments of the Group and more than 75% of the revenue of the Group in FY2024 and FY2025. As Yili is principally engaged in the processing, manufacturing and sales of various dairy products and health drinks in the PRC, Yili requires an uninterrupted supply of raw milk. As such, Yili entered into a raw milk supply agreement with the Group since 2015 for long-term supply of raw milk to Yili Group and the provision of which is in the ordinary and usual course of business of the Group. To meet the requirements of the Listing Rules, on May 17, 2021, the Company entered into a raw milk purchase and sale framework agreement for a term of three years commencing from the listing date of the Group, which was subsequently renewed in 2023 for a term up to December 31, 2026.

As stated in the Letter from the Board, the arrangement of provision of raw milk by the Group to Yili Group helps Yili to ensure its own operation and future growth with high quality and stable source of raw milk and is an indication of Yili’s reliance on the Group’s continuous supply of premium raw milk as the Group has been Yili’s largest raw milk supplier since 2020. Since the raw milk produced by the Group has short shelf life, it is utmost important for the Group to maintain long term and stable relationships with top dairy companies. As Yili is one of the dominant dairy conglomerates in the PRC, a long-term purchase and sale arrangement with Yili will ensure a stable demand of the Group’s raw milk, which promotes the Group’s business growth and future strategic and operational planning.

As the 2023 Raw Milk Purchase and Sale Framework Agreement will expire on December 31, 2026 and the Group expects to carry on the transactions contemplated thereunder upon its expiry, the Directors consider it is beneficial to renew the 2023 Raw Milk Purchase and Sale Framework Agreement to facilitate the continuous provision of long-term supply of raw milk to Yili Group for securing a stable demand for the raw milk produced by the Group and thereby a stable income stream, which could further promote the business growth of the Group.

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In respect of the Financial Services Framework Agreement, the Directors consider that the entering of which will enable the Group to centralize its control and management over its financial resources. As stated in the sub-section headed “1. Information of the Group, Yili and Yili Finance Company – (i) Information of the Group” above, the Group’s bank balances and cash and deposits placed with a related party amounted to approximately RMB1,197.2 million and RMB715.9 million as at December 31, 2025, respectively. As advised by the management of the Group, these cash balances and deposits represented the deposits placed by the Group in independent commercial banks and Yili Finance Company for treasury management, respectively. The rates on deposits to be offered by Yili Finance Company to the Group under the Deposit Services will be similar to or more favorable than those offered by the major commercial banks in the PRC. By depositing majority of the cash that is temporarily not in use by the Group, the Group can earn a higher interest income and thereby maximize the interest income received by the Group and maximize the Shareholders’ value at the same time.

As disclosed in the Letter from the Board, Yili Finance Company is a non-bank financial institution regulated by the PBOC and NFRA, and provides its services in accordance with the rules and operational requirements of these regulatory authorities. As a wholly-owned subsidiary of Yili, Yili Finance Company is relatively more familiar with the Group’s operations, financing needs and cashflow patterns. On the other hand, Yili Finance Company has been providing the Deposit Services, Settlement Services and Other Financial Services to the Group since 2021. The Group is expected to continue to benefit from Yili Finance Company’s such better understanding of the operation of the Group, which will facilitate more expedient and efficient services than those rendered by the major commercial banks in the PRC.

As the 2023 Financial Services Framework Agreement will expire on December 31, 2026 and the Group expects to continue to require the financial services provided by Yili Finance Company, the Directors consider it is beneficial and necessary arrangement to renew the 2023 Financial Services Framework Agreement. Given the Yili Finance Company possesses the relevant business qualifications and background, and it has been providing the financial services to the Group and thus has a better understanding of the Group’s financial needs, the Directors consider that the continuous provision of the financial services by Yili Finance Company to the Group would enable the Group to centralize its control and management over its financial resources, therefore improve the capital utilization efficiency and mitigate its operating risks. It can also accelerate the turnover of funds and reduce transaction costs and expenses, thereby further improve the level of capital utilization and overall operational efficiency, and provide support for the Group’s sound and sustainable development.

Based on the above, we concur with the Directors that the entering into of the Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the Agreements

Details of the terms of the Agreements are set out in the sections headed “6. The Raw Milk Purchase and Sale Framework Agreement” and “7. The Financial Services Framework Agreement” in the Letter from the Board. Set out below are the principal terms of the Agreements:

(i) The Raw Milk Purchase and Sale Framework Agreement

- Date : April 13, 2026
- Parties : (i) The Company; and
(ii) Yili.
- Term : Three years from January 1, 2027 to December 31, 2029
- Scope of services: : (i) Yili Group agreed to purchase raw milk that meets the relevant national standards and the quality requirements of Yili Group from the Group; and
(ii) the Group agreed to sell and Yili Group agreed to buy not less than 70% of the Group’s annual raw milk production on the terms and subject to the conditions of the Raw Milk Purchase and Sale Framework Agreement. Yili Group also agreed to buy the remaining 30% of the Group’s raw milk production volume so long as the Group is willing and able to supply raw milk to Yili Group.
- Pricing guidelines : Yili Group should settle the payment for the raw milk by the 30th day of the following month. Specific payment arrangements shall be agreed between the relevant parties separately based on the principles, and within the parameters provided, under the Raw Milk Purchase and Sale Framework Agreement.

The minimum price and terms of raw milk to be supplied by the Group to Yili Group shall not be lower than the price of and comparable to the terms of raw milk to be supplied to Yili by dairy farms of similar scale in terms of, among others, size of the dairy farms and number of milkable cows, located in the same or nearby geographical locations as the Group, or in the absence of such dairy farms, by similar dairy farms in other regions and/or shall be negotiated on an arm’s length basis between both parties based on the type, quality, purchase volume and historical transaction price of raw milk.

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The purchase price of raw milk shall be determined and adjusted based on market conditions and seasonal factors (for example, the quality grade of raw milk may vary due to the weather conditions in different seasons). As agreed between both parties, the final purchase price of raw milk shall vary depending on the quality grade. In particular, the purchase price shall not be lower than the market average price with adjustments based on the quality grade of the milk. The market reference price refers to the average raw milk price, excluding the delivery fee and quality adjustments, of the preceding month of the top five dairy farms in the same region as the Group's dairy farms which supply raw milk to Yili Group on a month-to-month basis in terms of the quantity of raw milk supply. To obtain such market reference price and terms, the operation management department and finance department of the Group will collect the prices and terms of raw milk supplied to Yili Group by the Top Five Dairy Farms based on the monthly sales volume to Yili Group. The quality grade is determined with reference to physical and chemical specifications, including but not limited to, the fat and protein content, color, taste, smell, texture, impurity level, bacteria content, and somatic cell count. In addition, the quality of raw milk supplied by the Group must satisfy the standards set by the government and the requirements of Yili Group.

Further, given the dairy retail market in the PRC being highly concentrated with a limited number of large conglomerates accounting for a significant market share, it is prevalent that the raw milk suppliers supply a substantial portion or all of its production to a single major customer. Despite such market norm, to maintain the Group's gross profit margin in the raw milk business, the Group will not only take into account the historical gross profit margin of the Group's raw milk business, but will also compare its selling price of raw milk to Yili Group against the average raw milk price in major dairy-producing provinces published by the Ministry of Agriculture and Rural Affairs of the PRC. Where the average monthly settlement price is lower than such average price by more than 10%, the Group will renegotiate the selling price with Yili Group.

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In relation to the Company's view on the limited number of large conglomerates accounting for a significant market share in the dairy retail market, we have performed desktop research and noted Mordor Intelligence, a market intelligence firm, has considered China dairy industry a consolidated market and a market dominated by 1-5 major players based on its report published on 23 February 2026 (<https://www.mordorintelligence.com/industry-reports/china-dairy-market>). Based on the report published by Lianhe Zixin on 20 January 2026 (<https://caifuhao.eastmoney.com/news/20260120191633970623220>), Yili Group's revenue represents approximately 66.9% of the top ten listed companies in the industry, underscore the dominate position of Yili Group in the market. We concur that it is the market norm that a few players, especially Yili Group, are the major customer to the raw milk suppliers in the industry.

We have also requested and obtained two samples of the Group's internal record for each of 2024 and 2025, which compare the selling price of raw milk to Yili Group against the average raw milk price published by the Ministry of Agriculture and Rural Affairs of the PRC, noting the comparison were conducted on a monthly basis and the selling prices of raw milk to Yili Group are higher than the average raw milk prices published by Ministry of Agriculture and Rural Affairs of the PRC.

