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CHINA YURUN FOOD GROUP LIMITED

中國雨潤食品集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1068)

CONTINUING CONNECTED TRANSACTIONS PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT AND PACKAGING PRODUCTS AND MATERIALS SUPPLY FRAMEWORK AGREEMENT

THE PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT

As the Existing Purchase Framework Agreement will expire on 31 December 2023, the Company (for and on behalf of the members of the Group) entered into the Packaging Materials Purchase Framework Agreement with the Packaging Materials Selling Entity on 20 December 2023 for the continual sourcing of packaging materials, mainly include packaging bags, woven bags, yellow carton boxes and colored carton boxes from the Packaging Materials Selling Entity pursuant to the terms thereof upon expiry of the Existing Purchase Framework Agreement.

THE PACKAGING PRODUCTS AND MATERIALS SUPPLY FRAMEWORK AGREEMENT

As the Existing Supply Framework Agreement will expire on 31 December 2023, the Company (for and on behalf of the members of the Group) entered into the Packaging Products and Materials Supply Framework Agreement with Mr. Zhu (for and on behalf of the Packaging Products and Materials Purchasing Entities) on 20 December 2023 for the continual supply of packaging products and materials to the Packaging Products and Materials Purchasing Entities pursuant to the terms thereof upon expiry of the Existing Supply Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Packaging Materials Selling Entity and the Packaging Products and Materials Purchasing Entities (except for Nanjing Emporium Group), being entities owned and/ or controlled by Jiangsu

Yurun Delicacies. As Jiangsu Yurun Delicacies is held as to approximately 33.00% by Mr. Zhu, and Nanjing Emporium Group is held directly or indirectly as to approximately 57.00% by Mr. Zhu, the Packaging Materials Selling Entity and the Packaging Products and Materials Purchasing Entities have become connected persons of the Company under the Listing Rules. The transactions contemplated under each of the Packaging Materials Purchase Framework Agreement and the Packaging Products and Materials Supply Framework Agreement have been negotiated independently of each other and respectively constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under each of the Packaging Materials Purchase Framework Agreement and the Packaging Products and Materials Supply Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under each of the Packaging Materials Purchase Framework Agreement and the Packaging Products and Materials Supply Framework Agreement are respectively subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. THE PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 11 December 2020 regarding its sourcing of carton boxes packaging materials from the carton boxes packaging materials selling entity for a period from 1 January 2021 to 31 December 2023 pursuant to the Existing Purchase Framework Agreement.

As the Existing Purchase Framework Agreement will expire on 31 December 2023, the Company (for and on behalf of the members of the Group) entered into the Packaging Materials Purchase Framework Agreement with the Packaging Materials Selling Entity on 20 December 2023 for the continual sourcing of packaging materials, mainly include packaging bags, woven bags, yellow carton boxes and colored carton boxes from the Packaging Materials Selling Entity mostly in the East China Region pursuant to the terms thereof upon expiry of the Existing Purchase Framework Agreement.

The principal terms of the Packaging Materials Purchase Framework Agreement are described below:

- Date** : 20 December 2023
- Parties** : (i) The Company (for and on behalf of the members of the Group), as the buyer; and
(ii) the Packaging Materials Selling Entity, as the seller.
- Term** : Commencing on 1 January 2024 and ending on 31 December 2026.
- Principal Terms** : The Packaging Materials Selling Entity shall supply packaging materials, mainly include packaging bags, woven bags, yellow carton boxes and colored carton boxes to the Group for its production use.
- Pricing basis** : The price for the sourcing of packaging materials shall be determined on an arm's length basis, and negotiated between the parties to the

Packaging Materials Purchase Framework Agreement with reference to the market price at the time the purchase order is placed, provided that such price shall not be higher than the average price paid by the Group to other independent third parties on an arm's length basis and normal commercial terms for the same type of products during the relevant period.

