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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ASSET SWAP TRANSACTIONS AND PROPOSED SPIN-OFF

ASSET SWAP ARRANGEMENT

Reference is made to the announcement of the Company dated August 5, 2026 in relation to the Letter of Intent. On November 9, 2026 (after trading hours), Inner Mongolia Youran, a wholly-owned subsidiary of the Company, entered into the Asset Swap Agreement with SKX, pursuant to which (a) Inner Mongolia Youran agreed to acquire and SKX agreed to dispose of the entire equity interests in the Acquired Subsidiaries; (b) Inner Mongolia Youran agreed to dispose of and SKX agreed to acquire the entire equity interests in the Disposed Subsidiaries; and (c) Inner Mongolia Youran shall pay SKX for the portion by which the consideration of the Acquired Subsidiaries exceeds that of the Disposed Subsidiaries in cash, being RMB140,042,500. The aforesaid transactions are inter-conditional upon each other and will take effect concurrently.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is indirectly interested in 100% and 66.86% of the equity interests of the Disposed Subsidiaries and the Acquired Subsidiaries respectively. Immediately upon completion of the Proposed Asset Swap, the Company will be indirectly interested in 66.86% and 100% of the equity interests of the Disposed Subsidiaries and the Acquired Subsidiaries respectively. Immediately prior to and upon completion of the Proposed Asset Swap, the Disposed Subsidiaries and the Acquired Subsidiaries are and continue to be accounted for as subsidiaries of the Company.

Notwithstanding that the financial results and positions of the Disposed Subsidiaries and the Acquired Subsidiaries are and continue to be consolidated into the Company's financial statements, the Company's effective shareholding in the Disposed Subsidiaries will decrease from 100% as at the date of this announcement to 66.86% immediately upon completion of the Proposed Asset Swap, resulting in a disposal of 33.14% of the interest in the Disposed Subsidiaries by the Company, the disposal of the Disposed Subsidiaries should therefore be considered on a net disposal basis; and the Company's effective shareholding in the Acquired Subsidiaries will increase from 66.86% as at the date of this announcement to 100% immediately upon completion of the Proposed Asset Swap, resulting in an acquisition of 33.14% of the interest in the Acquired Subsidiaries by the Company, the acquisition of the Acquired Subsidiaries should therefore be considered on a net acquisition basis.

Pursuant to Rule 14.24 of the Listing Rules, as the Proposed Asset Swap involves both an acquisition and a disposal, it will be classified by reference to the larger of the acquisition or disposal. As the highest applicable percentage ratio in respect of the Proposed Asset Swap is more than 5% but less than 25%, the Proposed Asset Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

PROPOSED SPIN-OFF

The Proposed Asset Swap by the Company pursuant to the Asset Swap Agreement would result in the separate listing of the business of the Disposed Subsidiaries and would constitute a spin-off under the applicable provisions of PN15. The Company has submitted the PN15 Application and applied for a waiver from compliance with paragraph 3(f) of PN15 regarding the assured entitlement requirement to the Stock Exchange.

Shareholders and potential investors should note that the Proposed Asset Swap and the Proposed Spin-off are subject to, among other things, (i) the prevailing market conditions; (ii) the approval of the PN15 Application and the granting of a waiver from compliance with the requirement of paragraph 3(f) of PN15 by the Stock Exchange; and (iii) the review of and/or registration with the CSRC and/or the NEEQ. Accordingly, Shareholders and potential investors should be aware that there is no assurance that the Proposed Asset Swap and the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in relation to the Proposed Asset Swap and the Proposed Spin-off as and when appropriate in accordance with the requirements of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated August 5, 2026 in relation to the Letter of Intent. On November 9, 2026 (after trading hours), Inner Mongolia Youran, a wholly-owned subsidiary of the Company, entered into the Asset Swap Agreement with SKX, pursuant to which (a) Inner Mongolia Youran agreed to acquire and SKX agreed to dispose of the entire equity interests in the Acquired Subsidiaries; (b) Inner Mongolia Youran agreed to dispose of and SKX agreed to acquire the entire equity interests in the Disposed Subsidiaries; and (c) Inner Mongolia Youran shall pay SKX for the portion by which the consideration of the Acquired Subsidiaries exceeds that of the Disposed Subsidiaries in cash, being RMB140,042,500. The aforesaid transactions are inter-conditional upon each other and will take effect concurrently.

The principal terms of the Asset Swap Agreement are set out below:

THE ASSET SWAP AGREEMENT

Date

November 9, 2026 (after trading hours).

Parties

(i) Inner Mongolia Youran; and

(ii) SKX.

As at the date of this announcement, SKX is held as to 66.86% by Inner Mongolia Youran and is a non wholly-owned subsidiary of the Company.

Subject matter

Pursuant to the Asset Swap Agreement, (a) Inner Mongolia Youran agreed to acquire and SKX agreed to dispose of the entire equity interests in the Acquired Subsidiaries; (b) Inner Mongolia Youran agreed to dispose of and SKX agreed to acquire the entire equity interests in the Disposed Subsidiaries; and (c) Inner Mongolia Youran shall pay SKX for the portion by which the consideration of the Acquired Subsidiaries exceeds that of the Disposed Subsidiaries in cash, being RMB140,042,500.

The aforesaid transactions are inter-conditional upon each other and the completion will take place concurrently. If any of these transactions has not obtained the required approval (including but not limited to the approval of the competent internal approval authorities of the relevant parties and the relevant government departments), the completion of the transactions will not take place.

Consideration

(a) Disposed Subsidiaries

The consideration for the Disposed Subsidiaries is RMB3,227,912,600, which was determined with reference to its market value of the total shareholders' equity on a pro forma consolidated basis of RMB3,227,912,600 as at June 30, 2026 (the "**Valuation Benchmark Date**") as set out in the valuation report of the Disposed Subsidiaries issued by the Valuer. The Valuer considered both the asset-based approach and the income approach and selected the income approach as the final valuation method.

Under the income approach, the valuation adopted the discounted cash flow method, using projected free cash flows and a discount rate determined by reference to the weighted average cost of capital. The appraised equity value represents an increase of RMB2,222,982,600, or approximately 221.21%, over the pro forma consolidated book value of equity of RMB1,004,930,000 as at the Valuation Benchmark Date. The income approach was selected because it reflects the overall future earning capacity of the businesses and the value of their brands, customer resources, sales channels, management experience and supply chain relationships, which are not fully reflected under the asset-based approach.

For details, please refer to the summary of the Disposed Subsidiaries' valuation report (including the appraisal methods and assumptions) as set out in Appendix I to this announcement.

Given that the valuation of the Disposed Subsidiaries was prepared based on the income approach, which involves the use of discounted cash flow method, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rule 14.60A of the Listing Rules apply.

Da Hua, the Reporting Accountant, has issued a report on the calculations of the discounted cash flows used in the valuation report of the Disposed Subsidiaries. The Board has reviewed and considered the valuation of the Disposed Subsidiaries (including the key assumptions on which the preparation of the valuation of the Disposed Subsidiaries is based), and has also taken into account the report issued by the Reporting Accountant. The Board is of the view that the profit forecast in the valuation report of the Disposed Subsidiaries has been made after due and careful enquiry. The report from the Reporting Accountant in relation to the valuation of the Disposed Subsidiaries and the letter issued by the Board are set out in Appendix II and Appendix III to this announcement, respectively.

(b) Acquired Subsidiaries

The consideration for the Acquired Subsidiaries is RMB3,367,955,100, which was determined with reference to the market value of the total shareholders' equity of the Acquired Subsidiaries on a pro forma consolidated basis of RMB3,367,955,100 as at the Valuation Benchmark Date as set out in the valuation report of the Acquired Subsidiaries issued by the Valuer. The Valuer considered both the asset-based approach and the market approach and selected the asset-based approach as the final valuation method.

The appraised equity value under the asset-based approach represents an increase of RMB663,035,700, or approximately 24.51%, over the pro forma consolidated book value of equity of RMB2,704,919,400 as at the Valuation Benchmark Date. The increase principally reflects revaluation of buildings, equipment, productive biological assets and land use rights, together with a reduction in the assessed value of deferred income relating to government grants. The asset-based approach was selected because there were limited comparable listed companies and their share prices were affected by market conditions, investor sentiment and short-term trading, whereas sufficient information was available under the asset-based approach to assess the underlying assets and liabilities comprehensively.

For details, please refer to the summary of the Acquired Subsidiaries' valuation report (including the appraisal methods and assumptions) as set out in Appendix IV to this announcement.

The followings are the qualifications of the experts who have given opinions or advice in relation to the Proposed Asset Swap contained in this announcement:

Name	**Qualification**
China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司)	Independent professional valuer
Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥))	Certified Public Accountants

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of China United Appraisal and Da Hua is an Independent Third Party as at the date of this announcement:

(1) none of the above experts has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities of any member of the Group;

(2) each of the above experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter(s), report(s), opinion(s) and/or references to its name in the form and context in which they are included; and

(3) none of the above experts has any interest in any assets which have been, since December 31, 2025 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Payment terms

As the consideration for the Acquired Subsidiaries exceeds the consideration for the Disposed Subsidiaries, Inner Mongolia Youran shall pay the difference between the consideration for the Acquired Subsidiaries and that for the Disposed Subsidiaries in the amount of RMB140,042,500 (the "**Consideration Difference**") to SKX in cash before the completion date of the Proposed Asset Swap (inclusive). The cash payment is expected to be funded by the internal resources of the Group.

In the event that the Asset Swap Agreement is terminated, rescinded, avoided or determined to be invalid for any reason, the transactions contemplated thereunder shall cease to proceed. In such circumstances, the Disposed Subsidiaries shall still be held by Inner Mongolia Youran and the Acquired Subsidiaries shall still be held by SKX. If Inner Mongolia Youran has already paid the Consideration Difference to SKX, SKX shall, upon termination or rescission of the Asset Swap Agreement, refund in full the Consideration Difference received by it to Inner Mongolia Youran.