We noted the Group will only renegotiate with Yili Group when the average monthly settlement price is lower than the average raw milk price published by the Ministry of Agriculture and Rural Affairs of the PRC by more than 10%. Considering (i) the adoption of the 10% deviation threshold provide a buffer to cater for differences in factors such as quality variation of raw milk and inspection results, transportation costs, supply stability, (ii) the 10% deviation only serve as an additional measure that triggering mechanism that the Group will renegotiate the selling price with Yili Group on top of its existing control procedures and pricing guideline, including referencing the Base Milk Prices of the Top Five Dairy Farms as disclosed in the Letter from the Board, and therefore does not represent the sole safeguard in determining the selling price, (iii) the need for pricing flexibility and commercial consideration in setting the 10% deviation, (iv) based on the historical data as disclosed in the Letter from the Board, the year-on-year fluctuations in the average unit price of raw milk for the corresponding month between 2023 and 2024 and between 2024 and 2025 ranged from approximately 3% to 16%, the 10% threshold falls within the range of observed market fluctuations and is approximately in the middle of such range of normal price movements, which we consider acceptable as it helps avoid frequent renegotiations due to short-term or immaterial fluctuations while still capturing more significant and sustained deviations from market levels and (v) as confirmed by the management and disclosed in the Letter from the Board, the Group's average monthly settlement price for the years ended December 2023, 2024 and 2025 was not lower than the Benchmark Price (i.e. the average raw milk price in major dairy-producing provinces published by the Ministry of Agriculture and Rural Affairs of the PRC), indicating that the pricing mechanism has historically operated in a manner that is not prejudicial to the Group, we concur with the Board and consider this control measure is fair and reasonable.

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In assessing whether the terms of the Raw Milk Purchase and Sale Framework Agreement are fair and reasonable, we have selected in a random basis and obtained and reviewed the sale agreements (the “**Independent Agreements**”) entered into between the Group as the supplier and the three independent customers as the purchaser for the provision of raw milk in 2024 and 2025. For comparison purpose, we have also obtained and reviewed the sale agreement (the “**Yili Agreement**”) entered into between the Group and Yili for the supply of the same quality grade of raw milk in 2024 and 2025 under the 2023 Raw Milk Purchase and Sale Framework Agreement. Based on our review of the Independent Agreements and the Yili Agreement, we noted that (a) the payment term for purchase of raw milk by Yili and the independent customers are the same that both shall be settled within the following month after the purchase; (b) the delivery term are the same such that the Group shall be responsible for delivering raw milk to the locations designated by Yili or the independent customers; and (c) the quality of raw milk supplied by the Group shall comply with the standards set by the government and the requirements agreed by the Group and Yili or the independent customers, and similar quality requirements were in place in the agreements. As such, we consider the terms of the Yili Agreement were similar to those of the Independent Agreements.

Based on our review of the Independent Agreements and Yili Agreements, and as enquired and confirmed with the management of the Company, the prices of the raw milk will not be stated in the Independent Agreements and Yili Agreements. It is because the actual price of the raw milk is dependent on the inspection of the quality of the milk where sample of the raw milk supplied will be extracted for inspection and analysis by the customers (i.e. independent customers in case of the Independent Agreements, and Yili Group in case of the Yili Agreements). The raw milk quality is mainly determined by various nutrition and health factors, including protein content, fat content and microorganism measures such as total plate count and somatic cell count. Hence, we have performed the below procedures in assessing the selling prices of raw milk supplied by the Group to Yili Group.

As advised by the management of the Group, in order to ensure that the purchase price of raw milk supplied by the Group to Yili Group is comparable to the market price, the operation management department and finance department of the Group will collect the prices and terms of raw milk supplied to Yili Group by the top five dairy farms (“**Top Five Dairy Farms**”) based on the monthly sale volume to Yili Group in the same region as the Group’s dairy farms.

The Group obtained the information on the prices of raw milk supplied by the Top Five Dairy Farms to Yili Group from the Yili Group by conducting its own verification procedures. In details, the Group’s operations management department will conduct monthly on-site inspection of the milk collection system in Yili Group to obtain the relevant data including the quantity of milk supplied by the Top Five Dairy Farms to Yili Group. Such data will be reported back to the finance department of the Group. Yili Group will provide raw milk price data of the Top Five Dairy Farms supplied to the Yili Group (including the settlement records showing quantity and price of the raw milk and signed by Yili Group) to the finance department of the Group. The finance department of the Group, in conjunction with the milk quantity information provided by the Group’s operations management department from the on-site inspection, will verify the accuracy of the provided data from Yili Group.

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The selection criteria of the Top five Dairy Farms are top five suppliers of raw milk to Yili Group (except the Group) based on monthly sale volume to Yili Group in the same region as the Group's dairy farms. It is done by ranking the suppliers by sale volume and the five suppliers with the highest monthly sale volume to Yili Group will be selected.

We have randomly obtained and reviewed three monthly price comparison reports ("**Price Comparison Reports**") prepared by the Group in each of 2024 and 2025, being the latest 2 years, to assess whether the internal control measure for the 2023 Raw Milk Purchase and Sale Framework Agreement is effectively implemented. In each of the Price Comparison Reports, it has documented (i) the (a) quantity of the raw milk supplied (in tons) and (b) average raw milk price (in RMB/kg), excluding the delivery fee and quality adjustments, supplied by each of the Top Five Dairy Farm to Yili Group in the preceding month, and (ii) the (a) quantity of the raw milk supplied (in tons) and (b) total raw milk sales (in RMB), excluding the delivery fee and quality adjustments, supplied by different ranches of the Group to Yili Group in the current month. We have recalculated the average raw milk price (in RMB/kg) of the raw milk supplied by the Group to Yili Group by dividing (1) the total raw milk sales (in RMB), excluding the delivery fee and quality adjustments by (2) the quantity of the raw milk supplied (in tons), we noted that the average price of the raw milk supplied by the Group to Yili Group is the same as the average price of the raw milk supplied by the Top Five Dairy Farms to Yili Group in the Price Comparison Reports. As a result of the above, we considers that excluding the delivery fee and quality adjustments, the purchase price of raw milk supplied by the Group to Yili Group is within the range and generally being the same as the average price of raw milk supplied by the Top Five Dairy Farms in the last month.

Based on the review of the documents as stated above, we noted that the terms of the Yili Agreement and the Independent Agreements, including the settlement of payment on a monthly basis, were similar and hence we consider that the terms including pricing basis of the Yili Agreement are on normal commercial terms which are fair and reasonable and are equal to or no less favorable to the Group than the terms for similar transactions between the Group and independent third parties purchasers. Given that terms of the Raw Milk Purchase and Sale Framework Agreement will be generally consistent with the 2023 Raw Milk Purchase and Sale Framework Agreement, we consider that the terms of Raw Milk Purchase and Sale Framework Agreement to be on normal commercial terms which are fair and reasonable. Please refer to the section headed "4. Internal Control Measures of the Group" below for our analyses of further safeguards imposed by the Group.

(ii) The Financial Services Framework Agreement

Date : April 13, 2026

Parties : (i) The Company; and
(ii) Yili Finance Company.

Term : Three years from January 1, 2027 to December 31, 2029

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- Scope of services : Yili Finance Company shall provide the following financial services to the Group:
- (i) the Deposit Services, under which Yili Finance Company shall accept deposits from the Group of up to a maximum daily balance of deposits (including the interest accrued thereon) not exceeding RMB3,000 million, RMB3,200 million and RMB3,400 million for the years ending December 31, 2027, 2028 and 2029;
 - (ii) the Settlement Services, including collection, payment or internal settlement services and other settlement services approved by the NFRA; and
 - (iii) the Other Financial Services, including financial and financing consulting services, credit certification and related consulting and agency services, and other services approved by the NFRA.

- Pricing guidelines : The payment terms and the details of the financial services shall be agreed between the relevant parties separately based on the principles, and within the parameters provided, under the Financial Services Framework Agreement.

The interest rates payable by Yili Finance Company and fees payable by the Group under the Financial Services Framework Agreement shall be determined according to the following guidelines:

- (i) the interest rates payable by Yili Finance Company to the Group for the Deposit Services shall not be lower than (a) the benchmark deposit rates prescribed by the PBOC; and (b) deposit rates payable by the major commercial banks in the PRC, including, inter alia, Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, Bank of Communications, and China Construction Bank, etc.;
- (ii) the fees charged by Yili Finance Company for the Settlement Services shall not be higher than the fees publicly quoted by the major commercial banks in the PRC for the same type of services; and

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- (iii) the fees charged by Yili Finance Company for Other Financial Services shall be equal to the lower of (a) the fees publicly quoted by the major commercial banks in the PRC for the same type of services; and (b) the pricing standard prescribed by the PBOC, the NFRA or other applicable regulatory authorities for the same type of services.

For each of the Deposit Services, the Settlement Services and the Other Financial Services, the Company will obtain quotes from no less than five major commercial banks in the PRC for comparison and will only engage Yili Finance Company if the terms offered by Yili Finance Company are no less favorable.

