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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)

- (1) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION
OF NEW SHARES UNDER GENERAL MANDATE;
(2) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION
OF NEW SHARES UNDER SPECIFIC MANDATE; AND
(3) APPLICATION FOR WHITEWASH WAIVER**

**Sole Overall Coordinator, Sole Global Coordinator and Lead Placing Agent for the Placing,
and Financial Advisor to the Company for the Specific Mandate Subscription**

J.P.Morgan

Placing Agent for the Placing



CITIC SECURITIES

Independent Financial Adviser

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

The Board is pleased to announce that on January 16, 2026, the Company has entered into the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement with aggregate gross proceeds from the transactions contemplated under these agreements expected to be approximately HK\$2,346.12 million.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on January 16, 2026, the Company, the Seller and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Seller has agreed to sell, and the Placing Agents have agreed to act as the agents of the Seller, to procure on a best effort basis, not less than six Placees to purchase the Placing Shares at the Placing Price of HK\$3.92 per Placing Share, and (ii) the Seller has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Seller, the Top-up Subscription Shares at the Top-up Subscription Price which is equivalent to the Placing Price of HK\$3.92 per Top-up Subscription Share under the General Mandate (and such number of Top-up Subscription Shares shall be the same as the number of Placing Shares placed by the Placing Agents pursuant to the Placing and Subscription Agreement).

The Placing Shares represent approximately 7.69% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares immediately following the closing of the Top-up Subscription (assuming that, save for the allotment and issue of the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription, including that no Shares are issued pursuant to the Specific Mandate Subscription).

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six Placees who are independent professional, institutional and/or other investors who and whose ultimate beneficial owners are Independent Third Parties.

Assuming the Placing Shares are placed in full, the Top-up Subscription Shares, in aggregate, represent: (i) approximately 7.69% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming that, save for the allotment and issue of the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription, including that no Shares are issued pursuant to the Specific Mandate Subscription); and (iii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares and the allotment and issue of the Specific Mandate Subscription Shares (assuming that, save for the allotment and issue of the Top-up Subscription Shares and the Specific Mandate Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription and the Specific Mandate Subscription).

The Top-up Subscription Shares will be allotted and issued pursuant to the General Mandate and therefore no Shareholders' approval is required for the allotment and issue of the Top-up Subscription Shares.

Completion of the Placing and the Top-up Subscription is subject to the satisfaction or (if applicable) waiver of the conditions precedent set out in the Placing and Subscription Agreement. Please refer to the sections headed “Conditions of the Placing” and “Conditions of the Top-up Subscription” in this announcement for further information. In the event that the conditions in respect of the Top-up Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement (or such later date as may be agreed among the Company, the Seller and the Placing Agents in writing subject to compliance with the applicable laws, rules and regulations), the obligations and liabilities of the Company and the Seller under the Top-up Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise.

The Placing Price of HK\$3.92 per Placing Share represents: (i) a discount of approximately 8.84% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 17.89% to the average closing price of approximately HK\$4.77 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Date.

The estimated net proceeds from the Top-up Subscription, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses and disbursements) incidental to the Placing and the Top-up Subscription, are expected to be approximately HK\$1,158.59 million. The estimated net Top-up Subscription Price, after deducting such fees, costs and expenses, is approximately HK\$3.87 per Top-up Subscription Share.

Completion of the Placing and the Top-up Subscription is subject to the satisfaction or (if applicable) waiver of the conditions precedent set out in the Placing and Subscription Agreement. As the completion of the Placing and the Top-up Subscription may or may not take place, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on January 16, 2026, the Company entered into the Specific Mandate Subscription Agreement with the Seller, pursuant to which the Company has conditionally agreed to allot and issue, and the Seller has conditionally agreed to subscribe for, the Specific Mandate Subscription Shares at the Specific Mandate Subscription Price of HK\$3.92 per Specific Mandate Subscription Share in accordance with the terms and conditions as set out in the Specific Mandate Subscription Agreement.

Upon completion of the Specific Mandate Subscription, 299,250,000 new Shares will be allotted and issued by the Company and subscribed by the Seller in accordance with the terms and conditions of the Specific Mandate Subscription Agreement.

The number of Specific Mandate Subscription Shares, i.e. 299,250,000 Shares, represents: (i) approximately 7.69% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Specific Mandate Subscription Shares (assuming that, save for the allotment and issue of the Specific Mandate Subscription Shares, there will be no change in the issued share capital of the Company, including that no Shares are issued pursuant to the Top-up Subscription); and (iii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Specific Mandate Subscription Shares and the allotment and issue of the Top-up Subscription Shares (assuming that, save for the allotment and issue of the Specific Mandate Subscription Shares and the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Specific Mandate Subscription).

Completion of the Specific Mandate Subscription is subject to the satisfaction or (if applicable) waiver of the conditions set out in the Specific Mandate Subscription Agreement. Please refer to the section headed “Conditions of the Specific Mandate Subscription” in this announcement for further information.

The Specific Mandate Subscription Price of HK\$3.92 per Specific Mandate Subscription Share represents: (i) a discount of approximately 8.84% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 17.89% to the average closing price of approximately HK\$4.77 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Date.

The estimated net proceeds from the Specific Mandate Subscription, after deducting all relevant fees, costs and expenses (including but not limited to professional advisors’ fees and disbursements) incidental to the Specific Mandate Subscription, are expected to be approximately HK\$1,171.59 million. The estimated net Specific Mandate Subscription Price, after deducting such fees, costs and expenses, is approximately HK\$3.92 per Specific Mandate Subscription Share.