Profit guarantee:

Inner Mongolia Youran has undertaken that the net profit attributable to owners of the parent after deducting non-recurring profit or loss (excluding the government grants recognized in profit and loss of the current period and the reversal of impairment provisions for receivables individually assessed for impairment) ("**Net Profit**") of the Disposed Subsidiaries for each of the years ending December 31, 2027 and 2028 (the "**Performance Guarantee Period**") shall be no less than RMB291,500,000 and RMB299,200,000 (the "**Guaranteed Net Profit**"), respectively, representing a cumulative Guaranteed Net Profit of no less than RMB590,700,000.

SKX shall engage an audit institution qualified for securities and futures-related businesses to issue special review reports on the actual Net Profit of the Disposed Subsidiaries during the Performance Guarantee Period as a basis for determining the actual Net Profit in the relevant year. The compensation amount shall be calculated on a cumulative basis over the Performance Guarantee Period in accordance with the following formula, subject to the adjustments and cap of RMB3,227,912,600, being the consideration of the Disposed Subsidiaries:

Cumulative compensation amount = Cumulative Guaranteed Net Profit – Cumulative actual Net Profit

If the compensation amount calculated under the above formula is equal to or less than zero, the compensation amount shall be zero.

In the event that compensation is to be made, Inner Mongolia Youran shall pay the compensation amount to the designated account of SKX within 30 business days from the receipt of the notice from SKX.

The Guaranteed Net Profit is derived from the valuation report of the Disposed Subsidiaries, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Guaranteed Profit Forecast**"). A summary of the Disposed Subsidiaries' valuation report (including the appraisal methods and assumptions), the report from the Reporting Accountant in relation to the valuation of the Disposed Subsidiaries and the letter issued by the Board in respect of the Guaranteed Profit Forecast are set out in Appendix I, Appendix II and Appendix III to this announcement, respectively.

Conditions precedent

The effectiveness of the Asset Swap Agreement shall be conditional upon the fulfillment of all of the following conditions:

(1) the Asset Swap Agreement having been duly executed by both Inner Mongolia Youran and SKX;

(2) Inner Mongolia Youran having completed its internal approval procedures;

(3) the Proposed Asset Swap having been approved by the board of directors and shareholders of SKX;

(4) the Board having approved the Proposed Asset Swap and the Company having obtained the approval required under the Listing Rules (including PN15);

(5) the Proposed Asset Swap being approved by the NEEQ; and

(6) other necessary approvals required by laws and regulations and the requirements of regulatory authorities having been obtained.

Profit and loss during the transition period

Both Inner Mongolia Youran and SKX agree that, from the Valuation Benchmark Date (exclusive) to the completion date for the transfer of the Disposed Subsidiaries or the Acquired Subsidiaries (inclusive), (a) the profit incurred from the operations of the Disposed Subsidiaries shall be borne by SKX and such loss shall be borne by Inner Mongolia Youran and (b) the profit and loss of the Acquired Subsidiaries shall be borne by Inner Mongolia Youran.

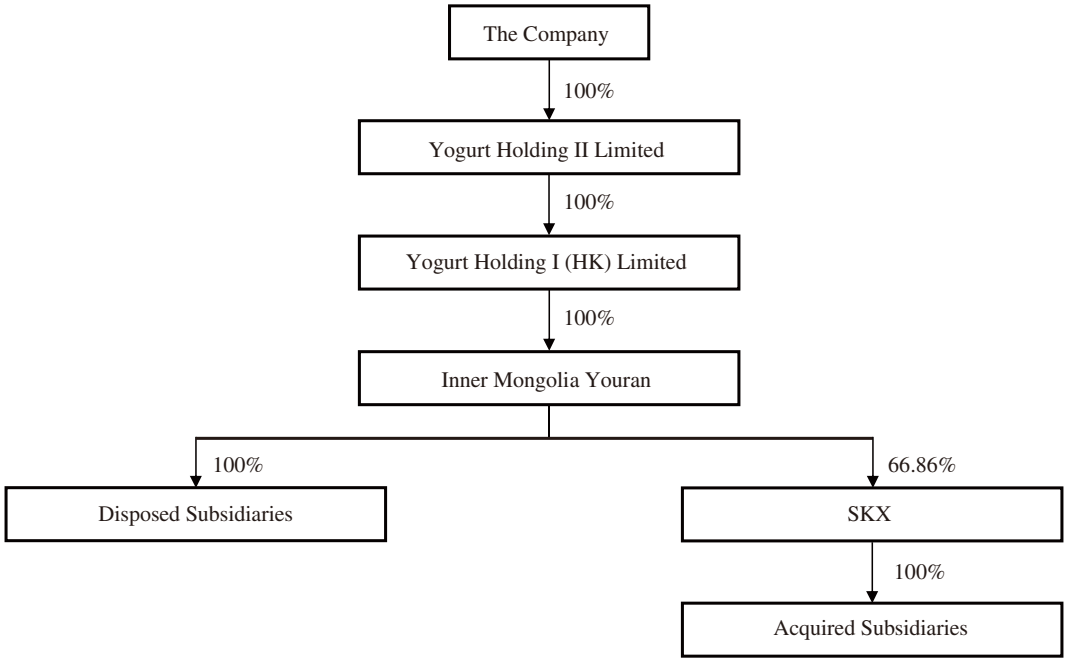
Completion

Each of Inner Mongolia Youran and SKX shall complete the registration of the relevant equity transfer with the competent market supervision administration within 30 business days from the date on which the Asset Swap Agreement becomes effective (or such longer period as agreed). The date on which the transferee is registered as shareholder of the relevant company shall be the respective completion date, from which the rights, interests, risks and obligations of the relevant companies pass to the transferee.

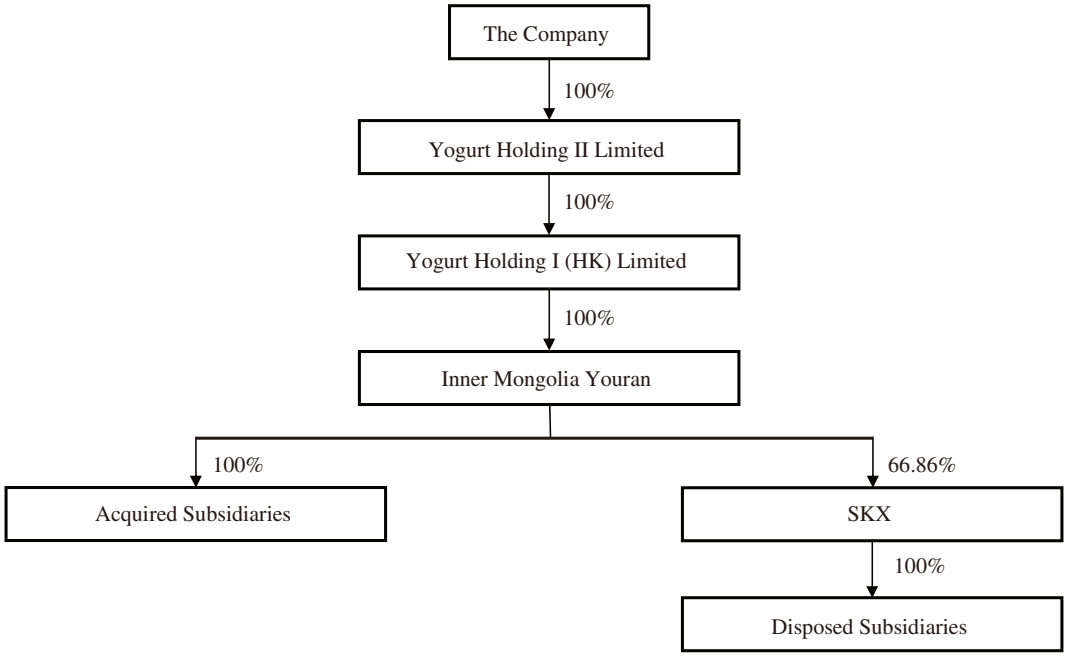
IMPACT OF THE PROPOSED ASSET SWAP

Upon completion, the Disposed Subsidiaries will become wholly-owned subsidiaries of SKX and the Acquired Subsidiaries will become wholly-owned subsidiaries of Inner Mongolia Youran. As each of the Disposed Subsidiaries and Acquired Subsidiaries is and will remain a subsidiary of the Company, their results are and will continue to be consolidated into the consolidated financial statements of the Company. The Group does not anticipate recognizing any gain or loss in its consolidated statement of profit or loss and other comprehensive income in respect of the Proposed Asset Swap.

Set out below is a simplified shareholding structure of the Disposed Subsidiaries and the Acquired Subsidiaries as at the date of this announcement:



Assuming the Company's shareholding structure remains unchanged, set out below is a simplified shareholding structure of the Disposed Subsidiaries and the Acquired Subsidiaries following the completion of the Proposed Asset Swap:



INFORMATION ON THE DISPOSED SUBSIDIARIES AND ACQUIRED SUBSIDIARIES

Disposed Subsidiaries

Each of the Disposed Subsidiaries is a company established under the laws of the PRC with limited liability. Jumucheng Tech and Muquan Feed, which directly hold the entire equity interests in 9 subsidiaries in aggregate, are directly wholly owned by Inner Mongolia Youran. The Disposed Subsidiaries are principally engaged in the production and sales of concentrated feeds and ruminant farming products.

Based on the pro forma financial information of the Disposed Subsidiaries prepared in accordance with the International Financial Reporting Standards, the consolidated financial information of the Disposed Subsidiaries for the two years ended December 31, 2024 and December 31, 2025 and the six months ended June 30, 2026 was as follows:

	For the year ended December 31, 2024 (unaudited) *RMB'000*	**For the year ended December 31, 2025** (unaudited) *RMB'000*	**For the six months ended June 30, 2026** (unaudited) *RMB'000*
Profit before taxation	544,741	332,819	207,454
Profit after taxation	456,362	274,477	169,348
Profit for the year/period attributable to owners of the Company	456,362	274,477	169,348

The unaudited consolidated total net assets and total assets of the Disposed Subsidiaries as at June 30, 2026 were RMB1,014,300,000 and RMB2,627,375,000, respectively.