Based on our review of the 2023 Financial Services Framework Agreement and the Financial Services Framework Agreement, except for the term and the maximum daily balance of deposits (including the interest accrued thereon), other terms under the Financial Services Framework Agreement remain the same as those of the 2023 Financial Services Framework Agreement. As stipulated in the above, the terms offered by Yili Finance Company will be equal to or no less favorable than the terms offered by independent financial institutions in the PRC as the Company would obtain quotations from the major commercial banks in the PRC for the same type of services it will request from Yili Finance Company before it conducts business with Yili Finance Company so as to ensure that the most favorable terms are obtained. In particular, the interest rates payable by Yili Finance Company to the Group for the Deposit Services shall not be lower than (1) the benchmark deposit rates prescribed by the PBOC; and (2) deposit rates payable by the major commercial banks in the PRC, for the same period and of similar nature. The Group has adopted internal control measures to ensure the pricing terms of individual transactions under the Financial Services Framework Agreement will be made in accordance with the pricing principles, please refer to the section headed “4. Internal Control Measures of the Group” below for our analyses on the safeguard measures adopted by the Group.

As confirmed by the management of the Group, the Group’s deposits in Yili Finance Company were mainly agreement deposits and current deposits. We have reviewed two agreement deposit agreements signed between the Group and Yili Finance Company during 2024 and 2025, and noted that the two agreements mentioned any deposits placed in Yili Finance Company with an amount higher than the minimum deposit amount will be treated as agreement deposit and entitled to the agreement deposit rate in calculating interest on a quarterly basis, while the amount lower than the minimum deposit amount will be treated as current deposit and entitled to the current deposit rate in calculating interest on a quarterly basis. The minimum deposit amount is generally set at RMB100,000 for each account. We have obtained the full list of accounts that the Group has in Yili Finance Company by the end of February 2026 and noted there are more than 190 accounts. We have randomly obtained the full transaction record listing of one account for each of 2024 and 2025, noting the deposits interests are being accrued to the account on a

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quarterly basis. As part of our due diligence on the Deposit Services under the Financial Services Framework Agreement, we have randomly obtained three samples of price quotation comparison forms for each of 2024 and 2025 which compares the quotation offered by Yili Finance Company and quotations from major independent third party service providers in the PRC before the Group enters into the agreement deposits with Yili Finance Company. We noted in the price quotation comparison forms, five quotations of agreement deposit services provided by independent major commercial banks were documented and compared to the rate offered by Yili Finance Company. The agreement deposit interest rates offered by Yili Finance Company were not lower than that offered by independent commercial banks.

Further, we have reviewed the latest annual RMB benchmark deposit rates prescribed by the PBOC. According to the “Notice of the PBOC on Lowering the RMB Benchmark Loan and Deposit Interest Rates for Financial Institutions and Further Promoting the Interest Rate Liberation Reform (Yin Fa [2015] No. 325)” (中國人民銀行關於下調金融機構人民幣貸款和存款基準利率並進一步推進利率市場化改革的通知(銀發[2015]325號)) prescribed by the PBOC on 24 October 2015, the latest annual RMB benchmark deposit rates are set out in the below:

Current deposit	Agreement deposit	Term deposit		Fixed deposit		One-year
		1-day	7-day	Three-month	Six-month	
0.35%	1.15%	0.80%	1.35%	1.10%	1.30%	1.50%

As confirmed by the Company, the deposit interest rate offered by Yili Finance Company to the Group is being the same as the listed deposit interest rate of Yili Finance Company as available to the public, which is ranged from 1.15% to 1.35% since 1 January 2024. We have also reviewed the two agreement deposit agreements signed between the Group and Yili Finance Company during 2024 and 2025, and noted that the two agreements mentioned the interest rate as published to the public will be used to determine the interest rate applicable to the agreement deposits pursuant to the agreements. We noted that the deposit interest rates offered by Yili Finance Company were not lower than the annual RMB benchmark agreement deposit rate. As such, we consider the pricing policy has been adherence in accordance with the Group’s internal control procedures.

Given that the agreement deposit interest rates offered by Yili Finance Company were not lower than that offered by independent commercial banks and not lower than the RMB benchmark agreement deposit rate prescribed by the PBOC, we consider that the terms of the Deposit Services under the Financial Services Framework Agreement are on normal commercial terms which are fair and reasonable.

4. Internal control measures of the Group

In order to protect the interests of the Shareholders, the Group has adopted the following internal control measures to regulate the respective individual transactions to be conducted within the framework of the Agreements:

- (i) in respect of the Raw Milk Purchase and Sale Framework Agreement, the operation management department and finance department of the Group review the transactions contemplated under the Raw Milk Purchase and Sale Framework Agreement on a monthly basis and issue relevant reports. In particular, the Group conducts monthly reviews on, among other things, the raw milk prices of the Top Five Dairy Farms and prepares the monthly price comparison reports to confirm the reasonableness and accuracy of the base milk prices of the Top Five Dairy Farms as well as the comparability of their base milk prices to the base milk prices of the Group;
- (ii) in respect of the Financial Services Framework Agreement, the Company would obtain quotations from the major independent third party service providers in the PRC for the same services it will request from Yili Finance Company before it conducts business with Yili Finance Company and compare the service fees with those quoted from Yili Finance Company to ensure that the most favorable terms are obtained. In addition, the transactions will be reported to and approved by the head of the finance department of the Company;
- (iii) in respect of the Financial Services Framework Agreement, the Group has established a finance department, which operates without influence from Yili and Yili Finance Company. The Group has adopted a financial management system to guide and monitor its financial activities. The Group also maintains accounts with external independent banks, and does not share any bank accounts with Yili or Yili Finance Company. Yili and Yili Finance Company cannot control the use of any of the Group's bank accounts. The Group has an independent tax registration and has paid tax independently pursuant to applicable PRC laws and regulations;
- (iv) the Company's independent non-executive Directors will independently scrutinize the implementation and enforcement of the transactions conducted under the Agreements. If a majority of the independent non-executive Directors reasonably consider that it would be in the Company's interests to reduce the transaction amounts with Yili and/or Yili Finance Company, the Company will take appropriate steps to implement the decision of the independent non-executive Directors. Information on the transactions conducted under the Agreements and the views of the independent non-executive Directors on the transactions conducted under the Agreements will be disclosed in the annual reports of the Company;

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- (v) during its annual audit, the Company will engage its auditor to review the continuing connected transactions to ensure that the transactions under the Agreements have been approved by the Board and conducted in accordance with the pricing policies, the terms of such agreement and the annual caps thereunder; and
- (vi) the Company will monitor the continuing connected transactions in accordance with its internal control procedures, in particular to ensure that the Company will monitor the transaction amounts under the Agreements in a timely manner. The Group's responsible financial person shall promptly report to the Company's chief financial officer or the Board if such transaction amounts are close to exceeding, or likely to exceed the proposed caps.

In assessing whether the above internal control measures are put in place and effectively implemented, we have selected and reviewed on a random basis and for each of 2024 and 2025, (i) three samples of monthly comparison reports of the raw milk purchase which compares the purchase price of raw milk supplied by the Group to Yili Group and the prices of raw milk supplied to Yili Group by the Top Five Dairy Farms, (ii) three samples of price quotation comparison forms which compares the quotation offered by Yili Finance and quotations from major independent third party service providers in the PRC, (iii) three samples of daily balance monitoring reports which monitor the Group's daily balances for the month with Yili Finance Company, and (iv) three quarterly tracking continuing connected transaction amount report which, amongst others, monitor the sales of raw milk to Yili Group on a rolling basis to ensure annual caps were not exceeded. We noted the transactions contemplated thereunder were properly documented, authorized and monitored as required, and that the annual caps of the existing agreements were not exceeded. Based on the information provided, we also noted (i) the deposit interest rates offered by Yili Finance Company to the Group were not less favorable than that offered by independent commercial banks; and (ii) the purchase prices of raw milk supplied by the Group to Yili Group were not lower than those offered by other dairy farms.

Having considered the above, in particular (i) that the above internal control procedures which include price comparison by the Group with the prevailing price/rate level in the market; (ii) the ongoing monitoring of the transactions under the Agreements; and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Agreements and the annual caps thereunder, we concur with the Directors that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the Agreements will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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5. Assessment of the proposed annual caps

(i) Review of the historical figures

Set out below are the historical annual caps and actual transaction amounts regarding the transactions contemplated under the 2023 Raw Milk Purchase and Sale Framework Agreement and the 2023 Financial Services Framework Agreement as amended by the 2025 Supplemental Financial Services Framework Agreement:

	For the year ended December 31, 2024 (RMB million) (audited)	For the year ended December 31, 2025 (RMB million) (audited)
The 2023 Raw Milk Purchase and Sale Framework Agreement		
Actual transaction amounts	14,322.8	15,471.3
Historical annual caps	19,900.0	22,400.0
Utilization rate	72.0%	69.1%
The 2023 Financial Services Framework Agreement as amended by the 2025 Supplemental Financial Services Framework Agreement – Deposit Services		
The maximum amount of the Group’s daily deposit balance (including the interest accrued thereon)	1,381.7	1,608.5
Historical annual caps	1,500.0	2,500.0
Utilization rate	92.1%	64.3%

As shown in the table above, the actual transaction amounts paid by Yili Group to the Group regarding the transactions contemplated under the 2023 Raw Milk Purchase and Sale Framework Agreement were approximately RMB14,322.8 million and RMB15,471.3 million for FY2024 and FY2025, respectively, representing approximately 72.0% and 69.1% of the total annual caps in 2024 and 2025, respectively. The decrease in utilization rate in 2025 was due to the fact that the actual growth in sales to Yili Group was lower than expected as a result of the drop in unit price of raw milk.