The Group may, before it places any purchase order with the Packaging Materials Selling Entity pursuant to the Packaging Materials Purchase Framework Agreement, obtain price quotations or transaction information from other suppliers who are independent third parties for the supply of the same or similar type of products required by the Group. If the Group proceeds to place a purchase order with the Packaging Materials Selling Entity for the packaging materials, the price and other conditions at which such products are to be offered by the Packaging Materials Selling Entity shall be no less favourable than those offered by the independent third parties to the Group.

Delivery and payment arrangements : The buyer shall send a purchase order to the seller specifying the quantity and types of the packaging materials required for the coming month not less than seven days prior to the end of the month. The buyer shall settle the payment within three months after delivery. Unless agreed otherwise by both parties, the buyer shall notify the seller two days prior to the intended date of delivery in respect of the delivery arrangement.

Proposed annual caps

The historical purchase amounts of carton boxes packaging materials by the Group pursuant to the Existing Purchase Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated under the Packaging Materials Purchase Framework Agreement are set out below:

Historical transaction amounts (financial year ended/period ended)	RMB	HK\$ (Equivalent approximate)
31 December 2021	12.51 million	15.08 million <i>(Note)</i>
31 December 2022	3.02 million	3.50 million <i>(Note)</i>
31 October 2023 (unaudited, based on the Group's management accounts)	5.38 million	5.91million

Annual caps (financial year ending)

31 December 2024	12.60 million	13.85 million
31 December 2025	12.70 million	13.96 million
31 December 2026	12.80 million	14.07 million

Note: the conversion of RMB into HK\$ is based on the exchange rate used in the annual report of the Company for the year ended 31 December 2021 and 2022, respectively.

The annual caps under the Packaging Materials Purchase Framework Agreement are determined with reference to the historical transaction amounts of carton boxes packaging materials purchased by the Group under the Existing Purchase Framework Agreement, taking into account of the anticipated demand for packaging materials of the Group and the increase in the variety of products offered by the Group and its business growth, the anticipated inflation and increase in the market price of packaging materials during the term of the Packaging Materials Purchase Framework Agreement.

REASONS FOR ENTERING INTO THE PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT

The Group is one of the leading meat product suppliers in the PRC which offers a wide range of raw pork (chilled and frozen) and processed meat with a particular focus on pork products. The Group decides to continue the present arrangements with respect to its sourcing of packaging materials from the Packaging Materials Selling Entity, as the Packaging Materials Selling Entity is a stable and reliable supplier of packaging materials, and the Directors believe it is cost-effective and efficient to source such products from the Packaging Materials Selling Entity.

INTERNAL CONTROL PROCEDURES

Regarding the Packaging Materials Purchase Framework Agreement, the Directors are of the view that the Company has implemented adequate internal control procedures and steps when carrying out the continuing connected transactions contemplated under the Packaging Materials Purchase Framework Agreement.

To protect the interests of the Company and the shareholders as a whole, the Company has adopted and will continue to carry out the following internal control measures:

- (a) the business department will consider the Group's brand image, product positioning, brand image of agency channels and target customers so as to select the suitable suppliers;
- (b) the procurement and management departments of the Group will conduct survey on information regarding local markets of the Group, including comparison of quotations obtained from various suppliers, regular review of sourcing price of products, and corresponding adjustments, as and when appropriate, upon change in market price;
- (c) the staff of the business department will compare the purchase price payable to

other similar type of suppliers who sell similar products, and be responsible to negotiate the purchase price on an arm's length basis. The purchase price will then be approved by the person in charge of such department to ensure that the purchase price payable to the Packaging Materials Selling Entity through this channel of procurement should not be higher than the purchase price payable to independent third parties which sell same type of products to the Group based on normal commercial terms after arm's length negotiation during the relevant period;

