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YuanShengTai Dairy Farm Limited
原生態牧業有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 1431)

CONTINUING CONNECTED TRANSACTIONS
2026 FEIHE MASTER AGREEMENT

THE 2026 FEIHE MASTER AGREEMENT

We refer to the Prospectus, the 2014 Announcement, the 2014 Circular, the 2015 Announcement, the 2015 Circular, the 2017 Announcement, the 2017 Circular, the 2019 Announcement, the 2019 Circular, the 2021 Announcement, the 2021 Circular, the 2022 Announcement, the 2022 Circular, the 2024 Announcement and the 2024 Circular, in relation to, among other matters, the continuing connected transactions under the Feihe Master Agreements.

The Board is pleased to announce that on 29 September 2025 (after trading hours), the Company entered into the 2026 Feihe Master Agreement with China Feihe, a member of Feihe Dairy Group, to confirm the Group's supply of raw milk to Feihe Dairy Group for a term commencing from the Commencement Date and ending on 31 December 2028 subject to the terms and conditions contained therein.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, China Feihe holds approximately 71.26% of the total issued share capital of the Company. Therefore, China Feihe is the controlling shareholder of the Company and hence a connected person of the Company. Thus, the transactions contemplated under the 2026 Feihe Master Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual caps under the 2026 Feihe Master Agreement exceed 25%, the 2026 Feihe Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of, among other matters, the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto).

A circular containing, among other things, (i) the letter from the Board containing further information on the 2026 Feihe Master Agreement, the transactions contemplated thereunder and the proposed annual caps relating thereto, (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from Gram Capital, and (iv) the notice convening the SGM and the proxy form, will be dispatched to the shareholders on or before 22 October 2025.

BACKGROUND

We refer to the Prospectus, the 2014 Announcement, the 2014 Circular, the 2015 Announcement, the 2015 Circular, the 2017 Announcement, the 2017 Circular, the 2019 Announcement, the 2019 Circular, the 2021 Announcement, the 2021 Circular, the 2022 Announcement, the 2022 Circular, the 2024 Announcement and the 2024 Circular, in relation to, among other matters, the continuing connected transactions under the Feihe Master Agreements.

The Group has, since 1 November 2013, been selling raw milk to Feihe Dairy Group pursuant to the Feihe Master Agreements. The Board is pleased to announce that on 29 September 2025 (after trading hours), the Company entered into the 2026 Feihe Master Agreement with China Feihe, a member of Feihe Dairy Group, to confirm the Group's supply of raw milk to Feihe Dairy Group for a term commencing from the Commencement Date and ending on 31 December 2028 subject to the terms and conditions contained therein.

PRINCIPAL TERMS OF THE 2026 FEIHE MASTER AGREEMENT

The principal terms of the 2026 Feihe Master Agreement are summarised as follows:

Date:	29 September 2025 (after trading hours)
Parties:	(a) the Company (for itself and on behalf of its subsidiaries); and (b) China Feihe (for itself and on behalf of its subsidiaries).
Contract period:	The initial term of the 2026 Feihe Master Agreement shall commence from the Commencement Date and shall end on 31 December 2028. The 2026 Feihe Master Agreement may be extended for a period of three years after the expiry of the initial term, subject to approval of such extension and the transactions contemplated thereunder (including the related annual caps) by the Independent Shareholders (if required) in accordance with the Listing Rules.
Condition precedent:	The 2026 Feihe Master Agreement shall become effective since the Commencement Date, subject to the approval of the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto) by the Independent Shareholders in accordance with the Listing Rules.
Subject matter:	Supply of raw milk by the Group to Feihe Dairy Group
Pricing term:	For each calendar year during the term of the 2026 Feihe Master Agreement, member(s) of the Group and member(s) of Feihe Dairy Group will enter into an annual sale contract specifying, among other things, the pricing mechanism, the quantity and quality of raw milk expected to be purchased by Feihe Dairy Group during the calendar year and payment terms (the “ Annual Sales Contract ”). Further details of the pricing mechanism are set out in “– Pricing method and procedures” below.
Priority:	In the event that the Group receives purchase orders from Feihe Dairy Group and other purchasers concurrently, the Group shall give priority to Feihe Dairy Group for purchase of raw milk on terms and conditions no less favourable to the Group than that offered by the other purchasers.

Payment term: Generally, to be settled on accrual basis, with a credit term of no more than one month, during which no interest will accrue.

Early termination: Both parties may, at any time during the continuance of the 2026 Feihe Master Agreement, give the other party not less than three months' prior written notice to terminate the 2026 Feihe Master Agreement.

Pricing method and procedures

Under the 2026 Feihe Master Agreement, the pricing mechanism of raw milk for the next calendar year will be set out in the Annual Sales Contract, pursuant to which, the unit selling price for the raw milk sold by the Group is determined by the formula below:

$$\begin{array}{rcccl} \text{Unit selling price of} & & \text{Unit base price of raw milk} & & \text{Adjustments taking into} \\ \text{raw milk} & = & \text{(Note 1)} & + & \text{account certain safety and} \\ & & & & \text{quality standards (Note 2)} \end{array}$$

Notes:

1. In determining the unit base price of raw milk, the parties to the Annual Sales Contract take into account the indicative price determined quarterly by the Heilongjiang Fresh Milk Price Coordination Committee* (黑龍江省生鮮乳價格協調委員會) (the “**Indicative Price**”), which is issued quarterly on the website of the Department of Agriculture and Rural Affairs of Heilongjiang Province* (黑龍江省農業農村廳) at nynct.hlj.gov.cn.
2. The adjustment factors included, among other things, the microbe count, the level of protein content and fat content and the freezing point of raw milk.

The unit selling price of raw milk will be negotiated by the parties on arm's length basis and in good faith with reference to the Indicative Price, the aforesaid adjustment factors and the prevailing market prices offered by the Group to its Independent Third Parties customers for products of similar quality. The Group's pricing mechanism with its customers (including Feihe Dairy Group and other Independent Third Party customers of the Group) are generally the same, and therefore the selling price of the raw milk contemplated under the 2026 Feihe Master Agreement would be no less favourable than that offered by Independent Third Party customers of the Group.

In order to ensure that the terms of sales of raw milk (including the unit selling price) to Feihe Dairy Group would be on normal commercial terms and on terms no less favourable to the Group than that offered by Independent Third Party customers, the Group has adopted the following pricing procedures:

- (1) the Group will check the latest Indicative Price quarterly;
- (2) due to the super premium quality of the Group's raw milk and the resulting demand from the Group's customers for the production of their high-end dairy products, the Group has been able to charge raw milk prices that are higher than the Indicative Price. In determining the unit base price of the raw milk to be sold, the Group will take into account the correlation between and trends of the historical and latest Indicative Prices and unit base prices of raw milk sold to Feihe Dairy Group and the Group's other Independent Third Party customers; and
- (3) the Group will check with laboratories of the Group to ascertain the actual safety and quality standard of the raw milk of the Group to be sold, such as the microbe count, the level of protein content and fat content and the freezing point of raw milk. In determining the extent of adjustment to the unit base price attributable to these adjustment factors, the Group will take into account the correlation between and trends of the historical selling prices of raw milk of comparable safety and quality standard sold to Feihe Dairy Group and the Group's other Independent Third Party customers.

Pricing Adjustment and Review Mechanism

Similar to other customers of the Group, Feihe Dairy Group may, monthly or quarterly (depending on the volatility of market price of raw milk) after noting any change in the market conditions and the demand and supply of raw milk, issue a price adjustment notice to the sales department of the Group to request for adjustment to the unit selling price of raw milk. Upon receiving such notice, the sales department of the Group shall seek approval from both of the deputy general manager in charge and the general manager of the Group for the relevant price adjustment. For the purpose of determining whether the price adjustment request is justifiable, the deputy general manager in charge and the general manager of the Group, who are experienced in the dairy farming industry, will, among other things, (i) take into account the correlation between and trends of the historical and latest Indicative Prices and selling prices of raw milk sold to Feihe Dairy Group and Independent Third Party customers; and (ii) check with laboratories of the Group to ascertain the actual quality of the raw milk of the Group to be supplied, and take into account the correlation between and trends of the historical selling prices of raw milk of comparable safety and quality standard sold to Feihe Dairy Group and the Group's other Independent Third Party customers. Subject to obtaining such approval, the price of the raw milk sold by the Group to Feihe Dairy Group may be adjusted.

Apart from the price adjustment controls as stated above, designated members of the Group's senior management, namely deputy general manager in charge of sales department and general manager, will (i) monthly review the raw milk price agreed between the Group and Feihe Dairy Group, and compare it with the raw milk prices (of similar quality and during the same period of time) being agreed between the Group and other Independent Third Party customers, and (ii) review other trading terms of purchase orders received from Feihe Dairy Group and other Independent Third Party customers, to ensure that (a) the unit selling prices of raw milk for all of the Group's customers remain comparable, (b) other trading terms offered by Feihe Dairy Group, such as unit base price, adjustment factor, payment term and driving distance, are no less favourable to the Group than that offered by Independent Third Party customers; and (c) the contemplated transactions between Feihe Dairy Group and our Group are conducted on normal commercial terms.

Taking into account that (i) the Group's pricing mechanism with its customers (including Feihe Dairy Group and other Independent Third Party customers of the Group) are generally the same, and that the selling price of the raw milk contemplated under the 2026 Feihe Master Agreement would be comparable to that of the other Independent Third Party customers of the Group; and (ii) the Group's policy on review of raw milk prices agreed between the Group and its customers (including Feihe Dairy Group) as mentioned above, the Directors consider such pricing mechanism will be able to ensure the transactions contemplated under the 2026 Feihe Master Agreement be conducted on normal commercial terms or on terms no less favourable to the Group than that offered by Independent Third Party customers.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

The following table sets out the historical annual caps and the historical transaction amount in respect of the transactions contemplated under the 2023 Feihe Master Agreement for each of the three years ending 31 December 2025:

	Historical annual caps <i>(RMB million)</i>	Historical transaction amount <i>(RMB million)</i>	% of total revenue	Utilisation rate of historical annual caps
Year ended 31 December 2023	2,500	1,975	89.4%	79.0%
Year ended 31 December 2024	3,000	2,398	94.0%	79.9%
Year ending 31 December 2025	3,400	1,304 <i>(note)</i>	N/A	N/A

Note: Unaudited figure for the six months ended 30 June 2025

The following table sets out the proposed annual caps in respect of the transactions contemplated under the 2026 Feihe Master Agreement for each of the three years ending 31 December 2028:

Year ending 31 December	Sales of raw milk to Feihe Dairy Group pursuant to the 2026 Feihe Master Agreement (RMB million)	% of total revenue
2026	3,100	96%
2027	3,400	96%
2028	3,700	96%

The proposed annual caps in respect of the transactions contemplated under the 2026 Feihe Master Agreement have been determined with reference to:

- (a) the historical transaction amount and sales volume in respect of the sales of raw milk contemplated under the 2023 Feihe Master Agreement for each of the two years ended 31 December 2024 and for the six months ended 30 June 2025;
- (b) the projected quantities of sales volume of raw milk by the Group to Feihe Dairy Group of approximately 663,000 tonnes, 732,000 tonnes and 795,000 tonnes for each of the three years ending 31 December 2028, based on our discussion with China Feihe, the historical purchase volume of China Feihe and China Feihe's expected production and sales volume of dairy products for the three years ending 31 December 2028;
- (c) the prospect of the PRC domestic dairy industry following the introduction of the three-child policy by the PRC government, and the China Food and Nutrition Development Outline (2025–2030) (《中國食物與營養發展綱要(2025–2030年)》) jointly issued by the Ministry of Agriculture and Rural Affairs, the National Health Commission and the Ministry of Industry and Information Technology in early 2025, which proposes that, among other things, (i) one of the key tasks during the following five years is to increase the supply and consumption of high-quality protein foods; and (ii) by 2030, per capita annual milk consumption is expected to reach 47 kilograms, as well as taking into consideration the new five-year plan of the 15th Five-Year Plan expected to be introduced in 2026;

- (d) the prevailing and expected future market price of raw milk. The average Indicative Price decreased by approximately 6.6% during the first three quarters of 2025 when compared to the corresponding period in 2024 (where available). Although the raw milk price has bottomed out, the structural contradiction between rapid growth in raw milk supply and sluggish consumption demand of dairy products remains unresolved. As such, the Company expects that the price for raw milk will continue to remain at relatively low level during the three years ending 31 December 2028; and
- (e) a buffer of 5% to cover any unforeseen circumstances, for instance, the unexpected increment of the market price of raw milk and unexpected substantial increase in demand of raw milk by Feihe Dairy Group.

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

Feihe Dairy Group has been the Group's largest customer for nine consecutive years since 2017. Along with Feihe Dairy Group's fast business growth in recent years, its demand for raw materials such as raw milk has also been increasing. The Board believes that the sales of raw milk to Feihe Dairy Group is important to the business of the Group. It is expected that the long-term and continuing supply of raw milk products to Feihe Dairy Group will further enhance the stability of the Group's customer base and ensure future demand for the Group's raw milk product.

The proposed grant of priority in favour of Feihe Dairy Group in the supply of raw milk (the "**Priority Rights**") and the extension of the existing term of the 2023 Feihe Master Agreement to beyond 31 December 2025 were initially proposed and requested by Feihe Dairy Group. By entering into the 2026 Feihe Master Agreement for the grant of the Priority Right and extending the term to beyond 2025, the Group will be able to further reinforce the business relationship with Feihe Dairy Group.

The Directors consider that, by entering into the 2026 Feihe Master Agreement, the Group is not unduly reliant on Feihe Dairy Group for the following reasons:

(a) Mutually beneficial and complementary relationship

The Group is the largest supplier of raw milk for Feihe Dairy Group in 2024, offering excellent geographical advantages given the Group's farms are in close proximity of Feihe Dairy Group's downstream processing plants in Heilongjiang province, which enables the freshness of the fresh milk supplied to be optimally preserved. For the year ended 31 December 2024 and the six months ended 30 June 2025, the raw milk purchased by Feihe Dairy Group from the Group accounted for more than 75% of the total amount of raw milk purchased by Feihe Dairy Group. At the same time, Feihe Dairy Group is also the largest customer of the Group in 2024, providing a stable source of revenue for the Group.

As the largest and leading infant milk formula manufacturer in the PRC, Feihe Dairy Group has stringent quality control requirements in respect of, among others, the hygiene and safety conditions of the dairy herds of its suppliers and requires the raw milk supplied by its suppliers to meet high quality standards. Besides, given the perishable nature of raw milk, in order to maintain its freshness and to minimise the risk of contamination, it is not feasible for Feihe Dairy Group to either keep significant inventory of raw milk, or to procure raw milk from suppliers which are too far away. It will also generate substantial costs for Feihe Dairy Group to communicate and purchase raw milk from a large number of mid to small size dairy farms. In terms of herd size and production volume, the Company is one of the leading dairy farming companies in the PRC and it has a strong supply capacity in high-quality raw milk. As of 30 June 2025, the Group had 11 dairy cow farms in operation with over 108,000 dairy cows, and for the year ended 31 December 2024, the total sales volume of raw cow milk of the Group amounted to 566,704 tonnes. As the Group is one of the limited raw milk suppliers in Heilongjiang, the PRC with over 108,000 dairy cows and the capability of producing super premium raw milk and considering the long-term and close relationship with the Group, it is natural and advisable for Feihe Dairy Group to choose to procure more raw milk from the Group to meet its strong demand. For the year ended 31 December 2024 and the six months ended 30 June 2025, Feihe Dairy Group's purchases from the Group amounted to RMB2,398 million and RMB1,304 million, respectively.

Based on the above-mentioned reasons, it is believed that the business relationship between Feihe Dairy Group and the Group is mutually beneficial, and Feihe Dairy Group and the Group are mutually reliant on each other. It is beneficial to the Group in securing stable and long-term demand from Feihe Dairy Group, a high-quality customer and leading player in China's infant formula industry, and also strategically important to Feihe Dairy Group by ensuring a reliable source of high-quality raw milk for producing high-end infant formula products.

(b) Solid long-term relationship and extremely low risk of termination

Feihe Dairy Group has maintained solid and long-term business relationship with the Group in order to ensure the security of the raw milk supplies. Since the Group started to supply super premium raw milk in 2010, Feihe Dairy Group has been the Group's major customer for more than 14 years.

High quality and stable fresh milk supply is essential to the continued success of Feihe Dairy Group's infant milk formula products. In order to further strengthen Feihe Dairy Group's leading position in high-end infant milk formula market and provide enhanced protection and security on the future raw milk supplies, Feihe Dairy Group acquired 3,342,320,920 Shares through a conditional voluntary general offer in 2020, representing approximately 71.26% of the total issued share capital of the Company.

Taking into consideration the above-mentioned factors, it is highly certain that Feihe Dairy Group and the Group will maintain a stable and long-term business relationship, and there is an extremely low risk that the relationship between Feihe Dairy Group and the Group will materially adversely change or terminate.

(c) Strong capability to develop dairy farms

Thanks to the long-term operation experience in the dairy market and good leadership skills of the management team, the Company has developed a strong capability to develop its own dairy farms. Other than Gannan Farm and Kedong Heping Farm which were acquired from China Feihe in 2011 and Longjiang Ruixincheng Farm and, Longjiang Jinyuan Farm whose assets were acquired from Independent Third Parties since 2021, the Company has developed all the remaining seven dairy farms in operation by itself.

The table below sets out the percentage of total sale volume of raw cow milk produced by the dairy farms acquired from China Feihe to the total sale volume of raw cow milk produced by the Group for each of the three years ended 31 December 2024 and the six months ended 30 June 2025:

	Total sale volume of raw cow milk produced by the two dairy farms acquired from China Feihe (tonnes)	Total sale volume of raw cow milk produced by the Group (tonnes)	Percentage
Year ended 31 December 2022	109,585	409,975	26.7%
Year ended 31 December 2023	109,723	459,950	23.9%
Year ended 31 December 2024	117,300	566,704	20.7%
Six months ended 30 June 2025	52,809	304,729	17.3%

(d) Limited priority arrangement

The change in relationship with China Feihe has not and would not result in material impact to the Company. The Company is still able to maintain and develop its business relationship with other customers other than Feihe Dairy Group, and the Company could sell its raw milk to other customers other than Feihe Dairy Group who offered better terms. Under the priority arrangement, the Group will only give priority to Feihe Dairy Group for purchase of raw milk when the terms and conditions offered by Feihe Dairy Group are no less favourable than that offered by the other purchasers. In addition, China Feihe has undertaken to the Company that the Company is allowed to suspend the priority arrangement when it needs to sell more raw milk to third party customers for the purpose of ensuring that the Group will not generate more than 96% of its annual revenue from Feihe Dairy Group.

(e) Reduction of reliance

It is also believed that the Company is able to reduce the percentage of revenue contribution from China Feihe for the following reasons:

- (i) regardless of the increase in the sales of raw milk to China Feihe, the Company will still maintain and develop its business relationship with other customers other than China Feihe. Other than Feihe Dairy Group, the Group has maintained long-term business relationship with five dairy product manufacturers, including Mengniu Group and Yili Group. Such customers have huge demand in high quality raw milk and the capacity to take up the raw milk originally supplied to Feihe Dairy Group. In addition, the Group will take various measures to broaden its customer base, including (i) expanding its sales team to actively search for new customers; (ii) providing extensive training to its sales team in relation to skills to approach and draw in new clients; and (iii) arranging the sales team to visit nearby potential customers regularly. To the best of the Directors' knowledge, there are more than ten dairy products manufacturers (other than Feihe Dairy Group) located within 200 km of the Group's farms with the estimated aggregate daily raw milk demand exceeding 5,000 tonnes. The Group plans to allocate more resources on the above mentioned measures to better explore opportunities to cooperate with other dairy product manufacturers in the future, so we can further lower our customer concentration risks; and
- (ii) due to the strong demand for high qualify raw milk in the PRC market over the years, it is relatively easy for the Company to find alternative customers for its raw milk if it wants to reduce the sales of raw milk to China Feihe.

(f) Level of contribution

During the year ended 31 December 2024, Feihe Dairy Group contributed 94.0% of the Group's total revenue. While revenue from Feihe Dairy Group is expected to increase in line with its continuous expansion and growth in the PRC, the Group expects that the revenue from sales of the Group's products to third party customers will also increase over the years in the coming future as a result of the Group's expansion of its production capacity. Therefore, the Group expects that the revenue contribution from Feihe Dairy Group as a percentage of the Group's total revenue will remain as the similar level at around 96% for each of the three years ending 31 December 2028 (the "**96% Limit**"). As disclosed above, the 96% Limit forms part of the proposed annual caps for the three years ending 31 December 2028 in addition to the numerical figures. The Group will closely monitor its revenue contribution from Feihe Dairy Group, and it will reduce or suspend the transactions with China Feihe and supply the remaining raw milk to third party customers to ensure that the 96% Limit is fully complied with.

(g) Common market practice in the dairy industry

The upstream and downstream industry players in China's dairy industry are highly interdependent. On the one hand, as the competitive landscape in the downstream market of China's dairy industry has been increasingly concentrated, raw milk suppliers mainly sell their products to a limited number of top dairy products manufacturers in the downstream. On the other hand, large-scale dairy products manufacturers generally incline to establish long-term and stable relationships with trustful raw milk suppliers in the upstream to secure stable supply and product safety and quality. It is a common market practice in the dairy industry in China for a dairy farming company to have a high customer concentration.

Having considered (i) the background of Feihe Dairy Group; (ii) long-term business relationship between the Group and Feihe Dairy Group; (iii) that the Group will give priority to Feihe Dairy Group for purchase of raw milk on terms and conditions being no less favourable to the Group than that offered by Independent Third Party customers; and (iv) the Group's annual capacity of raw milk, the Directors (excluding independent non-executive Directors, who will give their opinion after taking into account of the recommendations from the Independent Financial Adviser) consider that the 2026 Feihe Master Agreement (including the Priority Rights) are on normal commercial terms and fair and reasonable, and the transactions contemplated under the 2026 Feihe Master Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

The Directors (excluding independent non-executive Directors, who will give their opinion after taking into account of the recommendations from the Independent Financial Adviser) are also of the view that the proposed annual caps for the transactions contemplated under the 2026 Feihe Master Agreement for each of the three years ending 31 December 2028 are fair and reasonable.

Each of Mr. Leng Youbin, Mr. Liu Hua and Mr. Cai Fangliang has abstained from voting at the relevant Board meeting for the approval of the 2026 Feihe Master Agreement due to their positions as executive director of China Feihe and their shareholding in China Feihe. Mr. Liu Gang, being a younger brother of Mr. Liu Hua, has abstained from voting at the relevant Board meeting for the approval of the 2026 Feihe Master Agreement to avoid any potential conflicts of interest. Ms. Liu Jinping, being an independent non-executive Director, is also an independent non-executive director of China Feihe and has abstained from voting at the relevant Board meeting for the approval of the 2026 Feihe Master Agreement to avoid any potential conflicts of interest. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the 2026 Feihe Master Agreement or is required to abstain from voting on the relevant resolutions of the Board.

IMPLICATIONS OF THE LISTING RULES

As of the date of this announcement, China Feihe holds approximately 71.26% of the total issued share capital of the Company. Therefore, China Feihe is the controlling shareholder of the Company and hence a connected person of the Company. Thus, the transactions contemplated under the 2026 Feihe Master Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual caps under the 2026 Feihe Master Agreement exceed 25%, the 2026 Feihe Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto). Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of, among other matters, the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto).

A circular containing, among other things, (i) the letter from the Board containing further information on the 2026 Feihe Master Agreement, the transactions contemplated thereunder and the proposed annual caps relating thereto, (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) the letter of advice from Gram Capital, and (iv) the notice convening the SGM and the proxy form, will be despatched to the shareholders on or before 22 October 2025.

GENERAL INFORMATION

The Company

The Company is a dairy farming company in the PRC dedicated to the production of super premium raw milk. The ordinary shares of the Company are listed on the main board of the Stock Exchange.

Feihe Dairy Group

Feihe Dairy Group is based in Heilongjiang province and is principally engaged in the production and sale of infant formula products in the PRC. The ordinary shares of China Feihe are listed on the main board of the Stock Exchange.

DEFINITIONS

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

“2013 Feihe Master Agreement”	a master agreement dated 1 November 2013 entered into between (a) Ruixinda and Ruixincheng on the one part and (b) Feihe Dairy HLJ (for itself and on behalf of its subsidiaries) in relation to the supply of raw milk
“2014 Announcement”	announcement of the Company dated 31 October 2014 in relation to, among others, the revision of the annual caps for the transactions contemplated under the 2013 Feihe Master Agreement
“2014 Circular”	circular of the Company dated 21 November 2014 in relation to, among others, the revision of the annual caps for the transactions contemplated under the 2013 Feihe Master Agreement
“2015 Announcement”	announcement of the Company dated 14 December 2015 in relation to, among others, the renewal of the 2013 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2015 Feihe Master Agreement
“2015 Circular”	circular of the Company dated 31 December 2015 in relation to, among others, the renewal of the 2013 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2015 Feihe Master Agreement
“2015 Feihe Master Agreement”	a master agreement dated 14 December 2015 entered into between (a) Ruixinda and Ruixincheng (for themselves and on behalf of their subsidiaries) on the one part and (b) Feihe Dairy HLJ and Feihe Gannan (for themselves and on behalf of their subsidiaries) in relation to the supply of raw milk
“2017 Announcement”	announcement of the Company dated 12 May 2017 in relation to, among others, the renewal of the 2015 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2017 Feihe Master Agreement

“2017 Circular”	circular of the Company dated 30 June 2017 in relation to, among others, the renewal of the 2015 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2017 Feihe Master Agreement
“2017 Feihe Master Agreement”	a master agreement dated 12 May 2017 entered into between (a) the Company (for itself and on behalf of its subsidiaries) and (b) China Feihe (for itself and on behalf of its subsidiaries) in relation to the supply of raw milk
“2019 Announcement”	announcement of the Company dated 23 September 2019 in relation to, among others, the entering into of the 2020 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2020 Feihe Master Agreement
“2019 Circular”	circular of the Company dated 16 October 2019 in relation to, among others, the entering into of the 2020 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2020 Feihe Master Agreement
“2020 Feihe Master Agreement”	a master agreement dated 23 September 2019 entered into between (a) the Company (for itself and on behalf of its subsidiaries) and (b) China Feihe (for itself and on behalf of its subsidiaries) in relation to the supply of raw milk
“2021 Announcement”	announcement of the Company dated 4 November 2021 in relation to, among others, the revision of the original annual caps for the continuing connected transactions under the 2020 Feihe Master Agreement
“2021 Circular”	circular of the Company dated 25 November 2021 in relation to, among others, the revision of the original annual caps for the continuing connected transactions under the 2020 Feihe Master Agreement
“2022 Announcement”	announcement of the Company dated 14 October 2022 in relation to, among others, the entering into of the 2023 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2023 Feihe Master Agreement

“2022 Circular”	circular of the Company dated 23 November 2022 in relation to, among others, the entering into of the 2023 Feihe Master Agreement and the proposed annual caps for the transactions contemplated under the 2023 Feihe Master Agreement
“2023 Feihe Master Agreement”	a master agreement dated 14 October 2022 entered into between (a) the Company (for itself and on behalf of its subsidiaries) and (b) China Feihe (for itself and on behalf of its subsidiaries) in relation to the supply of raw milk
“2024 Announcement”	announcement of the Company dated 18 November 2024 in relation to, among others, the revision of the original annual caps for the continuing connected transactions under the 2023 Feihe Master Agreement
“2024 Circular”	circular of the Company dated 4 December 2024 in relation to, among others, the revision of the original annual caps for the continuing connected transactions under the 2023 Feihe Master Agreement
“2026 Feihe Master Agreement”	a master agreement dated 29 September 2025 entered into between (a) the Company (for itself and on behalf of its subsidiaries) and (b) China Feihe (for itself and on behalf of its subsidiaries) in relation to the supply of raw milk
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China Feihe”	China Feihe Limited (中國飛鶴有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012, the ordinary shares of which are listed on the main board of the Stock Exchange
“Commencement Date”	1 January 2026
“Company”	YuanShengTai Dairy Farm Limited (原生態牧業有限公司), an exempted company incorporated with limited liability under Bermuda Law on 1 May 2012, the ordinary shares of which are listed on the main board of the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Feihe Dairy Group”	the group of companies comprising China Feihe and its subsidiaries (as the context may require, excluding the Group)
“Feihe Dairy HLJ”	Heilongjiang Feihe Dairy Co., Ltd.* (黑龍江飛鶴乳業有限公司), a company incorporated in the PRC, which is a wholly-owned subsidiary of China Feihe
“Feihe Gannan”	Feihe (Gannan) Dairy Products Co., Ltd.* (飛鶴(甘南)乳品有限公司), a company incorporated in the PRC, which is a wholly-owned subsidiary of China Feihe
“Feihe Master Agreements”	collectively, the 2013 Feihe Master Agreement, the 2015 Feihe Master Agreement, the 2017 Feihe Master Agreement, the 2020 Feihe Master Agreement and the 2023 Feihe Master Agreement
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity 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 in respect of the 2026 Feihe Master Agreement and the transactions contemplated thereunder (including the proposed annual caps relating thereto)
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to consider the transactions contemplated under the 2026 Feihe Master Agreement and the proposed annual caps relating thereto
“Independent Shareholders”	shareholders who are not required to abstain from voting at the SGM to approve the continuing connected transactions
“Independent Third Parties”	an individual(s) or a company(ies) who or which is/are not a connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Prospectus”	prospectus of the Company dated 14 November 2013
“Ruixincheng”	Harbin Ruixincheng Commercial Trade Co., Ltd.* (哈爾濱市瑞信誠商貿有限公司), a wholly foreign owned enterprise incorporated in the PRC on 3 May 2013 and an indirect wholly owned subsidiary of the Company
“Ruixinda”	Harbin Ruixinda Dairy Farming Co., Ltd.* (哈爾濱市瑞信達牧業有限公司), a wholly foreign owned enterprise incorporated in the PRC on 9 December 2010 and an indirect wholly owned subsidiary of the Company
“SGM”	a special general meeting of the Company to be convened to consider and approve the transactions contemplated under the 2026 Feihe Master Agreement and the proposed annual caps relating thereto
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

* For identification purposes only

By Order of the Board
YuanShengTai Dairy Farm Limited
Zhang Yongjiu
Chairman

Hong Kong, 29 September 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhang Yongjiu (Chairman and Chief Executive Officer), Mr. Chen Xiangqing (Chief Financial Officer) and Mr. Liu Gang; three non-executive Directors, namely Mr. Leng Youbin, Mr. Liu Hua and Mr. Cai Fangliang; and three independent non-executive Directors, namely Mr. Meng Jingzong (alias Owens Meng), Mr. Zhang Yuezhou and Ms. Liu Jinping.