Acquired Subsidiaries

Each of the Acquired Subsidiaries is a company established under the laws of the PRC with limited liability and is directly wholly owned by SKX. Each of the Acquired Subsidiaries is principally engaged in dairy farming business, and raw milk production and sales business.

Based on the pro forma financial information of the Acquired Subsidiaries prepared in accordance with the International Financial Reporting Standards, the consolidated financial information of the Acquired Subsidiaries for the two years ended December 31, 2024 and December 31, 2025 and the six months ended June 30, 2026 was as follows:

	For the year ended December 31, 2024 (unaudited) *RMB'000*	**For the year ended December 31, 2025** (unaudited) *RMB'000*	**For the six months ended June 30, 2026** (unaudited) *RMB'000*
(Loss)/profit before taxation	(435,672)	(131,268)	35,312
(Loss)/profit after taxation	(435,660)	(131,268)	35,312
(Loss)/profit for the year/period attributable to owners of the Company	(435,654)	(131,268)	35,312

The unaudited consolidated total net assets and total assets of the Acquired Subsidiaries as at June 30, 2026 were RMB2,431,437,000 and RMB7,978,351,000, respectively.

INFORMATION OF THE GROUP AND PARTIES TO THE ASSET SWAP AGREEMENT

The Company and the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the Main Board of the Stock Exchange (stock code: 9858) since June 18, 2021. The Group is primarily engaged in the production and sales of raw milk, and the production, sales and trading of feeds, ruminant farming products and breeding products in the PRC.

Inner Mongolia Youran

Inner Mongolia Youran, which was incorporated in the PRC as a limited liability company on August 1, 2007, is wholly owned by the Company. Inner Mongolia Youran is primarily engaged in the production and sales of raw milk, and the production, sales and trading of feeds, ruminant farming products and breeding products in the PRC.

SKX

SKX is a joint stock company incorporated in the PRC whose shares are quoted on the NEEQ (stock code: 834179). SKX is principally engaged in raising and breeding dairy cows, and raw milk production, and production and sales of breeding products. As at the date of this announcement, SKX is held as to 66.86% by Inner Mongolia Youran and therefore a non wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SKX's minority shareholders and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROPOSED ASSET SWAP AND THE PROPOSED SPIN-OFF

As the disposal and acquisition contemplated under the Asset Swap Agreement are intra-group transactions, the Proposed Asset Swap is in substance an internal restructuring of the Group. Through the Proposed Asset Swap, SKX will transfer the dairy farming business and raw milk production and sales business carried on by the Acquired Subsidiaries to Inner Mongolia Youran and focus on its breeding and feed businesses, which is expected to delineate the businesses of Inner Mongolia Youran and SKX clearly, minimise competition between them, improve the allocation and management of operating assets and support a clear business structure for the Proposed Spin-off.

Further, the Directors believe that the Proposed Asset Swap and the Proposed Spin-off will provide the Company with favourable opportunities for its future development and deliver the following benefits to the Company:

(a) the Proposed Asset Swap helps eliminate the overlapping businesses of both Inner Mongolia Youran and SKX, so that, following the completion of the Proposed Asset Swap, the Remaining Group will be able to focus on its core businesses of dairy farming business and raw milk production business and the Spin-off Group will be able to focus on the provision of livestock breeding products, genetics improvement and farming solutions, and the production and sales of feeds (the "**Spin-off Business**"). The Proposed Asset Swap is therefore in substance an internal business reorganisation and operational optimisation exercise in order to achieve a more efficient allocation of resources within the Group;

(b) the Proposed Spin-off will allow the Spin-off Group to achieve a more defined business focus and efficient resource allocation with the feed business of the Disposed Subsidiaries, achieving synergy effect in the research and development on ruminant feed products and the provision of a "breeding + feed + services" one-stop solution. Upon completion of the Proposed Spin-off, the Spin-off Group is expected to become one of the few integrated dairy upstream service providers in the PRC being capable to offer both ruminant feed products, breeding products and one-stop digitalised procurement services for dairy farms and other livestock farms. Further, a more defined business focus arising from the Proposed Spin-off will enable SKX's board and management to formulate and implement business strategies, operational targets and performance metrics that are specifically tailored to the Spin-off Business, thereby improving operational efficiency and enhancing shareholders' value and returns; and

(c) the Proposed Spin-off will enable the management of the Company and SKX to dedicate their time on building the core businesses of the Remaining Group and the Spin-off Group, respectively, to adopt appropriate business strategies in order to better suit their respective businesses, thereby simplifying the decision-making process and increasing their responsiveness to market changes and opportunities specific to the business of the relevant group.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Asset Swap Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company is indirectly interested in 100% and 66.86% of the equity interests of the Disposed Subsidiaries and the Acquired Subsidiaries, respectively. Immediately upon completion of the Proposed Asset Swap, the Company will be indirectly interested in 66.86% and 100% of the equity interests of the Disposed Subsidiaries and the Acquired Subsidiaries, respectively. Immediately prior to and upon completion of the Proposed Asset Swap, the Disposed Subsidiaries and the Acquired Subsidiaries are and continue to be accounted for as subsidiaries of the Company.

Notwithstanding that the financial results and positions of the Disposed Subsidiaries and the Acquired Subsidiaries are and continue to be consolidated into the Company's financial statements, the Company's effective shareholding in the Disposed Subsidiaries will decrease from 100% as at the date of this announcement to 66.86% immediately upon completion of the Proposed Asset Swap, resulting in a disposal of 33.14% of the interest in the Disposed Subsidiaries by the Company, the disposal of the Disposed Subsidiaries should therefore be considered on a net disposal basis; and the Company's effective shareholding in the Acquired Subsidiaries will increase from 66.86% as at the date of this announcement to 100% immediately upon completion of the Proposed Asset Swap, resulting in an acquisition of 33.14% of the interest in the Acquired Subsidiaries by the Company, the acquisition of the Acquired Subsidiaries should therefore be considered on a net acquisition basis.

Pursuant to Rule 14.24 of the Listing Rules, as the Proposed Asset Swap involves both an acquisition and a disposal, it will be classified by reference to the larger of the acquisition or disposal. As the highest applicable percentage ratio in respect of the Proposed Asset Swap is more than 5% but less than 25%, the Proposed Asset Swap constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

PROPOSED SPIN-OFF

The Proposed Asset Swap by the Company pursuant to the Asset Swap Agreement would result in the separate listing of the business of the Disposed Subsidiaries and would constitute a spin-off under the applicable provisions of PN15. The Company has submitted the PN15 Application and applied for a waiver from compliance with paragraph 3(f) of PN15 regarding the assured entitlement requirement.

Waiver from compliance with paragraph 3(f) of PN15

Paragraph 3(f) of PN15 requires a listed company carrying out a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity. As SKX is already quoted on the NEEQ, the Proposed Asset Swap is an asset swap between two subsidiaries of the Company and does not involve an initial public offering, a new listing or an issue of new shares to the public. No existing or new shares of SKX will be offered to the public in connection with the Proposed Spin-off. There is accordingly no offering of SKX's shares in respect of which an assured entitlement mechanism could be implemented.

As advised by the PRC legal advisers in connection with the Proposed Spin-off, SKX's shares are quoted on the NEEQ, and only investors meeting the investor suitability requirements prescribed by the NEEQ and the relevant PRC laws and regulations may open accounts to hold and trade SKX's shares. Shareholders who are non-PRC investors (other than the qualified foreign investors) would generally not be permitted to hold or trade SKX's shares. Accordingly, it is not feasible for the Company to provide an assured entitlement to SKX's shares to all existing Shareholders on an equal basis.

Paragraph 3(f) of PN15 also provides that minority Shareholders may by resolution in general meeting resolve to waive the assured entitlement. However, even if the minority Shareholders do not approve the waiver at a general meeting, the above legal restrictions cannot be overridden. The Company therefore considers that seeking such approval would be burdensome and impractical.

In view of the above legal restrictions, an offering or a distribution in specie of SKX's shares could not be made to all existing Shareholders on an equal basis. In addition, an offering or a distribution in specie would reduce the Company's interest in SKX without any corresponding commercial benefit, which is inconsistent with the purpose of the Proposed Asset Swap as an internal business reorganisation.

Having considered the legal and practical restrictions described above, the expected benefits of the Proposed Spin-off and the fact that SKX will remain a subsidiary of the Company upon completion, the Directors are of the view that the Proposed Spin-off and the non-provision of an assured entitlement in relation to the Proposed Spin-off are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

The Company believes that not providing assured entitlement to its Shareholders for the shares of SKX will not prejudice the interests and benefits of its Shareholders since the revenue, profit, assets and debts of SKX will continue to be reflected in the consolidated financial statements of the Company, the benefits brought by the Proposed Spin-off will still be enjoyed, indirectly, by the Shareholders. In view of the above legal and practical impediments for providing assured entitlement to the Shareholders, the Company has also applied for a waiver from compliance with the requirement of paragraph 3(f) of PN15.

Shareholders and potential investors should note that the Proposed Asset Swap and the Proposed Spin-off are subject to, among other things, (i) the prevailing market conditions; (ii) the approval of the PN15 Application and the granting of a waiver from compliance with the requirement of paragraph 3(f) of PN15 by the Stock Exchange; and (iii) the review of and/or registration with the CSRC and/or the NEEQ. Accordingly, Shareholders and potential investors should be aware that there is no assurance that the Proposed Asset Swap and the Proposed Spin-off will take place or as to when it may take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in relation to the Proposed Asset Swap and the Proposed Spin-off as and when appropriate in accordance with the requirements of the Listing Rules.