Completion of the Specific Mandate Subscription is subject to the satisfaction of the conditions set out in the Specific Mandate Subscription Agreement. As the completion of the Specific Mandate Subscription may or may not take place, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Upon completion of both the Top-up Subscription and the Specific Mandate Subscription, the aggregate gross proceeds from the Top-up Subscription and the Specific Mandate Subscription are expected to be approximately HK\$2,346.12 million, while the net proceeds from the Top-up Subscription and the Specific Mandate Subscription, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses and disbursements) incidental to the Top-up Subscription and the Specific Mandate Subscription, are estimated to be approximately HK\$2,330.18 million.

APPLICATION FOR LISTING OF THE TOP-UP SUBSCRIPTION SHARES AND THE SPECIFIC MANDATE SUBSCRIPTION SHARES

Application(s) will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Top-up Subscription Shares and the Specific Mandate Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVERS

As at the date of this announcement,

- (a) the Seller (a wholly-owned subsidiary of Yili) holds 800,000,000 Shares, representing approximately 20.55% of the issued share capital of the Company; and
- (b) Jingang (a wholly-owned subsidiary of Yili), a party acting in concert with the Seller, holds 520,800,000 Shares, representing approximately 13.38% of the issued share capital of the Company.

As (1) the aggregate shareholding of the Seller and parties acting in concert with it in the Company will decrease from approximately 33.93% to approximately 26.24% after completion of the Placing but before completion of the Top-up Subscription, and (2) the aggregate shareholding of the Seller and parties acting in concert with it in the Company will increase from approximately 26.24% to approximately 31.51% after completion of the Top-up Subscription, in each case assuming that there is no other change in the issued share capital of the Company, the Seller would be obliged to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it), unless a waiver is granted by the Executive.

The Seller will make an application to the Executive for the Top-up Waiver from compliance with the obligation to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code pursuant to Note 6 on dispensation from Rule 26 of the Takeovers Code with respect to the acquisition of the Top-up Subscription Shares.

Upon completion of the Specific Mandate Subscription, assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the completion of the Specific Mandate Subscription (save and except for the allotment and issue of the Top-up Subscription Shares and the Specific Mandate Subscription Shares), the shareholding of the Seller and the parties acting in concert with it in the Company will increase from approximately 31.51% to approximately 36.07% of the issued share capital of the Company as enlarged by the Top-up Subscription Shares and the Specific Mandate Subscription Shares.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Specific Mandate Subscription Shares would otherwise give rise to an obligation on the part of the Seller to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Seller will make an application to the Executive for the Whitewash Waiver from compliance with the obligation to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code with respect to the acquisition of the Specific Mandate Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Specific Mandate Subscription, respectively, at the EGM.

The Seller, its associates, and any parties acting in concert with the Seller, and any other party who are involved in or interested in the Specific Mandate Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Specific Mandate Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Specific Mandate Subscription will not proceed if the Whitewash Waiver is not granted or approved.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Seller is a substantial shareholder of the Company, hence, a connected person of the Company.

As the Top-up Subscription Shares are issued under a “top-up placing and subscription” that meet the conditions under Rule 14A.92(4) of the Listing Rules, the Top-Up Subscription constitutes a fully-exempt connected transaction under the Listing Rules.

The Specific Mandate Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Specific Mandate Subscription, namely Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin) has been formed to advise the Independent Shareholders as to whether the Specific Mandate Subscription is fair and reasonable and make recommendation as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Specific Mandate Subscription and the Whitewash Waiver, namely Mr. Xu, Zhan Kevin, Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin) has also been formed to advise the Independent Shareholders as to whether the Specific Mandate Subscription and the Whitewash Waiver are fair and reasonable and make recommendation as to voting.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders as to whether the Specific Mandate Subscription and the Whitewash Waiver are fair and reasonable and make recommendation on voting.

GENERAL

The Specific Mandate Subscription and the Whitewash Waiver are subject to Independent Shareholders' approval. The Specific Mandate Subscription Shares will be allotted and issued under the Specific Mandate to be proposed for approval by the Independent Shareholders by way of an ordinary resolution at the EGM.

The EGM will be convened for the Independent Shareholders to consider, and if thought fit, pass the requisite resolutions to approve, among other things: (i) the Specific Mandate Subscription; and (ii) the Whitewash Waiver. The Specific Mandate Subscription and the Whitewash Waiver are subject to the approval by more than 50% and at least 75% of the votes cast by the Independent Shareholders either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

The Top-up Waiver and the Whitewash Waiver may or may not be granted by the Executive. The Whitewash Waiver, if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Specific Mandate Subscription, respectively, at the EGM. Completion of the Specific Mandate Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

A circular containing, among other things, (i) further details of the Specific Mandate Subscription; (ii) the Whitewash Waiver; (iii) a letter from the Independent Board Committees containing its advice to the Independent Shareholders in respect of the Specific Mandate Subscription; (iv) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committees and the Independent Shareholders in respect of the Specific Mandate Subscription and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

The Board is pleased to announce that on January 16, 2026, the Company has entered into the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement with aggregate gross proceeds from the transactions contemplated under these agreements expected to be approximately HK\$2,346.12 million.

(1) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on January 16, 2026, the Company, the Seller and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Seller has agreed to sell, and the Placing Agents have agreed to act as the agents of the Seller, to procure on a best effort basis, not less than six Placees to purchase the Placing Shares at the Placing Price of HK\$3.92 per Placing Share, and (ii) the Seller has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to the Seller, the Top-up Subscription Shares at the Top-up Subscription Price which is equivalent to the Placing Price of HK\$3.92 per Top-up Subscription Share under the General Mandate (and such number of Top-up Subscription Shares shall be the same as the number of Placing Shares placed by the Placing Agents pursuant to the Placing and Subscription Agreement).