- (d) the Group will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the proposed annual cap. If the accumulated transaction amount is close to the proposed annual cap, the management of the Company will renew the proposed annual cap or suspend the transaction, as appropriate;
- (e) the Company's external auditors will conduct an annual review of the transactions contemplated under the Packaging Materials Purchase Framework Agreement to ensure that the transaction amounts fall within the proposed annual cap and that such transactions are conducted in accordance with the terms set out in the Packaging Materials Purchase Framework Agreement;
- (f) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Packaging Materials Purchase Framework Agreement to ensure that the Company has complied with the internal approval procedures, the terms of the Packaging Materials Purchase Framework Agreement and the relevant requirements under the Listing Rules; and
- (g) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents, and ensure that the pricing basis and internal control procedures are complied with.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the opinion that the continuing connected transactions under the Packaging Materials Purchase Framework Agreement will continue to be carried out in the ordinary and usual course of business of the Group, and on normal commercial terms which (including the annual caps) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Ms. Zhu Yuan, an executive Director of the Company, is the daughter of Mr. Zhu, and she is therefore an associate of Mr. Zhu who has a material interest in the Packaging Materials Purchase Framework Agreement. Since Ms. Zhu Yuan has a material interest in the transactions contemplated under the Packaging Materials Purchase Framework Agreement, she has abstained from voting on the Board meeting approving such transactions.

Save as disclosed above, none of the Directors has a material interest in the Packaging Materials Purchase Framework Agreement and has abstained from voting on the Board meeting approving the aforesaid transactions.

INFORMATION ON THE PARTIES

The Company

The principal activity of the Company is investment holding, and the Group is one of the leading meat product suppliers in the PRC primarily engaging in the slaughtering, production, and sale of chilled and frozen pork and processed meat products which focuses on the business of production of products under the “Haroulian” family of brands and the business of production of low-temperature and high-temperature meat products.

The Packaging Materials Selling Entity

*Tongcheng Furun Packaging Materials Company Limited** (桐城市福潤包裝材料有限公司) and *HuaiBei Herun Packaging Products Company Limited** (淮北和潤包裝製品有限公司)

Tongcheng Furun Packaging Materials Company Limited and HuaiBei Herun Packaging Products Company Limited are entities established under the laws of the PRC with limited liability which are principally engaged in the production and sales of packaging materials businesses. As at the date of this announcement, each of Tongcheng Furun Packaging Materials Company Limited and HuaiBei Herun Packaging Products Company Limited is an indirectly wholly-owned subsidiary of Jiangsu Yurun Delicacies, which is a company established under the laws of the PRC to undertake the food and agricultural products logistics business under the two separate restructuring cases, namely, the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies, details of which have been disclosed in the announcement of the Company dated 30 January 2022.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the equity interests in Jiangsu Yurun Delicacies upon completion of the implementation of the Restructuring Plan are ultimately owned by (a) Mr. Zhu through China YH and other entities as to approximately 33.00%. Mr. Zhu is a substantial shareholder of the Company interested in approximately 25.82% of the issued shares of the Company and is a connected person of the Company; (b) Nanjing JiuHua Food Development Centre (Limited Partnership) (南京久華食品產業發展中心(有限合夥)) as to approximately 7.00%, and Huarong Capital Management Co., Ltd. (華融資本管理有限公司) being its managing partner; (c) creditors of the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies who would convert their debts to equity interests in Jiangsu Yurun Delicacies, as to an aggregate approximately 37.29%; and (d) Specialized Limited Partnership 1 and Specialized Limited Partnership 2 as to approximately 7.15% and 15.56%, respectively, representing the pool of equity interests reserved, which according to the Restructuring Memorandum and the PRC Legal Opinion, the ultimate beneficial owner of such pool of equity interests will and can only be determined pursuant to the allocation based on the future business performance of Jiangsu Yurun Delicacies. As at the date of this announcement, Specialized Limited Partnership 1 and Specialized Limited Partnership 2 do not have an ultimate beneficial owner. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, such creditors who would convert their debts to equity interests in Jiangsu Yurun Delicacies mainly include approximately 150 creditors which are financial institutions in the PRC, business partners of the 44 Restructuring Companies and 78 China YH Restructuring Companies, which are independent third parties.