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As for the Deposit Services under the 2023 Financial Services Framework Agreement as amended by the 2025 Supplemental Financial Services Framework Agreement, the actual maximum daily balance of deposits (including the interest accrued thereon) during FY2024 and FY2025 were approximately RMB1,381.7 million and RMB1,608.5 million, respectively, representing approximately 92.1% and 64.3% of the total annual caps in 2024 and 2025, respectively.

(ii) Assessment of the proposed annual caps

Pursuant to the Agreements, the proposed annual caps for the transactions under the Agreements for each of the three years ending December 31, 2029 are set out below:

	For the year ending December 31, 2027 <i>(RMB million)</i>	For the year ending December 31, 2028 <i>(RMB million)</i>	For the year ending December 31, 2029 <i>(RMB million)</i>
The Raw Milk Purchase and Sale Framework Agreement	22,400	24,200	26,100
The Financial Services Framework Agreement			
The maximum amount of the Group's daily deposit balance (including the interest accrued thereon)	3,000	3,200	3,400

The Raw Milk Purchase and Sale Framework Agreement

In assessing the reasonableness of the proposed annual caps under the Raw Milk Purchase and Sale Framework Agreement, we have discussed with the management of the Group on the basis and assumption underlying the projections for the raw milk supply services to be provided by the Group. As advised by the management of the Group, in determining the proposed annual caps for the three years ending December 31, 2029, they have taken into account, among others, (a) the historical and prevailing market price for raw milk, and potential fluctuations in the market price for raw milk in the future. The Board expects the unit price of raw milk will resume its growth momentum and increase moderately between 2027 and 2029 after declining since 2022 due to the supply-demand imbalances; (b) the historical transaction volume of raw milk purchased by Yili Group from the Group during the three years ended December 31, 2025; (c) the historical increasing annualized average milk yield per milkable cow (excluding Jerseys) of the Group of 12.0 tons, 12.6 tons and 12.8 tons for the years ended December 31, 2023, 2024 and

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2025, respectively due to the genetic testing and advanced breeding technology to improve the breed of the dairy cow, which is expected to continue to increase steadily in coming years; (d) the anticipated growth in the production of raw milk of the Group for the three years ending December 31, 2029, having taken into account the continued and stable increase in the number of dairy cows after the full operations of the newly built ranches; and (e) the possible sustained growth of the PRC dairy industry.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. Based on the annual report of the Company for FY2024 and FY2025 and as advised by the management of the Group, we noted that the average unit price of raw milk of the Group decreased from RMB4.38 per kg in 2023 to RMB4.12 per kg in 2024, and then decreased further to RMB3.86 per kg in 2025 resulting from the temporary imbalance of supply and demand in domestic raw milk. As advised by the management of the Group and for the purpose of determining the proposed annual caps, it is estimated that the total average unit price of raw milk will grow at a CAGR of approximately 2.7% from 2025 to 2029, based on average unit price of raw milk of the Group of RMB3.86 per kg in 2025. We have enquired and understand from the Company that because the supply and demand imbalances situation continues to improve in 2026, the Directors expect that the unit price of raw milk will increase moderately from 2027 to 2029.

We have reviewed the Fresh Agricultural Product Supply and Demand Situation Analysis (鮮活農產品供需形勢分析) published by the Ministry of Agriculture and Rural Affairs of the PRC (the “MARA”) in 2026, in particular, the publication on 21 January 2026 (https://www.agri.cn/sj/jcyj/202601/t20260121_8804360.htm) and 24 February 2026 (https://www.agri.cn/sj/jcyj/202602/t20260224_8814037.htm) and 20 March 2026 (https://www.agri.cn/sj/jcyj/202603/t20260320_8821203.htm), the price of raw milk has dropped from approximately RMB4.1 per kg in January 2023 to approximately RMB3.2 per kg in August 2024. The price of raw milk has remained relatively stable in the range of RMB3.0 per kg to RMB3.2 per kg during September 2024 to February 2026 (i.e. for a period of 18 months). The MARA commented the domestic raw milk production capacity are being adjusted and optimized in an orderly manner under the guidance of market mechanisms and policies. As a result the aforesaid phenomenon, milk product consumption is expected to increase and the MARA expects the domestic price of raw milk will stabilize and rebound. Based on our review of calculation of the proposed annual caps, it is projected that the average unit price of raw milk will increase moderately from 2027 to 2029. We consider it is hard to accurately project the future unit price of raw milk given it is subject to a range of market factors and behaviors, and the cyclical swings due to supply and demand cycles. We noted that the release on 16 March 2026 from the State Council of the PRC (https://english.www.gov.cn/news/202603/13/content_WS69b4b144c6d00ca5f9a09dfd.html) has mentioned the target Consumer Price Index (“CPI”) increase of around 2%

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in 2026 which is comparable to the growth of the estimated average unit price of raw milk suggested by the Company as mentioned in previous paragraph. Raw milk is a component of agricultural commodity within the broader food supply chain, the pricing of which is generally influenced by macroeconomic factors such as inflation, labor costs and overall consumption demand, and CPI includes food component and therefore serves as a reasonable proxy of overall pricing trend of raw milk in the absence of specific forward pricing benchmarks. Furthermore, CPI target set by the government is commonly used as a reference indicator for price stability and expected inflation in commercial projection. Although the near-term market conditions could remain challenging and that raw milk prices have yet to show any significant signs of recovery, taking into account (i) the historical average unit price of the Group's raw milk from 2023 to 2025 with price of raw milk stabilized at the range of RMB3.0 per kg to RMB3.2 per kg for more than 12 months, (ii) the potential bottom out of the declining price of domestic raw milk as suggested by the MARA, (iii) the estimated growth of raw milk price is comparable to the target CPI suggested by the PRC government, and (iv) the expectation of the Board that the unit price of raw milk will resume its growth momentum, we consider the estimated average unit prices of raw milk for the three years ending December 31, 2029 to be fair and reasonable.

For each of the four years ended December 31, 2022, 2023, 2024 and 2025, the Group had 499,451, 582,739, 621,568 and 618,796 heads of dairy cows, among which 231,709, 284,208, 324,908, and 340,408 heads were milkable cows, respectively, representing a CAGR of approximately 13.7% from December 31, 2022 to December 31, 2025. As the Group continued to expand its business operation scale and production capacity during 2025, and hence it is expected that the number of dairy cows will continue to grow in the coming years. As advised by the management of the Group and for the purpose of determining the proposed annual caps, it is estimated that the total number of milkable cows will grow at a CAGR of approximately 3.9% from 2025 to 2029, based on actual number of milkable cows as at December 31, 2025. Such expected higher growth is driven by, among others, several newly built ranches that completed construction and commenced operation in recent years and is expected to expand these ranches' operation scale and release their full production capacity in coming years. In terms of average milk yield, the annualized average milk yield per milkable cow (excluding Jerseys) of the Group amounted to approximately 11.4 tons, 12.0 tons, 12.6 tons and 12.8 tons for the four years ended December 31, 2025, respectively, representing a CAGR of approximately 3.9% from 2022 to 2025. As advised by the Directors, the Group has been applying genetic testing and advanced breeding technologies to improve the breed of the Group's milkable cow and expand the proportion of high-yield dairy cows, and the Group had observed steady increase in the average milk yield over the past years and hence it is expected that the milk yield will continue to grow steadily in the coming years. In determining the proposed annual caps, we noted that the annualized average milk yield per milkable cow is anticipated to grow at a GAGR of approximately 1.7% from 2025 to 2029 based on milk yield in 2025. In light of

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the implementation of the technology to improve the milk yield which proven to be successful over the past years, we consider the growth rate to be acceptable.