DEFINITIONS

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

"Acquired Subsidiaries"	18 subsidiaries directly and wholly owned by SKX as at the date of this announcement, namely, Bayan Nur SK Xing, Beijing Haihuayundu, Cangzhou SK Xing, Chengde Saiyou, Dalate Saiyou, Dingzhou SK Xing, Etuokeqi Saiyou, Huaxia Livestock, Hebei Benfang, Hulun Buir Saiyou, Hulun Buir SK Xing, Inner Mongolia Best, Inner Mongolia SK Xing, Jiyuan SK Xing, Ningxia SK Xing, Ordos SK Xing, Wuqiang Saiyou and Xundian Saiyou
"Bayan Nur SK Xing"	Bayan Nur SK Xing Dairy Co., Ltd.* (巴彥淖爾賽科星牧業有限責任公司), a company established in August 2020 under the laws of the PRC which is wholly owned by SKX
"Beijing Haihuayundu"	Beijing Haihuayundu Ecological Agriculture Co., Ltd.* (北京海華雲都生態農業有限公司), a company established in January 2011 under the laws of the PRC which is wholly owned by SKX
"Board"	the board of Directors
"Cangzhou SK Xing"	Cangzhou SK Xing Dairy Co., Ltd.* (滄州賽科星牧業有限公司), a company established in July 2015 under the laws of the PRC which is wholly owned by SKX
"Chengde Saiyou"	Chengde Saiyou Dairy Co., Ltd.* (承德賽優牧業有限公司), a company established in February 2019 under the laws of the PRC which is wholly owned by SKX
"China United Appraisal" or "Valuer"	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), an independent asset valuation institution with asset valuation qualifications in the PRC, engaged by Inner Mongolia Youran and SKX to issue the Valuation Reports
"Company"	China Youran Dairy Group Limited (中國優然牧業集團有限公司), an exempted company with limited liability incorporated in the Cayman Islands on August 21, 2020, whose Shares are listed on the Main Board of the Stock Exchange (stock code: 9858)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Da Hua" or "Reporting Accountant"	Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)), the Company's reporting accountant in connection with the valuation of the Disposed Subsidiaries and Acquired Subsidiaries
"Dalate Saiyou"	Dalate Saiyou Dairy Co., Ltd.* (達拉特旗賽優牧業有限公司), a company established in March 2017 under the laws of the PRC which is wholly owned by SKX
"Dingzhou SK Xing"	Dingzhou SK Xing Yiren Dairy Co., Ltd.* (定州市賽科星伊人牧業有限公司), a company established in June 2015 under the laws of the PRC which is wholly owned by SKX
"Director(s)"	the director(s) of the Company
"Disposed Subsidiaries"	2 subsidiaries directly and wholly owned by Inner Mongolia Youran as at the date of this announcement, namely, Jumucheng Tech and Muquan Feed, and the 9 subsidiaries directly owned as to 100% by Jumucheng Tech and Muquan Feed as at the date of this announcement in aggregate
"Etuokeqi Saiyou"	Etuokeqi Saiyou Dairy Co., Ltd.* (鄂托克旗賽優牧業有限公司), a company established in July 2015 under the laws of the PRC which is wholly owned by SKX
"Group"	the Company and its subsidiaries
"Hebei Benfang"	Hebei Benfang Dairy Co., Ltd.* (河北犇放牧業有限公司), a company established in April 2014 under the laws of the PRC which is wholly owned by SKX
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Huaxia Livestock"	Huaxia Livestock Xinghua Co., Ltd.* (華夏畜牧興化有限公司), a company established in January 2014 under the laws of the PRC which is wholly owned by SKX
"Hulun Buir Saiyou"	Hulun Buir Saiyou Dairy Co., Ltd.* (呼倫貝爾市賽優牧業有限公司), a company established in November 2014 under the laws of the PRC which is wholly owned by SKX

"Hulun Buir SK Xing"	Hulun Buir SK Xing Dairy Co., Ltd.* (呼倫貝爾賽科星牧業有限責任公司), a company established in April 2020 under the laws of the PRC which is wholly owned by SKX
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are independent of the Company and its connected persons (as defined under the Listing Rules)
"Inner Mongolia Best"	Inner Mongolia Best Holsteins Co., Ltd.* (內蒙古犇騰牧業有限公司), a company established in November 2011 under the laws of the PRC which is wholly owned by SKX
"Inner Mongolia SK Xing"	Inner Mongolia SK Xing Dairy Co., Ltd.* (內蒙古賽科星牧業有限公司), a company established in April 2013 under the laws of the PRC which is wholly owned by SKX
"Inner Mongolia Youran"	Inner Mongolia Youran Dairy Co., Ltd.* (內蒙古優然牧業有限責任公司), a company established in August 2007 under the laws of the PRC which is wholly owned by the Company
"Jiyuan SK Xing"	Jiyuan SK Xing Dairy Co., Ltd.* (濟源市賽科星牧業有限公司), a company established in January 2015 under the laws of the PRC which is wholly owned by SKX
"Jumucheng Tech"	Inner Mongolia Jumucheng Technology Co., Ltd.* (內蒙古聚牧城科技有限責任公司), a company established in July 2020 under the laws of the PRC which is wholly owned by Inner Mongolia Youran
"Letter of Intent"	a non-legally binding letter of intent dated August 5, 2026 entered into between Inner Mongolia Youran and SKX in relation to the Proposed Asset Swap
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Muquan Feed"	Inner Mongolia Muquan Yuanxing Feed Co., Ltd.* (內蒙古牧泉元興飼料有限責任公司), a company established in July 2000 under the laws of the PRC which is wholly owned by Inner Mongolia Youran
"NEEQ"	the National Equities Exchange and Quotations* (全國中小企業股份轉讓系統)

"Ningxia SK Xing"	Ningxia SK Xing Breeding Co., Ltd.* (寧夏賽科星養殖有限責任公司), a company established in September 2013 under the laws of the PRC which is wholly owned by SKX
"Ordos SK Xing"	Ordos SK Xing Breeding Co., Ltd.* (鄂爾多斯市賽科星養殖有限責任公司), a company established in October 2013 under the laws of the PRC which is wholly owned by SKX
"PN15"	Practice Note 15 of the Listing Rules
"PN15 Application"	the application of the Company to the Stock Exchange in respect of the Proposed Spin-off pursuant to PN15
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"Proposed Asset Swap"	the proposed disposal of the Disposed Subsidiaries from Inner Mongolia Youran to SKX and the proposed acquisition of the Acquired Subsidiaries by Inner Mongolia Youran from SKX, forming an asset swap and being an internal restructuring of the Group
"Proposed Spin-off"	the proposed spin-off and separate listing of the business of the Disposed Subsidiaries by transferring the Disposed Subsidiaries to SKX, with SKX remaining quoted on the NEEQ
"Remaining Group"	the Company and its subsidiaries excluding the Spin-off Group but including the Acquired Subsidiaries, following completion of the Proposed Spin-off
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of par value US$0.00001 each in the issued share capital of the Company
"Shareholder(s)"	holders of the Share(s)
"SKX"	Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd.* (內蒙古賽科星繁育生物技術(集團)股份有限公司), a non wholly-owned subsidiary of the Company whose shares are quoted on the NEEQ (stock code: 834179)

"Spin-off Group"	SKX and its subsidiaries, excluding the Acquired Subsidiaries but including the Disposed Subsidiaries, following completion of the Proposed Spin-off
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"US$"	United States dollars, the lawful currency of the United States
"Valuation Benchmark Date"	June 30, 2026
"Valuation Reports"	the valuation reports dated November 9, 2026 prepared by the Valuer in relation to the valuation of the Disposed Subsidiaries and the Acquired Subsidiaries
"Wuqiang Saiyou"	Wuqiang Saiyou Dairy Co., Ltd.* (武強賽優牧業有限公司), a company established in October 2015 under the laws of the PRC which is wholly owned by SKX
"Xundian Saiyou"	Xundian Saiyou Dairy Co., Ltd.* (尋甸賽優牧業有限公司), a company established in July 2016 under the laws of the PRC which is wholly owned by SKX
"%"	per cent.

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

Hohhot, November 9, 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.

* *For identification purposes only.*

Appendix I – Valuation Report Summary of the Disposed Subsidiaries

The following is the summary of the valuation report in relation to the Disposed Subsidiaries dated November 9, 2026 prepared by the Valuer, for, amongst other purposes, inclusion in this announcement. This report is prepared in Chinese and translated into English. In case of any discrepancy, the Chinese version shall prevail.

Appraised entity:	Inner Mongolia Muquan Yuanxing Feed Co., Ltd.* (內蒙古牧泉元興飼料有限責任公司) Inner Mongolia Jumucheng Technology Co., Ltd.* (內蒙古聚牧城科技有限責任公司)
Valuation purpose:	Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd. (內蒙古賽科星繁育生物技術(集團)股份有限公司) intends to carry out a major asset swap with Inner Mongolia Youran Dairy Co., Ltd. (內蒙古優然牧業有限責任公司). Accordingly, it is necessary to ascertain the market value of total shareholders' equity of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. on a pro forma consolidated basis as at the Valuation Benchmark Date.
Valuation subject:	Total shareholders' equity of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. on a pro forma consolidated basis as at the Valuation Benchmark Date
Valuation scope:	Total assets and related liabilities of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. as at the Valuation Benchmark Date
Valuation Benchmark Date:	June 30, 2026
Value type:	Market value
Valuation conclusion:	The valuation result based on the income approach is adopted as the valuation conclusion in this asset valuation report.

After carrying out valuation procedures including asset verification, on-site survey, market investigation and assessment and estimation, the valuation conclusion in respect of total shareholders' equity of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. on a pro forma consolidated basis as at the Valuation Benchmark Date of June 30, 2026 is as follows:

Based on the judgment of future development trends and business plans of the appraised entity and its management, the aggregate carrying amount of owners' equity of Muquan Yuanxing and Jumucheng on a pro forma consolidated basis as at the Valuation Benchmark Date of June 30, 2026 was RMB1,004.93 million. The valuation amount of owners' equity on a pro forma consolidated basis was RMB3,227.9126 million, representing a value appreciation of RMB2,222.9826 million, with an appreciation rate of 221.21%.