For details of the consolidated restructuring and the defined terms used in the section headed “Information on the Parties – The Packaging Materials Selling Entity – Tongcheng Furun Packaging Materials Company Limited and Huaibei Herun Packaging Products Company Limited” in this announcement, please refer to the announcement of the Company dated 30 January 2022 in relation to the Restructuring Case of 44 Companies.

Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, the abovementioned ultimate beneficial owners of Tongcheng Furun Packaging Materials Company Limited and Huaibei Herun Packaging Products Company Limited are independent third parties.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Packaging Materials Selling Entity, being an entity owned and/or controlled by Jiangsu Yurun Delicacies. As Jiangsu Yurun Delicacies is held as to approximately 33.00% by Mr. Zhu, the Packaging Materials Selling Entity has become connected person of the Company under the Listing Rules. The transactions contemplated under the Packaging Materials Purchase Framework Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under the Packaging Materials Purchase Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under the Packaging Materials Purchase Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

2. THE PACKAGING PRODUCTS AND MATERIALS SUPPLY FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 11 December 2020 regarding its supply of packaging materials to Mr. Zhu (for and on behalf of the packaging materials purchasing entities) for a period from 1 January 2021 to 31 December 2023 pursuant to the Existing Supply Framework Agreement.

As the Existing Supply Framework Agreement will expire on 31 December 2023, the Company (for and on behalf of the members of the Group) entered into the Packaging Products and Materials Supply Framework Agreement with Mr. Zhu (for and on behalf of the Packaging Products and Materials Purchasing Entities) on 20 December 2023 for the continual supply of packaging products and materials to the Packaging Products and Materials Purchasing Entities mostly in the North East Region of Mainland China pursuant to the terms thereof upon expiry of the Existing Supply Framework Agreement.

The principal terms of the Packaging Products and Materials Supply Framework Agreement are described below:

- Date** : 20 December 2023
- Parties** : (i) The Company (for and on behalf of the members of the Group), as the seller; and
(ii) Mr. Zhu (for and on behalf of the Packaging Products and Materials Purchasing Entities, each as a buyer). The Packaging Products and Materials Purchasing Entities (except for Nanjing Emporium Group) are entities owned and/ or controlled by Jiangsu Yurun Delicacies, which is held as to approximately 33.00% by Mr. Zhu. Nanjing Emporium Group is held directly or indirectly as to approximately 57.00% by Mr. Zhu.
- Term** : Commencing on 1 January 2024 and ending on 31 December 2026.
- Principal Terms** : The Group shall have the discretion to decide whether to supply packaging materials manufactured by it to the Packaging Products and Materials Purchasing Entities upon receiving purchase order for packaging products and materials from the Packaging Products and Materials Purchasing Entities from time to time.
- Pricing basis** : The sales price of the packaging products and materials under the Packaging Products and Materials Supply Framework Agreement shall be determined on an arm's length basis, and negotiated between the buyer and the seller with reference to the market price at the time the purchase order is placed, provided that such price shall not be lower than the average price offered by the Group to other independent third parties on an arm's length basis and normal commercial terms for the same type of products during the relevant period.
- If the Group proceeds to sell the packaging products and materials to any of the Packaging Products and Materials Purchasing Entities, the price and other conditions at which such products are offered to the Packaging Products and Materials Purchasing Entities shall be no more favourable than those offered to the independent third parties by the Group.
- Delivery and payment arrangements** : The buyer shall send a purchase order to the seller specifying the quantity and types of packaging products and materials required for the coming month not less than seven days prior to the end of the month. The buyer shall settle the payment within three months after receipt of the products. Unless agreed otherwise by both parties, the buyer shall notify the seller two days prior to the intended date of delivery in respect of the delivery arrangement. The buyer shall be responsible for the delivery of products.