THE PLACING AND SUBSCRIPTION AGREEMENT

The principal terms of the Placing and Subscription Agreement are as follows:

Date

January 16, 2026

Parties

- (i) the Company;
- (ii) the Seller; and
- (iii) the Placing Agents.

PLACING OF EXISTING SHARES

Number of Shares to be placed

299,250,000 existing Shares beneficially owned by the Seller, representing in aggregate approximately 7.69% of the existing issued share capital of the Company as at the date of this announcement and approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares immediately following the closing of the Top-up Subscription (assuming that, save for the allotment and issue of the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription, including that no Shares are issued pursuant to the Specific Mandate Subscription).

Placing Price

The Placing Price of HK\$3.92 per Placing Share represents:

- (i) a discount of approximately 8.84% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 17.89% to the average closing price of approximately HK\$4.77 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including the Last Trading Date.

The Placing Price is exclusive of brokerage, trading fees, stamp duty, transaction fees and levies.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Seller, the Company and the Placing Agents. The Directors consider that the Placing Price and the terms and conditions of the Placing and Subscription Agreement are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will be sold free from all pledges, liens, charges and encumbrances, equities, security interests or other claims and together with all rights attaching thereto as at the date of the completion of the Placing, including the rights to all dividends and other distributions declared, made or paid in respect of the Placing Shares for which a record date occurs on or after the date of the Placing and Subscription Agreement.

Lock-up undertakings under the Placing and Subscription Agreement

The Seller has undertaken to the Placing Agents that it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents:

- (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Seller or any affiliate of the Seller or any person in privity with the Seller or any affiliate of the Seller), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
or
- (iii) publicly announce an intention to effect any such transaction,

for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Placing Closing Date. The above undertaking shall not apply to the sale of the Placing Shares under the Placing and Subscription Agreement.

The Company has undertaken to the Placing Agents that, except for the allotment and issue of Top-up Subscription Shares and the Specific Mandate Subscription Shares and save pursuant to (a) the terms of any employee share option scheme or restricted share plan or share award plan of the Company (if any) adopted in compliance with the applicable laws and regulations and disclosed on the Stock Exchange's website; or (b) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association, in compliance with the applicable laws and regulations and disclosed on the Stock Exchange's website or (c) any issuance of new Shares as consideration for the acquisition of assets by the Group in compliance with the applicable laws and regulations and disclosed on the Stock Exchange's website, it shall not, without the prior written consent of the Placing Agents:

- (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction,

for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Placing Closing Date.

Independence of the Placing Agents and the Placees

It is expected that the Placing Shares will be placed by the Placing Agents to not less than six Placees who are independent professional, institutional and/or other investors who and whose ultimate beneficial owners are Independent Third Parties. It is not expected that any Placee will become a substantial shareholder of the Company immediately after completion of the Placing.

To the best of the knowledge, information and belief of the Directors, the Placing Agents and the Placees to be procured by the Placing Agents and the ultimate beneficial owners of the Placees are or will be, as the case may be, Independent Third Parties.

Conditions of the Placing

Completion of the Placing shall be subject to the following conditions:

- (i) before the Placing Closing Date, there shall not have occurred:
 - (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Group taken as a whole; or
 - (b) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
 - (c) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or
 - (d) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom or any other member of the EEA; or
 - (e) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom or any other member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (ii) the representations and warranties made by any of the Company and the Seller pursuant to the Placing and Subscription Agreement being true and accurate and not misleading as of the date of the Placing and Subscription Agreement and the Placing Closing Date;
- (iii) each of the Company and the Seller having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing and Subscription Agreement on or before the Placing Closing Date; and

- (iv) the Placing Agents having received on the Placing Closing Date the final draft or substantially complete draft of the CSRC filing documents and legal opinions in form and substance reasonably satisfactory to the Placing Agents.

The Placing Agents in their sole discretion may waive any of the conditions of the Placing, in whole or in part and with or without conditions, by notice to the Company and the Seller.

Completion of the Placing

Subject to the conditions mentioned above, the completion of the Placing shall take place on the Placing Closing Date, or such other time and/or date as may be agreed between the Seller and the Placing Agents.

THE TOP-UP SUBSCRIPTION

Top-up Subscription Shares

299,250,000 new Shares (which shall be equal to the number of Placing Shares actually placed by the Placing Agents pursuant to the Placing and Subscription Agreement) to be allotted and issued to the Seller, in aggregate, represent: (i) approximately 7.69% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming that, save for the allotment and issue of the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription, including that no Shares are issued pursuant to the Specific Mandate Subscription); and (iii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares and the allotment and issue of the Specific Mandate Subscription Shares (assuming that, save for the allotment and issue of the Top-up Subscription Shares and the Specific Mandate Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Top-up Subscription and the Specific Mandate Subscription).

Top-up Subscription Price

The Top-up Subscription Price per new Share is equivalent to the Placing Price of HK\$3.92 per Share. The aggregate market value of the Top-up Subscription Shares is approximately HK\$1,286.78 million based on the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date and the aggregate nominal value of the Top-up Subscription Shares is HK\$23,339.41.

The Directors consider that the terms of the Top-up Subscription are fair and reasonable under the current market conditions and are in the best interests of the Company and the Shareholders as a whole.

Ranking of the Top-up Subscription Shares

The Top-up Subscription Shares, when fully paid, will rank pari passu in all respects with the other Shares in issue or to be allotted and issued by the Company on or prior to the date of completion of the Top-up Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment of the Top-up Subscription Shares.