Special matters explanation:

1. AUDITED FINANCIAL INFORMATION

Pursuant to the Letter of Intent entered into in August 2026 between Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and nine other companies (collectively, "Party A") and Inner Mongolia Shengde Hetai Business Co., Ltd.* (內蒙古盛德和泰商貿有限責任公司) ("Party B"), in order to optimize the business structure, Party A is willing to transfer the projects relating to Party A's feed ingredients trading business to Party B in accordance with the terms and in the manner stipulated in the agreement, and Party B intends to agree to acquire the same. The financial information set out in this report is extracted from the pro forma financial statements of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. as disclosed in the Pro Forma Audit Report (Dahua Shen Zi [2026] No. 0011015902) issued by Da Hua Certified Public Accountants (Special General Partnership). The operating data relating to Party A's feed ingredients trading business has been separated out of the financial information in the pro forma financial statements, therefore the valuation conclusion herein does not include the value of the feed ingredients trading business.

2. UNREGISTERED BUILDINGS

A total of 38 buildings and structures within the valuation scope, including toilets and cattle sheds, have not yet obtained property ownership certificates or real estate title certificates, with an aggregate gross floor area of 33,600 sq.m. The appraised entity has warranted that such assets are owned by it. The gross floor areas of the above buildings were surveyed and reported by the appraised entity. The appraisers, after conducting on-site verification, adopted the gross floor areas reported by the enterprise for valuation purposes. Should any discrepancy arise between such areas and those subsequently determined by the relevant property measurement and registration authorities, the latter shall prevail.

3. As at the Valuation Benchmark Date, the Phase II land use right of the intangible assets of Ningxia Yikangyuan Bio-Technology Co., Ltd. (寧夏伊康元生物科技有限公司) within the valuation scope has not yet obtained a land title certificate. According to the land grant contract, the land area is 29,295.00 sq.m. The valuation has not taken into account the impact of the above title defects on the valuation conclusion.

4. Pursuant to the Announcement on Continuing the Western Development Corporate Income Tax Policy (《關於延續西部大開發企業所得稅政策的公告》) (Announcement No. 23 of 2020 by the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission), encouraged industry enterprises located in the western region shall be subject to a corporate income tax rate of 15%, with such policy valid until December 31, 2030. In this case, it is assumed that the aforementioned policy will remain unchanged during the validity period. The subsidiaries of the appraised entity will be entitled to the income tax preferential policy during the validity period and will no longer continue after the expiration.

I. VALUATION METHODS

Pursuant to the provisions of the Practice Guidelines for Asset Valuation – Enterprise Value (《資產評估執業準則－企業價值》) and the Practice Guidelines for Asset Valuation – Asset Valuation Methods (《資產評估執業準則－資產評估方法》), in the performance of the valuation on enterprise value, the valuation method shall be selected in accordance with the valuation purpose, the subject to be appraised, the value type, the conditions applicable to the valuation method, and the quality and amount of the information on which the valuation method used is based.

The asset-based approach reflects the value of the subject enterprise from the perspective of business acquisition and construction, providing a basis for evaluating operational management and performance after completion of economic activities. Accordingly, the asset-based approach has been adopted for this valuation.

The appraised entity has a clear profit model, a relatively stable customer base, a clear business plan for future products and sales channels, complete financial budget data, and a reasonable estimate of its returns and risks in future years. Accordingly, the income approach can be adopted for this valuation.

In view of the limited sources of transaction information in the domestic asset title transaction market and the considerable differences in product structure and composition of principal businesses of similar enterprises, coupled with the special nature of the appraised entity in the valuation, there is substantial difficulty in identifying similar market reference and hence market approach was not adopted in the valuation.

In summary, the asset-based approach and the income approach are adopted in this valuation.

(I) EXPLANATION OF INCOME APPROACH

1. Basic Approach to Valuation

(1) For assets and principal businesses included in the scope of the financial statements, the value of operational assets is derived, on a discounted basis, from the estimation of the expected income (net cash flow) based on the changes and trend in the historical operation in recent years and the types of business;

(2) For the cash assets and liabilities included in the scope of the financial statements but not considered in the estimation of expected income (net cash flow), such as monetary funds, dividends receivable and payable existing on the Valuation Benchmark Date, the assets such as idle equipment, real estate, and construction in progress without revenue taken into account, they shall be defined as surplus or non-operating assets (liabilities) existing on the Valuation Benchmark Date, and their values shall be measured separately;

(3) The enterprise value of the valuation subject is obtained from the sum of the values of the above assets and liabilities, plus long-term investments not included in the scope of consolidated financial statements on the benchmark date. After deducting the value of the interest-bearing debt, the value of the total shareholders' equity of the valuation subject is obtained.

2. Calculation Formula of Income Approach Evaluation Model

The income approach is a method to appraise the enterprise value by converting the expected future cash flow of the enterprise into the present value. That is, by estimating the expected future cash flow of the enterprise and adopting the appropriate discount rate, the expected cash flow is converted into the present value to obtain the enterprise value.

The basic formula is as follows:

$$E = B - D$$

Wherein:

E: Value of total shareholders' equity of the valuation subject;

B: Enterprise value of the valuation subject;

$B = P + C$

P: Value of the operating assets of the valuation subject;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r\,(1+r)^n}$$

Wherein:

R_i: Expected future earnings (free cash flow) for year i of the valuation subject;

r: Discount rate;

n: Future operating period of the valuation subject.

C: Value of other non-operating or surplus assets existing as of the benchmark date of the valuation subject.

$C = C_1 + C_2$

Wherein:

C_1: Value of current surplus or non-operating assets (liabilities) of the valuation subject as at the Valuation Benchmark Date;

C_2: Value of non-current surplus or non-operating assets (liabilities) of the valuation subject as at the Valuation Benchmark Date;

D: Value of interest-bearing debts of the valuation subject

3. Selection of Key Parameters under the Income Approach

(1) Determination of the income period

After comprehensively considering the historical development and operating history of the appraised entity, the current state of the industry and future growth prospects, the income period for this valuation is determined on a perpetual basis.

(2) Determination of income indicators

Corporate free cash flow = net profit + depreciation and amortisation + after-tax interest on interest-bearing debt – additional capital

(i) Determination of net profit

Net profit is calculated by reference to the forecast profit or loss of the appraised entity.

(ii) Determination of depreciation and amortisation

The fixed assets of the valuation subject mainly comprise buildings, machinery and equipment, vehicles and electronic equipment. Fixed assets are measured at actual cost at the time of acquisition. In this valuation, in accordance with the fixed asset depreciation policies adopted by the enterprise, the depreciation for the future operating period is estimated based on the audited original carrying amount of fixed assets as at the Valuation Benchmark Date, the estimated useful lives, the weighted depreciation rate and other factors.

The intangible assets of the valuation subject mainly comprise land. In accordance with the amortisation policies adopted by the enterprise, the amortisation for the future operating period is estimated based on the original carrying amount of long-term assets, the estimated useful lives, the annual amortisation amount and other factors.

(iii) Determination of additional capital

Additional capital = capital expenditure + asset replacement + increase in working capital

Based on the premise and basis for the earnings forecast, and on the premise of maintaining the existing asset scale and asset condition, the future asset replacement and renovation expenditure is estimated by reference to the enterprise's historical asset replacement and depreciation recovery.

Increase in working capital = working capital for the current period – working capital for the previous period

This report measures the working capital for each period of the future forecast period by reference to historical annual turnover ratio and revenue proportion.

(3) Determination of mid-year discounting

This valuation assumes that, after the Valuation Benchmark Date, the cash inflows of the enterprise are received evenly and the cash outflows are incurred evenly.

(4) Determination of the discount rate

This valuation adopts the weighted average cost of capital model (WACC) to determine the discount rate.

$$r = r_d \text{ x } w_d + r_e \text{ x } w_e$$

Wherein:

w_d: the debt ratio of the valuation subject;

$$w_d = \frac{D}{(E+D)}$$

w_e: the equity-to-capital ratio of the valuation subject;

$$w_e = \frac{E}{(E+D)}$$

r_e: the cost of equity capital, r_e is determined in accordance with the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \text{ x } (r_m - r_f) + \varepsilon$$

Where in:

r_f: the risk-free rate of return;

r_m: the expected rate of market return;

ε: the company-specific risk adjustment coefficient of the valuation subject;

β_e: the expected market risk coefficient of the equity capital of the valuation subject;

(i) Risk-free rate r_f

The yield to maturity of government bonds with a remaining maturity of ten years or more was adopted as the risk-free rate. This valuation adopted the yield of 10-year government bonds as the risk-free rate, i.e. $r_f = 1.73\%$

(ii) Determination of the market risk premium

The market risk premium refers to the expected excess return required by investors for equity investments with the same average risk as the overall market, i.e., the risk compensation over the risk-free rate. The market risk premium can usually be measured using historical market risk premium data. In this valuation, the long-term average return of China's A share market index was adopted as the expected rate of market return r_m, and the excess of the expected rate of market return over the risk-free rate was taken as the market risk premium.

In accordance with the requirements of the Asset Valuation Expert Guideline No. 12 – Measurement of Discount Rate in Valuation of Enterprise Value under the Income Approach (China Appraisal Society [2020] No. 38), when calculating the market risk premium using China's securities market indices, representative indices such as the CSI 300 Index and the SSE Composite Index are usually selected, and the excess return of the index over a historical period is calculated. The time span may be selected as more than 10 years, the data frequency may be weekly or monthly data, and the calculation method may be arithmetic average or geometric average.

Based on the tracking research on China's A-share market by the Research Institute of China United Assets Appraisal Group and in conjunction with the provisions of the above guideline, the valuation selected the representative Shanghai Composite Index as the benchmark index, calculated the arithmetic average using weekly and monthly data frequencies respectively and annualised the results to annual returns, and calculated their arithmetic mean, geometric mean and harmonic mean, respectively. After comprehensive analysis, the expected rate of market return was determined to be $r_m = 8.96\%$.