Proposed annual caps

The historical sales amounts of packaging materials of the Group pursuant to the Existing Supply Framework Agreement and the proposed annual caps for the continuing connected transactions contemplated under the Packaging Products and Materials Supply Framework Agreement are set out below:

Historical transaction amounts (financial year ended/ period ended)	RMB	HK\$ (Equivalent approximate)
31 December 2021	4.72 million	5.69 million (Note)
31 December 2022	1.78 million	2.07 million (Note)
31 October 2023 (unaudited, based on the Group's management accounts)	1.26 million	1.38 million
Annual caps (financial year ending)		
31 December 2024	2.60 million	2.86 million
31 December 2025	2.90 million	3.19 million
31 December 2026	3.20 million	3.52 million

Note: the conversion of RMB into HK\$ is based on the exchange rate used in the annual report of the Company for the year ended 31 December 2021 and 2022, respectively.

The annual caps under the Packaging Products and Materials Supply Framework Agreement are determined with reference to the historical sales amounts of packaging materials supplied by the Group under the Existing Supply Framework Agreement, taking into account of the anticipated demand for packaging products and materials of the Packaging Products and Materials Purchasing Entities and the production level and supply of packaging products and materials of the Group's production plants, the anticipated inflation and increase in the market price of packaging products and materials during the term of the Packaging Products and Materials Framework Agreement.

REASONS FOR ENTERING INTO THE PACKAGING PRODUCTS AND MATERIALS SUPPLY FRAMEWORK AGREEMENT

The Group is one of the leading meat product suppliers in the PRC which offers a wide range of raw pork (chilled and frozen) and processed meat with a particular focus on pork products. The Group has factories to manufacture packaging products and materials for its production use. The Packaging Products and Materials Purchasing Entities are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development, planting and research of fungus and mushrooms and

retail business, which require packaging products and materials for their production use. The Directors consider the sales of packaging products and materials to the Packaging Products and Materials Purchasing Entities which may require packaging products and materials from time to time will generate an additional and steady revenue and profit for the Group.

INTERNAL CONTROL PROCEDURES

Regarding the Packaging Products and Materials Supply Framework Agreement, the Directors are of the view that the Company has implemented adequate internal control procedures and steps when carrying out the continuing connected transactions contemplated under the Packaging Products and Materials Supply Framework Agreement.

To protect the interests of the Company and the shareholders as a whole, the Company has adopted and will continue to carry out the following internal control measures:

- (a) The business department will regularly review the sales price of packaging products and materials with reference to external information about the local market where the factory of the Group is situated and make corresponding adjustments when there is any change in market price in a timely manner; and the sales price to be offered to the connected persons (i.e. buyers) is required to be approved and determined by the person in charge of such department to ensure that the relevant price is no less than that to be offered to independent third parties.
- (b) the Group will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the proposed annual cap. If the accumulated transaction amount is close to the proposed annual cap, the management of the Company will renew the proposed annual cap or suspend the transaction, as appropriate;
- (c) the Company's external auditors will conduct an annual review of the transactions contemplated under the Packaging Products and Materials Supply Framework Agreement to ensure that the transaction amounts fall within the proposed annual cap and that such transactions are conducted in accordance with the terms set out in the Packaging Products and Materials Supply Framework Agreement;
- (d) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Packaging Products and Materials Supply Framework Agreement to ensure that the Company has complied with the internal approval procedures, the terms of the Packaging Products and Materials Supply Framework Agreement and the relevant requirements under the Listing Rules; and
- (e) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents, and ensure that the pricing basis and internal control procedures are complied with.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the opinion that the continuing connected transactions under the Packaging Products and Materials Supply Framework Agreement will continue to be carried out in the ordinary and usual course of business of the Group, and on normal commercial terms which (including the annual caps) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Ms. Zhu Yuan, an executive Director of the Company, is the daughter of Mr. Zhu, and she is therefore an associate of Mr. Zhu who has a material interest in the Packaging Products and Materials Supply Framework Agreement. Since Ms. Zhu Yuan has a material interest in the transactions contemplated under the Packaging Products and Materials Supply Framework Agreement, she has abstained from voting on the Board meeting approving such transactions.