Conditions of the Top-up Subscription

The Top-up Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee granting listing of and permission to deal in the Top-up Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificates representing the Top-up Subscription Shares);
- (ii) the granting of the Top-up Waiver by the Executive and such waiver not having been subsequently revoked or withdrawn; and
- (iii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

None of the conditions of the Top-up Subscription can be waived by the parties to the Placing and Subscription Agreement.

In the event that the conditions in respect of the Top-up Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement (or such later date as may be agreed among the Company, the Seller and the Placing Agents), the obligations and liabilities of the Company and the Seller under the Top-up Subscription shall be null and void and neither the Company nor the Seller shall have any claim against the other for costs, damages, compensation or otherwise.

Closing of the Top-up Subscription

Closing of the Top-up Subscription will take place on the Business Day following the date upon which the last of the above conditions is fulfilled, provided it shall take place on a date no later than 14 days after the date of the Placing and Subscription Agreement, or such other day as agreed by the Company, the Seller and the Placing Agents in writing and in compliance with the Listing Rules.

Completion of the Placing and the Top-up Subscription is subject to the satisfaction or (if applicable) waiver of the conditions precedent set out in the Placing and Subscription Agreement. As the completion of the Placing and the Top-up Subscription may or may not take place, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(2) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that on January 16, 2026, the Company entered into the Specific Mandate Subscription Agreement with the Seller, pursuant to which the Company has conditionally agreed to allot and issue, and the Seller has conditionally agreed to subscribe for, the Specific Mandate Subscription Shares at the Specific Mandate Subscription Price of HK\$3.92 per Specific Mandate Subscription Share in accordance with the terms and conditions as set out in the Specific Mandate Subscription Agreement.

THE SPECIFIC MANDATE SUBSCRIPTION AGREEMENT

The principal terms of the Specific Mandate Subscription Agreement are as follows:

Date

January 16, 2026

Parties

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

Specific Mandate Subscription Shares

Upon completion of the Specific Mandate Subscription, 299,250,000 new Shares will be allotted and issued by the Company and subscribed by the Seller in accordance with the terms and conditions of the Specific Mandate Subscription Agreement.

The number of Specific Mandate Subscription Shares, i.e. 299,250,000 Shares, represents: (i) approximately 7.69% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 7.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Specific Mandate Subscription Shares (assuming that, save for the allotment and issue of the Specific Mandate Subscription Shares, there will be no change in the issued share capital of the Company, including that no Shares are issued pursuant to the Top-up Subscription); and (iii) approximately 6.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Specific Mandate Subscription Shares and the allotment and issue of the Top-up Subscription Shares (assuming that, save for the allotment and issue of the Specific Mandate Subscription Shares and the Top-up Subscription Shares, there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Specific Mandate Subscription).

The number of Specific Mandate Subscription Shares, i.e. 299,250,000 Shares, have an aggregate nominal value of HK\$23,339.41 and market value of approximately HK\$1,286.78 million based on the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date.

Specific Mandate Subscription Price

The Specific Mandate Subscription Price of HK\$3.92 per Specific Mandate Subscription Share represents:

- (i) a discount of approximately 8.84% to the closing price of HK\$4.30 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 17.89% to the average closing price of approximately HK\$4.77 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Date;
- (iii) a discount of approximately 15.21% to the average closing price of approximately HK\$4.62 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to and including the Last Trading Date;
- (iv) a discount of approximately 3.37% to the average closing price of approximately HK\$4.06 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to and including the Last Trading Date;
- (v) a premium of approximately 16.21% to the audited consolidated net asset value per Share attributable to the Shareholders as at December 31, 2024 of approximately HK\$3.3732 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of approximately RMB12,159,758,000 as at 31 December 2024 as extracted from the annual report of the Company for the year ended 31 December 2024 and 3,892,727,833 Shares then in issue (based on the exchange rate of HK\$1:RMB0.92604 as at December 31, 2024 published by the State Administration of Foreign Exchange for illustration purposes); and
- (vi) a premium of approximately 16.59% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at June 30, 2025 of approximately HK\$3.3623 per Share calculated based on the unaudited consolidated net asset of the Group attributable to the Shareholders of approximately RMB11,936,059,000 as at June 30, 2025 as extracted from the interim report of the Company for the six months ended June 30, 2025 and 3,892,727,833 Shares then in issue (based on the exchange rate of HK\$1:RMB0.91195 as at June 30, 2025 published by the State Administration of Foreign Exchange for illustration purposes).

The net Specific Mandate Subscription Price (after deduction of all professional fees and related expenses), is estimated to be approximately HK\$3.92 per Specific Mandate Subscription Share.

The Specific Mandate Subscription Price was arrived at after arm's length negotiations between the Company and the Seller with reference to, among other things, the prevailing market price of the Shares and the market conditions, and the funding needs and financial position of the Group. The Directors (excluding the non-executive Director and independent non-executive Directors whose opinion will be provided after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Specific Mandate Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ranking of the Specific Mandate Subscription Shares

The Specific Mandate Subscription Shares, when fully paid, will rank pari passu in all respects with the other Shares in issue or to be allotted and issued by the Company on or prior to the date of completion of the Specific Mandate Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment of the Specific Mandate Subscription Shares.