Market risk premium = $r_m - r_f = 8.96\% - 1.73\% = 7.23\%$

(iii) Determination of the beta coefficient

With reference to the feed industry classification, based on the shares of listed companies in the same industry in Shanghai and Shenzhen, excluding ST shares, B shares and companies listed on the Beijing Stock Exchange, and considering the comparability between the appraised entity and comparable companies in terms of business type, enterprise scale, profitability, growth,

industry competitiveness, stage of development and other factors, appropriate comparable companies were selected. Taking the Shanghai Composite Index as the benchmark index and based on queries of the iFinD financial data terminal, calculations were performed using market prices as at the Valuation Benchmark Date over a calculation period of three years prior to the Valuation Benchmark Date to obtain the estimated risk coefficient without financial leverage of the comparable companies' shares, β_u; calculation was then performed based on the enterprise's own capital structure to obtain the expected market risk coefficient of the equity capital of the appraised entity, $\beta_e = 0.7567$.

(iv) Determination of the company-specific risk coefficient

In determining the discount rate, it is necessary to consider differences between the valuation subject and listed companies in terms of company size, stage of development, core competitiveness, dependence on major customers and key suppliers, financing capability and financing costs, robustness of profit forecasts and other aspects, and to determine the company-specific risk coefficient. During the valuation, the Valuer conducted a comparative analysis of the enterprise and comparable listed companies and derived a company-specific risk coefficient $\varepsilon = 2.3\%$.

Conclusion

Substituting the above parameters into the formula, the discount rate is 9.36%.

(5) Estimation of the value of surplus or non-operating assets

Some assets (liabilities) on the carrying amount of the valuation subject were not taken into account in the net cash flow estimated in this valuation and should constitute non-operating or surplus assets outside the cash flow estimated in this valuation. Their value should be separately estimated when estimating the enterprise value.

(6) Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to the bank borrowings of the appraised entity.

II. VALUATION ASSUMPTIONS

The following assumptions were adopted by the Valuer throughout the course of this valuation:

(I) GENERAL ASSUMPTIONS

1. The transaction assumption assumes that all assets to be appraised are already in the process of transaction, and the Valuer conducts valuation by comparable markets based on transaction conditions of the assets to be appraised. The transaction assumption constitutes the most fundamental premise for conducting the asset valuation.

2. The open market assumption assumes that, with respect to the asset traded or intended to be traded in the market, the transacting parties are in equal position and both have opportunities and time to access sufficient market information so as to make a rational judgment on the function, purpose and transaction price of assets. The open market assumption is made on the basis that the assets can be traded openly in the market.

3. The enterprise going-concern assumption is a valuation assumption made by taking the overall assets of the enterprise as the valuation subject. Namely, the enterprise, as an operating entity, can continue to operate in accordance with its business objectives under the external environment where it operates. The enterprise operators are responsible for and capable of taking responsibility; in order to maintain the ability of continuous operation, the enterprise can operate legally and obtain appropriate profits. For all kinds of operating assets of the enterprise, they can be used continuously based on their current purpose, method, scale, frequency and environment of application, or can be used on a changed basis.

(II) SPECIAL ASSUMPTIONS

1. This valuation assumes that the external economic environment remains unchanged as at the Valuation Benchmark Date and that no material changes will occur in the prevailing macroeconomy of the country;

2. There will be no material changes in the social and economic environment in which the enterprise operates and in the policies implemented in respect of taxes, exchange rates, tax rates;

3. The future forecast in the valuation is a reasonable estimate of the future based on current market conditions, which does not take into account material market changes and fluctuations in the future which are currently unpredictable, such as impacts of political turmoil or financial crisis;

4. The future management team of the enterprise will perform its duties diligently and will continue to maintain the existing operational and management model;

5. During the future operating period, the asset scale and composition, principal businesses, business structure, revenue and cost composition, as well as sales strategies and cost control of the valuation subject will develop in accordance with the company's plans and forecasts;

6. Profits and losses arising from the changes in the asset scale and composition, principal businesses and business structure as a result of changes in the management, business strategies and business environment in the future are not taken into account;

7. This valuation assumes that the underlying information and financial information provided by the principal and the appraised entity are true, accurate and complete;

8. The valuation scope is based solely on the valuation declaration form provided by the principal and the appraised entity. Contingent assets or contingent liabilities that may exist outside the lists provided by the principal and the appraised entity have not been considered;

9. It is assumed that the cash inflow of the enterprise will be average inflow and the cash outflow will be average outflow after the Valuation Benchmark Date;

10. The impact of inflation has not been taken into account in determining the various parameters applied in this valuation;

11. According to the Announcement on Further Improving the Policy of Super Deduction for Research and Development Expenses before Tax (《關於進一步完善研發費用税前加計扣除政策的公告》) (Announcement No. 13 of 2021 of the Ministry of Finance and the State Taxation Administration), where the research and development (R&D) expenses actually incurred in an enterprise's R&D activities which have not been capitalised as intangible assets and have been charged to current profit or loss, a super deduction of 100% of the R&D expenses shall be made on the basis of deduction of actual expenses in accordance with regulations. This valuation assumes that the R&D expenses super-deduction policy will remain unchanged and that the appraised entity will continue to benefit from the R&D expenses super-deduction in future years;

12. Pursuant to the Announcement on Continuing the Western Development Corporate Income Tax Policy (《關於延續西部大開發企業所得税政策的公告》) (Announcement No. 23 of 2020 by the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission), encouraged industry enterprises located in the western region shall be subject to a corporate income tax rate of 15%, with such policy valid until December 31, 2030. In this case, it is assumed that the aforementioned policy will remain unchanged during the validity period. The subsidiaries of the appraised entity will be entitled to the income tax preferential policy during the validity period and will no longer continue after the expiration;

13. This valuation assumes that the appraised entity will be able to continue to renew the lease at a reasonable price throughout the future operating period based on its existing operating capacity as at the benchmark date.

The valuation results may generally become invalid if the above conditions change.

III. VALUATION CONCLUSION

The carrying amount of owners' equity of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. on a pro forma consolidated basis as at the Valuation Benchmark Date of June 30, 2026 was RMB1,004.93 million. The valuation amount of owners' equity on a pro forma consolidated basis was RMB3,227.9126 million, representing a value appreciation of RMB2,222.9826 million, with an appreciation rate of 221.21%.

In this valuation, the total shareholders' equity value on a pro forma consolidated basis derived using the asset-based approach is RMB1,198.6555 million, while the total shareholders' equity value on a pro forma consolidated basis calculated using the income approach is RMB3,227.9126 million. The valuation amount under the income approach is RMB2,029.2571 million higher than that under the asset-based approach, representing a difference rate of 169.29%.

The difference between the valuation results obtained using the two methods arises mainly because the valuation under the asset-based approach uses asset cost replacement as the value standard and reflects the socially necessary labor consumed by asset inputs (acquisition and construction costs), which typically change with variations in the national economy, whereas the valuation under the income approach uses the expected returns of assets as the value standard and reflects the operating capacity (profitability) of assets, which is generally influenced by multiple conditions such as the macroeconomy, government controls, and the effective use of assets.

As a large domestic processing enterprise specializing in the production of dairy cattle feed in the feed business segment, Muquan Yuanxing has obtained the organic feed product certificate to date and passed four major quality management system certifications, including ISO 9001, the HACCP food safety management system, the OHSAS 18001-2007 occupational health and safety management system, and the ISO 14001-2004 environmental management system. Boasting strong technical capabilities, it has established long-term technical-cooperation relationships with multiple research institutes such as the Canadian International Dairy Development Agency, the Institute of Animal Science of Chinese Academy of Agricultural Sciences, Inner Mongolia Agricultural University, and Heilongjiang Bayi Agricultural University. It continuously introduces the latest domestic and foreign scientific-research achievements to research and develop new products that meet market demands.

Its products cover more than 50 varieties across six major series of "Yuanxing" dairy cattle feed, including concentrate supplement, concentrate, premix, additives, microecological preparations and organic feed, which are well-received by numerous dairy farmers. Its key sales territories currently include Inner Mongolia, Ningxia, Heilongjiang, Shandong, Hebei, and the Beijing-Tianjin-Tangshan region. It has abundant sales channels, with core customers including well-known enterprises such as Youran Dairy and Junlebao. It is actively expanding into feed products for beef cattle, sheep and camels in addition to the dairy cattle feed, and has developed feed product series including Xilege, Mizhiyuan and Muleyou, which have achieved a certain sales scale in recent years.

From an industry perspective, affected by fluctuations in milk prices and the contraction in herd size of cattle and sheep, the ruminant-feed industry is currently at a stage of "moderate overall growth, pronounced cyclical fluctuations and deepening value-based competition". Meanwhile, industry adjustments have also brought development opportunities. Benefiting from the exit of small-and-medium-sized feed enterprises and inefficient breeding entities, market share is becoming increasingly concentrated among leading companies, and the procurement concentration of large dairy farms has further increased, presenting leading companies in the feed industry with opportunities to further expand their market shares.

The swapped-in assets are based on the channels established through feed product sales and also operate the dairy farm supplies supermarket business. The dairy farm supplies supermarket mainly sells dairy farm supplies such as veterinary drugs, veterinary instruments, milking station supplies, feed additives, testing reagents and silage products, all of which are supplied by external suppliers. Leveraging the feed sales channels developed over many years, this company reaches the areas where dairy farm customers are located and has so far developed 22 stores. Meanwhile, centered on the Jumucheng brand, this company has established capabilities including ordering through an online APP/mini-program/online store, offline dairy farm supplies supermarkets, county-level service centers and warehouse distribution, and can provide services such as breeding technology consulting, remote diagnosis, information support and pasture management.