In addition, the management of the Group estimates that approximately 97% of the volume of raw milk to be produced by the Group will be sold to Yili Group. As disclosed in the paragraph headed “(i) Review of the historical figures” above, the historical transaction amounts of raw milk sold by the Group to Yili Group for FY2024 and FY2025 amounted to approximately RMB14,322.8 million and RMB15,471.3 million, respectively, representing approximately 94.8% and 96.6% of the Group’s total revenue from raw milk business for the corresponding year. As advised by the management of the Group, such significant majority of sales of raw milk to Yili Group was primarily attributable to the deepened and long-standing collaboration between the Group and Yili Group which was expected to continue for the three years ending December 31, 2029, which is in the interests of the Group as the stable demand from Yili would ensure the raw milk could be sold within its short shelf life. Having considered that (a) the highest percentage of revenue generated from raw milk sold to Yili Group by the Group was up to approximately 96.6% in the past two years; (b) the requirement of no less than 70% of the Group’s annual raw milk production have to be sold to Yili Group pursuant to the Raw Milk Purchase and Sale Framework Agreement and Yili also agreed to buy all of the remaining 30% of the Group’s raw milk production volume so long as the Group is willing and able to supply raw milk to Yili; and (c) the deepened and long-standing collaboration between the Group and Yili Group, we are of the view that the estimated percentage of approximately 97% of the projected production of raw milk to be sold to Yili Group is acceptable. Although the sales to Yili Group represented the vast majority of the Group’s raw milk business, the Group is also engaged in the comprehensive ruminant farming solutions businesses which contributed to approximately 24.9% and 22.4% of the Group’s total revenue in 2024 and 2025, respectively, of which the major customers are generally independent third parties.

The Board is of the view that despite the Group’s reliance on Yili Group, it is in line with industry practice and can be properly managed in view of (a) the dairy retail market is highly concentrated with only a few conglomerate market players so it is the industry norm in China for a raw milk supplier such as the Group to derive a majority of its raw milk sales from a single customer; (b) there is mutual reliance relationship between the Group and Yili Group in respect of raw milk supply; and (c) the agreements to be entered under the Raw Milk Purchase and Sale Framework Agreement cannot be unilaterally terminated and hence it is unlikely for the business relationship between the Group and Yili Group to terminate. We concur with the Board after considering the following factors: (a) the Raw Milk Purchase and Sale Framework Agreement only requires the Group to sell no less than 70% of its annual raw milk production to Yili Group and the Group has discretion on whether to sell the remaining 30% to Yili Group; (b) as disclosed in the

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paragraph headed “Reasons for and benefits of entering into the Agreements” above, it is utmost important for the Group to maintain long term and stable relationships with top dairy companies due to the business nature of the raw milk business as the raw milk has a short shelf life, and the entering into Raw Milk Purchase and Sale Framework Agreement will secure a stable demand for the raw milk produced by the Group; and (c) the Group’s business is diversified with Yili Group not being the major customer in the comprehensive ruminant farming solutions business of the Group.

As a result of the estimated increase in the herd size of milkable cows at a CAGR of approximately 3.9% and the annualized average milk yield per milkable cow at a CAGR of approximately 1.7% as well as the estimated percentage of approximately 97% of the projected production of raw milk to be sold to Yili Group would remain stable, the estimated sales volume of raw milk to Yili Group is estimated to grow at a CAGR of approximately 5.9% from 2025 to 2029. Taking into account (a) the leading position of the Group in the raw milk market in China; (b) our analysis to the herd size of milkable cows and average milk yield per milkable cow in the above; (c) the recent trend of price of raw milk in China and the analysis from the MARA suggesting the structural change in the industry and the market is at a turning point; and (d) the Group has been applying genetic testing and advanced breeding technologies to improve the breed of the Group’s milkable cow, which may not be adopted by other smaller scale dairy farms, we consider the Group’s estimated higher growth in the sales volume of raw milk as compared to the industry peers to be fair and reasonable.

Based on the above estimated increase in average unit price and sales volume of raw milk to Yili Group, the estimated revenue generated from the sales of Yili Group are expected to be approximately RMB18,600 million, RMB20,200 million and RMB21,700 million, representing approximately 83% of the proposed annual cap of each of the three years ending December 31, 2029, respectively. As advised by the management of the Group, the Company included a 20% buffer in determining the annual caps under the Raw Milk Purchase and Sale Framework Agreement to cater for any unexpected increase in sales volume or price of raw milk to Yili Group, which may also be impacted by the price of the feeds. Soybean meal and corn meal are important sources of nutrition for dairy cows and are widely used by scaled dairy farms. We noted the price of these nutrition fluctuates over the past years, for example, the prices of soybean meal and corn fluctuated by approximately 23.7% and 17.2% from December 2023 to December 2024, respectively according to the Fresh Agricultural Product Supply and Demand Situation Analysis (鮮活農產品供需形勢分析) published by the MARA on 21 January 2025 (https://www.agri.cn/sj/jcyj/202501/t20250121_8707564.htm). Taking into account the high fluctuation in cost of feeds for the Group’s raw milk business, we consider that it is reasonable to include buffer for the Group to increase the selling price of raw milk to cater for the potential increase in feed costs, and hence we consider the buffer and the annual caps of the Raw Milk Purchase and Sale Framework Agreement to be fair and reasonable.

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The Financial Services Framework Agreement

In assessing the reasonableness of the proposed annual caps of the Deposit Services under the Financial Services Framework Agreement, we have discussed with the management of the Group on the basis and assumption underlying the projections for the maximum amount of the Group's daily deposit balance (including the interest accrued thereon). As advised by the management of the Group, in determining the proposed annual caps for the three years ending December 31, 2029, they have taken into account, among others, (a) the enhanced cash management strategy of centralizing payments and receipts through Yili Finance Company to reduce inter-bank fund transfer needs and lowering settlement costs; (b) the increasing asset and business scale and the expected amount of cash of the Group available for deposit; (c) the continuously expanding business scale and increased operating efficiency as a result of the Group's full-industry chain and advanced management, operation and research and development capabilities; and (d) the historical monthly operating cash inflow and the required working capital reserve with Yili Finance to meet routine payment obligations.

Based on our review of the Company's annual results announcement for FY2025, we noted (a) the Group's revenue was approximately RMB20,653.7 million for FY2025, representing average monthly revenue of approximately RMB1,721.1 million; and (b) the Group had deposits placed with Yili Finance Company of approximately RMB715.9 million as at December 31, 2025. Assuming the Revised Annual Caps are approved by the Shareholders and the Group uses accounts with Yili Finance Company to collect trade receivables as planned, the maximum daily balance of deposit would be approximately RMB2,437.0 million, being the sum of the average monthly revenue for FY2025 (i.e. RMB1,721.1 million) and the deposit balance with Yili Finance Company as at December 31, 2025 (i.e. RMB715.9 million), which represents approximately 81.2% of the RMB3,000 million annual caps of the Deposit Services under the Financial Services Framework Agreement for the year ending December 31, 2027. If we replace the amount of deposit balance with Yili Finance Company as at December 31, 2025 (i.e. RMB715.9 million) with actual maximum daily balance of deposits (including the interest accrued thereon) FY2025 (i.e. RMB1,608.5 million), the maximum daily balance of deposit as calculated above would be approximately 3,329.6 million, which represents approximately 111.0% of the RMB3,000 million annual caps of the Deposit Services under the Financial Services Framework Agreement for the year ending December 31, 2027.

We noted the annual caps of the Deposits Services under the Financial Services Framework Agreement increased from RMB3,000 million for the year ending December 31, 2027 to RMB3,400 million for the year ending December 31, 2029, representing a CAGR of approximately 6.5%.

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Taking into account (a) the Group had bank balances and cash of approximately RMB829.3 million and RMB1,197.2 million; and deposits placed with a related party of approximately RMB785.4 million and RMB715.9 million as at December 31, 2024 and December 31, 2025, respectively, which in aggregate amounted to approximately RMB1,614.7 million and RMB1,913.1 million, respectively; (b) the Group's expected operating cash inflows of over RMB1,721.1 million per month based on the Group's average monthly revenue for FY2025; (c) the CAGR of approximately 6.5% in the proposed annual cap for the three years ending December 31, 2029 is justified given the Group's continued business expansion as evidenced by the Group's increasing revenue from operating activities in FY2025 as compared to FY2024; (d) the deposit interest rate offered by Yili Finance Company is higher than those offered by independent commercial banks according to the Financial Services Framework Agreement, and therefore transferring deposits from external banks to accounts with Yili Finance Company would be beneficial to the Group; (e) Yili Finance Company's background as discussed in the section headed "Information of Yili Finance Company" above; and (f) the risk relating to the provision of the Deposit Services by Yili Finance Company would be controlled by the Group's internal control measures, we consider the Revised Annual Caps to be fair and reasonable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Agreements (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the AGM to approve the Agreements (including the proposed annual caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

The following are the particulars of the retiring Directors proposed to be re-elected at the AGM.

As at the Latest Practicable Date, none of the following Directors had any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, none of the following Directors held any position in the Company or any other member of the Group, or any directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and the following Directors did not have any other relationship with any Directors, senior management, substantial shareholders or controlling shareholder of the Company.

Save as disclosed herein, there is no other matter in relation to the re-election of following Directors that needs to be brought to the attention of the Shareholders and there is no other information relating to the following Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

EXECUTIVE DIRECTOR

Mr. Dong Jiping (董計平) (“Mr. Dong”)

Mr. Dong, aged 45, joined the Group since November 2015, and was appointed as a Director on August 24, 2020 and redesignated as an executive Director and appointed as vice president on November 15, 2020. Mr. Dong is primarily responsible for the management of the Group’s legal compliance and external relations.