Conditions of the Specific Mandate Subscription

Completion of the Specific Mandate Subscription is conditional upon:

- (i) the Shareholders having approved at the EGM of (i) the Specific Mandate Subscription Agreement and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules and the Takeovers Code; and (ii) the Whitewash Waiver;
- (ii) the granting of the Whitewash Waiver by the Executive and such waiver not having been subsequently revoked or withdrawn;
- (iii) the Listing Committee having granted the listing of and the permission to deal in the Specific Mandate Subscription Shares, and such approval and granting of permission not having been withdrawn or revoked;
- (iv) the warranties given by the Company under the Specific Mandate Subscription Agreement are true and accurate and not misleading when made, and are true and accurate and not misleading on and as of the date of completion of the Specific Mandate Subscription (except to the extent any statement is expressly made as of such a date as otherwise specified therein);
- (v) the warranties given by the Seller under the Specific Mandate Subscription Agreement are true and accurate and not misleading when made, and are true and accurate and not misleading on and as of the date of completion of the Specific Mandate Subscription (except to the extent any statement is expressly made as of such a date as otherwise specified therein);
- (vi) the Seller and Yili having obtained all necessary internal approvals in relation to the Specific Mandate Subscription Agreement and the transactions contemplated thereunder, including but not limited to the approval of their respective board of directors; and

- (vii) if the amount to be used by the Seller for the Specific Mandate Subscription will be sourced or guaranteed by any fund from the PRC, the Seller and Yili having obtained or completed all necessary approvals and filings with applicable governmental authorities in the PRC in relation to the Specific Mandate Subscription Agreement and the transactions contemplated thereunder.

As at the date of this announcement and based on information available to the Company, other than those specifically set out in conditions (i), (ii), (iii) and (vii) above, the Company is not aware of any other approvals, authorisations, consents, filings and reports which are required as set out in the conditions above.

None of the conditions of the Specific Mandate Subscription can be waived by the parties to the Specific Mandate Subscription Agreement.

Termination of the Specific Mandate Subscription Agreement

If any of the conditions in the section headed “(2) Connected Transaction involving Subscription of New Shares under Specific Mandate – The Specific Mandate Subscription Agreement – Conditions of the Specific Mandate Subscription” in this announcement has not been satisfied before June 30, 2026, or such date as the Seller and the Company may agree in writing, the Specific Mandate Subscription Agreement shall terminate with immediate effect.

Completion of the Specific Mandate Subscription

Completion of the Specific Mandate Subscription shall take place on the day of the satisfaction of all the conditions, or such other date as the Seller and the Company may agree in writing.

Lock-up undertaking under the Specific Mandate Subscription Agreement

The Seller undertook that, during a period of one year from the date of completion of the Specific Mandate Subscription, the Seller will not, and the Seller will procure its affiliates not to, without the prior written consent of the Company: (i) offer, lend, pledge, charge, sell, mortgage, assign, dispose of, or otherwise grant or create any options, rights, interests or encumbrances, either directly or indirectly, conditionally or unconditionally, any of the Shares (including the Specific Mandate Subscription Shares); or (ii) agree or contract to enter into any transaction described in paragraph (i) above, provided that it shall not restrict any transfer of Shares by the Seller to any of its affiliates.

Completion of the Specific Mandate Subscription is subject to the satisfaction of the conditions set out in the Specific Mandate Subscription Agreement. As the completion of the Specific Mandate Subscription may or may not take place, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INFORMATION ON THE GROUP

The Group is primarily engaged in the production and sale of raw milk, and the production, sale and trading of feeds, ruminant farming products and breeding products in the PRC.

INFORMATION ON THE SELLER

Boyuan is a company incorporated in the Cayman Islands, it is a wholly-owned subsidiary of Yili, and is held as to 91.64% and 8.36% by Yili and Jingang, respectively. Jingang is a company incorporated in Hong Kong and a wholly-owned subsidiary 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 is the Company's controlling shareholder and major customer. Yili is principally engaged in the processing, manufacturing and sales of various dairy products and health drinks in the PRC.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Seller confirms that:

- (a) save for the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement, none of the Seller or parties acting in concert with it has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to and including the date of this announcement;
- (b) other than the Placing, the Top-up Subscription and the Specific Mandate Subscription, none of the Seller or parties acting in concert with it will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the completion of the Placing, the Top-up Subscription and the Specific Mandate Subscription;
- (c) save as disclosed in the section headed "Effect on the Shareholding of the Company following completion of the Placing, the Top-up Subscription and the Specific Mandate Subscription" in this announcement, none of the Seller or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (d) save for the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement, none of the Seller or parties acting in concert with it has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the shares of the Company or the Seller and which might be material to the Specific Mandate Subscription and/or the Whitewash Waiver;
- (e) none of the Seller or parties acting in concert with it has received any irrevocable commitment to vote for or against the resolutions relating to the Specific Mandate Subscription and/or the Whitewash Waiver;

- (f) save for the conditions of the Specific Mandate Subscription Agreement, none of the Seller or parties acting in concert with it has any agreements or arrangements which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Specific Mandate Subscription and/or the Whitewash Waiver;
- (g) none of the Seller or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) the Specific Mandate Subscription does not involve any sale of Shares;
- (i) save for the Specific Mandate Subscription Price for the Specific Mandate Subscription Shares payable under the Specific Mandate Subscription Agreement, none of the Seller or parties acting in concert with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Specific Mandate Subscription; and
- (j) save for the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) the Seller and parties acting in concert with it; and (2) (i) any Shareholder; or (ii) the Company, its subsidiaries or associated companies.

As at the date of this announcement, the Company confirms that, save for the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) the Company, its subsidiaries or associated companies; and (2) (i) any Shareholder; or (ii) the Seller and parties acting in concert with it.

REASONS FOR AND BENEFITS OF THE PLACING, THE TOP-UP SUBSCRIPTION AND THE SPECIFIC MANDATE SUBSCRIPTION

The Placing and the Top-up Subscription are being undertaken to raise capital for the Company while broadening its Shareholders and capital base and strengthening synergies across the industry value chain.

The Directors (including the independent non-executive Directors) consider the terms of the Placing and Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Placing and Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company, Seller and the Placing Agents for the Placing and Subscription Agreement.

