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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)

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

Sole Overall Coordinator, Sole Global Coordinator and Lead Placing Agent for the Placing

J.P.Morgan

Placing Agent for the Placing

CITIC SECURITIES

The Board is pleased to announce that the completion of the Placing took place on January 20, 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement, where an aggregate of 299,250,000 Placing Shares were successfully placed by the Placing Agents, on a best effort basis, to not less than six Placees, at the Placing Price of HK$3.92 per Placing Share. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Placees and their ultimate beneficial owners are Independent Third Parties.

As all conditions for the completion of the Top-up Subscription had been fulfilled, the Company allotted and issued 299,250,000 Top-up Subscription Shares to the Seller at HK$3.92 per Top-up Subscription Share on January 26, 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement. Accordingly, the shareholding of the Seller in the Company remains the same immediately before, and immediately after, the completion of the Placing and the Top-up Subscription.

Reference is made to the announcement of the Company dated January 16, 2026 (the "**Announcement**") in respect of, among others, the Placing and the Top-up Subscription. Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE PLACING AND THE TOP-UP SUBSCRIPTION

The Board is pleased to announce that the completion of the Placing took place on January 20, 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement, where an aggregate of 299,250,000 Placing Shares were successfully placed by the Placing Agents, on a best effort basis, to not less than six Placees, at the Placing Price of HK$3.92 per Placing Share. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Placees and their ultimate beneficial owners are Independent Third Parties. None of the Placees became a substantial shareholder of the Company immediately after the completion of the Placing.

As all conditions for the completion of the Top-up Subscription had been fulfilled, the Company allotted and issued 299,250,000 Top-up Subscription Shares to the Seller at HK$3.92 per Top-up Subscription Share on January 26, 2026 in accordance with the terms and conditions of the Placing and Subscription Agreement. Accordingly, the shareholding and the cost of shareholding of the Seller in the Company remains the same immediately before, and immediately after, the completion of the Placing and the Top-up Subscription.

The 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, amounted to approximately HK$1,158.59 million.

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

As at the date of this announcement, the Company has 4,191,977,833 Shares in issue. Set out below is the shareholding structure of the Company (i) immediately before the completion of the Placing and the Top-up Subscription; (ii) immediately following the completion of the Placing but before the completion of the Top-up Subscription; and (iii) immediately following the completion of the Placing and the Top-up Subscription, for illustration purposes only:

		Immediately before the completion of the Placing and the Top-up Subscription		**Immediately following the completion of the Placing but before the completion of the Top-up Subscription**		**Immediately following the completion of the Placing and the Top-up Subscription**	
	Note	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Yili and its parties acting in concert							
Boyuan	*1*	800,000,000	20.55%	500,750,000	12.86%	800,000,000	19.08%
Jingang	*1*	520,800,000	13.38%	520,800,000	13.38%	520,800,000	12.42%
Subtotal	***1***	**1,320,800,000**	**33.93%**	**1,021,550,000**	**26.24%**	**1,320,800,000**	**31.51%**
The Placees		–	–	299,250,000	7.69%	299,250,000	7.14%
Other public Shareholders		2,571,927,833	66.07%	2,571,927,833	66.07%	2,571,927,833	61.35%
Total		**3,892,727,833**	**100%**	**3,892,727,833**	**100%**	**4,191,977,833**	**100%**

Notes:

1. 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.

2. 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, the completion of the issue of the Specific Mandate Subscription Shares is still subject to fulfillment of certain conditions as set out in the Announcement, including the approval of Independent Shareholders at the EGM and the granting of the Whitewash Waiver by the Executive. The Company will issue the circular and further announcement(s) as and when appropriate according to the Listing Rules and the Takeovers Code.

FURTHER INFORMATION ABOUT REASONS FOR AND BENEFITS OF THE TOP-UP SUBSCRIPTION AND THE SPECIFIC MANDATE SUBSCRIPTION AND USE OF PROCEEDS

The Company wishes to provide the Shareholders and potential investors of the Company with the following additional information regarding the Placing and the Top-up Subscription and the Specific Mandate Subscription.

As disclosed in the Announcement, 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. On the other hand, 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.

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

The Company intends to apply the total amount of net proceeds from the Top-up Subscription and the Specific Mandate Subscription as to (i) approximately 35% for advancing technology enablement and digital transformation in enhancing operational efficiency; (ii) approximately 55% for repaying interest-bearing debt and optimizing capital structure to provide flexibility for potential acquisitions or investment opportunities; and (iii) approximately 10% for replenishing working capital and for general corporate purpose.

In terms of advancing technology enablement, the Company plans to invest in the procurement, construction and upgrading of intelligent and electronic equipment and facilities of dairy farms, as well as the upgrading of the production lines of feed factories to further enhance the level of automation. In addition, the Company will plan to implement upgrading projects such as replacing fuel-powered vehicles with electric vehicles.

In terms of digital transformation, the Company plans to invest in, including but not limited to, developing precision dairy cow feeding project and digital-intelligence large-model system for precision nutrition, establishing big data analysis and decision-making platform, and developing an intelligent management system of forage cultivation.

Collectively, these technological and digital initiatives will enhance the Company's entire industry-chain operations. These initiatives are expected to effectively improve the operational efficiency of the Company's principal business while strengthening its core competitiveness.

Furthermore, considering the persistent oversupply situation in the raw milk industry, the Company intends to seize favourable acquisition opportunities to acquire high quality dairy farming assets at reasonable prices, accelerate its strategic deployment, meet future market demand and ensure the stability of raw milk supply. As at the date of this announcement, the Company has not identified any target for potential acquisitions or investment opportunities yet. Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

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

Hohhot, January 26, 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.