Mr. Dong graduated from Northeast Forestry University (東北林業大學) in July 2004 and obtained his bachelor’s degree in biotechnology. Mr. Dong joined Yili Group in July 2004. He worked as the purchaser of the liquid milk division (液態奶事業部) of Yili Group, the secretary in the president’s office and the planning director (企劃總監) of strategic management department of Yili Group. Subsequently, he has been the deputy general manager of Inner Mongolia Youran since November 2015. Mr. Dong has over 21 years of extensive experience in the dairy industry.

Mr. Dong is also a director of Inner Mongolia Youran, and a director of a number of subsidiaries of the Company.

Mr. Dong has entered into a service contract with the Company for a term of three years commencing from May 17, 2024 which will be automatically renewed after three years from the date of appointment in accordance with the terms of the service contract. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than three months’ written notice. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. Mr. Dong received an aggregate remuneration of approximately RMB1.261 million (inclusive of allowance and retirement benefit scheme contributions) for the year ended December 31,

2025. The emolument of Mr. Dong is determined by the Board based on the recommendation by the Remuneration Committee with reference to his duties, responsibilities, performance and the results of the Group.

NON-EXECUTIVE DIRECTORS

Mr. Bai Wenzhong (白文忠) (“Mr. Bai”)

Mr. Bai, aged 55, was appointed as a non-executive Director on June 27, 2025. Mr. Bai is primarily responsible for providing strategic advice on corporate development, and making recommendations on the Company’s major operational and management decisions.

Mr. Bai graduated from Inner Mongolia Finance and Economics School (內蒙古財政學校) in June 1991, and graduated from Inner Mongolia College of Finance and Economics (內蒙古財經學院, now known as Inner Mongolia University of Finance and Economics (內蒙古財經大學)) in April 1997 majoring in accounting. Subsequently, he obtained the Chinese certified public accountant qualification in April 2001, the senior accountant professional qualification in June 2007, and became a non-practicing member of the Chinese Institute of Certified Public Accountants in December 2019.

Mr. Bai joined Yili Group in September 2009 where he served as the accounting director of the financial management department (財務管理部) of Yili Group, and since October 2017, he has served as the director of the financial shared service center (財務共享服務中心) of Yili Group. Before joining Yili Group, Mr. Bai held positions in Inner Mongolia Wulashan Fuxing Fertilizer Co., Ltd. (內蒙古烏拉山富興化肥有限責任公司) and Beijing BDO China Shu Lun Pan CPAs (北京立信會計師事務所), serving as the head of the financial department and the manager of the audit department, respectively. Mr. Bai has extensive expertise in financial management, internal control, and risk management, as well as profound experience in the dairy industry.

Mr. Bai also serves as a director of Inner Mongolia Youran.

Mr. Bai has entered into a service contract with the Company for a term of three years commencing from June 27, 2025 which will be automatically renewed after three years from the date of appointment in accordance with the terms of the service contract. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than one month’s written notice. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. Pursuant to the service contract of Mr. Bai, saved for any discretionary bonus and share-based compensation which the Company may, in its sole discretion, determine with reference to the Company’s business performance and his individual performance of duty, or those otherwise determined by the Board or the Remuneration Committee, Mr. Bai is not entitled to any remuneration in his capacity as a Director.

Ms. Li Lin (李林) (“Ms. Li”)

Ms. Li, aged 39, was appointed as a non-executive Director on June 27, 2025. Ms. Li is primarily responsible for providing strategic advice on corporate development, and making recommendations on the Company’s major operational and management decisions.

Ms. Li graduated from Inner Mongolia College of Finance and Economics (內蒙古財經學院, now known as Inner Mongolia University of Finance and Economics (內蒙古財經大學)) in July 2010 with double degrees in economics and accounting. She obtained the intermediate accountant professional qualification in September 2019, and the certified management accountant (CMA) qualification in October 2021.

Ms. Li joined Yili Group in July 2010, and served as the head of finance of a subsidiary under the liquid milk division (液態奶事業部), the manager in asset management and the manager in budget management of the finance department at the liquid milk division (液態奶事業部) of Yili Group. Subsequently, she was promoted to the deputy budget analysis director of the financial management department of Yili Group, and reassigned as the deputy director (marketing) of the finance department at the liquid milk division (液態奶事業部). From February 2025 to January 2026, she served as a reserve cadre of the general manager’s office at the liquid milk division (液態奶事業部) of Yili Group. Since January 2026, she has served as a reserve cadre of the president’s office of Yili Group. Ms. Li possesses extensive expertise in financial management, as well as extensive experience in the dairy industry.

Ms. Li also serves as a director of Inner Mongolia Youran.

Ms. Li has entered into a service contract with the Company for a term of three years commencing from June 27, 2025 which will be automatically renewed after three years from the date of appointment in accordance with the terms of the service contract. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than one month’s written notice. She is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. Pursuant to the service contract of Ms. Li, saved for any discretionary bonus and share-based compensation which the Company may, in its sole discretion, determine with reference to the Company’s business performance and her individual performance of duty, or those otherwise determined by the Board or the Remuneration Committee, Ms. Li is not entitled to any remuneration in her capacity as a Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yao Feng (姚峰) (“Mr. Yao”)

Mr. Yao, aged 65, has been an independent non-executive Director since June 7, 2021. Mr. Yao is primarily responsible for supervising and providing independent judgment to the Board. Mr. Yao has extensive experience in public finance, securities regulation, corporate governance of listed companies, and risk management.

Mr. Yao held the position of deputy director at the integrated planning department of the Ministry of Finance of the PRC, a vice president of the securities department and general manager of enterprise management department of China Economic Development Trust & Investment Corporation (中國經濟開發信託投資公司) from March 1993 to April 1997, a vice president of the financial and securities department of China National Travel Service (HK) Group Corporation (香港中旅(集團)有限公司) from April 1997 to July 1998, and a vice general manager of China Travel Financial Investment Holdings Co., Limited (香港中旅金融投資有限公司) from July 1998 to June 1999.

Mr. Yao successively served in various positions of the China Securities Regulatory Commission from June 1999 to May 2013, including the director of institution regulatory department, a party committee member and deputy officer of Guangzhou Securities Regulatory Office, a party committee member and deputy director of Guangzhou Regulatory Bureau, a deputy officer of the risk management office for securities companies, and an inspector and deputy officer of the accounting department from January 2001 to September 2011, and a commissioner of Shanghai Supervision Office of the Commissioner from September 2011 to May 2013. Mr. Yao successively served in China Association of Public Companies (中國上市公司協會) from May 2013 to April 2016 as the secretary of the party committee, the executive vice-chairman and legal representative. Mr. Yao served as the vice-chairman and legal representative of China Association of Public Companies from April 2016 to April 2017. Mr. Yao served as the deputy mayor of Hangzhou Municipal People’s Government from June 2017 to October 2019. Mr. Yao served as the deputy secretary of the party committee and the head of supervisors of China Association of Public Companies from June 2019 to September 2019. Mr. Yao has served as an independent non-executive director of Haitong UniTrust International Leasing Co., Ltd. (海通恆信國際租賃股份有限公司, now known as Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司)) (a company listed on the Stock Exchange (stock code: 1905)) from March 2020.

Mr. Yao was a member of the first session of self-regulatory committee of the Shenzhen Stock Exchange from December 2014 to December 2017 and an adjunct professor of China University of Political Science and Law (中國政法大學) from June 2015 to June 2018.

Mr. Yao obtained a bachelor’s degree in national economic planning from Hubei Institute of Finance and Economics (湖北財經學院) (currently known as Zhongnan University of Economics and Law (中南財經政法大學)) in July 1983 and a masters’ degree in economics from Zhongnan University of Finance and Economics (中南財經大學) (currently known as Zhongnan University of Economics and Law) in June 1997.

Mr. Yao has entered into a service contract with the Company for a term of three years commencing from May 17, 2024 which will be automatically renewed after three years from the date of appointment in accordance with the terms of the service contract. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than one month's written notice. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Mr. Yao is entitled to receive a Director's fee of RMB200,000 per annum. His Director's fee is determined by the Board based on the recommendation of the Remuneration Committee taking into account, among other factors, his qualifications and experience, responsibilities undertaken, contribution to the Company.

Ms. Huang Lin (黃琳) ("Ms Huang")

Ms. Huang, aged 60, was appointed as an independent non-executive Director on June 27, 2025. Ms. Huang is primarily responsible for overseeing and providing independent judgment to the Board. Ms. Huang has a strong academic background in economics and macroeconomic research capability, as well as extensive experience in the operation of financial and securities industry and corporate management.