The Specific Mandate Subscription demonstrates the confidence of the Seller in the industry outlook and the Company's long term business development. It also further enlarges the Shareholders' equity base of the Company and supports the development of the Company. The Directors (excluding the members of the Independent Board Committees whose views will be stated in the circular in respect of the Specific Mandate Subscription and the Whitewash Waiver, after considering the advice of the Independent Financial Adviser) also consider the terms of the Specific Mandate Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Specific Mandate Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Seller.

Considering the recent prevailing market conditions and market price of the Shares and the factors as set out above, (i) the Directors consider that the Placing and the Top-up Subscription represent opportunities to raise additional funding for business operation of the Group and provide working capital to the Group to meet any financial obligations of the Group; and (ii) the Directors (excluding the members of the Independent Board Committees whose views will be stated in the circular in respect of the Specific Mandate Subscription and the Whitewash Waiver, after considering the advice of the Independent Financial Adviser) consider that the Specific Mandate Subscription also represents an opportunity to raise additional funding for business operation of the Group.

USE OF PROCEEDS OF THE TOP-UP SUBSCRIPTION AND THE SPECIFIC MANDATE SUBSCRIPTION

The gross proceeds from the Top-up Subscription are expected to be approximately HK\$1,173.06 million, while the estimated net proceeds from the Top-up Subscription, after deducting all relevant fees, costs and expenses (including but not limited to legal expenses and disbursements) incidental to the Placing and the Top-up Subscription, are expected to be approximately HK\$1,158.59 million. The estimated net Top-up Subscription Price, after deducting such fees, costs and expenses, is approximately HK\$3.87 per Top-up Subscription Share.

The gross proceeds from the Specific Mandate Subscription are expected to be approximately HK\$1,173.06 million, while the estimated net proceeds from the Specific Mandate Subscription, after deducting all relevant fees, costs and expenses (including but not limited to professional advisors' fees and disbursements) incidental to the Specific Mandate Subscription, are expected to be approximately HK\$1,171.59 million. The estimated net Specific Mandate Subscription Price, after deducting such fees, costs and expenses, is approximately HK\$3.92 per Specific Mandate Subscription Share.

The Company intends to apply the total amount of net proceeds from the Top-up Subscription and the Specific Mandate Subscription to (i) advance technology enablement and digital transformation in enhancing operational efficiency; (ii) repay interest-bearing debt and optimize capital structure to provide flexibility for potential acquisitions or investment opportunities; and (iii) replenish working capital and provide for general corporate purposes. As at the date of this announcement, there are no potential targets available or any negotiations for such potential acquisitions or investment opportunities. Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

FUND RAISING ACTIVITY BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING, THE TOP-UP SUBSCRIPTION AND THE SPECIFIC MANDATE SUBSCRIPTION

As at the date of this announcement, the Company has 3,892,727,833 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately following the completion of the Placing but before the completion of the Top-up Subscription and the Specific Mandate Subscription; (iii) immediately following the completion of the Placing and the Top-up Subscription but assuming the Specific Mandate Subscription is not completed; (iv) immediately following the completion of the Specific Mandate Subscription but assuming the Placing and the Top-up Subscription is not completed; and (v) immediately following the completion of the completion of the Placing, the Top-up Subscription and the Specific Mandate Subscription, assuming that the Placing Shares are placed in full and that there are no changes in the issued share capital of the Company between the date of this announcement and up to completion of the Placing, the Top-up Subscription and the Specific Mandate Subscription other than the allotment and issue of the Top-up Subscription Shares and the Specific Mandate Subscription Shares, for illustration purposes only:

	Note	Immediately following the completion of the Placing but before the completion of the Top-up Subscription and the Specific Mandate Subscription		Immediately following the completion of the Placing and the Top-up Subscription but assuming the Specific Mandate Subscription is not completed		Immediately following the completion of the Specific Mandate Subscription but assuming the Placing and the Top-up Subscription is not completed		Immediately following the completion of the Placing, the Top-up Subscription and the Specific Mandate Subscription	
		As at the date of this announcement	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares
<i>Yili and its parties acting in concert</i>									
Boyuan	I	800,000,000		20.55%	500,750,000	12.86%	800,000,000	19.08%	1,099,250,000
Jingang	I	520,800,000		13.38%	520,800,000	13.38%	520,800,000	12.42%	520,800,000
Subtotal		1,320,800,000		33.93%	1,021,550,000	26.24%	1,320,800,000	31.51%	1,620,050,000
The Placees		–		–	299,250,000	7.69%	299,250,000	7.14%	299,250,000
Other public Shareholders		2,571,927,833		66.07%	2,571,927,833	66.07%	2,571,927,833	61.35%	2,571,927,833
Total		3,892,727,833		100%	3,892,727,833	100%	4,191,977,833	100%	4,491,227,833

Notes:

- As at the date of this announcement, Yili is indirectly interested in 1,320,800,000 Shares through its wholly-owned subsidiaries, Boyuan and Jingang.
- Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As at the date of this announcement, other than the 3,892,727,833 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

APPLICATION FOR LISTING OF THE TOP-UP SUBSCRIPTION SHARES AND THE SPECIFIC MANDATE SUBSCRIPTION SHARES

Application(s) will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Top-up Subscription Shares and the Specific Mandate Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVERS

As at the date of this announcement,

- (a) the Seller (a wholly-owned subsidiary of Yili) holds 800,000,000 Shares, representing approximately 20.55% of the issued share capital of the Company; and
- (b) Jingang (a wholly-owned subsidiary of Yili), a party acting in concert with the Seller, holds 520,800,000 Shares, representing approximately 13.38% of the issued share capital of the Company.