Save as disclosed above, none of the Directors has a material interest in the Packaging Products and Materials Supply Framework Agreement and has abstained from voting on the Board meeting approving the aforesaid transactions.

INFORMATION ON THE PARTIES

The Company

Please refer to the above disclosure on the information of the Company in this announcement.

Mr. Zhu and the Packaging Products and Materials Purchasing Entities

The controlling shareholder of the Packaging Products and Materials Purchasing Entities is Mr. Zhu and Mr. Zhu is a substantial shareholder and a former executive director of the Company, who as at the date of this announcement is indirectly interested in approximately 25.82% of the issued shares of the Company.

The Packaging Products and Materials Purchasing Entities are entities incorporated in the PRC owned and/ or controlled by Mr. Zhu and his associates, which are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development, planting and research of fungus and mushrooms and retail business.

As at the date of this announcement, each of the Packaging Products and Material Purchasing Entities (except for Nanjing Emporium Group), is a indirectly wholly-owned subsidiary of Jiangsu Yurun Delicacies. Jiangsu Yurun Delicacies is a company established under the laws of the PRC to undertake the food and agricultural products logistics business under the two separate restructuring cases, namely, the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies, details of which have been disclosed in the announcement of the Company dated 30 January 2022.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the equity interests in Jiangsu Yurun Delicacies upon completion of the implementation of the Restructuring Plan are ultimately owned by (a) Mr. Zhu through China YH and other entities as to approximately 33.00%. Mr. Zhu is a substantial shareholder of the Company interested in approximately 25.82% of the issued shares of the Company and is a connected person of the Company; (b) Nanjing Jiuhua Food Development Centre (Limited

Partnership) (南京久華食品產業發展中心(有限合夥)) as to approximately 7.00%, and Huarong Capital Management Co., Ltd. (華融資本管理有限公司) being its managing partner; (c) creditors of the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies who would convert their debts to equity interests in Jiangsu Yurun Delicacies, as to an aggregate approximately 37.29%; and (d) Specialized Limited Partnership 1 and Specialized Limited Partnership 2 as to approximately 7.15% and 15.56%, respectively, representing the pool of equity interests reserved, which according to the Restructuring Memorandum and the PRC Legal Opinion, the ultimate beneficial owner of such pool of equity interests will and can only be determined pursuant to the allocation based on the future business performance of Jiangsu Yurun Delicacies. As at the date of this announcement, Specialized Limited Partnership 1 and Specialized Limited Partnership 2 do not have an ultimate beneficial owner. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, such creditors who would convert their debts to equity interests in Jiangsu Yurun Delicacies mainly include approximately 150 creditors which are financial institutions in the PRC, business partners of the 44 Restructuring Companies and 78 China YH Restructuring Companies, which are independent third parties.

For details of the consolidated restructuring and the defined terms used in the section headed “Information on the Parties – Mr. Zhu and the Packaging Products and Materials Purchasing Entities” in this announcement, please refer to the announcement of the Company dated 30 January 2022 in relation to the Restructuring Case of 44 Companies.

Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, the abovementioned ultimate beneficial owners of the Packaging Products and Materials Purchasing Entities (except for Nanjing Emporium Group) are independent third parties.