The asset-based approach fails to reflect the intangible value accumulated by the enterprise from brand reputation, customer resources, sales channels, management experience, teamwork and supply chain relationships, while the income approach, focusing on the overall future profitability of the appraised entity, reflects the enterprise's actual value by discounting expected cash flows and demonstrates the enterprise's capacity to generate sustainable excess returns, namely the portion of the enterprise's expected returns exceeding the required return corresponding to the capital employed. The income approach not only reflects the overall earning capacity generated when various assets and liabilities of the enterprise are combined into an organic, going-concern complex, but also captures contributions to the profitability of the target assets from elements not presented in financial statements, such as technology, efficiency and sales networks. Relying on its competitive advantage, the enterprise achieves high operating efficiency, profitability and customer stability, and is capable of generating additional returns based on existing assets. Its discounted value forms an overall operating value higher than the valuation under the asset-based approach.

Based on the above analysis, we selected the income approach as the reference basis for this asset swap, thereby deriving a value of RMB3,227.9126 million for the total shareholders' equity of the feed business segment on a pro forma consolidated basis as at the Valuation Benchmark Date.

The following is the text of a letter from the PRC Reporting Accountant, Da Hua Certified Public Accountants (Special General Partnership), relating to the valuation of the Disposed Subsidiaries, for, amongst other purposes, inclusion in this announcement. This letter is prepared in Chinese and translated into English. In case of any discrepancy, the Chinese version shall prevail.

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

Dear Sir or Madam,

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF THE DISCOUNTED FUTURE CASH FLOWS ON WHICH THE VALUATION OF THE TOTAL SHAREHOLDERS' EQUITY OF THE TARGET COMPANIES (DEFINED BELOW) IS BASED

We have reviewed the calculations of the discounted future estimated cash flows on which the valuation dated November 9, 2026 (the "**Valuation**") prepared by China United Assets Appraisal Group Co., Ltd. in respect of the total shareholders' equity of Inner Mongolia Muquan Yuanxing Feed Co., Ltd. and Inner Mongolia Jumucheng Technology Co., Ltd. (the "**Target Companies**") as at June 30, 2026 on a pro forma consolidated basis is based. The Valuation was prepared in connection with the Asset Swap Agreement and is set out in the announcement (the "**Announcement**") to be published by China Youran Dairy Group Limited (the "**Company**") on November 9, 2026. The Valuation adopted the discounted cash flow method to appraise the value of the total shareholders' equity of the Target Companies as at June 30, 2026, and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

I. RESPONSIBILITIES OF THE DIRECTORS

The directors of the Company are required to determine the bases and assumptions and are responsible for the discounted future cash flows of the Target Companies prepared on the basis of such bases and assumptions. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of such discounted future cash flows, applying appropriate bases and assumptions, making reasonable estimates under various circumstances, and providing the certified public accountants with true, accurate and complete relevant information.

II. OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements set forth in the Code of Ethics for Chinese Certified Public Accountants (中國註冊會計師職業道德守則) issued by the Chinese Institute of Certified Public Accountants. Such requirements are formulated based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

We have applied the Quality Management Standards for Accounting Firms No. 5101 – Engagement Quality Control (《會計師事務所質量管理準則第5101號－業務質量控制》) and Quality Management Standards for Accounting Firms No. 5102 – Project Quality Review (《會計師事務所質量管理準則第5102 號－項目質量覆核》) issued by the Chinese Institute of Certified Public Accountants to maintain a comprehensive quality control system, including written policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

III. RESPONSIBILITIES OF CERTIFIED PUBLIC ACCOUNTANTS

Our responsibilities are to express an opinion on the arithmetical accuracy of the calculations of the forecast, as required under Rule 14.60A(2) of the Listing Rules, and to report solely to you. The forecast does not involve the adoption of accounting policies.

We have not conducted any work in respect of the basis and assumptions adopted for the discounted future cash flows and do not express any opinion thereon, or on the valuation of the Target Companies.

IV. OVERVIEW OF OUR WORK

We have conducted our assurance engagement in accordance with the requirements of Standards for Other Assurance Engagements of PRC Certified Public Accountants No. 3101 – Assurance Engagements Other Than Audit or Review of Historical Financial Information (《中國註冊會計師其他鑒證業務準則第3101號 – 歷史財務信息審計或審閱以外的鑒證業務》).

The said standards require us to plan and implement our assurance work to reasonably determine whether, so far as calculations are concerned, the discounted future cash flows have been properly prepared in all material aspects in accordance with the bases and assumptions determined by the directors and adopted for the valuation of the Target Companies.

The preparation of the discounted future cash flows on which the valuation of the Target Companies is based has not involved the adoption of any accounting policies.

During the course of assurance engagement, we have implemented procedures deemed necessary by us, such as review and verification. We believe that our assurance work has provided a reasonable basis for our opinion expressed.

V. ASSURANCE CONCLUSION

We are of the view that, so far as calculations are concerned, the discounted future cash flows on which the valuation of the Target Companies is based have been properly prepared in all material aspects in accordance with the basis and assumptions determined by the directors and adopted for the valuation of the Target Companies.

VI. LIMITATION OF USE

This assurance report has been prepared for the use by the board of directors of the Company only. We do not assume any responsibility to any other persons in respect of the content of this report.

Da Hua Certified Public Accountants (Special General Partnership)
Beijing, the PRC

November 9, 2026

To: Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place Central, Hong Kong

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION IN RELATION TO ASSET SWAP TRANSACTIONS AND PROPOSED SPIN-OFF

We refer to the announcement of China Youran Dairy Group Limited (the "**Company**") dated November 9, 2026 (the "**Announcement**") in relation to the captioned transaction. Unless the context otherwise requires, capitalized terms in this letter shall have the same meanings as defined in the Announcement.

We further refer to the valuation report dated November 9, 2026 prepared by the Valuer, China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), in relation to the valuation of market value of the total shareholders' equity of the Disposed Subsidiaries on a pro forma consolidated basis on the Valuation Benchmark Date. The Valuer adopted the discounted cash flow method under the income approach in valuation of the Disposed Subsidiaries. Such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has reviewed and prepared the information and documents relating to the basis and assumptions on which the discounted cash flows in the valuation are based and the calculation method used and reviewed the valuation (for which the Valuer is responsible) prepared by the Valuer. The Board has also considered the report from Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)), the Reporting Accountant, dated November 9, 2026 regarding the calculations of the discounted cash flows in the valuation.

On the basis of the foregoing, in accordance with the requirements under Rule 14.60A(3) of the Listing Rules, the Board confirms that the profit forecasts used in the aforementioned valuation report have been made after due and careful enquiry.

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

November 9, 2026

Appendix IV – Summary of the valuation report of the Acquired Subsidiaries

The following is the summary of the valuation report in relation to the Acquired Subsidiaries dated November 9, 2026 prepared by the Valuer, for, amongst other purposes, inclusion in this announcement. This report is prepared in Chinese and translated into English. In case of any discrepancy, the Chinese version shall prevail.

According to the "Asset Valuation Report on the Market Value of the Total Shareholders' Equity of the 18 Companies (including Inner Mongolia Best Holsteins Co., Ltd.* (內蒙古犇騰牧業有限公司)) on a Pro Forma Consolidated Basis in Connection with the Proposed Major Asset Swap between Inner Mongolia Saikexing Reproductive Biotechnology (Group) Co., Ltd.* (內蒙古賽科星繁育生物技術(集團)股份有限公司) and Inner Mongolia Youran Dairy Co., Ltd.* (內蒙古優然牧業有限責任公司)" (《內蒙古賽科星繁育生物技術(集團)股份有限公司與內蒙古優然牧業有限責任公司擬實施重大資產置換涉及的內蒙古犇騰牧業有限公司等18家公司類比合併後的股東全部權益市場價值評估專案資產評估報告》) prepared by the Valuer in accordance with the China Appraisal Standards by adopting asset-based approach, the appraised value of the total shareholders' equity of the 18 companies, namely, Inner Mongolia Best Holsteins Co., Ltd.* (內蒙古犇騰牧業有限公司), Inner Mongolia SK Xing Dairy Co., Ltd.* (內蒙古賽科星牧業有限公司), Ningxia SK Xing Breeding Co., Ltd.* (寧夏賽科星養殖有限責任公司), Ordos SK Xing Breeding Co., Ltd.* (鄂爾多斯市賽科星養殖有限責任公司), Hebei Benfang Dairy Co., Ltd.* (河北犇放牧業有限公司), Hulun Buir Saiyou Dairy Co., Ltd.* (呼倫貝爾市賽優牧業有限公司), Jiyuan SK Xing Dairy Co., Ltd.* (濟源市賽科星牧業有限公司), Dingzhou SK Xing Yiren Dairy Co., Ltd.* (定州市賽科星伊人牧業有限公司), Cangzhou SK Xing Dairy Co., Ltd.* (滄州賽科星牧業有限公司), Etuokeqi Saiyou Dairy Co., Ltd.* (鄂托克旗賽優牧業有限公司), Wuqiang Saiyou Dairy Co., Ltd.* (武強賽優牧業有限公司), Xundian Saiyou Dairy Co., Ltd.* (尋甸賽優牧業有限公司), Dalate Saiyou Dairy Co., Ltd.* (達拉特旗賽優牧業有限公司), Beijing Haihuayundu Ecological Agriculture Co., Ltd.* (北京海華雲都生態農業有限公司), Huaxia Livestock Xinghua Co., Ltd.* (華夏畜牧興化有限公司), Chengde Saiyou Dairy Co., Ltd.* (承德賽優牧業有限公司), Hulun Buir SK Xing Dairy Co., Ltd.* (呼倫貝爾賽科星牧業有限責任公司), and Bayan Nur SK Xing Dairy Co., Ltd.* (巴彥淖爾賽科星牧業有限責任公司) (collectively, the "**Acquired Subsidiaries**") on a pro forma consolidated basis amounted to RMB3,367,955,100. The valuation report is issued by the independent valuation institution in Chinese. The currency adopted in the valuation report is RMB. The English version of this Appendix is for reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

1. VALUATION SUBJECT AND SCOPE

The valuation subject was the total shareholders' equity of the Acquired Subsidiaries on a pro forma consolidated basis. The scope of valuation comprised all assets and liabilities of the Acquired Subsidiaries, including current assets, fixed assets, productive biological assets, right-of-use assets, intangible assets, long-term prepaid expenses, other non-current assets, current liabilities and non-current liabilities. The Valuation Benchmark Date was June 30, 2026.

2. REASONS FOR THE ADOPTION OF THE ASSET-BASED APPROACH

In this valuation, both the asset-based approach and the market approach were adopted to conduct an overall valuation of the Acquired Subsidiaries. The valuation results derived from the asset-based approach were adopted as the final valuation conclusion.

Asset-based Approach

The asset-based approach is a valuation method whereby the value of the subject is determined through assessment of the overall on-balance sheet and identifiable off-balance sheet assets and liabilities of the appraised entity or business unit based on their balance sheet as at the Valuation Benchmark Date. In particular, the value of the enterprise is determined by aggregating the valuation amount of all constituent assets of the enterprise and deducting the valuation amount of its liabilities.

Market Approach

The listed company comparison method was adopted, whereby the valuation subject was compared with listed companies in the same industry, and the available economic information of such listed companies was appropriately adjusted to estimate the reasonable fair value of the appraised entity.

Adoption of the Asset-based Approach

The enterprises under valuation are raw milk producers, and there are relatively few comparable listed companies in the industry. In addition, the share prices of listed companies in the secondary market are significantly affected by external factors such as macroeconomic conditions, capital market sentiment and short-term capital trading activities, and have remained volatile. Accordingly, the valuation results derived from the market approach are subject to a certain degree of subjectivity and uncertainty. The asset-based approach is considered to provide a more reasonable reflection of the value of the entire shareholders' equity. Therefore, the valuation results derived from the asset-based approach were ultimately adopted as the valuation conclusion.

3. MAJOR ASSUMPTIONS ADOPTED IN THE VALUATION REPORT

The major assumptions in such valuation are as follows:

3.1 General Assumptions

(a) Transaction Assumption

Under the transaction assumption, all assets to be valued are assumed to be in the process of being transacted. The Valuer conducts the valuation by reference to comparable markets based on, among other things, the transaction conditions of the assets to be appraised. This is one of the fundamental assumptions underlying asset valuation.

(b) Open Market Assumption

The open market assumption is to assume that with respect to the asset traded or intended to be traded in the market, the transacting parties are in equal position and both have opportunities and time to access sufficient market information so as to make a rational judgment on the function, purpose and transaction price of assets. The open market assumption is made on the basis that the assets can be traded openly in the market.

(c) Enterprise Going-concern Assumption

The Enterprise Going-concern assumption refers to the premise that the valuation is carried out on assets of the enterprise as a whole, on the assumption that it will remain in operation as a business entity under the existing external conditions and in line with its business objectives. It is also assumed that the executives of the enterprise are responsible and capable, and that the enterprise operates lawfully and is able to generate reasonable profits to sustain its operations as a going concern. For all types of business assets of an enterprise, such assets can continue to be used for their current purpose and in the manner, scale, frequency and environment in which they are used currently, or be used on a modified basis.

(d) Continuous Use of Assets Assumption

The continuous use of assets assumption means that the valuation method, parameters and basis should be determined according to the current use and in the manner, scale, frequency and environment in which the appraised assets are used, or be used on a modified basis.

3.2 Special Assumptions

(a) This valuation assumes that the external economic environment remains unchanged as at the Valuation Benchmark Date and that there are no significant changes in the prevailing national macroeconomic conditions;

(b) There is no material change in the socio-economic environment in which the enterprise operates, and in the policies implemented with respect to taxes and tax rates;

(c) The enterprise's future management team will perform its duties diligently and maintain the current management model;

(d) The assets under this valuation are determined based on their actual quantities in existence as at the Valuation Benchmark Date, and their market prices are determined by reference to the prevailing domestic market prices as at that date;

(e) The scope of valuation is strictly limited to the asset declaration forms provided by the principal and the appraised entity, excluding consideration of any contingent assets and contingent liabilities which might exist beyond such lists provided by the principal and the appraised entity;

(f) The impact of inflation has not been taken into account in arriving at the parameter values measured under this valuation;

(g) Both the comparable enterprises and the appraised entity are capable of operating on a going-concern basis in accordance with their operating models, business structures and capital structures as publicly disclosed at the time of transaction;

(h) The information publicly disclosed by the comparable enterprises is true, accurate and complete and does not contain any false representation, misstatement or material omission that may impact value assessment;

(i) The dimensions and indicators of comparison adopted by the Valuer are based solely on the publicly disclosed information in relation to the comparable enterprises, with no consideration given to the impact of other non-public matters on the value of the appraised entity.

4. PRO FORMA CONSOLIDATED CARRYING AMOUNTS AND VALUATION AMOUNTS OF THE ACQUIRED SUBSIDIARIES

As of the Valuation Benchmark Date, the pro forma consolidated carrying amounts and valuation amounts of the owners' equity of the Acquired Subsidiaries are as follows:

Summary of valuation results

Unit: RMB'0,000

	Items	Carrying amount B	Appraised Value C	Increase or Decrease D=C-B	Appreciation rate (%) E=D/B×100%
1	Current assets	88,757.38	88,758.20	0.82	0.00
2	Non-current assets	634,261.46	692,108.16	57,846.70	9.12
3	Including: Long-term equity investments	–	–	–	
4	Investment properties	–	–	–	
5	Fixed assets	245,242.31	291,173.12	45,930.81	18.73
6	Construction in progress	540.57	427.96	–112.61	–20.83
7	Intangible assets	239.31	1,831.75	1,592.44	665.43
7–1	Including: Land use rights	235.27	1,827.77	1,592.50	676.88
8	Other non-current assets	388,239.27	398,675.33	10,436.06	2.69
9	**Total assets**	**723,018.84**	**780,866.36**	**57,847.52**	**8.00**
10	Current liabilities	381,197.33	381,197.33	–	–
11	Non-current liabilities	71,329.57	62,873.52	–8,456.05	–11.85
12	**Total liabilities**	**452,526.90**	**444,070.85**	**–8,456.05**	**–1.87**
13	Net assets (owners' equity)	**270,491.94**	**336,795.51**	**66,303.57**	**24.51**

5. REASONS FOR VALUE APPRECIATION IN THE VALUATION CONCLUSION

(a) The appreciation in buildings and structures included in the valuation scope is mainly attributable to the following reasons: The self-constructed buildings and structures of the enterprises were primarily built between 2015 and 2025. As of the Valuation Benchmark Date, the costs of labor, materials and machinery had increased substantially, resulting in a relatively large appreciation in the gross valuation amount. The appreciation in the net valuation amount is primarily due to: ① the significant appreciation in the gross valuation amount of buildings and structures relative to their carrying amounts; and ② the economic useful lives of the buildings and structures exceeding their accounting depreciation lives.

(b) The appreciation in equipment assets included in the valuation scope is mainly attributable to the following reasons: ① For machinery and equipment, the appreciation in the valuation amount is primarily because the carrying amounts reflect only the purchase prices, whereas the gross valuation amounts include the purchase price, freight and miscellaneous charges, installation costs, other related expenses and capital costs. The appreciation in the net valuation amount is because the enterprises depreciate assets on an accounting basis with depreciation lives shorter than the economic useful lives; accordingly, the carrying amounts reflected faster depletion than the actual physical depletion of the assets, leading to a certain degree of valuation appreciation. ② For vehicles, the depreciation in the gross valuation amount is mainly because lower purchase prices, while the appreciation in the net valuation amount is primarily because the accounting depreciation lives applied by the enterprises are shorter than the economic useful lives of the vehicles. ③ For electronic equipment, rapid technological updates have caused current market prices of comparable products to be generally lower than the original purchase prices, resulting in a depreciation in the gross valuation amount of electronic equipment. The appreciation in the net valuation amount is because the enterprises depreciate assets on an accounting basis with depreciation lives shorter than the economic useful lives; accordingly, the carrying amounts reflect faster depletion than the actual physical depletion of the assets, leading to a certain degree of valuation appreciation.

(c) The appreciation in other non-current assets is attributable to the appreciation in productive biological assets. This is mainly because the subject dairy cows were primarily self-bred, with carrying amounts recorded at historical cost and mature dairy cows depreciated in accordance with the enterprises' accounting policies. The valuation amounts are determined by calculating the full replacement cost based on current market prices of feed materials, labor and breeding as of the Valuation Benchmark Date, and then deducting physical depreciation by reference to parity, health status and remaining economic life of the cattle. The combined effects of higher current market costs of rearing inputs relative to historical costs and differences in measurement bases between accounting depreciation and physical depreciation under the valuation approach have resulted in appreciation of the valuation amounts over the carrying amounts.

(d) Intangible assets primarily consist of land use rights. The appreciation in intangible assets is mainly attributable to the following reasons: The carrying amounts represent the historical acquisition costs of the land use rights. With the continuous social and economic development of the region in recent years, ongoing optimization of the investment environment and continuous improvement of infrastructure, the value of land use rights in the region has risen, resulting in an appreciation in valuation amounts over the carrying amounts.

(e) The depreciation in deferred income is primarily a technical depreciation arising from differences in accounting and valuation bases. The carrying amount of deferred income consists entirely of government grants related to dairy farming assets and represents the remaining balance after amortization by the enterprises in accordance with accounting standards. From an asset valuation perspective, these government grants have been fully received with no future repayment obligation; accordingly, the valuation amount of such deferred income is determined to be zero, leading to a difference from the carrying balance and resulting in a valuation depreciation.

(f) Due to relatively low milk prices in prior years, the enterprises had recognized economic obsolescence on fixed assets and biological assets of certain farms. In this valuation, the amounts have been determined by reference to the replacement cost of the assets as of the Valuation Benchmark Date.

6. VALUATION RESULTS

The asset-based approach has been selected to provide a reference for determining the value in the asset swap.

As of the Valuation Benchmark Date, the market value of the total shareholders' equity of the Acquired Subsidiaries on a pro forma consolidated basis was RMB3,367.9551 million, representing an appreciation rate of 24.51%.