The Top-up Waiver

As (1) the aggregate shareholding of the Seller and parties acting in concert with it in the Company will decrease from approximately 33.93% to approximately 26.24% after completion of the Placing but before completion of the Top-up Subscription, and (2) the aggregate shareholding of the Seller and parties acting in concert with it in the Company will increase from approximately 26.24% to approximately 31.51% after completion of the Top-up Subscription, in each case assuming that there is no other change in the issued share capital of the Company, the Seller would be obliged to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it), unless a waiver is granted by the Executive.

The Seller will make an application to the Executive for the Top-up Waiver from compliance with the obligation to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code pursuant to Note 6 on dispensation from Rule 26 of the Takeovers Code with respect to the acquisition of the Top-up Subscription Shares.

The Whitewash Waiver

Upon completion of the Specific Mandate Subscription, assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the completion of the Specific Mandate Subscription (save and except for the allotment and issue of the Top-up Subscription Shares and the Specific Mandate Subscription Shares), (i) the shareholding of the Seller in the Company will increase from approximately 19.08% to approximately 24.48% of the issued share capital of the Company and (ii) the shareholding of the Seller and the parties acting in concert with it in the Company will increase from approximately 31.51% to approximately 36.07% of the issued share capital of the Company, in each case as enlarged by the Top-up Subscription Shares and the Specific Mandate Subscription Shares.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Specific Mandate Subscription Shares would otherwise give rise to an obligation on the part of the Seller to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Seller will make an application to the Executive for the Whitewash Waiver from compliance with the obligation to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) under Rule 26.1 of the Takeovers Code with respect to the acquisition of the Specific Mandate Subscription Shares. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Specific Mandate Subscription, respectively, at the EGM.

The Seller, its associates, and any parties acting in concert with the Seller, and any other party who are involved in or interested in the Specific Mandate Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Specific Mandate Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Specific Mandate Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the date of this announcement, the Company does not believe that the Specific Mandate Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Should any concern arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Specific Mandate Subscription does not comply with other applicable rules and regulations.

GENERAL MANDATE AND SPECIFIC MANDATE

By an ordinary resolution of the Shareholders passed on May 23, 2025, the General Mandate was granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of the then issued share capital of the Company as at the date of the abovementioned AGM. Under the General Mandate, the Company is authorised to issue up to 778,545,566 Shares under the General Mandate. Since the grant of the General Mandate on May 23, 2025 and up to the date of this announcement, the Directors have not exercised their power to allot or issue any new Shares pursuant to such General Mandate.

The Top-up Subscription Shares will be allotted and issued under the General Mandate. Accordingly, no separate Shareholders' approval is required for the issue of the Top-up Subscription Shares.

The Specific Mandate Subscription Shares will be allotted and issued under the Specific Mandate to be proposed for approval by the Independent Shareholders by way of an ordinary resolution at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Seller is a substantial shareholder of the Company, hence, a connected person of the Company.

As the Top-up Subscription Shares are issued under a “top-up placing and subscription” that meet the conditions under Rule 14A.92(4) of the Listing Rules, the Top-up Subscription constitutes a fully-exempt connected transaction under the Listing Rules.

The Specific Mandate Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Both Mr. Bai Wenzhong (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 (a non-executive Director), who is a reserve cadre of the general manager office of the liquid milk division (液態奶事業部) of Yili, are deemed to have a material interest in the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement. Therefore, Mr. Bai Wenzhong and Ms. Li Lin have abstained from voting on the Board resolutions in relation to the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement. Save as disclosed above, none of the Directors had a material interest in the matters contemplated therein nor was any of them required to abstain from voting on the relevant Board resolutions approving the Placing and Subscription Agreement, the Specific Mandate Subscription Agreement and the respective transactions contemplated thereunder.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEES AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules, the Listing Rules Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Specific Mandate Subscription, namely Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin) has been formed to advise the Independent Shareholders as to whether the Specific Mandate Subscription is fair and reasonable and make recommendation as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Specific Mandate Subscription and the Whitewash Waiver, namely Mr. Xu, Zhan Kevin, Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin) has also been formed to advise the Independent Shareholders as to whether the Specific Mandate Subscription and the Whitewash Waiver are fair and reasonable and make recommendation as to voting. As disclosed above, both Mr. Bai Wenzhong (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 (a non-executive Director), who is a reserve cadre of the general manager office of the liquid milk division (液態奶事業部) of Yili, are deemed to have a material interest in the Specific Mandate Subscription and the Whitewash Waiver. Therefore, Mr. Bai Wenzhong and Ms. Li Lin have not been included in the Takeovers Code Independent Board Committee.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders as to whether the Specific Mandate Subscription and the Whitewash Waiver are fair and reasonable and make recommendation on voting.

GENERAL

The Specific Mandate Subscription and the Whitewash Waiver are subject to Independent Shareholders' approval. The Specific Mandate Subscription Shares will be allotted and issued under the Specific Mandate to be proposed for approval by the Independent Shareholders by way of an ordinary resolution at the EGM.

The EGM will be convened for the Independent Shareholders to consider, and if thought fit, pass the requisite resolutions to approve, among other things: (i) the Specific Mandate Subscription; and (ii) the Whitewash Waiver. The Specific Mandate Subscription and the Whitewash Waiver are subject to the approval by more than 50% and at least 75% of the votes cast by the Independent Shareholders either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Specific Mandate Subscription; (ii) the Whitewash Waiver; (iii) a letter from the Independent Board Committees containing its advice to the Independent Shareholders in respect of the Specific Mandate Subscription; (iv) a letter from the Independent Financial Adviser containing their advice to the Independent Board Committees and the Independent Shareholders in respect of the Specific Mandate Subscription and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. The Company will seek the Executive's consent if it becomes clear that the circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the circular. Further announcement(s) will be made by the Company as and when appropriate.

The Top-up Waiver and the Whitewash Waiver may or may not be granted by the Executive. The Whitewash Waiver, if granted, will, among other things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Specific Mandate Subscription, respectively, at the EGM. Completion of the Specific Mandate Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“acting in concert”	has the meaning as ascribed to it in the Takeovers Code
“AGM”	the annual general meeting of the Company held on May 23, 2025
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Boyuan”	Boyuan Investment Holding Limited (博源投資控股有限公司), formerly known as China Youran Dairy Holding Limited (中國優然牧業控股有限公司), a company incorporated in the Cayman Islands, which is a wholly-owned subsidiary of Yili, and is held as to 91.64% and 8.36% by Yili and Jingang, respectively
“Business Day”	a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
“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 as ascribed to it in the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EEA”	the European Economic Area
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, pass the requisite resolutions to approve: (i) the Specific Mandate Subscription; and (ii) the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate(s) of the Executive Director
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution of the Company passed at the AGM held on May 23, 2025 to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of the passing of such resolution, pursuant to which a maximum of 778,545,566 new Shares may fall to be allotted and issued as at the date of this announcement

“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 PRC
“Independent Board Committees”	collectively, the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee
“Independent Financial Adviser”	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 appointed by the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders as to whether the Specific Mandate Subscription and the Whitewash Waiver are fair and reasonable and make recommendation on voting
“Independent Shareholders”	the Shareholders other than (i) the Seller and its associate (if any) and any parties acting in concert with it; (ii) those who have material interest in the Specific Mandate Subscription or any other person who is required by the Listing Rules to abstain from voting on the resolutions approving the Specific Mandate Subscription and/or the Whitewash Waiver (if any); and (iii) those who are interested or involved in the Specific Mandate Subscription and Whitewash Waiver
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not (i) a connected person(s) of the Company within the meaning of the Listing Rules or (ii) a person(s) acting in concert with the Seller, Jingang or Yili within the meaning of the Takeovers Code
“Jingang”	Hong Kong Jingang Trade Holding Co., Limited (香港金港商貿控股有限公司), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Yili
“Last Trading Date”	January 15, 2026, being the last trading day prior to the signing of the Placing and Subscription Agreement and the Specific Mandate Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Listing Rules Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors who have no direct or indirect interest in the Specific Mandate Subscription (namely Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin), which is formed in accordance with the Listing Rules to advise the Independent Shareholders on the Specific Mandate Subscription
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agents to subscribe for the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares to the Placees pursuant to the Placing and Subscription Agreement
“Placing Agents”	J.P. Morgan Securities (Asia Pacific) Limited and CLSA Limited, the placing agents for the Placing
“Placing and Subscription Agreement”	the placing and subscription agreement entered into between the Company, the Seller and the Placing Agents dated January 16, 2026 in respect of the Placing and the Top-up Subscription
“Placing Closing Date”	the second Business Day after the date of the Placing and Subscription Agreement or at such other time and/or date as the Seller and the Placing Agents agree
“Placing Price”	HK\$3.92 per Placing Share (exclusive of any brokerage, SFC transaction levy, Accounting and Financial Reporting Council transaction levy, Stock Exchange trading fee and Hong Kong ad valorem stamp duty as may be payable)
“Placing Shares”	an aggregate of 299,250,000 Shares beneficially owned by the Seller and to be sold pursuant to the Placing and Subscription Agreement
“PRC”	the People’s Republic of China, except where the context requires and only for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Seller”	Boyuan, the seller of the Placing Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of Shares

“Shares”	ordinary share(s) of par value US\$0.00001 each in the issued share capital of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Board for the allotment and issue of the Specific Mandate Subscription Shares
“Specific Mandate Subscription”	the subscription of the Specific Mandate Subscription Shares by the Seller pursuant to the terms and conditions of the Specific Mandate Subscription Agreement
“Specific Mandate Subscription Agreement”	the share subscription agreement dated January 16, 2026 entered into between the Company as the issuer and the Seller as the subscriber in respect of the Specific Mandate Subscription
“Specific Mandate Subscription Price”	HK\$3.92 per Specific Mandate Subscription Share
“Specific Mandate Subscription Shares”	an aggregate of 299,250,000 new Shares to be allotted and issued by the Company and subscribed by the Seller in accordance with the terms and conditions of the Specific Mandate Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)
“Takeovers Code Independent Board Committee”	an independent board committee of the Company comprising all the non-executive Directors who are not interested or involved in the Share Subscription and the Whitewash Waiver (namely Mr. Xu, Zhan Kevin, Ms. Xie Xiaoyan, Mr. Yao Feng and Ms. Huang Lin), which is formed in accordance with Rule 2.8 of the Takeovers Code to advise the Independent Shareholders on the Specific Mandate Subscription and the Whitewash Waiver
“Top-up Subscription”	the subscription of the Top-up Subscription Shares by the Seller pursuant to the Placing and Subscription Agreement
“Top-up Subscription Price”	HK\$3.92 per Top-up Subscription Share
“Top-up Subscription Shares”	an aggregate of 299,250,000 new Shares to be allotted and issued by the Company and subscribed by the Seller under the Placing and Subscription Agreement

“Top-up Waiver”	the waiver from the Executive pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Seller to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) which might otherwise arise as a result of the Top-up Subscription
“Whitewash Waiver”	the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Seller to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Seller and the parties acting in concert with it) which might otherwise arise as a result of the Specific Mandate Subscription
“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
“%”	per cent

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

Hohhot, January 16, 2026

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.