Nanjing Emporium Group is a company listed on the Shanghai Stock Exchange. As at the date of this announcement, Nanjing Emporium Group is held directly or indirectly as to approximately 57.0% by Mr. Zhu and 43.0% by other shareholders of Nanjing Emporium Group who, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are independent third parties.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Mr. Zhu is the beneficial owner who holds the single largest percentage interest in the Packaging Materials Purchasing Entities as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Packaging Products and Materials Purchasing Entities (except for Nanjing Emporium Group), being entities owned and/ or controlled by Jiangsu Yurun Delicacies, which is held as to approximately 33.00% by Mr. Zhu, and Nanjing Emporium Group is held directly or indirectly as to approximately 57.00% by Mr. Zhu, the Packaging Products and Materials Purchasing Entities have become connected persons of the Company under the Listing Rules. The transactions contemplated under the Packaging Products and Materials Supply Framework Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under the Packaging Products and Materials Supply Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under the Packaging Products and Materials Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China (for the purpose of this announcement, except Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region)
“Company”	China Yurun Food Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Purchase Framework Agreement”	the agreement dated 11 December 2020 entered into between the Company and the carton boxes packaging materials selling entity in relation to the sourcing of carton boxes packaging materials by the Group, as disclosed in the announcement of the Company dated 11 December 2020
“Existing Supply Framework Agreement”	the agreement dated 11 December 2020 entered into between the Company and Mr. Zhu in relation to the supply of packaging materials by the Group, as disclosed in the announcement of the Company dated 11 December 2020
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	party(ies) that is/are not connected persons of the Company
“Jiangsu Yurun Delicacies”	江蘇雨潤精選食品股份有限公司 (Jiangsu Yurun Delicacies Co., Ltd.*), a company limited by shares established under the laws of the PRC on 31 December 2020

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Zhu Yicai, a substantial shareholder and a former executive director of the Company, and a connected person of the Company
“Nanjing Emporium Group”	南京中央商場(集團)股份有限公司 (Nanjing Emporium (Group) Co. Ltd*), a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange. It is one of the Packaging Materials Purchasing Entities
“Packaging Materials Purchase Framework Agreement”	the agreement dated 20 December 2023 entered into between the Company and the Packaging Materials Selling Entity in relation to the sourcing of packaging materials by the Group from the Packaging Materials Selling Entity
“Packaging Materials Selling Entity”	桐城市福潤包裝材料有限公司 (Tongcheng Furun Packaging Materials Company Limited *) and 淮北和潤包裝製品有限公司 (Huaibei Herun Packaging Products Company Limited*), being entities incorporated in the PRC owned and/ or controlled by Jiangsu Yurun Delicacies, which is held as to approximately 33.00% by Mr. Zhu and is principally engaged in the business of manufacture and sales of packaging materials
“Packaging Products and Materials Purchasing Entities”	桐城市雨潤生物科技有限公司 (Tongcheng Yurun Biotechnology Company Limited*), 黑山雨潤生物蛋白製品有限公司 (Heishan Yurun Biological Protein Products Company Limited*), 蒙城宏健食品有限公司 (Mengcheng Hongjian Food Co., Limited*), 臨邑福潤禽業食品有限公司 (Linyi Furun Poultry Food Company Limited*), 赤峰利源肉類加工有限公司 (Chifeng Liyuan Meat Processing Company Limited*), 聊城市福潤禽業食品有限公司 (Liaocheng Furun Poultry Food Company Limited*), 瀋陽福潤肉類加工有限公司 (Shenyang Furun Meat Processing Company Limited*), 齊齊哈爾萬潤食品有限公司 (Qiqihar Wanrun Food Company Limited*), 東寧雨潤綏陽木耳大市場有限公司 (Dongning Yurun Suiyang Fungus Market Company Limited*), and Nanjing Emporium Group, being entities incorporated in the PRC owned and/ or controlled by Mr. Zhu and his associates, which are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development, planting and research of fungus and mushrooms and retail business

“Packaging Products and Materials Supply Framework Agreement”	the agreement dated [20] December 2023 entered into between the Company and Mr. Zhu (for and on behalf of the Packaging Products and Materials Purchasing Entities) in relation to the supply of packaging products and materials by the Group to the Packaging Products and Materials Purchasing Entities
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
Zhu Yuan
Chairman

Hong Kong, 20 December 2023

As at the date of this announcement, the executive Directors are Zhu Yuan (Chairman & CEO) and Yang Linwei; and the independent non-executive Directors are Gao Hui, Chen Jianguo and Xu Xinglian.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.90999 to HK\$1.

* *For identification purposes only*