Ms. Huang obtained a bachelor's degree and a master's degree in economics from Peking University in July 1987 and July 1993, respectively, and a doctorate degree in economics from Renmin University of China in July 2009. Ms. Huang possesses the professional qualification as senior economist.

Ms. Huang was the head of the research and development department in Beijing representative office of Changjiang Securities Company Limited from March 2001 to April 2003. From April 2003 to June 2006, she was the assistant general manager of the Beijing business department and the deputy general manager of the Beijing operation department of Soochow Securities Co., Ltd. From June 2006 to November 2021, Ms. Huang held various positions including the deputy director of the institute, chief macro strategist, director of the institute and senior economist of Soochow Securities Institute.

Ms. Huang is currently the deputy director of the Economic Committee of the Beijing Municipal Committee of China National Democratic Construction Association (中國民主建國會北京市委經濟委員會), an off-campus master's student supervisor for the Department of Finance at the School of Economics of Peking University, and a part-time on-campus master's student supervisor of the School of Economics of Minzu University of China. Since June 2021, Ms. Huang has been an independent director of Zhongrong International Trust Co. Ltd. She has been an external supervisor of China Coal Insurance Co., Ltd. (中煤財產保險股份有限公司) from January 2023 to September 2025. Since December 2023, she has been an independent director of Southwest Securities Co., Ltd. (西南證券股份有限公司) (stock code: 600369.SH). Since September 2025, she has been an independent non-executive director of Pu'er Lancang Ancient Tea Co., Ltd. (普洱瀾滄古茶股份有限公司) (a company listed on the Stock Exchange (stock code: 6911)).

Ms. Huang has entered into a service contract with the Company for a term of three years commencing from June 27, 2025 which will be automatically renewed after three years from the date of appointment in accordance with the terms of the service contract. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than one month's written notice. She is also subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Articles of Association. Ms. Huang is entitled to receive a Director's fee of RMB200,000 per annum. Her Director's fee is determined by the Board based on the recommendation of the Remuneration Committee taking into account, among other factors, her qualifications and experience, responsibilities undertaken, contribution to the Company.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued Shares was 4,191,977,833 (with no Treasury Shares held). Subject to the passing of the resolution granting the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 419,197,783 Shares which represents 10% of the issued Shares as at the date of the AGM during the period from the passing of the above resolution and ending on the earliest of the conclusion of the next annual general meeting of the Company, or the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held or the passing of an ordinary resolution by Shareholders in the general meeting of the Company revoking or varying such mandate.

REASONS FOR AND FUNDING OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Company to repurchase its Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

In repurchasing Shares, the Company may only apply funds entirely from the Company's available cash flow or working capital, which will be funds legally available for such purpose in accordance with the Listing Rules, its memorandum and Articles of Association and the applicable laws of the Cayman Islands. Such funds include but are not limited to the Company's profits available for distribution.

The Directors believe that if the Repurchase Mandate is exercised in full, it may not have a material adverse impact on the working capital and gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at December 31, 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors will not exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels.

GENERAL

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

The Company has not been notified by any core connected persons of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that the Repurchase Mandate is granted by the Shareholders.

The Directors will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands and confirm that neither this explanatory statement nor the proposed Share repurchase has any unusual features.

In the event the Company conducts a repurchase of Shares, the Company may cancel such repurchased Shares or hold them as Treasury Shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchase.

For any Treasury Shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Yili was deemed to be interested in 1,320,800,000 Shares under the SFO through its controlled corporations, representing approximately 31.51% of the total number of issued Shares. In the event that the Directors exercise the Repurchase Mandate in full, such interests will be increased to approximately 35.01% of the total number of issued Shares, which would trigger an obligation to make a mandatory offer under the Takeovers Code. The Directors have no present intention to repurchase the Shares to the extent that will trigger the obligations under the Takeovers Code for any Shareholder to make a mandatory offer. Save as disclosed herein, the Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised.

The Listing Rules prohibit a company from making repurchases of Shares on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued Shares would be in public hands. As disclosed in the Prospectus, the Stock Exchange has granted the Company a waiver (the “**Waiver**”) from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules, which requires that at least 25% of an issuer’s total issued share capital must be held by the public. Pursuant to the Waiver, the Company’s minimum public float shall be 18.85% of the Company’s total issued share capital (the “**Prescribed Minimum Percentage**”). Accordingly, the Company shall be prohibited from making repurchases of Shares on the Stock Exchange if the result of the repurchase would be less than the Prescribed Minimum Percentage of the Shares being held in public hands. For further information on the Waiver, please refer to pages 101 and 102 of the Prospectus and the Company Information Sheet of the Company dated March 30, 2022. The Directors do not propose to repurchase Shares which would result in less than the Prescribed Minimum Percentage of Shares in public hands.

SHARE REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or otherwise).

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

Month	Highest prices <i>HK\$</i>	Lowest prices <i>HK\$</i>
2025		
April	2.70	2.08
May	2.70	2.21
June	3.02	2.42
July	3.99	2.53
August	4.55	3.52
September	3.98	2.77
October	3.38	2.92
November	4.38	3.18
December	5.20	3.93
2026		
January	5.29	4.04
February	5.28	4.40
March	5.03	3.60
April (up to the Latest Practicable Date)	4.52	3.84

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**Interests of Directors and chief executive in the Company**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under the Listing Rules.

Interests of substantial shareholders in the Company

As at the Latest Practicable Date, so far as is known to any Directors or chief executive of the Company, the following parties (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company of 5% or more which were recorded in the register required to be kept by the Company, pursuant to section 336 of the SFO, were as follows:

Name of Shareholder	Nature of interest	Number of Shares⁽¹⁾	Percentage of issued share capital (%)⁽²⁾
Yili ⁽³⁾	Interest in controlled corporations	1,320,800,000 (L)	31.51 (L)
Boyuan Investment Holding Limited ⁽³⁾	Beneficial interest	800,000,000 (L)	19.08 (L)
Jingang ⁽³⁾	Beneficial interest	520,800,000 (L)	12.42 (L)
PAG ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)
Pacific Alliance Group Limited ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)
Shan Weijian ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)
PAG Capital Limited ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)
PAG Dairy GP I Limited ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)

Name of Shareholder	Nature of interest	Number of Shares ⁽¹⁾	Percentage of issued share capital (%) ⁽²⁾
PAG Dairy I LP ⁽⁴⁾	Interest in controlled corporations	730,102,530 (L)	17.42 (L)
PAGAC Yogurt Holding II Limited ⁽⁴⁾	Beneficial interest	730,102,530 (L)	17.42 (L)
Zhuhai Zhongxin Enterprise Management Partnership (Limited Partnership) ⁽⁵⁾	Interest in controlled corporations	472,482,819 (L)	11.27 (L)
Pasture Holding Limited ⁽⁵⁾	Interest in controlled corporations	472,482,819 (L)	11.27 (L)
Hao Meirong ⁽⁵⁾	Interest in controlled corporations	472,482,819 (L)	11.27 (L)
Cloud Up Development Company Limited ⁽⁵⁾	Interest in controlled corporations	472,482,819 (L)	11.27 (L)
Meadowland Investment Limited Partnership ⁽⁵⁾	Beneficial interest	472,482,819 (L)	11.27 (L)

Notes:

1. The letter "L" denotes the Shareholder's long position in such Shares.
2. The percentages are calculated on the basis of 4,191,977,833 Shares in issue as at the Latest Practicable Date, and certain percentage figures are subject to rounding adjustments.
3. Boyuan Investment Holding Limited ("**Boyuan**", formerly known as China Youran Dairy Holding Limited) directly held 800,000,000 Shares and Jingang directly held 520,800,000 Shares. Each of Boyuan and Jingang is a wholly-owned subsidiary of Yili. Accordingly, Yili was deemed to be interested in an aggregate of 1,320,800,000 Shares.

4. PAGAC Yogurt Holding II Limited (“**PAG II**”) directly held 730,102,530 Shares in the long position. PAG II was a wholly-owned subsidiary of PAG Dairy I LP, a fund managed by PAG Capital Limited, and the general partner of PAG Dairy I LP is PAG Dairy GP I Limited. Accordingly, PAG Dairy I LP and PAG Dairy GP I Limited were deemed to be interested in 730,102,530 Shares in the long position held by PAG II. PAG Capital Limited is wholly controlled by Pacific Alliance Group Limited and Pacific Alliance Group Limited is wholly controlled by PAG. PAG is controlled as to 34.93% by Mr. Shan Weijian. Accordingly, PAG Capital Limited, Pacific Alliance Group Limited, Mr. Shan Weijian and PAG were deemed to be interested in 730,102,530 Shares in the long position held by PAG II.
5. Meadowland Investment Limited Partnership (“**Meadowland**”) is an exempted limited partnership established under the laws of the Cayman Islands, and it directly holds 472,482,819 Shares. Cloud Up Development Company Limited (“**Cloud Up**”) is the general partner of Meadowland. Cloud Up is wholly controlled by Ms. Hao Meirong. Therefore, Cloud Up and Ms. Hao Meirong are deemed to be interested in the 472,482,819 Shares in the long position held by Meadowland. At the same time, Pasture Holding Limited (“**Pasture**”) is a limited partner of Meadowland and controls 100% of its interests. Pasture is controlled by Zhuhai Zhongxin Enterprise Management Partnership (Limited Partnership) (“**Zhuhai Zhongxin**”), which holds a 45.80% interest. Accordingly, Pasture and Zhuhai Zhongxin are deemed to be interested in the 472,482,819 Shares in the long position held by Meadowland.

Save for an aggregate of 299,250,000 new Shares to be allotted and issued by the Company and subscribed by Boyuan in accordance with the terms and conditions of the share subscription agreement dated January 16, 2026 entered into between the Company as the issuer and Boyuan as the subscriber in respect of the relevant subscription shares under specific mandate or as otherwise disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, no other parties had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company, pursuant to section 336 of the SFO.

3. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2025, the date to which the latest published audited consolidated financial statements of the Company were made up, and none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates were considered to have any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were treated as a controlling shareholder.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has not been any material adverse change in the financial or trading position of the Group since December 31, 2025, being the date to which the latest published audited financial statements of the Company were made up.

7. EXPERT QUALIFICATION AND CONSENT

The qualification of the expert who has been named in this circular and has given opinions or advice which are contained herein is set out below:

Name	Qualification
Rainbow Capital (HK) Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any assets which had been since December 31, 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.yourandairy.com) for a period of 14 days from the date of this circular:

- (a) the Raw Milk Purchase and Sale Framework Agreement; and
- (b) the Financial Services Framework Agreement.

NOTICE OF ANNUAL GENERAL MEETING



優然牧業
YOURAN DAIRY

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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of China Youran Dairy Group Limited (the “**Company**”) will be held at No. 169, Hexi Road, Saihan District, Hohhot, Inner Mongolia, China at 10:00 a.m. on Friday, May 22, 2026 for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the Directors and auditors of the Company for the year ended December 31, 2025.
2. (a) To re-elect the following retiring Directors:
 - (i) to re-elect Mr. Dong Jiping as an executive Director;
 - (ii) to re-elect Mr. Bai Wenzhong as a non-executive Director;
 - (iii) to re-elect Ms. Li Lin as a non-executive Director;
 - (iv) to re-elect Mr. Yao Feng as an independent non-executive Director;
 - (v) to re-elect Ms. Huang Lin as an independent non-executive Director; and
- (b) To authorize the Board to fix the remuneration of the Directors.
3. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix their remuneration for the year ending December 31, 2026.

NOTICE OF ANNUAL GENERAL MEETING

4. To consider and, if thought fit, to pass, with or without modification, the following resolutions as ordinary resolutions:

(a) **“That:**

(i) Subject to paragraph (iii) below, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined hereinafter) all the powers of the Company to allot, issue and deal with the Shares (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;

(ii) the approval in paragraph (i) above shall authorize the Directors during the Relevant Period (as defined hereinafter) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

(iii) the aggregate number of Shares allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) or agreed conditionally or unconditionally to be allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) (whether pursuant to options or otherwise) by the Directors during the Relevant Period (as defined hereinafter) pursuant to paragraph (i) above, otherwise than pursuant to (1) Rights Issue (as defined hereinafter), or (2) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares or (3) any scrip dividend or similar arrangement pursuant to the Articles of Association from time to time, shall not exceed the aggregate of:

(a) 20% of the aggregate number of issued Shares (excluding any Shares that are held as Treasury Shares) as at the date of passing this resolution; and

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- (b) (if the Board is so authorized by resolution numbered 4(c)) the aggregate number of Shares repurchased by the Company subsequent to the passing of resolution numbered 4(b) (up to a maximum equivalent to 10% of the aggregate number of issued Shares (excluding any Shares that are held as Treasury Shares) as at the date of passing resolution numbered 4(b)),

and the approval shall be limited accordingly; and

- (iv) for the purpose of this resolution:

- (a) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
- (3) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution; and

- (b) “Rights Issue” means an offer of Shares or an issue of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognized regulatory body or any stock exchange applicable to the Company).”

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(b) **“That:**

- (i) subject to paragraph (ii) of this resolution, the exercise by the Directors during the Relevant Period (as defined hereinafter) of all the powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognized for this purpose by the Securities and Futures Commission and the Stock Exchange under the Takeovers Code and, subject to and in accordance with all applicable laws and the Listing Rules, be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the Shares to be repurchased pursuant to the approval in paragraph (i) of this resolution shall not exceed 10% of the aggregate number of issued Shares (excluding any Shares that are held as Treasury Shares) as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of the Company;
- (2) the expiry of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
- (3) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”

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- (c) “**That** conditional upon the resolutions numbered 4(a) and 4(b) set out in this notice being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and/or otherwise deal with new Shares (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) and to make or grant offers, agreements and options which might require the exercise of such powers pursuant to the resolution numbered 4(a) set out in this notice be and is hereby extended by the addition to the total number of the issued Shares which may be allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) or agreed conditional or unconditionally to be allotted and issued (including any sale or transfer of Shares out of treasury that are held as Treasury Shares) by the Directors pursuant to such general mandate of an amount representing the total number of the issued Shares repurchased by the Company under the authority granted pursuant to resolution numbered 4(b) set out in this notice, provided that such extended amount shall represent up to 10% of the total number of issued Shares (excluding any Shares that are held as Treasury Shares) as at the date of passing of the said resolutions.”
5. To consider and, if thought fit, to pass, with or without modification, the following resolutions as an ordinary resolution:

“THAT

- (a) the Raw Milk Purchase and Sale Framework Agreement and the transactions contemplated (including the annual caps) thereunder, details of which are set out in the circular (the “**Circular**”) of the Company dated April 27, 2026, be and are hereby approved, confirmed and ratified; and
- (b) any one or more Directors be and are hereby authorized to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Raw Milk Purchase and Sale Framework Agreement and completing the transactions contemplated thereunder.”

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6. To consider and, if thought fit, to pass, with or without modification, the following resolutions as an ordinary resolution:

“THAT

- (a) the Financial Services Framework Agreement and the transactions contemplated (including the annual caps) thereunder, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and
- (b) any one or more Directors be and are hereby authorized to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Financial Services Framework Agreement and completing the transactions contemplated thereunder.”

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

Hohhot, April 27, 2026

Registered office:
89 Nexus Way
Camana Bay, Grand Cayman
KY1-9009
Cayman Islands

*Headquarter and principal place of
business in the PRC:*
No. 169, Hexi Road, Saihan District
Hohhot, Inner Mongolia
China

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (i) Resolution numbered 4(c) will be proposed to the Shareholders for approval provided that resolutions numbered 4(a) and 4(b) are passed by the Shareholders.
- (ii) A Shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. The proxy does not need to be a Shareholder. For the avoidance of doubt and for the purpose of the Listing Rules, holders of Treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings.
- (iii) Where there are joint registered holders of any Shares, any one of such persons may vote at the AGM (or at any adjournment of it), either personally or by proxy, in respect of such Shares as if he/she were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iv) In order to be valid, the completed form of proxy, must be deposited at the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong), at least 48 hours before the time appointed for holding the above meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjournment thereof if they so wish.
- (v) The register of members of the Company will be closed from Tuesday, May 19, 2026 to Friday, May 22, 2026, both days inclusive, in order to determine the eligibility of Shareholders to attend the above meeting, during which period no Share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, May 18, 2026.
- (vi) In respect of resolution numbered 2 above, Mr. Dong Jiping, Mr. Bai Wenzhong, Ms. Li Lin, Mr. Yao Feng and Ms. Huang Lin will retire, and are eligible to offer themselves for re-election. Details of the retiring Directors above are set out in Appendix I to the Circular.
- (vii) In respect of the resolution numbered 4(a) above, the Directors wish to state that they have no immediate plans to issue any new Shares referred therein. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.
- (viii) In respect of the resolution numbered 4(b) above, the Directors wish to state that they will exercise the powers conferred by the general mandate to repurchase Shares in circumstances which they deem appropriate and for the benefits of Shareholders. The explanatory statement containing the information necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own Shares, as required by the Listing Rules, is set out in Appendix II to the Circular.
- (ix) Pursuant to Rule 13.39(4) of the Listing Rules, voting for all the resolutions set out in this notice will be taken by poll at the AGM.
- (x) Unless the context otherwise requires, capitalized terms used in this notice shall have the same meanings as those defined in the Circular.
- (xi) As at the date of this notice, the Company's executive Directors are Mr. Hao Haijun, Mr. Dong Jiping and Ms. Meng Yilan; non-executive Directors are Mr. Bai Wenzhong, Ms. Li Lin and Mr. Xu, Zhan Kevin; and independent non-executive Directors are Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin.