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OVERVIEW

Mission

To provide safe, high-quality and healthy food products for global consumers through science-based nutrition.

Vision

To become a world-class company offering nutritional and healthy food products.

Who We Are

We are a leading integrated dairy company in China, driven by our commitment to continuous innovation. Through 30 years of development, we have evolved into a nationwide dairy company with diversified product categories and an integrated value chain. According to Frost & Sullivan, we have built Junlebao (君樂寶) into one of the most recognized dairy brands in China and ranked No. 3 among integrated dairy companies by retail value in China market in 2024, with a market share of 4.3%. Our revenue increased by 13.0% in 2024 as compared to 2023, significantly above the industry average, according to the same source.

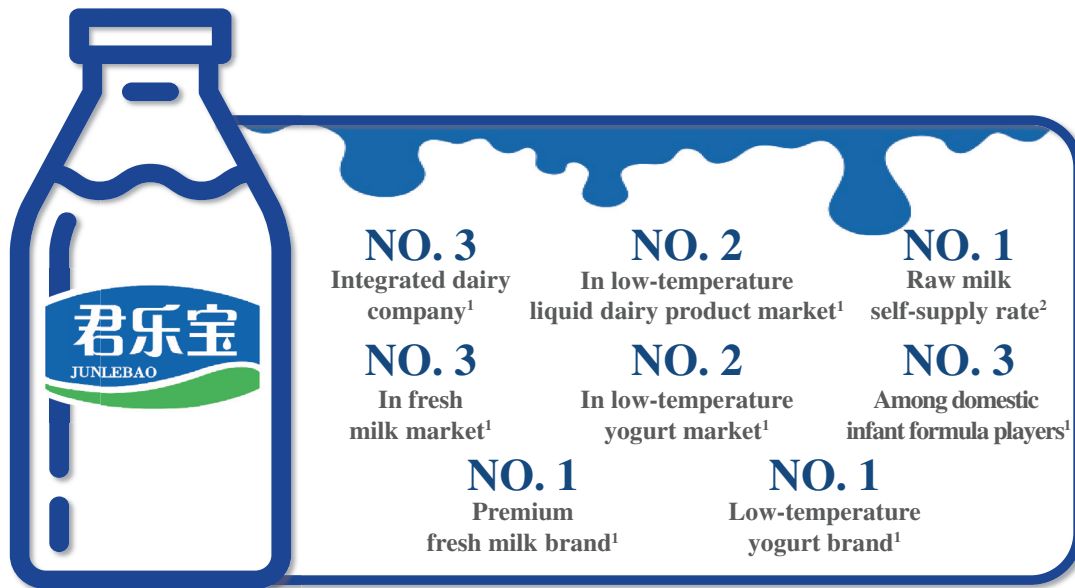
Leveraging deep consumer insights and strong R&D capabilities, we have successfully captured the growth in the low-temperature liquid dairy segment and introduced differentiated low-temperature yogurt and fresh milk products that align closely with consumer preferences. Within five years of launch, SimPurity (簡醇) and Freshjoy (悦鲜活) became the No. 1 low-temperature yogurt brand since 2022 and No. 1 premium fresh milk brand since 2024 by retail value in China market, respectively, according to Frost & Sullivan. Beyond our strong momentum in the fast-growing low-temperature liquid dairy segment, our primary products include formula, ambient liquid dairy products and other dairy products, serving consumers across all age groups with safe, high-quality, nutritious and healthy dairy offerings.

Our flagship products are well received by consumers and hold leading positions in multiple dairy categories. According to Frost & Sullivan, in terms of retail value in China market:

- We ranked No. 2 in China’s low-temperature liquid dairy product market in 2024, with a market share of 14.5%. Low-temperature liquid dairy product is the fastest-growing segment within the China’s liquid dairy product market, with the market size reaching RMB89.7 billion in 2024 and expected to grow to RMB125.9 billion in 2029. From 2025 to 2029, the market is expected to grow at a CAGR of 7.2%.
- We ranked No. 3 in China’s fresh milk market in 2024, with a market share of 10.6%. In 2024, Freshjoy (悦鲜活) is the No. 1 premium fresh milk brand with a market share of 24.0% in China’s premium fresh milk market (with MSRP of products priced above RMB20 per liter of fresh milk).

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- We ranked No. 2 in China’s low-temperature yogurt market in 2024, with a market share of 17.2%. In 2024, SimPurity (简醇) is the No. 1 low-temperature yogurt brand with a market share of 7.9%.
- Since launching our infant formula products in 2014, we have been providing high-quality products that address the nutritional needs of Chinese infants, and have ranked No. 3 domestic infant formula player for five consecutive years from 2020 to 2024, with a market share of 5.0% in 2024.



Note 1: Our rankings in terms of retail sales in 2024 in respective markets in China according to Frost & Sullivan.

Note 2: Raw milk self-supply rate is calculated as the volume of raw milk self-produced by our self-operated farms divided by the volume of raw milk used in our production. According to Frost & Sullivan, our raw milk self-supply rate was 66% in 2024, ranking top among Chinese large-scale integrated dairy companies.

Our Brands and Products

Our brand portfolio has evolved alongside our growth. We began with a focus on delivering high-quality yogurt products, and over the past 30 years have progressively expanded into diversified dairy product categories as we identified emerging market opportunities and changing consumer needs. Supported by our integrated value chain, we have built a portfolio that spans multiple product types and price points, anchored by multiple well-established brands across China. Today, our brands reflect both the heritage of our early foundations and the breadth of our development into an integrated dairy group.

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Junlebao (君樂寶) is one of the most widely recognized dairy brands in China, according to Frost & Sullivan. It represents our broad presence across low-temperature liquid dairy products, formula and ambient liquid dairy products. SimPurity (簡醇), launched in 2017, marked our entry into the healthy yogurt category and played an important role in driving consumer consumption of sucrose-free yogurt. Freshjoy (悅鮮活), launched in 2019, represents our focus on premium fresh milk supported by advances in processing technology and product design. We have been continuously investing in science-based nutrition and formula R&D since the launch of our first infant formula product in 2014. Our latest infant formula launching, Youcui Baoai (優萃寶愛), provides scientifically supported brain and physical development benefits and has been assessed by the Chinese Institute of Food Science and Technology as achieving the internationally advanced level. Our major brands have achieved strong brand equity in their respective categories.

Leveraging our strong R&D capabilities and high-quality raw milk supply, we have also successively launched a range of domestically produced, high-quality dairy ingredients for corporate customers, including additive-free premium whipping cream, high-quality butter and foodservice milk. These products address the rapidly growing demand from the upgrading bakery and freshly made coffee and tea chains, providing new growth drivers for our future development.

Our R&D Capabilities

We place strong emphasis on in-house R&D and continuous innovation, maintaining our competitiveness by proactively advancing new products, new technologies, new processes and new packaging. Guided by the principle of “science-based nutrition”, we have established an industry-leading R&D and innovation platform, the Institute of Science-based Nutrition, which collaborates with top-tier domestic and international research institutions and universities, as well as renowned global suppliers. Our R&D covers fundamental research and product applications, including key dairy technologies, product formulation, clinical efficacy validation, breast-milk composition analysis, development and commercialization of proprietary probiotics, process engineering and packaging development.

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Our Integrated Value Chain



Note: As of September 30, 2025

We have established an integrated value chain covering dairy farming, R&D and product innovation, production and sales network, each reinforcing our ability to deliver high-quality, innovative and trusted dairy products to consumers. These core elements are supported by end-to-end digitalization, which enhances efficiency, traceability and execution across the entire value chain. Together, they form the foundation for the continued strengthening of our brands and products.

High-quality supply — self-operated farms as the anchor. Our self-operated farms anchor our raw-milk supply for producing high-quality milk and other dairy products. As of September 30, 2025, we operated 33 dairy farms in China, supported by intelligent herd-management systems that monitor cow health, feed intake and milk yield performance, enabling scale and scientifically supported dairy farming and efficient operation. Our raw milk quality largely exceeds U.S. and EU quality standards. We maintained a herd size of approximately 192,000 heads as of September 30, 2025, ranking No. 3 in China by herd size, according to Frost & Sullivan. In 2024, our dairy farms produced 1,133 thousand tons of raw milk, supplying approximately 66% of our production needs, the highest raw-milk self-supply ratio among Chinese large-scale integrated dairy companies, according to Frost & Sullivan.

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Insight-led R&D and product development — consumer-driven innovation. We place consumer insights at the core of our innovation process. We translate consumer demand into diversified product solutions, leveraging our insights in emerging needs and usage scenarios across both individual consumers and corporate customers. These insights guide our integration of nutritional science and proprietary technologies throughout product development. Key technologies include INF 0.09-second sterilisation for flavor and nutrient preservation, membrane filtration for low-lactose or high-protein products, fermentation and probiotics strain-selection techniques, and breast-milk-component analysis that inform infant-formula formulation. We also develop ready-to-drink packaging formats to meet growing demand for convenience and on-the-go consumption.

Intelligent manufacturing and strict quality assurance — automated, standardized and traceable production with certified quality. We have primarily adopted an in-house production model since our establishment, ensuring consistent product quality and a secure, reliable and responsive supply chain. As of September 30, 2025, we operated 20 dairy production facilities in China, equipped with advanced production lines and automated control systems that support unmanned operations, precision monitoring and efficient production management. Our total dairy production volume reached approximately 1.38 million tons in 2024. We maintain a comprehensive end-to-end quality management system covering raw milk sourcing, supplier screening, aseptic facility design, production processes, rigorous testing and logistics. According to Frost & Sullivan, we were the first infant formula manufacturer globally to obtain the BRCGS A+ certification, and we subsequently achieved BRCGS AA+ and IFS certifications, following which we received a Nomination Award for the China Quality Award from the State Administration for Market Regulation in 2018, being honored as one of the first dairy companies to receive this recognition. According to Frost & Sullivan, Junlebao was also the first domestic infant formula brand to enter the Hong Kong and Macau markets.

Broad consumer reach — nationwide distribution and execution capabilities. We operate a broad nationwide sales network that combines distributorship and direct sales, enabling our products to reach consumers across all 31 provincial-level regions in Chinese Mainland through supermarkets, convenience stores, mother-and-baby chain stores, foodservice outlets and major e-commerce platforms. As of September 30, 2025, we had established partnerships with over 5,500 distributors. Our disciplined “A-list Sales Force (渠道鐵軍)” model, enabled by digital retail-management tools that track shelf display, sell-through and promotion execution, ensures strong in-store execution and sustained sales performance across markets.

Our digitalized platform connects all parts of our value chain to enhance farm management, supply-chain and production management, order fulfillment and retail execution. The integration of data flows across systems provides more timely and precise insights to inform commercial decisions.

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Our Sales Network

We have developed an extensive nationwide sales and distribution network, enabling broad market reach across multiple channels and regions.

As of September 30, 2025, we cooperated with over 5,500 distributors. Over half of our distributors had partnered with us for more than three years and these long-standing distribution partners contributed approximately 82% of our revenue generated under the distributor model during the Track Record Period. Through this network, together with our direct sales to customers including national and regional supermarkets and convenience stores, e-commerce platforms, mother-and-baby chain stores, freshly made coffee and tea chains and corporate customers, our products reach a broad range of offline and online sales channels. As of September 30, 2025, our products were available in approximately 400,000 low-temperature liquid dairy retail outlets and 70,000 formula retail outlets nationwide.

We have achieved broad nationwide sales network coverage and have begun expanding into overseas markets. During the Track Record Period, our sales network was across all 31 provincial-level regions in Chinese Mainland, with North, East, Central and South China being our core sales regions. Our liquid dairy products recorded rapid revenue growth in China’s high-consumption regions, including East, Central and South China, with aggregate growth rate in those regions exceeding 15% in both 2024 and the nine months ended September 30, 2025. The acquisitions of regional dairy product brands, Yinqiao (銀橋) and LESSON (來思爾), further strengthened our presence in Northwest and Southwest China. Despite our extensive coverage, the domestic market still offers significant room for further expansion. During the Track Record Period, our sales network covered approximately 2,200 counties in Chinese Mainland, representing 77% of counties coverage nationwide. Supported by our strong brand equity, popular product portfolio and well-established channel-management capabilities, we expect to deepen our nationwide penetration. Our products are also available in Hong Kong and Macau, providing a foundation for long-term growth in overseas markets.

Our Market Opportunities

As dairy products represent one of the most important sources of daily nutrition for Chinese consumers, China’s dairy market is large and continues to expand. Based on retail value, the size of China’s dairy product market reached RMB653.5 billion in 2024 and is expected to grow to RMB749.2 billion by 2029, according to Frost & Sullivan. Per-capita dairy consumption in China was 40.5 kilograms in 2024, less than one-third of the global average, indicating substantial long-term growth potential.

Low-temperature liquid dairy products are growing at a significantly faster rate, supported by rising health awareness and improvements in cold-chain infrastructure. According to Frost & Sullivan, the retail value of China’s low-temperature liquid dairy market reached RMB89.7 billion in 2024 and is expected to grow to RMB125.9 billion by 2029. From 2025 to 2029, the market is expected to grow at a CAGR of 7.2%. The share of low-temperature liquid dairy products in the overall liquid dairy products market is expected to increase from

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25.3% in 2024 to 31.8% in 2029, with fresh milk emerging as the fastest-growing category. Its retail value reached RMB36.9 billion in 2024 and is expected to rise to RMB60.6 billion by 2029. From 2025 to 2029, the market is expected to grow at a CAGR of 10.7%. China’s low-temperature liquid dairy product penetration remains significantly below that of mature markets such as the United States and Japan, where penetration exceeds 90% and 75% respectively, indicating substantial room for future growth.

In the formula category, consumers increasingly seek science-based and function-oriented products supporting brain and physical development, providing balanced nutrition, promoting digestive health and addressing sub-optimal wellness for infants, children and adults. The rigorous registration requirements of infant-formula further benefits companies with strong R&D and formulation capabilities.

With strong brand equity, science-driven product development, an integrated value chain of operation and nationwide sales network coverage, we believe we are well positioned to capture these structural growth and continue expanding our market presence.

Our Financial Performance

During the Track Record Period, we achieved sustained revenue and profit growth. Our revenue increased from RMB17,546.2 million in 2023 to RMB19,832.5 million in 2024, representing a year-over-year increase of 13.0%, and from RMB14,908.5 million for the nine months ended September 30, 2024 to RMB15,133.8 million for the same period in 2025.

Growth in our low-temperature liquid dairy product segment was particularly strong. Revenue for this segment increased from RMB6,287.4 million in 2023 to RMB7,580.9 million in 2024, representing growth of 20.6%, and from RMB5,738.4 million for the nine months ended September 30, 2024 to RMB6,437.2 million for the same period in 2025, representing growth of 12.2%. Within this segment: (i) revenue of fresh milk products increased from RMB 1,573.6 million in 2023 to RMB2,274.5 million in 2024, representing an increase of 44.5%, and from RMB1,598.1 million for the nine months ended September 30, 2024 to RMB2,247.7 million for the same period in 2025, representing an increase of 40.6%; and (ii) revenue of low-temperature yogurt products increased from RMB4,713.8 million in 2023 to RMB5,306.4 million in 2024, representing an increase of 12.6%, and from RMB4,140.3 million for the nine months ended September 30, 2024 to RMB4,189.5 million for the same period in 2025.

Supported by cost efficiencies from our integrated operations, enhanced marketing effectiveness driven by refined and digitalized management, and operating leverage, we recorded rapid net profit growth during the Track Record Period. We define adjusted net profit (*non-CASBE measure*) as net profit adding back (i) interest expenses on financial liabilities related to shareholders’ special rights; (ii) share-based payment expenses; and (iii) [REDACTED]. Adjusted net profit increased from RMB603.0 million in 2023 to RMB1,160.6 million in 2024, representing growth of 92.5%, and from RMB756.1 million for the nine

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months ended September 30, 2024 to RMB944.7 million for the same period in 2025, representing growth of 24.9%. Adjusted net margin improved from 3.4% in 2023 to 5.9% in 2024, and further to 6.2% for the nine months ended September 30, 2025.

OUR STRENGTHS

An Innovation-Driven and Fast-Growing Leading Dairy Company in China, Strengthening our Leadership through A Strategic Focus on the Low-temperature Liquid Dairy Segment

We are one of the leading integrated dairy companies in China and have achieved steady, high quality growth by aligning our strategy with evolving consumer needs and emerging market trends. According to Frost & Sullivan, we ranked No. 3 among integrated dairy companies in terms of retail value in China market in 2024, with our market share rising from 3.8% in 2023 to 4.3% in 2024. Our revenue increased by 13.0% in 2024 as compared to 2023, significantly above the industry average, according to the same source.

Building on our ability to identify structural shifts in China’s dairy market, we have focused on the high potential low-temperature liquid dairy product segment. We have introduced category-leading flagship products that align closely with evolving consumer preferences, enabling us to deepen our penetration in the segment and outpace major competitors. According to Frost & Sullivan, in terms of retail value in China market, China’s low-temperature liquid dairy product market reached RMB89.7 billion in 2024 and is expected to grow to RMB125.9 billion by 2029. From 2025 to 2029, the market is expected to grow at a CAGR of 7.2%. We ranked No. 2 in the low-temperature liquid dairy product market in terms of retail value in China market in 2024 with a market share of 14.5%. Within this segment, we have established leadership across key categories. We ranked No. 2 in the low-temperature yogurt market in terms of retail value in China market in 2024, reaching a market share of 17.2%. SimPurity (簡醇) addresses rising demand for healthier products through its low-calorie and gut-health-supporting formulation and became the No. 1 low-temperature yogurt brand in terms of retail value in China market in 2024 with a market share of 7.9%. We have also secured a leading position in fresh milk. Our market share in terms of retail value increased from 5.4% in 2022 to 10.6% in 2024, ranking No. 3 in the fresh milk market. Freshjoy (悦鲜活) has become a category-leading premium fresh milk brand and drove our share in the premium fresh milk segment to 24.0% in terms of retail value in China market in 2024, ranking No. 1 in the premium fresh milk segment.

Since launching our first infant formula product in 2014, we have remained committed to breast-milk research and science-based formulation innovation. Supported by our self-operated dairy farms and stringent quality control, we aim to provide safe, high-quality formula products for Chinese infants. Over the past decade, this approach has enabled us to surpass leading domestic and international players. In terms of retail value in China market, we have ranked No. 3 domestic infant formula player for five consecutive years from 2020 to 2024, with a market share of 5.0% in 2024, according to Frost & Sullivan.

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Systematic Capabilities to Develop Category-Leading Products, Underpinned by Sustained R&D Investment and Deep Market Insights

Our ability to capture market opportunities and consistently launch flagship products is supported by our long-standing investment in scientific research. We have established the Institute of Science-based Nutrition as a leading R&D platform and work with top-tier domestic and international research institutions, universities, and ingredient and equipment suppliers, such as Wageningen University, Kerry Dairy Ireland, DSM-Firmenich and Kronos. Our research covers breast milk composition, probiotics strain development and process innovation, enabling us to design formulations that are both science-based and aligned with consumer needs. As of September 30, 2025, we have received 11 national and provincial science awards, published 75 academic papers and held 437 patents in China. Our breast milk research allows us to precisely identify nutrition components and apply these findings in infant formula development. Our Youcui Baoai (優萃寶愛) formula has been assessed by the Chinese Institute of Food Science and Technology as achieving the internationally advanced level, offering scientifically supported brain and physical development benefits.

We focus on development and commercialization of proprietary probiotics and maintain a proprietary strain library with more than 1,000 lactobacillus strains, providing a deep reservoir of resources that underpins new product development and the creation of functional dairy offerings. Our proprietary lactobacillus paracasei N1115 has demonstrated clinically validated benefits in immunity and gut health which has been published in a world’s renowned journal, Nature, and applied in our patented strain series of SimPurity (簡醇) launched in 2025. In addition, we have accumulated core proprietary technologies in our production processes, such as the INF 0.09-second sterilisation used in Freshjoy (悦鲜活).

We have developed a systematic capability to create category-leading products, demonstrated by our success in meeting emerging consumption needs and expanding use cases. In response to the rapid adoption of low-temperature liquid dairy products and the limitations of short shelf life and distribution radius, we launched Freshjoy (悦鲜活) in 2019. By combining INF 0.09-second sterilisation with low-temperature aseptic cold-filling, Freshjoy (悦鲜活) preserves more active nutrients and delivers a fresher taste while extending shelf life to 19 days, enabling nationwide distribution. Its transparent, portable bottle format enhances convenience and supports more flexible, beverage-style consumption occasions. By introducing differentiated features and multiple product formats, we have continued to enhance Freshjoy’s (悦鲜活) brand equity and sales potential. Freshjoy (悦鲜活) now includes SKUs of lactose-free, A2 and organic variants across sizes including 260 ml, 450 ml and 950 ml to meet on-the-go, at-home and freshly made coffee and tea chains’ demand. Freshjoy (悦鲜活) recorded revenue of RMB1,362.7 million and RMB1,881.2 million in 2023 and 2024, representing year-over-year growth of 38.0% and reached RMB1,836.2 million for the nine months ended September 30, 2025, representing period-over-period growth of 37.6%. Similarly, responding to growing demand for healthy and low-calorie products, we launched sucrose-free SimPurity (簡醇) in 2017 after developing low-calorie and gut-health-supporting formulation. The SimPurity (簡醇) series has been certified as a low-GI product of genuine quality, establishing itself as a benchmark for functional yogurt product. In 2025, we launched a new SimPurity (簡醇) series enriched with our patented strain cluster in portable and family-size formats, covering individual, household and meal-replacement needs.

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For corporate customers in bakery and freshly made coffee and tea chains, we have addressed rising demand for high quality dairy fat ingredients by promoting localized development and production of premium cream. In 2025, we launched additive-free, high-fat whipping cream, made from high-quality raw milk through an integrated production system with no added stabilizers or emulsifiers, offering professional, high quality and cost effective solutions for these customers.

Integrated Value Chain for Quality Assurance, Strengthened by Digital Systems for Coordinated and Efficient Operations

Our integrated value chain enables us to maintain consistent product quality, ensure supply stability and operate with high efficiency across dairy farming, production, logistics and sales.

Our Dairy Farms. As of September 30, 2025, we operated 33 dairy farms in China. We had a herd of approximately 192,000 dairy cows as of September 30, 2025, ranking No. 3 in China by herd size, according to Frost & Sullivan. Our dairy farms are equipped with intelligent herd-management systems that monitor cow health, feed intake and milk yield performance. We operate our own feed-processing facilities and formulate tailored feed rations for cows at different growth stages. In 2024, the average milk yield per milkable cow in our dairy farms reached 12.0 tons and the feed cost of sales per kilogram of milk was RMB2.1 per kilogram, reflecting our industry leading farm operation efficiency, according to Frost & Sullivan. Raw milk quality from our dairy farms largely exceeds U.S. and EU standards. In 2024, we produced 1,133 thousand tons of raw milk, supplying approximately 66% of our production needs, the highest raw milk self-supply ratio among Chinese large-scale integrated dairy companies, according to Frost & Sullivan.

Our Production. As of September 30, 2025, we operated 20 dairy production facilities in China, strategically located near both our milk sources and key consumption markets. In 2024, we produced approximately 1.38 million tons of dairy products. Our facilities are equipped with advanced automation and intelligent control systems, enabling efficient, standardized and traceable production. For instance, we have deployed Krones dry aseptic filling lines for our fresh milk products, extending shelf life, reducing inventory loss and supporting nationwide distribution. In February 2025, our intelligent factory project was recognized by Chinese authorities, positioning us among the national benchmarks for intelligent manufacturing in the dairy industry. To further support consistent product quality, we maintain long-term partnership with global leading international suppliers of key raw materials such as whey powder, oils and vitamins, ensuring the quality and safety of raw materials from the source.

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Our quality assurance. We are committed to building an industry-leading food safety management system. Building on high-quality raw milk from our self-operated farms, a rigorously selected supplier base and advanced production equipment, we have implemented a comprehensive quality-inspection framework. According to Frost & Sullivan, we were the first infant formula manufacturer globally to obtain the BRCGS A+ certification and subsequently achieved BRCGS AA+ and IFS certifications. According to the same source, in November 2018, we were honored the Nomination Award for the China Quality Award, becoming one of the first dairy companies to receive this national-level distinction.

We operate digital systems across the entire value chain to enhance efficiency, visibility and decision-making, forming a unified data backbone that links upstream farming with downstream production, logistics and omnichannel sales and distribution network. At the dairy farm level, our intelligent herd-management systems capture data on cow health, feed intake and milk yield performance, enabling data-driven optimization of feeding formulas, herd structure and barn conditions. In supply chain and production, our IoT-enabled monitoring and QR-code-based tracking provide end-to-end traceability for infant formula, covering raw milk lots, ingredient usage, process parameters and finished goods. For sales and logistics, the integration of our OTW, CRM and SAP systems supports full-chain fulfillment management, including order processing, route planning, warehouse operations, in-transit visibility and customer receipt. In channel management, our SFA and precision-marketing systems allow online oversight of approximately 400,000 low-temperature liquid dairy retail outlets and 70,000 formula retail outlets as of September 30, 2025, providing insights into shelf display, sell-through and promotion execution to support product launches and market-level operational decision-making.

Broad Consumer Reach and Brand Mindset Through Diversified and Precision Marketing

We implement a diversified and data-driven marketing strategy that enables us to reach a broad consumer base efficiently and reinforce our brand positioning.

As consumers increasingly embrace active and health-oriented lifestyles, we have associated our brand with “science-based nutrition” and “healthy living” through sponsorship in sports events, ten Chinese national sports teams, marathons and mass-participation fitness programs. In 2024, we became the official partner of ten Chinese national sports teams, including the National Gymnastics Team and the National Artistic Swimming Team. Leveraging the broad appeal of global events such as the Olympic Games, we amplify our brand image across television, digital media and elevator advertising, connecting the spirit of striving and surpassing in sports with our commitment to continuous improvement and higher product quality. Over the past decade, we have also sponsored fifty marathon and running events across cities such as Shijiazhuang and Qinhuangdao, promoting national fitness while elevating brand awareness and affinity. These efforts have strengthened our brand awareness and reputation, while our “science-based nutrition, champion quality” brand message resonated strongly with event participants.

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With shifts in media usage habits, we continuously refine our marketing deployment to improve efficiency and reach. We collaborate with authoritative media, social platforms and popular variety shows to enhance brand awareness through thematic campaigns, product launches and featured content. For example, our brand stories and product quality initiatives were featured on CCTV Finance and China Media Group Mobile, extending reach across television and digital channels, gaining visibility and enhancing public engagement, reinforcing our reputation for long standing quality and innovation as well as enhancing Junlebao (君樂寶) brand equity. For key marketing themes such as our campaign with ten Chinese national sports teams, we launched targeted elevator advertising across multiple city tiers, reaching consumers in core commercial and residential areas. Combined with retail outlets execution and community marketing carried out by our local teams, these activities generated strong synergies that effectively supported sales conversion.

Through precision marketing, scenario-based communication and endorsement strategies aligned with each brand’s positioning, we highlight differentiated product attributes and align them with the needs of target consumer groups to strengthen brand positioning. SimPurity (簡醇) yogurt emphasizes its sucrose-free and low GI characteristics, reinforcing the proposition of “Drink SimPurity (簡醇) for sucrose-free” (怕蔗糖喝簡醇). Freshjoy (悅鮮活) leverages endorsements from top athletes and celebrities to build premium perception among consumers in tier 1 and tier 2 cities. Junlebao formula emphasizes its scientifically designed “dual excellence in brain and physical development (腦體雙優)”, with the message “Moms who are familiar with formula choose Junlebao (懂配方的媽媽選君樂寶)” effectively enhancing professional credibility and emotional resonance with parents.

Nationwide Omni-Channel Sales and Distribution Network with Strong Channel-Management Capabilities

We have established a comprehensive, nationwide sales and distribution network that supports our continued expansion across China. We hold a leading presence in North China, which accounted for 29.1% of our revenue in 2024, and have steadily broadened our reach into East, Central and South China as brand awareness and channel coverage increased. During the Track Record Period, our products were sold across 31 provincial-level regions in Chinese Mainland, and our liquid dairy products recorded rapid growth in emerging markets, with revenue in East China, Central China and South China increasing by 19.0%, 24.4% and 104.2% from 2023 to 2024 and by 9.7%, 19.2% and 57.3% from nine months ended September 30, 2024 to nine months ended September 30, 2025. Our acquisitions of regional brands, Yinqiao (銀橋) and LESSON (來思爾), in July 2023 further accelerated penetration in Northwest and Southwest China by leveraging their established local distribution networks. Building on this momentum, we see substantial room for further expansion. During the Track Record Period, our sales network covered approximately 2,200 counties in Chinese Mainland, representing 77% of counties coverage nationwide. We continue to deepen our presence in established markets while expanding in East, Central, and South China as well as other regions by extending local partners and introducing more product categories through existing channels. For example, leveraging our established low-temperature yogurt footprint in East, Central and South China, we rapidly expanded fresh milk sales into these regions, with fresh milk revenue of these regions increasing in aggregate by over 45% in 2024 and for the nine months ended September 30, 2025. Our products are also sold in Hong Kong and Macau, marking the beginning of our overseas expansion.

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We have developed a continuously expanding omni-channel sales and distribution network. As of September 30, 2025, our network covered approximately 400,000 low-temperature liquid dairy retail outlets and 70,000 formula retail outlets across China. As of September 30, 2025, we partnered with over 5,500 distributors, over half of whom have partnered with us for more than three years, contributing approximately 82% of our revenue generated under the distributor model during the Track Record Period. Through this network, our products reach supermarkets, convenience stores, groceries, mother-and-baby chain stores, foodservice outlets and major e-commerce platforms. We also sell our products directly to KA customers, e-commerce platforms, and corporate and institutional clients and through online self-operated stores. In addition, we supply dairy ingredients to leading freshly made coffee and tea chains and bakery, recording revenue of RMB503.2 million in 2024 and RMB507.0 million in the nine months ended September 30, 2025.

We strengthen distributor performance and retail execution through disciplined channel management and the use of digital tools. Our “A-list Sales Force (渠道鐵軍)” model leverages digital retail-management systems to track shelf display, sell-through and promotion execution, enabling dynamic adjustments to sales strategies and more precise promotion planning. We continue to optimize our distribution network by phasing out low-performing distributors and reallocating resources toward high-efficiency channels. Our selling-expense ratio has therefore declined steadily, improving marketing efficiency, with selling and distribution expenses as a percentage of our revenue decreased from 20.5% in 2023 to 16.7% for the nine months ended September 30, 2025.

Seasoned and Forward-looking Management Team with a Long-term Vision

Our senior management team, led by our founder Mr. Wei, is comprised of seasoned industry leaders with an average of more than twenty years of experience in dairy or corporate management and an average tenure of over fifteen years within our Group. With deep insights into China’s dairy market and a forward-looking strategic vision, the management team embodies our marathon-minded ethos of “dare to envision, dare to execute, and commit with perseverance (敢想、敢幹、堅持),” guiding our steady development under a clear and long-term strategic roadmap. As early as 2014, management recognized the strategic importance of securing self-operated milk sources to ensure product quality and strengthen consumer trust, and made the decisive commitment to invest heavily in building our own dairy farms. Despite that we expanded the infant formula and fresh milk categories later than certain peers, management accurately identified the structural growth opportunities in these segments and acted decisively, which has been instrumental in establishing our current leading position among integrated dairy companies.

We foster a culture that emphasizes agility, innovation and strong execution, reflected in our operating ethos of “moving with the market and supporting the frontline (圍着市場轉, 幫着一線幹)”, which runs through all frontline and support functions. This culture enables us to respond rapidly to market changes and maintain strong competitiveness. In addition, through the acquisitions of regional brands, Yinqiao (銀橋) and LESSON (來思爾), we have accumulated substantial experience in integrating regional dairy companies across brands, product development and channel operations, strengthening our post-merger management capabilities and laying the foundation for future industry consolidation.

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OUR STRATEGIES

Looking ahead, we will proactively respond to evolving consumer preferences, strengthen our product competitiveness, and pursue our vision for becoming a world-class company offering nutritional and healthy food products. We will execute based on the following strategies:

Invest in Product Upgrade and Portfolio Expansion through R&D

We will continue to focus on three core categories, low-temperature yogurt, fresh milk and infant formula, powered by continuous R&D, profound consumer insights and understanding of evolving demand. Leveraging our integrated value chain and expertise in science-based nutrition, we aim to further strengthen our leadership in these categories while expanding innovative product formats and consumption scenarios, driving ongoing optimization and upgrading of our product portfolio.

For low-temperature liquid dairy products, we will further strengthen the deep consumer mindshare and brand equity established by our core brands such as Freshjoy (悦鲜活) and SimPurity (简醇). To accelerate product iteration and innovation to fulfill customer needs, we will continue to invest in R&D in low-temperature liquid dairy products, optimizing technology and craftsmanship, and further leverage our supply chain advantages. In the infant formula category, our products have demonstrated strong growth potential. We will continue to invest in nutrition research, clinical validation, and formula innovation, as well as reinforce consumer awareness around the core concept of “dual excellence in brain and physical development” for building long-term trust and driving sustained market share growth. In parallel, we plan to further enrich our product portfolio and explore category-extension opportunities informed by consumer insights. Building on the market validation of our products such as cream and butter, we intend to expand into additional segments and broaden the application of dairy products across foodservice, bakery and freshly made coffee and tea chains. Looking forward, we will continue to identify emerging consumption scenarios and provide safe, reliable and science-based nutritional solutions, so as to establish new growth engines alongside our core categories.

We plan to advance foundational research in areas such as probiotics, breast-milk components, formula design and solid-state dairy formulation. Leveraging our Institute of Science-based Nutrition, we intend to accelerate proprietary strain development, study nutritional components such as HMOs and lactoferrin, and strengthen the scientific basis for functional dairy innovation. With respect to product design, we will remain focused on process innovation and formulation optimization, and are further standardizing our existing mechanisms for collecting consumer feedback. These efforts aim to strengthen our product-design capabilities and improve the timeliness and accuracy of market response. We also intend to explore new possibilities in packaging convenience, shelf-life improvement and flavor enhancement to deliver better product experiences. We will continue to strengthen our R&D talent pool and academic collaborations to support ongoing translation of scientific research into consumer-facing products.

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Enhance Brand Awareness and Consumer Engagement

We view brand building as a long-term commitment. To reinforce the leadership of our core brands, we tailored the brand-development programs based on each brand’s stage of growth, supported by a coordinated, multi-channel marketing strategy. For Junlebao (君樂寶), our well established and trustworthy brand, we aim to further strengthen its association with science-based nutrition and “champion quality” through deeper collaboration with sports events and professional activities. For brands such as Freshjoy (悦鲜活), SimPurity (簡醇), Youcui (優萃) and Purjoy (純享), we will continue building differentiated brand identities that uphold our core values of nutrition, health and safety, while expanding product offerings across scenarios such as meal replacement, food pairing, reduced-sugar consumption and sports nutrition. Leveraging popular TV shows, film and variety-show sponsorships as well as social-media engagement, we aim to reach a wider base of younger consumers, create emotional resonance and build a youthful, continuously evolving brand portfolio.

We also plan to improve the effectiveness of our marketing efforts by strengthening data-driven precision marketing. Through optimized media allocation that reflects brand focuses, targeted consumer preferences, we aim to enhance content relevance and conversion efficiency. We will focus on high-potential regions and key cities with high per-customer consumption potential and dense consumer populations. By integrating high-frequency consumer touchpoints, such as elevator and social platforms advertisements, with optimized retail outlets operations, we will execute phased and tailored marketing initiatives. This coordinated approach is intended to drive a more efficient conversion from brand awareness to purchase and further improve regional penetration.

Starting from Hong Kong, we plan to build brand presence overseas by combining offline advertisement such as public transportation, in-store shelf space investment and brand PR activities. We are also evaluating expansion into other overseas markets, including Southeast Asia, and expect to adopt diversified and locally tailored marketing approaches to support building our local brand images.

Deepen Channel Penetration and Expand Consumption Scenarios and Market Reach

We will continue to refine our channel strategy with a consumer-centric approach, focusing on improving retail execution, enhancing distributor performance and deepening consumer engagement with our brands. We plan to further expand our nationwide coverage by rolling out our high-discipline “A-list Sales Force (渠道鐵軍)” model, characterized by strong in-store activation, precision outlet and channel management, across different cities. At the same time, we will implement a network densification strategy to increase channel penetration and per-store sales productivity, ensuring consistent, high-standard presentation of our brand image and product experience across retail touchpoints. Regionally, we intend to deepen our presence in South, Southwest and Central China to fuel growth.

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We will complement traditional retail channels with faster-growing new retail formats. These include emerging consumption scenarios such as freshly made coffee and tea chains and bakery, as well as channels such as group-purchase platforms, membership clubs and value retail stores. By expanding product usage cases and channel diversity, we aim to reach a wider consumer base and unlock incremental growth.

We will further explore our overseas expansion. Hong Kong will serve as our first major overseas market, providing a platform from which we will gradually expand into Southeast Asia. We will prioritize the overseas development of key brands such as Freshjoy (悦鲜活), SimPurity (简醇) and Purjoy (纯享). Freshjoy (悦鲜活) and Purjoy (纯享) are currently available in Hong Kong and Macau, and we believe that broader overseas reach will enhance our capabilities in product innovation and localized market development.

Optimize Production Network and Drive Supply Chain Efficiency

We plan to continue optimizing our nationwide production network. As our business expands, we will expand and upgrade production capacity in a disciplined manner to ensure that production capacity remain closely aligned with regional demand. This approach shortens transportation distances, improves logistics efficiency and enhances market coverage. For example, we are advancing the construction of our Jiangmen facility in Pearl River Delta and our Tianchang facility in the Yangtze River Delta to reinforce low-temperature liquid dairy supply in these key regions and support deeper regional penetration while lowering transportation and distribution costs.

Our integrated value chain provides the foundation for consistent product quality and reliable supply across categories. This is exemplified by Freshjoy (悦鲜活), where our strict control over raw milk quality and the use of INF 0.09-second sterilisation technology have enabled us to enhance fresh flavor and extend shelf life. Building on this foundation, we will continue to explore process and packaging innovations to further improve taste, extend shelf life and enhance convenience. In parallel, we plan to strengthen our manufacturing capabilities through intelligent process upgrades and more standardized production management. These initiatives will support higher efficiency and greater quality consistency as capacity expands, enabling us to deliver fresh and reliable dairy products across a broader range of consumption scenarios.

Strengthen Digital Capabilities and Enhance Operational Performance

We will continue to strengthen our digital capabilities for better operational efficiency, as well as coordination and planning accuracy. Our long-term goal is to build a unified digital backbone that connects farming, production, logistics and sales and distribution network, enabling more agile business decision-making and more disciplined cost management.

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We plan to establish a centralized operations function supported by an integrated planning system that links sales forecasts with production schedules and procurement plannings. By monitoring sell-through and inventory data, we aim to strengthen demand prediction, align resources more effectively and enhance visibility and risk control across raw milk allocation, procurement, production, inventory, logistics and distribution.

In the sales and marketing functions, we will upgrade our order fulfillment and retail management systems to improve the accuracy, timeliness and granularity of data collected from retail outlets. We will further roll out our SFA systems to capture real-time shelf display, stock levels and promotion execution. These enhancements will reduce manual reporting, increase frontline responsiveness and improve service to distributors and retailers.

In supply chain functions, we will continue developing our digital platform to support data-driven coordination. Digital tools will help match supply and demand more precisely, integrate procurement, warehousing and logistics, and optimize inventory through more accurate procurement planning. Better coordination across factories and multi-level warehouse networks will enhance delivery reliability while reducing logistics and storage costs. For infant formula, we plan to upgrade our “dual-code” traceability system from a quality-tracking tool into a broader platform that supports more flexible production, deeper consumer engagement and more targeted marketing, further enhancing the value of our operational data and application efficiency.

Foster a High-performing Organization and Attract Strategic Talents

We believe that our success is built on our talents. Guided by our long-standing corporate spirit of “dare to envision, dare to execute, and commit with perseverance (敢想、敢幹、堅持)”, we aim to strengthen our talent base, enhance organizational vitality and ensure long-term execution capability.

We will continue to retain our experienced leadership team while attracting and developing high-potential young talents who embody our entrepreneurial mindset. We plan to further enhance our talent structure by fostering a professional, versatile and diverse workforce and reinforcing the capabilities required for sustainable growth. Through culture-driven initiatives, we aim to strengthen employee cohesion and sense of belonging, enabling the organization to remain agile and resilient in a rapidly evolving market.

We intend to refine cross-department collaboration and build stronger middle-office functions centered on analytics and business enablement to improve organizational efficiency and strengthen execution. For example, we plan to deepen analytical capabilities across teams through more rigorous business and financial analysis to support resource allocation and decision-making. We will also enhance collaboration, support and review mechanisms among production, branding marketing and channel teams to facilitate the sharing of best practices, market insights and successful value chain. In addition, we will adopt flexible organizational adjustments and incentive mechanisms to respond to market changes and support the achievement of strategic objectives.

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We will maintain an open and collaborative approach and continue to explore international partnerships and strategic mergers and acquisitions. Through cooperation with global leaders and research institutions, we aim to strengthen our capabilities in R&D, supply chain and market development. We will selectively explore diversified cooperation models including strategic investments, acquisitions and joint ventures to address capability gaps and extend our business boundaries, supporting long-term growth and our global development plans. As of the Latest Practicable Date, we have not identified any specific investment or acquisition targets, nor have we entered into any definitive agreements.

OUR BRAND AND PRODUCT PORTFOLIO

Our Brand Equity

We operate a structured brand portfolio covering major dairy categories, including low-temperature yogurt and fresh milk, ambient yogurt and milk, formula, and other dairy products. Our brands have been developed for nearly 30 years and reflect our sustained commitment to quality, science-based nutrition and product innovation. The depth and breadth of our brand architecture enable us to address evolving consumer preferences, broaden our market reach and reinforce our position as a leading integrated dairy company in China.

Junlebao (君樂寶) — A Leading National Dairy Brand with Nearly 30 Years of Development. Junlebao (君樂寶) is our master brand and one of the most widely recognized dairy brands in China, according to Frost & Sullivan. Since its launch nearly 30 years ago, the brand has accumulated strong consumer awareness and trust, supported by consistent quality, safety and nutritional standards. The brand’s development closely mirrors the evolution of our business, from early-stage yogurt products to a full portfolio covering formula, yogurt and milk, and serves as the core identity of our integrated dairy value chain. Beyond being a brand with its own product portfolio, Junlebao (君樂寶) also acts as a master brand under which we have cultivated multiple sub-brands and product lines, further extending its influence and market reach. Leveraging such brand architecture, Junlebao (君樂寶) reinforces its broad product coverage, enabling us to extend its reach across price segments and consumption scenarios, strengthening its role as a unifying national brand within our portfolio.

SimPurity (簡醇) — China’s Best-Selling Low-Temperature Yogurt Brand and Pioneer of Sucrose-free Yogurt. SimPurity (簡醇) is our leading yogurt brand and a key driver of our competitiveness in the low-temperature yogurt market. In 2017, we pioneered the sucrose-free yogurt segment with SimPurity (簡醇) products, anticipating rising consumer interest in healthier dairy options. This strategic positioning enabled “SimPurity (簡醇)” to accelerate category penetration and steadily gain market share. In terms of retail value in China market, the brand ranked No. 1 in China’s low-temperature yogurt market for three consecutive years from 2022 to 2024, according to Frost & Sullivan. SimPurity (簡醇) currently offers a broad selection of yogurt formats, featuring both low-temperature and ambient options.

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Purjoy (純享) — Premium Yogurt Brand Focused on Purity and Simplicity. Purjoy (純享) is our premium yogurt brand positioned around purity, natural taste and simple craftsmanship. The brand builds on the use of selected high-quality raw milk and a streamlined processing approach to deliver a smooth, aromatic flavor profile. Purjoy (純享) reinforces our presence in premium yogurt segments and complements the broader yogurt portfolio led by SimPurity (簡醇).

Freshjoy (悅鮮活) — Leading Premium Fresh Milk Powered by Technology-Defined Freshness. Freshjoy (悅鮮活) is our fresh milk brand, representing an important expansion of our portfolio into premium dairy consumption. Introduced in 2019, the brand was developed in response to growing consumer demand for fresh, high-quality and minimally processed dairy products. According to Frost & Sullivan, Freshjoy (悅鮮活) was the first dairy brand in China to adopt INF 0.09-second sterilisation, which preserves more active nutrients while delivering a naturally fresh and clean taste. This technological advantage has become a defining element of the brand’s positioning in the premium fresh milk category. Freshjoy (悅鮮活) ranked No. 1 in China’s premium fresh milk segment in terms of retail value in China market in 2024, according to Frost & Sullivan. Through its premium bottled fresh milk products, the brand has established a strong identity associated with technological leadership and high-quality nutrition.

Youcui (優萃) — Our Science-Based Infant Formula Brand. Since entering the infant formula market in 2014, we have focused on building a high-quality domestic formula brand rooted in nutritional science and supported by sustained R&D investment. Youcui (優萃) emphasises science-based formulation, targeted nutrition and high standards of product safety.

Youcui Baoai (優萃寶愛) — Our Latest Formula Launch Reaching the Internationally Advanced Level. Youcui Baoai (優萃寶愛) incorporates advanced research findings to provide dual support for brain and physical development. This product has been assessed by the Chinese Institute of Food Science and Technology as achieving the internationally advanced level. The development of Youcui Baoai (優萃寶愛) reflects our emphasis on transforming scientific research into practical nutritional solutions and enhances our competitiveness within the infant nutrition segment.

In addition to our core national brands, we also operate “Banner (旗幟)”, an established formula brand that enriches our infant and child nutrition offerings, as well as “LESSON (來思爾)” and “Yinqiao (銀橋)”, which are regional dairy brands with strong local recognition. These regional brands broaden our market penetration in specific regions and support our ability to serve diverse consumer groups across different geographical markets.

Together, our brand portfolio represents a multi-tier and multi-category brand architecture that extends across mass and premium markets, national and regional markets. Through differentiated positioning, distinct product coverage and long-term brand development, our brands serve as an essential part of our business model, support our expansion across categories and price tiers, and reinforce our role as a leading integrated dairy company in China.

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Freshjoy (悦鲜活) — A Case Study Demonstrating Our Integrated Capabilities Driving a Premium National Brand

According to Frost & Sullivan, in terms of retail value in China market in 2024, Freshjoy (悦鲜活) ranked No. 1 in premium fresh milk market. Freshjoy (悦鲜活) illustrates how we translate deep consumer insights, integrated raw-milk supply, proprietary processing technology and disciplined market execution into a category-leading national brand.

Insights that revealed a structural opportunity. Our insights showed that consumers increasingly associated freshness with health, but traditional fresh milk suffered from short shelf life, limited distribution radius and inconvenient gable-top packaging. This unmet need became the starting point for Freshjoy (悦鲜活).

A premium brand built from the source. To deliver superior freshness and taste, we anchored the brand in our self-operated farms, which provided consistent, high-quality raw milk with stable supply. Digitalized farm management, tailored cow nutrition and stringent quality standards ensured that Freshjoy’s (悦鲜活) premium positioning was grounded in tangible product attributes.

Technology that unlocked nationwide reach. We addressed the core constraint of fresh milk, short shelf life, through our INF 0.09-second sterilisation and low-temperature aseptic filling technology. This combination retained more active nutrients and delivered a clean, naturally sweet taste while extending the shelf life to 19 days, enabling nationwide distribution with consistent quality.

Product and format innovation that reshaped consumption. Building on consumer feedback and usage-scenario analysis, Freshjoy (悦鲜活) introduced a PET bottle format that made fresh milk portable and “beverage-like”, enabling consumption throughout the day. We further expanded the portfolio to include lactose-free, A2 and organic variants and multiple pack sizes to meet on-the-go, at-home and freshly made coffee and tea chains’ needs.

Strong channel execution and brand building that accelerated national rollout. Freshjoy’s (悦鲜活) nationwide rollout was accelerated by our “A-list Sales Force (渠道鐵軍)” model, which combines disciplined execution, high-frequency retail coverage and digital retail-management tools. To reinforce consumer perception and penetration, Freshjoy (悦鲜活) promoted through targeted campaigns and endorsements by top athletes and celebrities, further establishing its identity as premium, high-quality fresh milk brand.

Our Product Portfolio

We offer a comprehensive portfolio of dairy products to serve the diverse nutritional needs of our customers. Our main product categories include low-temperature yogurt, fresh milk, ambient yogurt, ambient milk, formula and other dairy products.

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The following table sets forth a breakdown of our revenue by product categories, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(unaudited)</i>							
	<i>(RMB in thousands, except for percentages)</i>							
Liquid dairy products . . .	9,664,255	55.1%	11,503,060	58.0%	8,687,570	58.3%	9,245,130	61.1%
Low-temperature liquid								
dairy products	6,287,370	35.9%	7,580,948	38.2%	5,738,370	38.5%	6,437,199	42.5%
– Low-temperature yogurt	4,713,784	26.9%	5,306,447	26.7%	4,140,257	27.8%	4,189,462	27.6%
– Fresh milk	1,573,586	9.0%	2,274,501	11.5%	1,598,113	10.7%	2,247,737	14.9%
Ambient liquid dairy								
products	3,376,885	19.2%	3,922,112	19.8%	2,949,200	19.8%	2,807,931	18.6%
– Ambient yogurt	1,084,961	6.2%	1,065,961	5.4%	841,646	5.6%	819,064	5.4%
– Ambient milk	2,291,924	13.0%	2,856,151	14.4%	2,107,554	14.2%	1,988,867	13.2%
Formula	5,429,189	30.9%	5,370,792	27.1%	3,974,917	26.7%	3,345,216	22.1%
Other dairy products⁽¹⁾ . .	689,496	4.0%	791,279	4.0%	629,551	4.2%	608,191	4.0%
Subtotal – dairy products	15,782,940	90.0%	17,665,131	89.1%	13,292,038	89.2%	13,198,537	87.2%
Dairy farming	841,024	4.7%	1,391,763	7.0%	1,056,101	7.0%	823,729	5.5%
Raw milk	647,032	3.7%	928,855	4.7%	768,325	5.2%	313,833	2.1%
Feed and beef cattle	193,992	1.0%	462,908	2.3%	287,776	1.8%	509,896	3.4%
Other business⁽²⁾	922,211	5.3%	775,596	3.9%	560,332	3.8%	1,111,561	7.3%
Total	17,546,175	100.0%	19,832,490	100.0%	14,908,471	100.0%	15,133,827	100.0%

Notes:

- (1) Other dairy products primarily included products such as lactic acid bacteria beverages, yogurt drinks, cheese and whipping cream.
- (2) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees.

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The following table sets forth a breakdown of our sales volume and average selling price by product categories for the periods indicated.

	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2023		2024		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	<i>(tons)</i>	<i>(RMB/Kg)</i>	<i>(tons)</i>	<i>(RMB/Kg)</i>	<i>(tons)</i>	<i>(RMB/Kg)</i>	<i>(tons)</i>	<i>(RMB/Kg)</i>
Liquid dairy products								
Low-temperature liquid dairy products								
– Low-temperature yogurt . . .	534,887	8.8	602,737	8.8	466,333	8.9	484,852	8.6
– Fresh milk	145,881	10.8	227,397	10.0	157,139	10.2	238,602	9.4
Ambient liquid dairy products								
– Ambient yogurt	91,322	11.9	93,977	11.3	74,587	11.3	75,302	10.9
– Ambient milk	309,320	7.4	425,504	6.7	310,402	6.8	319,191	6.2
Formula	55,221	98.3	54,803	98.0	40,631	97.8	33,048	101.2
Other dairy products	117,594	5.9	136,377	5.8	108,047	5.8	100,856	6.0
Dairy farming								
Raw milk	154,888	4.2	230,584	4.0	191,085	4.0	80,194	3.9
Feed and beef cattle	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*
Other business	NA*	NA*	NA*	NA*	NA*	NA*	NA*	NA*

Note:

NA*: Not applicable.

Low-temperature Liquid Dairy Products

Our low-temperature liquid dairy products cover both low-temperature yogurt and fresh milk, represent one of our core business segments and are a significant contributor to our revenue growth. We position this segment as a high-quality, fresh and health-oriented offering designed to meet consumers’ growing preferences for nutritious, enjoyable and convenient dairy products.

According to Frost & Sullivan, SimPurity (簡醇) continued to ranked No. 1 in the low-temperature yogurt category for three consecutive years from 2022 to 2024, while Freshjoy (悦鲜活) is the No.1 premium fresh milk brand in 2024, in terms of retail value in China market, underscoring the steady performance and solid market positions of our low-temperature yogurt and fresh milk portfolios.

BUSINESS

Product Features

Our low-temperature liquid dairy products cover both low-temperature yogurt and fresh milk, featuring a diversified portfolio tailored to evolving consumer preferences. The key highlights of our low-temperature liquid dairy products include:

Technology and Processing Innovation. We utilize advanced processing technologies to enhance freshness, safety and nutritional retention across our low-temperature portfolio. Freshjoy (悦鲜活) adopts our INF 0.09-second sterilisation, which preserves more nutrients than conventional pasteurisation and maintains the natural fresh-milk taste. We were also among the first in China’s dairy industry to apply Kronos’ aseptic line technology to fresh-milk production, according to Frost & Sullivan, achieving a fully aseptic process from bottle blowing through filling to capping. For yogurt production, we adopt an integrated fermentation — mixing technology that streamlines processing, reduces microbial risk and enhances product uniformity.

Packaging and Consumption Formats. We deploy differentiated packaging strategies across our low-temperature liquid dairy product offerings. Freshjoy (悦鲜活) products are available primarily in transparent bottled formats, rather than gable-top cartons commonly used in the industry, reinforcing premium positioning and enhancing convenience and portability. Its ready-to-drink packaging addresses on-the-go consumption needs and is widely accepted by consumers and freshly made coffee and tea chains. To cater to additional consumption scenarios, we offer multi-size packaging options, such as Dunduntong (吨吨桶) large-format packaging for SimPurity (简醇), and 260ml, 450ml and 950ml bottle packaging for Freshjoy (悦鲜活), for high-frequency or family-sharing consumption.

Nutrition and Health Attributes. Our yogurt portfolio includes segment-specific formulations such as red date yogurt, cheese yogurt and fruit-and-vegetable yogurt. SimPurity (简醇) features sucrose-free, and all SimPurity (简醇) products have been certified as low-GI foods of genuine quality by authorities. Our fresh milk products are made primarily from high-quality raw milk sourced from our self-operated farms. Freshjoy (悦鲜活) has obtained national high-quality-milk certification, exceeds EU standards, and provides approximately 3.6g of high-quality protein per 100ml.












Taste Profile. Our low-temperature yogurt products emphasise natural ingredients and clean-label formulas, offering mild sweetness, smooth texture and naturally pure flavor. Purjoy (纯享) further strengthens our ability to meet consumer demand for simple, refined and high-quality yogurt taste profiles.

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Quality and Consistency. Our low-temperature liquid dairy products follow stringent quality-control procedures across sourcing, production, storage and logistics. Digitalized production systems enable monitoring and enhance product stability and safety throughout the supply chain.

Representative Products

As of December 31, 2025, we offered 187 SKUs of low-temperature yogurt and 89 SKUs of fresh milk. Our representative low-temperature liquid dairy products are set forth below:

Brand	Product				
SimPurity (简醇)					
	SimPurity (简醇) Flavored Yogurt, 6*150g MSRP: RMB15	SimPurity (简醇) Flavored Fermented Yogurt, 430g MSRP: RMB12.9	SimPurity (简醇) Flavored Fermented Yogurt, 230g MSRP: RMB7.9	SimPurity (简醇) Flavored Fermented Set Yogurt, 420g MSRP: RMB14.9	SimPurity (简醇) Flavored Yogurt, 8*90g MSRP: RMB13.9
Freshjoy (悦鲜活)					
	Freshjoy (悦鲜活) Fresh Milk, 260ml MSRP: RMB6.9	Freshjoy (悦鲜活) Fresh Milk, 450ml MSRP: RMB10.9	Freshjoy (悦鲜活) Fresh Milk, 950ml MSRP: RMB19.9	Freshjoy (悦鲜活) A2β- casein Fresh Milk, 450ml MSRP: RMB11.9	Freshjoy (悦鲜活) Lactose-Free Fresh Milk, 450ml MSRP: RMB11.9
Purjoy (纯享)					
	Purjoy (纯享) Flavored Fermented Yogurt, 300g MSRP: RMB9.9	Purjoy (纯享) Fruit & Veg Salad-style Yogurt, 300g MSRP: RMB9.9			

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Brand	Product				
Junlebao (君樂寶)					
	Hexiannai Fresh Milk (喝鮮奶鮮牛奶) (Pouch), 250g	Duoguoli Yogurt (多果麗) (Cup), 8*90g	Chewing Bar Flavoured Yogurt (嚼吧巴氏殺菌熱處理風味酸牛奶) (Pouch), 5*150g	Laosuannai Yogurt (老酸奶) (Cup), 139g	Manchun Flavoured Fermented Yogurt (慢醇風味發酵乳) (Pouch), 6*150g
	MSRP: RMB2.5	MSRP: RMB12.9	MSRP: RMB15	MSRP: RMB3.3	MSRP: RMB15
Yinqiao (銀橋)					
	Naipizi Yogurt Cheese (奶皮子酸奶酪), 120g	Zhangzhishila Cheese Flavoured Yogurt (漲芝士啦奶酪風味酸牛奶) (Pouch), 180g			
	MSRP: RMB6	MSRP: RMB3.9			
LESSON (來思爾)					
	Yinqiao (銀橋) Bioactive Fresh Milk (Pouch), 500g	Yinqiao (銀橋) Fermented Yogurt (Gable Top Carton), 200g	Yinqiao (銀橋) Yuandian Farm Sucrose-free Flavoured Fermented Yogurt, 160g		
	MSRP: RMB4.9	MSRP: RMB4	MSRP: RMB3.5		
LESSON (來思爾)					
	LESSON Small Yogurt (來思爾小酸奶), 6*180g	LESSON Xiang Yunnan Yogurt (來思爾饗雲南) (Pouch), 200g	LESSON Dali Charcoal-fired Yogurt (來思爾大理炭燒酸奶) (Pouch), 190g		
	MSRP: RMB19.9	MSRP: RMB4	MSRP: RMB3		

BUSINESS

Ambient Liquid Dairy Products

Our ambient liquid dairy products include both ambient yogurt and ambient milk, forming a significant component of our diversified dairy product categories. Leveraging our high-quality milk sources, product development capabilities and nationwide sales network, our ambient milk products recorded steady sales growth during the Track Record Period.

Product Features

The key highlights of our ambient liquid dairy products include:

Shelf stability and wide distribution adaptability. Through ultra-high-temperature sterilisation and aseptic filling, our ambient yogurt and ambient milk products achieve long shelf life and room-temperature stability, enabling distribution through a wide range of retail and institutional channels. This enhances product accessibility for diverse consumer groups and supports broad regional coverage.








Balanced nutrition and consistent sensory performance. Our ambient milk retains essential nutritional attributes such as high-quality protein and calcium, while ambient yogurt offerings incorporate specific formulations tailored to different taste and functional preferences. Produced under stringent quality-management systems, both ambient yogurt and ambient milk demonstrate stable taste profiles and consistent quality performance suited for daily household consumption and institutional users such as schools and catering operators.

Flexible packaging formats suited to multiple consumption occasions. We offer a variety of packaging formats, including single-serve cartons for portability and multi-pack family sizes, supporting both home consumption and on-the-go drinking needs. These formats enable us to address diverse usage scenarios across age groups, consumption patterns and household structures, while enhancing affordability and product availability in mass-market channels.

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Representative Products

As of December 31, 2025, we offered 36 SKUs of ambient yogurt and 136 SKUs of ambient milk. Our representative ambient liquid dairy products are set forth below:

Brand	Product	
SimPurity (簡醇)		
	<p>SimPurity (簡醇) Yogurt (Tetra Prisma Aseptic) 12*200g MSRP: RMB54.9</p>	<p>SimPurity (簡醇) Yogurt (Tetra Top Aseptic) 10*200g MSRP: RMB65</p>
Youcui (優萃)		
	<p>Youcui (優萃) Organic Pure Milk (Tetra Brik Aseptic Edge), 10*250ml MSRP: RMB55</p>	
Yinqiao (銀橋)		
	<p>Yinqiao (銀橋) Walnut and Peanut Milk (Aseptic Pillow Pack), 16*220g MSRP: RMB33.9</p>	<p>Yinqiao (銀橋) Yuandian Farm Pure Milk (SIG Combibloc Pack), 12*250ml MSRP: RMB39.9</p>
LESSON (來思爾)		
	<p>LESSON (來思爾) Dali Farm Pure Milk (Slim Brick), 12*250ml MSRP: RMB39.9</p>	<p>LESSON (來思爾) Mofei Buffalo Pure Milk (Slim Brick), 12*200ml MSRP: RMB49.9</p>

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Brand	Product		
Junlebao	 <p>KEFIR (開啡爾) Yogurt (Tetra Prisma Aseptic), 12*200g MSRP: RMB50</p>	 <p>Junlebao Farm to Table (君樂寶牧場直供) Milk (Pouch), 16*180ml MSRP: RMB19.9</p>	 <p>Junlebao Premium Pasture (君樂寶優佳牧場) Milk (Slim Brik), 12*250ml MSRP: RMB35</p>

Formula Products

Our formula business was launched in 2014 and has since developed into one of the core pillars of our dairy portfolio. Despite entering the market later than many industry peers, we have rapidly expanded our presence and established a meaningful market position, supported by our fully integrated value chain, R&D capabilities and multi-brand strategy. Our portfolio covers infant formula for babies aged 0 to 36 months, child formula and adult formula, enabling us to provide tailored nutritional solutions for consumers across different age groups. As of Latest Practicable Date, we had 24 registered formulas for our infant formula products.

According to Frost & Sullivan, in terms of retail value in China market, our infant formula products recorded a market share of 5.0% in 2024, ranking us as No. 3 domestic players in the market, reflecting our industry leading position in the infant formula segment.

Product Features

The key highlights of our formula products include:

- Comprehensive Early-life Nutrition.** Our infant formulas focus on key nutrients for early-life development, including DHA and ARA for cognitive growth, OPO for gentle digestion and absorption, and HMOs to support a healthy gut microbiome. These formulations offering “dual excellence in brain development and physical development”, based on breast milk components study. Such formulations supports systematically brain development, bone growth, immune regulation, eyesight development and gut health across growth stages.
- International Quality Standards.** Our formula production facilities have obtained BRCGS AA+ and IFS certifications, making us one of the few domestic players certified under both systems, according to Frost & Sullivan. Our quality management framework applies multiple inspections and full-process traceability from raw milk to finished products, ensuring consistent quality and alignment with international standards.

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- **Traceability and Transparency.** Our formula products incorporate a dual-code traceability system — an external code on the packaging and an internal code beneath the seal — enabling full-process tracking from raw milk collection to final distribution. Banner (旗幟) further marks milking and production times on the can bottom to reinforce transparency and freshness visibility. By scanning the code on the packaging, consumers can access quality inspection reports such as raw milk testing and finished product inspection.
- **Innovative Processing Technologies.** According to Frost & Sullivan, our Banner facility applies a pioneering “zero-distance” integrated farming-and-processing model under which fresh raw milk is delivered directly to the production line through sealed pipelines within 98 seconds without interim storage or transport, ensuring a maximum two-hour timeframe from milking to processing. This approach helps preserve key bioactive components such as α -lactalbumin, β -lactoglobulin and immunoglobulin IgG.
- **Advanced Testing Capabilities.** According to Frost & Sullivan, we pioneered the application of zebrafish assays in the PRC to assess the safety and quality of formula, enabling biological-level evaluation of product safety. We also developed analytical methods for human-milk bioactives — including HMOs, IgG, MFGM proteins and OPN — allowing precise identification and quantification to guide nutritional design toward formulas more closely resembling human milk composition.
- **Health-oriented Formulations Across All Age Groups.** For infants, our Youcui Baoai (優萃寶愛) incorporates advanced research findings to provide dual support for brain development and physical development. Our Xiaoxiao Luban (小小魯班) child formula provides comprehensive nutrition for preschoolers by targeting cognitive ability, immunity, bone growth, eyesight and digestive health. Our adult formula incorporate ingredients like dietary fiber, vitamins and minerals to meet the different functional nutritional needs.

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Representative Products

As of December 31, 2025, we offered 269 formula SKUs. Our representative formula products are set forth below:

Type	Product				
Infant Formula					
	Youcui Baoai (優萃寶愛) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB310	Banner (旗幟) Infant Formula Stage 1/2/3 (Tin Pack), 906g MSRP: RMB298	Tianshi (恬適) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB298	Zhizhen (至臻) Infant Formula Stage 1/2/3 (Tin Pack), 805g MSRP: RMB298	Lebo (樂鉞) Infant Formula Stage 1/2/3 (Tin Pack), 800g MSRP: RMB196
Child Formula					
	Xiaoxiaoluban (小小魯班) Child's Growth Formula (Tin Pack), 800g MSRP: RMB156	Xiaoxiaoluban (小小魯班) Child's Growth Formula (Tin Pack) Quanweiai A2, 800g MSRP: RMB260			
Adults Formula					
	Nongchun Pure (濃純) Milk Formula (Pouch), 300g MSRP: RMB29.9	Middle-aged and Elderly High-Calcium and Multi-Vitamin Formula (Tin Pack), 700g MSRP: RMB59.9	Calcium, Iron and Zinc Formula (Tin Pack), 800g MSRP: RMB79.9		

Other Dairy Products

Our other dairy products cover a broad range of categories, including lactic acid bacteria beverages, yogurt drinks, cheese and whipping cream. In particular, in 2025 we launched our additive-free, high-fat whipping cream, made exclusively from high-quality raw milk through an integrated production system with no added stabilizers or emulsifiers, offering professional, high quality and cost-efficient solutions for corporate customers. These products are well received by consumers for their unique taste and nutritional value. Several of these product lines have achieved strong market responses during promotion and have become an important component of our business.

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As of December 31, 2025, our representative other dairy products are set forth below:

Type	Product			
For corporate customers . .	 Whipping cream (稀奶油), 1L		 Junlebao Plain Butter, 25kg	
For individual customers . .	 Junchang Fiber Lactic Acid Bacteria Beverage (君暢乳酸菌飲品), 6*1.25kg MSRP: RMB90	 DailyVia (每日活菌), 800ml MSRP: RMB9.9	 Junlebao Laissi (君樂寶萊茜) yogurt drinks, 300ml MSRP: RMB5	 Milkana & Freshjoy (悦鲜活) Cream Cheese, 50g MSRP: RMB9.9

Dairy Farming and related Products

Raw Milk

We primarily use raw milk produced by our self-operated dairy farms for the manufacturing of our dairy products, while a portion of the raw milk is also sold to business customers. Our raw milk primarily serves dairy product companies and related food enterprises. Upon entering into contracts with customers, we allocate raw milk from our self-operated farms according to their specific requirements, including type of milk, quality standards and transportation distance.

Feed and Beef Cattle

During the Track Record Period, we also sell forage and feed for dairy farming, and beef cattle. As of December 31, 2024, we have ceased to sell beef cattle.

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Other Business

We have also engaged in ancillary operating activities that arise alongside our principal dairy operations. These activities mainly involve:

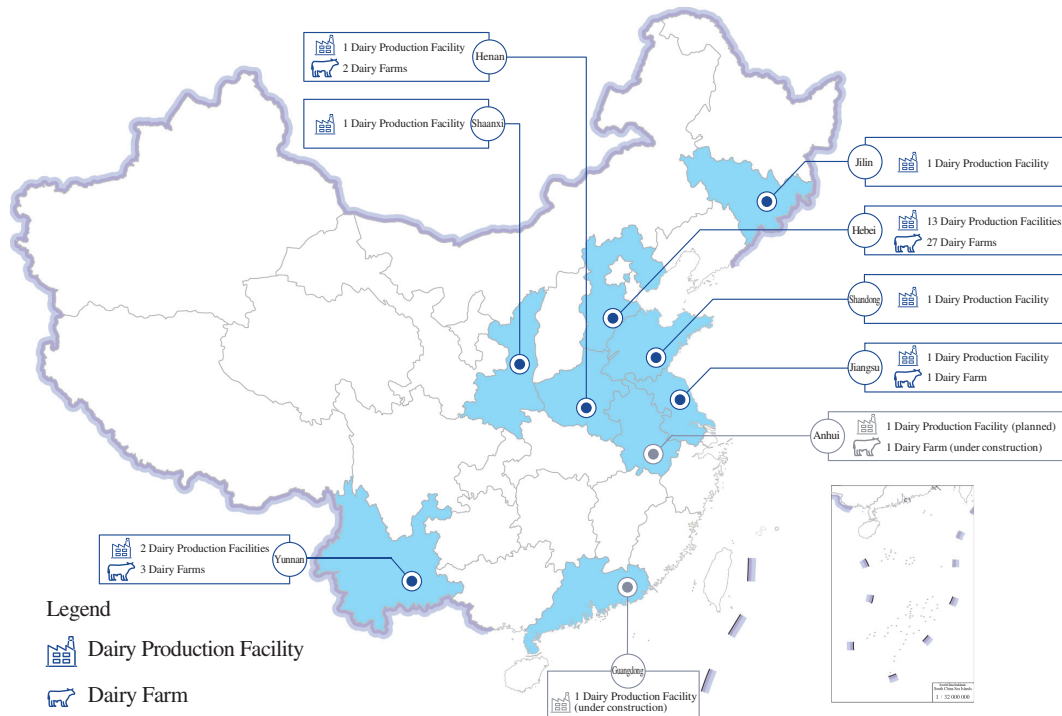
- Sales of semi-processed dairy ingredients. To improve raw milk utilization and operational efficiency, we sell certain semi-processed dairy ingredients that are intended for further processing into dairy products, to third parties. These mainly include whole milk powder, skimmed milk powder and cream intended for further processing.
- Sales of eggs and non-staple food products. In response to procurement requirements from certain institutional clients, including education bureaus and schools, we procure and supply eggs and selected non-staple food products together with our dairy products as part of bundled product offerings.
- Sales of packaging materials. In connection with our own packaging operations for dairy products, we utilize surplus packaging capacity to provide packaging materials to third-party customers.
- Contract manufacturing services. To improve manufacturing capacity utilization of production facility in certain regime, we provide toll manufacturing services to third parties.
- Sales of residential units primarily to our employees. To address the housing needs of local employees and support the recruitment of mid- to senior-level talent, we developed residential units that were primarily sold to our employees and their immediate family members. Such activity was undertaken mainly as a staff welfare initiative to improve commuting convenience and living conditions. We do not intend to engage in property development as a recurring business in the future.

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DAIRY FARMING AND PRODUCTION

Our operations span the entire value chain, with our self-operated dairy farms and production facilities forming the core foundation of product quality and supporting our overall operational efficiency.

As of September 30, 2025, we operated 33 dairy farms and 20 dairy production facilities across China. The following map sets forth the geographical distribution of our dairy farms and dairy production facilities in China as of September 30, 2025.



Note: For illustrative purpose only, the map (Map Review Number (審圖號): GS(2019)1823) is presented to demonstrate the layout of our dairy farms and dairy production facilities in China.

Dairy Farming Operation

We operate one of the leading integrated dairy farm networks in China. Our high-quality raw milk serves as the foundation for our extensive portfolio of dairy products.

As of September 30, 2025, we operated 33 dairy farms, including three organic farms and eight dedicated A2-herd farms, located in Hebei, Yunnan, Henan and Jiangsu provinces. As of September 30, 2025, we had a total herd size of approximately 192,000 dairy cows. We utilize gene-based screening technology to identify cows carrying the A2/A2 β -casein genotype. These A2-designated cows produce raw milk containing over 0.9g of A2 β -casein per 100ml. For the nine months ended September 30, 2025, A2 raw milk accounted for approximately 11% of our total raw milk production volume.

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Through continuous investment in modern and digitalized farming practices, we have established integrated herd-management systems that support stable yields and premium raw-milk quality across our owned farms. Our digitalized operations include automated rotary milking systems with yield monitoring, intelligent wearable devices such as pedometers and collar-based monitors for herd health tracking, and automated total mixed ration (TMR) feeding systems that improve ration accuracy and consistency. These systems and equipment, together with standardized operating procedures and dedicated farming operation staff, enhance herd health, milking efficiency and milk-quality stability. For details of our dairy farming digitalisation infrastructure, see “— Digitalization — Dairy Farming Digitalization”. By leveraging economies of scale, advanced herd genetics, precision feeding, and stringent quality control across our farms, we are able to achieve high yields and consistent raw milk quality. Throughout the Track Record Period, both our raw milk production volume and average milk yield per milkable cow have shown steady improvement. In 2024, our average milk yield per milkable cow reached 12 tons per year, reaching leading level, according to Frost & Sullivan. In 2023 and 2024, and for the nine months ended September 30, 2025, our raw milk production volume amounted to 846 thousand tons, 1,133 thousand tons and 854 thousand tons, respectively.

Our Dairy Farms

Our dairy farms are an essential part of our operations, ensuring stable supply, strong quality control and sustainable development. Supported by favorable government policies, we have vigorously developed large-scale dairy farms to enhance economies of scale and operational efficiency.



Note: Our Banner dairy farm in Hebei province.

As of September 30, 2025, we operated 33 dairy farms in China, with an aggregate gross land area of approximately 29,000 mu. A significant proportion of our farms are large-scale operations. The herd size of our large-scale farm accounted for nearly 80% of our total herd size as of September 30, 2025.

We attach great importance to the strategic location of our dairy farms. Most of our farms are located in regions with optimal conditions for dairy farming, such as our dairy farms in Hebei, benefiting from a mild climate, abundant forage resources and plentiful fresh water, all

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of which contribute to high milk yields and quality. In addition, our farms are situated close to our major production facilities to ensure rapid transportation of fresh raw milk and efficient integration with our downstream production.

The following table sets forth the locations of our dairy farms in operation as of September 30, 2025:

Locations	Number of dairy farms	Size <i>(mu)</i>	Designed capacity <i>(heads)</i>	Numbers of milkable cows <i>(heads)</i>	Number of heifers and calves <i>(heads)</i>
Hebei	27	24,964	180,300	82,428	76,696
Yunnan	3	1,400	16,000	5,424	5,631
Henan	2	2,260	17,000	6,295	9,833
Jiangsu	1	305	4,800	2,242	1,915

As of September 30, 2025, the utilization rate of our 33 self-operated dairy farms, calculated by dividing the number of herd size by the designed capacity, was 87.3%.

The table below summarizes the details of our dairy farm under construction as of the Latest Practicable Date:

Farm	Location	Commencement of Construction	Expected Commencement of Production	Designed Capacity (Number of Dairy Cows)	Expected Size (mu)	Estimated Total Investment Costs (RMB in thousands)
Tianchang Dairy Farm ^{Note} . . .	Anhui Province	March 2023	June 2026	10,000	1,082	245,860

Note: As of September 30, 2025, Tianchang Farm completed the construction of the heifer barn and had 1,593 cows.

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Our Dairy Cows

Our dairy cows form the foundation of our integrated dairy farming operations and are critical to ensuring a consistent supply of high-quality raw milk for our diverse range of dairy products. Through scientific breeding, rearing and feeding practices, we continuously enhance the productivity, longevity, and performance of our dairy cows.

Breeding

Our breeding program is continuously optimized through advanced genetic selection, artificial insemination, and scientific herd management. We use high-quality frozen bovine semen from top-tier suppliers to enhance herd genetics, and import pure-bred heifers from reputable sources in Australia, New Zealand, and Chile to strengthen diversity and productivity. Supported by data analysis and health monitoring, we achieved improvements in milk yield, reproductive performance, and disease resistance. We also implement culling to remove cows that fall short of standards, ensuring overall herd health and efficiency.

As of September 30, 2025, we had approximately 192,000 dairy cows, the majority of which are Holsteins.

Rearing

The herd structure includes milkable cows, heifers and calves. We adopt scientific rearing protocols covering feeding, livestock housing, vaccination, and health monitoring, utilizing smart farming technologies and automated management systems effectively. Our modern rearing facilities are designed to provide a clean, comfortable, and safe environment for all stages of herd development, reducing disease risk and supporting steady herd growth.

Our healthy herd structure is maintained through active management, including regular culling and targeted expansion. The following table sets forth the volume of our dairy cows as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(heads)</i>		
Milkable Cows	81,146	95,960	96,390
Heifers	76,587	62,630	73,120
Calves	28,372	28,824	22,547
Total	186,105	187,414	192,057

In 2023, 2024 and for the nine months ended September 30, 2025, our annualized average milk yield per milkable cow was 11.9 tons, 12.0 tons and 12.0 tons, respectively.

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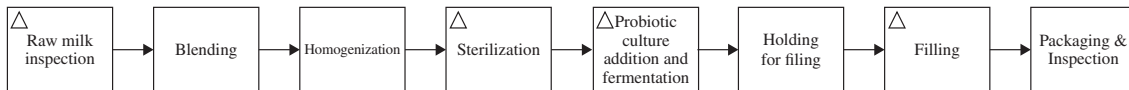
Feeding

We believe that the quality, safety, and consistency of feed are critical to the overall health and productivity of our dairy herd. As part of our integrated value chain, we have established a comprehensive feed system covering feed formulation and production. Our forage is sourced from reputable suppliers under strict quality standards. Leveraging advanced feed formulation and precision nutrition technologies, we tailor nutrient-rich diets to herds in different stages of growth and lactation, ensuring optimal energy, protein, and mineral balance. Since 2024, we have operated a modern feed mill in Hebei Province with an annual capacity of 50,000 tons, equipped with automated production lines and stringent quality control systems to guarantee feed safety and efficiency. In 2024 and for the nine months ended September 30, 2025, our feed mills produced feed amounting to 32,255 tons and 37,210 tons, respectively, with an average annualized utilization rate of 64.5% and 99.2%, respectively.

Production

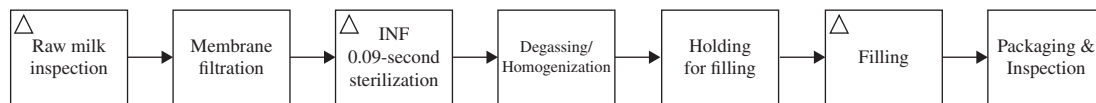
Our Production Process

Low-Temperature Yogurt



Our low-temperature yogurt production process typically comprises the following key stages: raw milk inspection, blending, homogenization, sterilization, probiotic culture addition and fermentation, holding for filling, filling, packaging, and finished product inspection. We employ pasteurization technology in the sterilization stage. The sterilization stage eliminates harmful pathogenic bacteria in the milk and the vast majority of spores, creating favorable conditions for lactic acid fermentation.

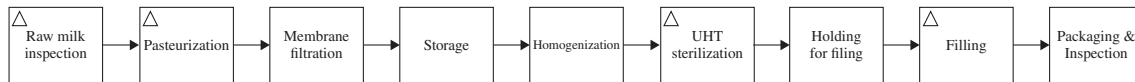
Fresh Milk



Our fresh milk production process typically comprises the following key stages: raw milk inspection, membrane filtration, INF 0.09-second sterilization, degassing/homogenization, holding for filling, filling, packaging, and finished product inspection. We employ our key technology, INF 0.09-second sterilization, in the sterilization stage. This sterilization stage eliminates all pathogenic bacteria while inactivating enzymes that may affect product flavor and shelf life, thereby ensuring product quality.

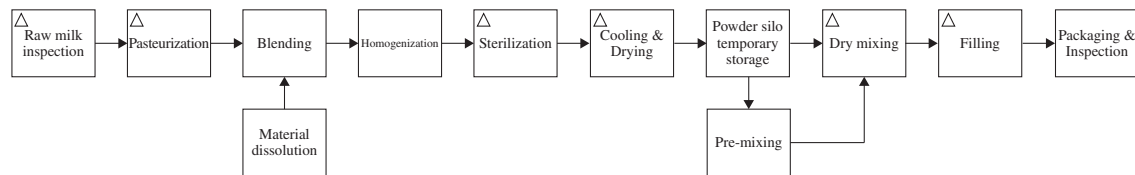
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Ambient Milk



Our ambient milk production process typically comprises the following key stages: raw milk inspection, pasteurization, membrane filtration, storage, homogenization, UHT sterilization, holding for filling, filling, packaging, and finished product inspection. The pasteurization stage eliminates harmful pathogenic bacteria in the milk. The UHT sterilization stage subjects the product to heat treatment of sufficient intensity to inactivate all microorganisms and heat-resistant enzymes in the product.

Formula



Our formula production employs a combined wet and dry processing method, comprising the following key stages: raw milk inspection, pasteurization, blending, homogenization, sterilization, cooling & drying, powder silo temporary storage, dry mixing, and filling. During the ingredient dissolution stage, raw milk is mixed with various raw materials in a vacuum mixing tank to ensure thorough blending. The mixed materials undergo preheating, homogenization, and sterilization to ensure uniform fat dispersion and effective microbial control. We employ our key technology, sterilization with precise temperature control, in the sterilization stage, which exercises strict temperature and duration control to ensure consistent product quality. Following sterilization, the materials are evaporated and concentrated before entering the drying tower for spray drying and cooling to produce semi-finished powder. During the dry mixing stage, the semi-finished product is thoroughly blended with various specialized nutritional ingredients to produce the final product, with strict control over mixing parameters to ensure uniform product mixing and consistent quality across batches.

Note: processes marked with “△” represent critical control points in the production workflow.

Our Dairy Production Facilities

As of September 30, 2025, we operated 20 dairy production facilities across China, complemented by a selected network of third-party manufacturing partners. Our dairy production facilities are equipped with advanced production equipment and modern processing technologies, enabling highly automated and digitalized production operations that ensure stable production efficiency and consistently high product quality. Through our extensive and optimized production network, we have achieved effective coverage of core markets nationwide, and ensured timely delivery and efficient distribution through our sales channels across the country, thereby establishing a solid foundation for our continued growth and market competitiveness.

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Our Self-owned Production

Our self-owned production facilities primarily manufacture our proprietary products to meet market demand across our diverse product portfolio. To a limited extent, we also provide toll manufacturing services to selected third parties, leveraging our excess production capacity and advanced manufacturing capabilities. Under these toll manufacturing arrangements, we produce specified products for third-party clients in accordance with their requirements and receive processing fees for our services. This complementary business model enables us to optimize our capacity utilization, enhance operational efficiency, and generate incremental revenue streams, while our core focus remains firmly on the production and distribution of our own branded products. During the Track Record Period, toll manufacturing represented a minor portion of our overall production activities. In 2023, 2024 and for the nine months ended September 30, 2025, the total volume from toll manufacturing amounted to 32 thousand tons, 52 thousand tons and 35 thousand tons, representing 2.9%, 3.8% and 3.2% of our total actual production output in the respective periods.

The following table sets forth the breakdown of our standard production capacity, proprietary production volume, toll manufacturing volume and utilization rate of our self-owned factories by major product categories for the periods indicated:

	For the Year Ended December 31,				For the Nine Months Ended September 30,	
	2023		2024		2025	
	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products	Liquid Dairy Products ⁽¹⁾	Formula and Other Dairy Products
	<i>(tons in thousands, except for percentages)</i>					
Standard production capacity⁽²⁾	1,842.9	201.1	2,184.2	219.0	1,716.3	167.2
Total actual production volume	1,014.9	88.7	1,269.4	107.7	1,000.0	86.6
– Production volume for our products	992.1	79.2	1,238.9	85.7	982.6	69.0
– Production volume for third-party clients	22.8	9.4	30.5	22.0	17.4	17.6
Utilization rate⁽³⁾	<u>55.1%</u>	<u>44.1%</u>	<u>58.1%</u>	<u>49.2%</u>	<u>58.3%</u>	<u>51.8%</u>

Notes:

(1) Liquid dairy products comprise low-temperature yogurt, fresh milk, ambient yogurt, ambient milk and other liquid dairy products, certain of which are manufactured on shared production lines with flexible capacity allocation to optimize production efficiency.

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- (2) The standard production capacity for the year/period is calculated based on the assumption that all production lines are operated at a practicable high utilization level, with allowances for reasonable factors such as routine maintenance, equipment upgrades, public holidays, and seasonal demand fluctuations. According to Frost & Sullivan, our capacity calculation method, including the assumptions used therein, is in line with the standard of the relevant industry in China.
- (3) The utilization rate equals total actual production volume divided by the standard production capacity in the respective year/period.

Our Manufacturing Partners

To maintain production flexibility and optimize capacity utilization in response to market demand fluctuations, particularly during peak seasons and to serve certain sales regions where we have not yet established our own production capacity, we engage selected third-party manufacturing partners to undertake a limited portion of our dairy product manufacturing. These products primarily include ambient milk, ambient yogurt, fresh milk, and low-temperature yogurt. The volume of dairy products manufactured through cooperative arrangements was 215.8 thousand tons, 258.6 thousand tons and 226.5 thousand tons in 2023, 2024 and for the nine months ended September 30, 2025, respectively. During the Track Record Period, all of our manufacturing partners were Independent Third Parties.

We assess potential partners based on several key factors, including (i) production capacity and scalability to meet fluctuating demand; (ii) quality management systems and food safety certifications; (iii) specialized experience in dairy manufacturing, including cold chain management capabilities; (iv) production credentials and regulatory compliance track record; (v) geographic proximity to our target markets to ensure product freshness, particularly for our low-temperature liquid dairy products with shorter shelf lives; and (vi) financial stability and operational reliability to ensure long-term sustainable cooperation. We typically conduct comprehensive due diligence, including multiple rounds of on-site factory inspections covering facility layout, equipment conditions, hygiene standards, and production processes, as well as quality system audits and sample testing, before finalizing our cooperative manufacturing arrangements. Our cooperation agreements with manufacturing partners are generally set for a term of one to two years, with renewal decisions contingent on rigorous performance evaluations.

We conduct formal regular evaluations of our manufacturing partners, assessing their performance across various dimensions including production capacity utilization, product quality consistency, delivery punctuality, regulatory compliance, and responsiveness to our requirements. In the event of any failure by our manufacturing partners to meet our internal guidelines and policies, or if any material quality or safety issues arise, we may suspend cooperation pending corrective actions or terminate the relationship entirely. We value long-term stable partnerships with our cooperative manufacturers and have maintained relatively enduring relationships with many of them. As of September 30, 2025 we cooperated with 26 manufacturing partners for our dairy production, all of which are third-party manufacturing companies with substantial experience in the dairy industry.

During the Track Record Period, we did not experience any difficulties in procuring services from manufacturing partners, nor have we encountered any material disputes or delays in delivery of products by our partners which caused material disruption to our operations.

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Our Production Equipment

We continuously invest in upgrading our production lines by introducing advanced equipment from leading domestic and international suppliers, which enables us to enhance our production capacity while improving manufacturing techniques. Our production equipment portfolio includes advanced systems and equipments such as membrane filtration systems and steam direct heating ultra-high temperature sterilization machines, supported with our digitalized and automated manufacturing operations. Our key equipment includes raw milk processing systems, sterilization systems (including our proprietary INF 0.09-second sterilization), fermentation tanks for yogurt production, and filling and packaging machines adapted to various product formats. For infant formula production, our facilities are equipped with specialized systems supporting our wet-dry combination process, including spray drying towers, vacuum mixing equipment, dry mixers, and automated filling lines. Our production lines also incorporate membrane filtration equipment and cold chain systems to ensure product quality and freshness. Certain advanced production lines in our facilities have achieved full automation from raw material input through final packaging. We regularly inspect and maintain our production equipment to ensure optimal operating conditions and production safety. We have established a comprehensive equipment management system covering usage protocols, inspection procedures, and preventive maintenance schedules, with automatic detection and monitoring devices installed at critical production stages.

Production Capacity Expansion Plan

To ensure our production network remains aligned with regional market demands and supports our continued growth, we are strategically expanding our production capacity to enhance our regional manufacturing footprint. Our capacity expansion initiatives focus on addressing supply chain challenges in key growth markets, including temperature control and quality preservation requirements for fresh milk and low-temperature liquid dairy products through enhanced cold chain capabilities and localized production. As of the Latest Practicable Date, we had two new production bases under or planned for construction.

The table below sets out details of our production capacity expansion plan:

<u>Factories</u>	<u>Product Category</u>	<u>Estimated Increased Standard Annual Production Capacity</u>	<u>Estimated Time of Commencement of Production for All Production Lines</u>	<u>Estimated Total Investment</u>
		<i>(tons in thousands)</i>		<i>(RMB in millions)</i>
<i>New Factory Construction</i>				
Jiangmen Facility (Phase I)	Low-temperature liquid milk, ambient milk, and other dairy products	188.4	2026	535.4
Tianchang Facility . .	Low-temperature liquid milk	137.0	2027	586.1

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RESEARCH AND DEVELOPMENT

Research and development is central to our competitive strategy, enabling us to deliver innovative products and maintain market leadership. Guided by the principle of “science-based nutrition,” our in-house research and continuous innovation underpin our ability to upgrade formulations, develop new products, meet evolving consumer demands, and maintain competitiveness. Our R&D efforts span fundamental research and applied development, translating scientific advances into tangible product advantages including enhanced nutritional profiles, improved processing efficiency, and cost optimization.

Our R&D Capabilities

We have established a dedicated R&D platform, the Institute of Science-based Nutrition (科學營養研究院), which collaborates with top-tier domestic and international research institutions and universities, as well as raw material and equipment suppliers. Our research covers key areas, including dairy technologies, formulation innovation, clinical efficacy validation, breast milk composition studies, proprietary probiotic development and commercialization, and process engineering.

Our R&D capabilities are closely integrated with our product development pipeline. For example, our breast milk research has supported formulation development for our Youcui (優萃) infant formula series, delivering products focused on brain development and physical growth. Our proprietary strain screening and fermentation technologies enable SimPurity (簡醇) to offer clean-label, sucrose-free yogurt with desirable taste and texture. Our steam immersion sterilization and flavor preservation technologies, applied in Freshjoy (悅鮮活), maximize the retention of natural active components while achieving operational efficiency. Our membrane filtration technology for low-lactose or high-protein products balances taste and functionality, offering consumers healthy and diverse choices.

Our R&D Team

As of September 30, 2025, our R&D team consists of 180 employees, the majority of whom hold graduate degrees. We continuously recruit talented doctoral and master’s graduates from renowned universities and maintain long-term collaborative relationships with several top research institutions, cultivating and attracting young R&D talent through joint research programs. This talent strategy enables our R&D team to maintain a favorable age structure and innovative vitality. To attract and retain R&D talent, we offer competitive compensation and benefits packages to our R&D professionals. We have also clearly defined promotion pathways and criteria for technical R&D personnel, encouraging employees to achieve career development through dedicated effort. Furthermore, we have established an internal expert pool and offer those talents with external learning opportunities. We have implemented a project-based system to provide a platform for all R&D personnel to showcase excellent ideas and innovation attempts.

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We have established a rigorous R&D management system that provides strong institutional support for technological and product innovation. This ensures effective management across all stages from concept evaluation, product initiation, design, and validation to mass production. Throughout our operational development, we consistently uphold the principles of innovation, efficiency, collaboration, and pragmatism across the entire R&D process, continuously refining and optimizing our R&D management procedures. We believe this system not only enhances R&D efficiency but also provides solid assurance for the continuous innovation and upgrade of our technologies and products.

In 2023, 2024 and for the nine months ended September 30, 2025, our research and development expenses amounted to RMB106.0 million, RMB98.7 million and RMB66.5 million, respectively. Our research and development costs are charged to our profit or loss statements as incurred. We expect to continue investing in research and development in accordance with our plans to develop new products and enhance our existing products.

Our Key Technologies

We take pride in our self-developed technologies that enable us to deliver superior dairy products to consumers. The following is a summary of our key technologies:

- **Steam Immersion Sterilization Technology.** We raised the temperature of the raw milk by mixing it with the steam and maintained for a specific duration. Such method significantly enhances heat transfer efficiency, reducing the time required to reach sterilization temperature from several seconds with indirect heating to less than 0.1 seconds, thereby maximizing the retention of nutritional active components.
- **Specialized Yogurt Fermentation Technology.** Through breakthroughs in probiotic strain technology and precise control of fermentation parameters, targeted synthesis of desired products is achieved. This technology successfully overcomes technical challenges including stabilizer substitution, taste balance in sucrose-free products, clean label requirements, and enhanced fermentation flavor.
- **Membrane Filtration Technology.** By selecting appropriate membranes, such as nanofiltration, ultrafiltration, or reverse osmosis membranes, lactose is separated from milk under pressure through membrane devices, leveraging the differences in molecular size and molecular weight between lactose and other components.
- **Patented Technology for Natural Flavor Preservation in Milk.** By optimizing and combining sterilization processes, we ensure commercial sterility while maximizing the retention of milk's natural flavor and active proteins. Through a combination of degassing and nitrogen-flushing techniques, we reduce oxygen content in milk, minimizing oxidative reactions during sterilization and throughout the shelf life.

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- **Active Component Separation, Retention, and Application Technology.** Cold separation technology is employed during the entire process to maximize retention of nutrient-active components. Milk is filtered and separated through membrane materials with varying pore sizes to eliminate bacteria, yielding a sterile separated liquid containing active ingredients. Combined with an addition process, this produces active-ingredient-enriched milk suitable for ambient storage.

DIGITALIZATION

We have established comprehensive digital infrastructure that supports our business activities from upstream dairy farming through production and quality control, supply chain management, sales and distribution, to management decision-making. Our IT architecture comprises multiple layers: consumer-facing and sales systems at the front end, supply chain and production systems in the middle layer, core enterprise resource planning and shared services platforms as the foundation, and an overarching data analytics platform providing business intelligence capabilities.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any IT systems failure or downtime that had a material adverse effect on our business operations.

Dairy Farming Digitalization

Our self-operated dairy farms utilize specialised farm management systems for comprehensive herd management, feeding operations, milking processes, and milk quality monitoring. Our digitalized operations include automated rotary milking systems with yield monitoring at individual cow level, intelligent wearable devices such as pedometers and collar-based monitors that track activity patterns and health indicators for early disease detection, and automated total mixed ration (TMR) feeding systems that improve ration accuracy and consistency. These integrated systems enable data collection on herd health, milk production, and farm operations, supporting informed decision-making and operational efficiency across our dairy farming network. We are developing a unified herd management platform that consolidates data from our network of dairy farms into a centralized digital system, enabling group-wide monitoring, analysis, and best-practice sharing.

Production and Quality Digitalization

We have established a closed-loop quality control framework by integrating our core digital systems to automate management throughout the production process. We utilize an integrated system architecture to ensure quality is monitored at every stage: (i) our traceability system transmits material warehouse-in and warehouse-out information to SAP system, which then triggers inspection requests to our laboratory information management system (LIMS); LIMS automatically transmits results back to the traceability system to release qualified materials for production; (ii) our supplier relationship management (SRM) system utilizes these quality metrics to evaluate supplier performance and automate procurement decisions;

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and (iii) our quality management system (QMS), integrated with the LIMS, acts as the core of our framework by automating task allocation and report generation. To manage any issues, the QMS automatically sends alerts and assigns tasks to the responsible staff if a test fails or a deadline is missed. This ensures that problems are addressed immediately and allows us to analyze data to prevent future issues before they occur.

We provide reliable traceability for our products in the market by linking production and inspection data with our precision marketing system and logistics system. For our infant formula products, we further implement a “dual-code” traceability method to track information from source and enable anti-counterfeiting control.

Supply Chain and Logistics Digitalization

Our supplier relationship management (SRM) system supports the complete procurement cycle, from supplier onboarding through contract management and purchase order creation to reconciliation and payment processing. Our logistics platform integrates with our customer relationship management and ERP systems to manage the complete order fulfillment process from order receipt through delivery allocation, warehouse operations, in-transit monitoring with GPS tracking and temperature control, to customer acceptance and revenue recognition.

Sales and Distribution Digitalization

For terminal execution and local sales force management, we have deployed Sales Force Automation (SFA) systems supporting our nationwide distribution network. The mobile-enabled platform facilitates management of hundreds of thousands of retail outlets by sales representatives, distributor staff, and management personnel. Key functionalities include AI-powered image recognition enabling field personnel to assess merchandising performance by photographing shelf displays, real-time data collection on store visits and promotional activities, and automated performance dashboards accessible via mobile applications and web portals. For further details of the coordination between media placements and terminal execution enabled by our SFA systems, see “— Sales and Distribution — Channel Development and ‘A-list Sales Force (渠道鐵軍)’ Model.”

For customer relationship management and sales execution, our digitalized systems enable comprehensive management of customer information, sales transactions, promotional activities, and performance analytics. These systems feature integrated interfaces accessible via web and mobile portals, enabling our distributor clients to conveniently place orders, monitor inventory, and track business performance.

Data Analytics and Business Intelligence

We have constructed an integrated data analytics platform that aggregates information across our operational systems to provide management with decision support. Our management can access operational performance and analytical reports in a timely manner, eliminating reliance on manual report compilation. The platform integrates data from our dairy farming,

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production, supply chain, sales, and financial systems to provide end-to-end operational visibility. We are also planning to develop advanced capabilities including AI-powered demand forecasting and intelligent supply chain planning, with phased rollout planned to begin in 2026, which will leverage data analytics and forecasting models to optimize sales forecasting, production planning, and procurement operations.

SALES AND DISTRIBUTION

We have established an extensive and deeply penetrated sales network that integrates both online and offline channels, covering virtually all major retail formats across China. Our sales network consists of two primary models: (i) direct sales to KA customers, e-commerce platforms, corporate and institutional clients, and through online self-operated stores; and (ii) sales to distributors who further distribute our products to a wide range of retail terminals including chain supermarkets, convenience stores, grocery stores, mother-and-baby chain stores, catering outlets, and through online platforms. This comprehensive multi-channel approach, developed over years of market cultivation, enables us to reach diverse consumer segments and maintain strong market presence across different geographic regions and consumption scenarios. Our distribution model, which accounts for the majority of our revenue, provides broad market coverage and deep retail penetration, while our direct sales channels allow us to maintain closer consumer relationships and gather valuable market insights. The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of our total revenue, for the periods indicated.

	For the Year Ended December 31,		For the Nine Months Ended September 30,					
	2023	2024	2024		2025			
			<i>(unaudited)</i>					
	<i>(RMB in thousands, except for percentages)</i>							
Distributors	13,062,775	74.4%	14,284,645	72.0%	10,825,339	72.6%	10,406,133	68.8%
– Offline distributors . . .	11,634,437	66.3%	12,751,505	64.3%	9,685,518	65.0%	9,449,813	62.5%
– Online distributors . . .	1,428,338	8.1%	1,533,140	7.7%	1,139,821	7.6%	956,320	6.3%

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	For the Year Ended December 31,				For the Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(unaudited)</i>							
	<i>(RMB in thousands, except for percentages)</i>							
Direct sales	3,561,189	20.3%	4,772,249	24.1%	3,522,800	23.6%	3,616,133	23.9%
– KA customers	880,093	5.0%	1,155,195	5.9%	884,674	5.9%	1,036,513	6.9%
– E-commerce platforms	577,196	3.3%	734,708	3.7%	534,615	3.6%	623,643	4.1%
– Online self-operated stores	527,124	3.0%	660,015	3.3%	490,169	3.3%	485,667	3.2%
– Corporate and institutional clients and others	1,576,776	9.0%	2,222,331	11.2%	1,613,342	10.8%	1,470,310	9.7%
Other business⁽¹⁾	922,211	5.3%	775,596	3.9%	560,332	3.8%	1,111,561	7.3%
Total	17,546,175	100.0%	19,832,490	100.0%	14,908,471	100.0%	15,133,827	100.0%

Note:

- (1) Other business primarily consisted of (i) sales of semi-processed dairy ingredients; (ii) sales of eggs and non-staple food products; (iii) sales of packaging materials; (iv) contract manufacturing services; and (v) sales of residential units primarily to our employees.

We actively monitor retail prices through various measures to ensure pricing consistency across our distribution network. We have established a guided pricing system for our products, and conduct regular online and offline price checks across different channels and geographic markets to identify deviations from our pricing guidelines. Our sales teams maintain close communication with distributors and retail partners to address pricing issues promptly. If we detect any significant price deviations that violate our agreements, we actively engage with the relevant party to understand the situation and require corrective action. Should the deviation persist or represent a material disruption of market order, we may impose contractual penalties or, in serious cases, terminate our cooperation with the relevant party. During the Track Record Period and up to the Latest Practicable Date, we have not terminated cooperation with any major distributors or direct sales customers due to persistent pricing violations that would have a material adverse effect on our business operations.

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Sales to Distributors

We have established a comprehensive nationwide distributor network covering both online and offline channels, which represents our primary sales model. Our offline distributors, typically local entities with established regional networks and deep market knowledge, supply our products to traditional retail channels including chain supermarkets, convenience stores, grocery stores, mother-and-baby chain stores, and catering outlets across China. Our online distributors focus on emerging digital channels, supplying products through e-commerce platforms, social commerce channels and live streaming channels. Through this dual-channel distributor network, we achieve extensive market penetration while maintaining operational efficiency — our distributors leverage their local expertise, established customer relationships, and logistics capabilities to ensure product availability across diverse consumption scenarios and geographic markets, from tier-one cities to remote counties.

Revenue from our distribution channels amounted to RMB13,062.8 million, RMB14,284.6 million, RMB10,825.3 million and RMB10,406.1 million in 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, respectively, representing 74.4%, 72.0%, 72.6% and 68.8% of our total revenue for the same periods.

The table below sets forth the number of our distributors and their movements for the periods indicated:

	For the Year Ended December 31,		For the Nine Months Ended September 30,
	2023	2024	2025
Number of distributors at the beginning of the year/period	4,903	6,068	5,611
Number of distributors added during the year/period	2,245	1,341	959
Number of distributors terminated during the year/period ⁽¹⁾	<u>(1,080)</u>	<u>(1,798)</u>	<u>(1,066)</u>
Number of distributors at the end of the year/period	<u>6,068</u>	<u>5,611</u>	<u>5,504</u>

(1) The primary reason for the termination of cooperation was the performance of these distributors and their own strategic adjustments. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes with the distributors whose cooperation with us had been terminated. The revenue generated from the terminated distributors accounted for approximately 0.4%, 0.9% and 0.9% of our total revenue in 2023, 2024 and for the nine months ended September 30, 2025, respectively.

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Distributor Selection, Support and Collaboration

We identify potential distributors through industry exhibitions, business partner referrals, direct distributor contact, and proactive sales team outreach. Our selection process includes: (i) comprehensive review of business qualifications including company registration, financial conditions, geographic coverage, sales channels and retail networks, existing customer base, and market reputation; (ii) assessment of operational capabilities including warehouse facilities, logistics capacity, and dedicated sales personnel for our products; and (iii) management interviews to assess business planning and partnership commitment. Selected candidates enter a two-to-six-month trial period with specified sales targets and continuous performance monitoring. Upon successful onboarding, distributors receive formal authorization and integration into our unified management system. We conduct periodic reviews of distributor qualifications and ongoing supervision focusing on unauthorized cross-regional or cross-channel sales and pricing compliance.

We provide systematic support to our distributors, including training on product knowledge and case studies, workshops and product launch events, and conferences presenting our business strategy and cooperation policies. We also provide sales strategy guidance, promotional support, and customer engagement services. Our sales teams maintain close relationships with distributors through regular visits, continuous communication, and prompt issue resolution.

Distributor Management

We maintain a buyer-seller relationship with our distributors under a buy-out model, and as confirmed by Frost & Sullivan, such distribution arrangement is in line with industry norm. Under the buy-out model, control and risk of loss transfer to distributors upon product delivery and receipt, at which point we recognize corresponding sales revenue. Our distributors purchase products from us and subsequently resell to their downstream customers, assuming inventory risk and managing their own sales operations. We have established comprehensive management policies to ensure network efficiency and policy compliance:

- **Price management.** Our cooperation agreements stipulate that distributors shall ensure the stability of sales prices across all channels within their distribution territories and shall be subject to our supervision. Distributors are prohibited from selling below suggested prices or offering unauthorized discounts. Our dedicated supervision department monitors pricing and channel compliance in real-time through management systems and regular market checks. Given that pricing violations significantly disrupt market order, depending on the severity of the circumstances, penalties may include fines, supply restrictions, or cooperation termination.

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- **Channel stuffing risk management.** We actively support our distributors in disciplined sales planning and inventory control to mitigate the risk of channel stuffing. We assist our distributors in formulating monthly sales plans based on historical sell-through data and scheduled promotional activities, maintain regular communication on sales performance, and monitor inventory levels through both periodically reporting and on-site inspections. We apply differentiated inventory management measures: (i) for our liquid dairy products, which have relatively short shelf lives and are subject to stringent remaining shelf-life requirements imposed by retail outlets and required by consumers, distributors typically deliver products promptly to retail endpoints to minimize stockpiling within the distribution chain. Our supply planning and close coordination with distributors help ensure timely turnover and reduce the risk of inventory buildup; and (ii) for our infant formula products, we rely on system-based inventory tracking across the distribution chain, from warehouse to retail endpoints. We monitor inventory levels through data collected from our system, and supply may be adjusted or temporarily suspended if inventory levels approach alert thresholds. This mechanism ensures an orderly channel inventory and healthy sell-through.
- **Anti-cannibalization.** We have adopted comprehensive measures to prevent channel conflict and cannibalization among different geographic territories and between our online and offline channels. We implement unified pricing guidelines across all distribution channels and strictly prohibit unauthorized price competition or promotional activities. We specify authorized channels and geographic territories in our distribution agreements, granting revocable and non-transferable distribution rights. Our dedicated supervision department conducts regular compliance monitoring, and we define consequences for violations in our agreements, including financial penalties, supply restrictions, or termination of cooperation. For offline distributor, we focus on geographic restriction to prevent cross-regional cannibalization. Offline distributors are required to register the coverage details of their terminal outlets within their designated territories. We strictly prohibit unauthorized sales outside these assigned regions to maintain an orderly offline market environment. For online distributors, they must obtain specific authorization for online operations and register all online store information, including platform types, store names and account identifiers. To ensure pricing integrity, we monitor compliance through a combination of system-based detection of price red lines and manual inspections of product listings, pricing, and promotions across major platforms conducted by our personnel from time to time.
- **Sub-distribution.** In limited cases, our distributors develop sub-distributors within their authorized regions to expand market coverage. We do not enter into agreements with sub-distributors. Instead, our distributors manage the authorized product categories, geographic regions, sales channels and end retail prices of their sub-distributors, and are responsible to us for sub-distributor violations.

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Our Arrangements with Distributors

We typically enter into distribution agreements with our distributors, which are sales and purchase agreements in nature. In general, the principal arrangements with our distributors during the Track Record Period are set out below:

- Term and Termination** The distribution agreement typically has a term of one year and requires execution of a new agreement upon expiration for continued cooperation. We may terminate the distribution agreement unilaterally in cases of material breach, loss of business qualifications, or violations of geographic or channel restrictions.
- Payment** Distributors are typically required to make prepayments for our products before placing orders.
- Pricing Policy** While the agreement does not stipulate the specific price at which the distributors sell to their downstream customers, we separately provide suggested wholesale and retail prices. We require that distributors to ensure the stability of our product market prices and refrain from using pricing methods to engage in malicious competition or prejudice our interests.
- Channel and Geographic Restrictions** We explicitly define the sales channels and sales territories for our distributors.
- Minimum Purchase Amount** We typically set a minimum purchase amount for our distributors. In the event that such minimum is not achieved, we have the right to terminate the distribution agreement.
- Rebate** We may offer different rebate policies based on product promotion activities and regions.
- Delivery, Logistics and Acceptance** Products are delivered to distributors' designated locations or picked up at our factories, with delivery costs typically borne by us. Distributors inspect and accept goods upon delivery or pickup, at which point title and risk of loss transfer.
- Return Policy** Our distributors are generally prohibited from making returns except in the case of product quality defects.

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Independence of Distributors

We have established a dedicated division responsible for reviewing the qualifications and independence of our distributors. During the distributor onboarding process, the review involves multiple levels of management, including regional heads and relevant personnel from the business units. Furthermore, we conduct internal independence checks to ensure that the qualifications and independence of our distributors meet our standards and requirements.

To the best of our knowledge, during the Track Record Period and as of the Latest Practicable Date, except for the following, all of our distributors were Independent Third Parties and none of our distributors were controlled by any of our employees, nor did any of our distributors have any business, employment, family or financing relationships with any of our Directors, substantial shareholders, senior management and employees:

- (i) distributors controlled by our former employees. During the Track Record Period, the aggregate revenue generated from such distributors amounted to RMB205.3 million, RMB269.7 million and RMB228.7 million in 2023, 2024 and for the nine months ended September 30, 2025, representing 1.2%, 1.4% and 1.5% of our total revenue for the same periods, respectively;
- (ii) distributors in which our Company holds minority equity interests, namely Henan Junlebao Dairy Co., Ltd. (河南君樂寶乳業有限公司), Shandong Junlebao Dairy Co., Ltd. (山東君樂寶乳業有限公司), Shanxi Junlebao Dairy Co., Ltd. (山西君樂寶乳業有限公司), Beijing Junlebao Dairy Co., Ltd. (北京君樂寶乳業有限公司) (which was deregistered in November 2025), and Dali Sangelingdang Food Sales Co., Ltd. (大理三個鈴鐺食品銷售有限公司). During the Track Record Period, the aggregate revenue generated from such distributors amounted to RMB3.8 million, RMB48.0 million and RMB49.5 million in 2023, 2024 and for the nine months ended September 30, 2025, representing 0.0%, 0.2% and 0.3% of our total revenue for the same periods, respectively; and
- (iii) distributors controlled by relatives of our Controlling Shareholder, Mr. Wei, namely Shijiazhuang Hetiande Trading Co., Ltd. (石家莊禾田德商貿有限公司), and Shijiazhuang Leizhenjiang Trading Co., Ltd. (石家莊磊真江商貿有限公司) (with which we ceased to cooperate as of the Latest Practicable Date). During the Track Record Period, the aggregate revenue generated from such distributors amounted to RMB24.8 million, RMB66.3 million and RMB51.6 million in 2023, 2024 and for the nine months ended September 30, 2025, representing 0.1%, 0.3% and 0.3% of our total revenue for the same periods, respectively.

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None of the abovementioned distributors made any material contribution to our revenue or received any material advances or financial assistance from us during the Track Record Period. In aggregate, the revenue generated from the abovementioned distributors amounted to RMB233.9 million, RMB384.0 million and RMB329.8 million in 2023, 2024 and for the nine months ended September 30, 2025, representing 1.3%, 1.9% and 2.1% of our total revenue for the same periods, respectively. The abovementioned distributors were engaged following the same standards as other distributors, becoming our distributors based on their qualifications and capabilities, and the salient terms of their distribution agreements are consistent with those of other distributors’ distribution agreements. We implement the same management policies for all distributors, and our transaction pricing with such distributors is based on the same factors applicable to our transactions with other distributors.

Direct Sales

We reach consumers directly through multiple direct sales channels, which serve dual strategic functions: generating revenue through direct transactions while simultaneously building brand awareness, maintaining closer customer relationships, and gathering first-hand consumer insights that inform our product development and marketing strategies. Our direct sales channels encompass KA customers, e-commerce platforms, online self-operated stores, and corporate and institutional clients. The revenue generated through our direct sales channels amounted to RMB3,561.2 million, RMB4,772.2 million, RMB3,522.8 million and RMB3,616.1 million for the years ended December 31, 2023 and 2024, and the nine months ended September 30, 2024 and 2025, respectively, representing 20.3%, 24.1%, 23.6% and 23.9% of our total revenue for the same periods.

KA Customers

We have established direct sales relationships with KA customers across China, mainly comprising operators of national and regional supermarkets, mother-and-baby chain stores, and convenience store chains. These partnerships provide us with premium shelf space in high-traffic retail locations and access to established customer bases in key urban and lower-tier markets, enabling us to maintain strong market presence across different geographic regions and consumption scenarios.

Under our KA customer sales model, we enter into purchase and supply agreements directly with KA customers, pursuant to which we typically deliver products to their designated warehouses. We recognize revenue upon delivery and acceptance by them. We maintain dedicated account management teams that manage relationships with KA customers, coordinate promotional activities, and ensure optimal product placement and inventory management. This channel enables us to maintain closer customer relationships, secure strategic retail positioning, and gather valuable market insights that inform our product development and marketing strategies.

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This channel generated revenue of RMB880.1 million, RMB1,155.2 million, RMB884.7 million and RMB1,036.5 million in 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, respectively, representing 5.0%, 5.9%, 5.9% and 6.9% of our total revenue for the same periods. During the Track Record Period and as of the Latest Practicable Date, (i) we maintained stable cooperative relationships with our KA customers and did not experience any material breach of contract, payment default, or other disputes that had a material adverse effect on our business operations; and (ii) to the best knowledge of our Directors, all of our KA customers were Independent Third Parties and none of our Directors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our KA customers.

In general, the principal arrangements with our KA customers during the Track Record Period are set out below:

- Term** Our sales agreements with KA customers typically have a term of one to two years, which can be renewed upon the mutual consent of the contractual parties.
- Payment and Credit Terms:** Credit terms generally range from 30 to 90 days. Payment methods include bank transfer, or other methods mutually agreed upon.
- Delivery and Logistics** We generally arrange delivery services through third-party logistics providers, with delivery costs typically borne by us. Products are typically delivered to locations designated by KA customers.
- Transfer of Risks** Risks and title to products transfer to KA customers upon their confirmation of receipt and acceptance of the products at the designated delivery locations.
- Product Returns** Product returns are generally not permitted except under specific circumstances, including: (i) products that are defective or fail to meet agreed quality standards; and (ii) products that do not conform to order specifications. For certain major KA customers with extensive retail networks, we may agree to more flexible return policies due to commercial considerations.
- Sales Target** We generally do not set a sales target for KA customers.

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Termination Our sales agreements with KA customers can be terminated (i) by the non-defaulting party in the event of a material breach, or (ii) due to force majeure events.

E-commerce Platforms

We engage with major e-commerce platforms in China, primarily including JD.com’s self-operated retail business (京東自營), Tmall Supermarket (天貓超市) and Meituan (美團), to broaden our online presence, extend our market reach, and enhance the efficiency of our online operations, leveraging the resources of these platforms. Under this model, consumers directly place orders for our products through these e-commerce platforms’ online stores. In support of their operations, we supply these platforms with our products as needed and deliver the goods to the platforms’ warehouses. For sales operations targeting e-commerce platforms, revenue is recognized upon delivery of goods to the platforms’ warehouse and confirmation of receipt.

In contrast to traditional distributors who purchase inventory from us and resell it independently, our sales to e-commerce platforms serve as a critical enabler for consumer access to our products. They help us to expand our reach to consumers leveraging their platforms and warehousing and logistics capabilities. We view our sales to e-commerce platforms as an important part of our online direct sales channels because:

- First, we exercise enhanced oversight by actively managing product pricing adjustments, the visual presentation of product assortments, as well as the strategic development and implementation of comprehensive external marketing initiatives under the sales to e-commerce platform model. In contrast, in the traditional distributorship model, distributors operate independently and are responsible for conducting sales activities and managing marketing efforts.
- Second, our operations team maintains direct communication with consumers by gathering their insights through third-party e-commerce platforms, which enables us to track customer satisfaction continuously, address concerns promptly, and continuously improve our products based on consumer experiences. This direct interaction fosters stronger consumer engagement and enhances overall service quality. In contrast, under the traditional distributorship model, distributors are responsible for directly engaging with their consumers.
- Third, agreements with these e-commerce platforms take the form of sales and purchase contracts emphasizing platform access and sales facilitation, rather than traditional distribution agreements.

This channel generated revenue of RMB577.2 million, RMB734.7 million, RMB534.6 million and RMB623.6 million in 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, respectively, representing 3.3%, 3.7%, 3.6% and 4.1% of our total revenue for the same periods.

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In general, the principal arrangements with our e-commerce platforms during the Track Record Period are set out below:

- Term** The agreement typically has a term of one year, which can be renewed upon the mutual consent of the contractual parties.
- Payment and Credit Terms** . . . Consumers make payments directly to the e-commerce platforms. The e-commerce platforms settle payments to us on a regular basis, typically with credit terms of 30 to 90 days.
- Delivery and Logistics** The e-commerce platforms are responsible for product delivery to end consumers and the related logistics costs.
- Product Returns** The e-commerce platforms are allowed to return defective products unconditionally and to return unsold products to us based on mutual negotiation or as set forth in the relevant agreements.
- Sales Target** We generally do not set a sales target for e-commerce platforms.
- Termination** The agreements can be terminated (i) by the non-defaulting party in the event of a material breach, or (ii) due to force majeure events.

To the best of our knowledge, during the Track Record Period and as of the Latest Practicable Date, all of these e-commerce platforms were Independent Third Parties and none of these e-commerce platforms were controlled by any of our employees, nor did any of these e-commerce platforms have any business, employment, family or financing relationships with any of our Directors, substantial shareholders, senior management and employees.

Online Self-operated Stores

We operate self-operated online stores on major e-commerce and social commerce platforms in China, including but not limited to Tmall, Douyin and JD.com, through which we sell directly to end consumers. This channel enables us to maintain direct relationships with consumers, control our brand presentation and customer experience, gather valuable consumer data and feedback, and capture higher margins by eliminating intermediary distribution layers. Under this sales model, consumers place orders through our online stores. We arrange for product delivery through third-party logistics providers and pay service fees to the e-commerce platforms at a contractually agreed percentage based on the transaction value. Our online self-operated stores serve as important platforms for launching new products, conducting promotional campaigns, and building our brand community through direct consumer engagement including customer reviews, interactive content, and membership programs. This channel provides us with valuable data on consumer preferences, purchasing patterns, and

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product feedback that inform our product development and marketing strategies. This channel generated revenue of RMB527.1 million, RMB660.0 million, RMB490.2 million and RMB485.7 million in 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, respectively, representing 3.0%, 3.3%, 3.3% and 3.2% of our total revenue for the same periods.

Corporate and Institutional Clients

This category primarily comprises sales to catering enterprises and freshly made coffee and tea chains, education bureaus and schools, and dairy and food manufacturing companies. For catering enterprises and freshly made coffee and tea chains, we primarily provide both packaged dairy products and bulk dairy ingredients that serve as key inputs for their menu offerings. For education bureaus and schools, we primarily supply dairy products, eggs and non-staple food products for student nutrition programs and cafeteria services. For dairy and food manufacturing companies, we primarily supply raw milk and other dairy ingredients that they incorporate into their own product manufacturing. We enter into purchase and supply agreements directly with these corporate and institutional customers, and recognize revenue upon delivery and acceptance at their designated locations, with credit terms of 45 to 90 days generally granted. This channel generated revenue of RMB1,576.8 million, RMB2,222.3 million, RMB1,613.3 million and RMB1,470.3 million in 2023 and 2024, and for the nine months ended September 30, 2024 and 2025, respectively, representing 9.0%, 11.2%, 10.8% and 9.7% of our total revenue for the same periods.

Channel Development and “A-list Sales Force (渠道鐵軍)” Model

Our “A-list Sales Force (渠道鐵軍)” channel strategy concentrates resources on selected markets to build leading positions. We deploy dedicated sales teams in targeted cities to first secure dominant positions in key retail channels and high-traffic retail outlets, then expand our coverage. This focused approach enables us to establish strong footholds in selected markets, ensuring our products secure optimal shelf space and visibility at point of sale.

Our front-line sales team builds deep relationships with retail partners and maintain rigorous terminal execution standards through regular store visits, monitoring product placement, shelf positioning, promotional material display, and inventory freshness. Through systematic data collection and performance tracking, we identify and prioritize strategic retail outlets in the distribution network and concentrate resources to secure advantageous positioning at these critical outlets. A key feature of this model is close coordination between media placements and terminal sales execution. Our partnerships with media platforms enable us to concentrate advertising near targeted retail locations where our sales teams are simultaneously strengthening product placement and promotional activities, creating a reinforcing cycle between brand visibility and point-of-sale execution. For details of this integrated brand-sales mechanism, see “— Branding and Marketing — Marketing and Advertising Strategy.”

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Our Sales Force Automation (SFA) systems provide the digital infrastructure supporting this model, connecting our sales organization, distributor partners, and hundreds of thousands of retail outlets nationwide. These systems enable coordination between media placements and terminal execution, with management dashboards providing visibility into store visits, product displays, and promotional implementation. This integrated approach supports our market development and marketing efficiency. For our broader IT infrastructure supporting sales and distribution operations, see “— Digitalization — Sales and Distribution Digitalization.”

Overseas Sales

We are actively exploring and expanding our presence in overseas markets. As of the Latest Practicable Date, our products had entered various overseas markets, including Hong Kong and Macau. During the Track Record Period, our overseas sales were primarily conducted through distributors serving overseas markets. We have received inquiries from customers in multiple countries and regions, and while order volumes from certain markets remain at early stages due to factors such as limited local consumption capacity and economic conditions, we are actively working to expand our overseas footprint through diversified business models and strategic partnerships.

Our overseas expansion strategy adopts a phased and region-specific approach. We view our operations in Hong Kong and Macau as important bridgeheads that provide valuable experience for expanding into broader overseas markets. We are actively exploring flexible and diversified business models tailored to different regional markets while seeking local partnerships to strengthen our global presence. For overseas distributors, we stipulate separate transportation terms, pursuant to which we are generally responsible for delivering the goods to the port designated by the distributor, with unloading, customs clearance, subsequent logistics and associated costs handled as stipulated in the agreement.

BRANDING AND MARKETING

Brand reputation and marketing effectiveness are at the core of our competitiveness. We employ a comprehensive branding and marketing strategy that leverages our integrated dairy industry chain advantages, combining national-level brand building with precision channel execution. Our marketing approach centers on building strong brand equity through strategic partnerships and targeted media placement, while maintaining cost efficiency through our “A-list Sales Force (渠道鐵軍)” channel model that integrates brand building with terminal sales execution.

We have established a dedicated marketing organization structure to support our branding and marketing initiatives. Our brand management center is responsible for overall marketing strategy, integrated marketing campaigns, corporate brand management, product brand oversight, and market research. Each of our business divisions maintains its own brand and marketing teams that execute marketing strategies tailored to specific product categories and target consumer segments. This organizational structure enables us to maintain strategic consistency at the Group level while allowing for tactical flexibility and responsiveness at the product and regional levels.

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Brand Strategy and Management

Our brand strategy and management approach is built on a “master brand plus specialized brands” architecture that enables both unified market presence and differentiated consumer targeting. Our master brand Junlebao (君樂寶) establishes our corporate identity as a leading national dairy company, while our specialized brands — including SimPurity (簡醇) for sucrose-free yogurt, Freshjoy (悅鮮活) for premium fresh milk, Youcui (優萃) for infant formula, and others — address specific consumer segments and category positioning. See “— Our Brands and Products.” This architecture enables efficient resource allocation and cross-brand synergies, with our master brand providing trust endorsement that enhances consumer recognition across our portfolio.

We invest systematically in brand equity through strategic partnerships and differentiated brand positioning. A cornerstone of our brand strategy is our partnership with ten Chinese national sports teams as official supplier to China’s national sports teams since 2024, including the National Gymnastics Team and the National Artistic Swimming Team. This partnership establishes “champion quality” as a core brand attribute through integrated marketing campaigns, product packaging featuring national team imagery, and event marketing tied to major sporting achievements. Our specialized brands employ distinct positioning strategies that align with specific consumer needs: Freshjoy (悅鮮活) leverages technology-defined freshness for premium market positioning; SimPurity (簡醇) targets health-conscious consumers with “sucrose-free” positioning in wellness and meal replacement occasions; Youcui (優萃) emphasizes “dual excellence in brain and physical development (腦體雙優)” to resonate with parents’ child development aspirations. These differentiated brand positionings are executed through tailored marketing approaches that build distinctive brand associations and reinforce positioning precision. Celebrity endorsers are selected to amplify each brand’s unique identity — including Olympic champion Ms. Guo Jingjing (郭晶晶) and musician Mr. Jay Chou (周杰倫) for Freshjoy (悅鮮活), actor Mr. Bai Jingting (白敬亭) for SimPurity (簡醇), actor Mr. Cheng Yi (成毅) for Purjoy (純享), and actress Ms. Yang Mi (楊冪) for our formula products — strengthening consumer recognition and emotional connection with each brand’s core value.

Marketing and Advertising Strategy

Our marketing and advertising strategy concentrates resources on three core channels that align with our distribution strategy and deliver measurable returns: outdoor media, mainstream television media, and selective variety TV show IP.

Outdoor media platforms serve as a key advertising channel, strategically aligned with our “A-list Sales Force (渠道鐵軍)” channel development model. These platforms in residential and commercial buildings provides city-and-location-selective advertising capabilities that support our focused market penetration approach, enabling concentrated media presence in markets where we deploy our “A-list Sales Force (渠道鐵軍)” resources, including location-based targeting that concentrates advertising near retail locations where our sales teams are strengthening terminal execution. These platforms’ operational characteristics allow us to coordinate advertising content with regional sales activities and promotional timing through flexible content refresh cycles, enabling differentiated messaging approaches across product categories and market stages. This coordination between media placements and terminal sales execution supports real-time measurement of advertising effectiveness and alignment between brand presence and retail performance. For details of our integrated brand-sales approach, see “— Sales and Distribution — Channel Development and ‘A-list Sales Force (渠道鐵軍)’ Model.”

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Mainstream television media provides authoritative brand endorsement and national reach. We have been selected for CCTV’s “Brand Power Project” (品牌強國工程) for nine consecutive years, leveraging partnerships across TV channels of CCTV News, CCTV Entertainment, and CCTV Sports to reach consumers across urban and rural markets nationwide. We leverage mainstream television media’s platform for high-impact brand communications and to reinforce our position as a leading national dairy brand. Our selective variety TV show IP, including Ace vs. Ace (《王牌對王牌》), Singer 2024 (《歌手2024》), and Chinese Singers (《中國唱將》), concentrate on proven programming with demonstrated audience engagement, extending beyond sponsorship to integrated marketing campaigns that combine on-air presence with coordinated promotional activities. These partnerships benefit from our extensive distribution network, where retail channels amplify program-related marketing initiatives.

We complement our core media channels with targeted digital initiatives on platforms including RedNote, Douyin, and Weibo, emphasizing selective high-impact campaigns aligned with our brand and product strategies. We have adopted AI tools and robotic process automation to enhance operational efficiency in areas including content creation, design automation, and compliance monitoring. Our integrated data analytics platform supports marketing performance measurement and campaign optimization through monitoring of key metrics across channels. For details on our digital infrastructure supporting marketing operations, see “— Digitalization — Data Analytics and Business Intelligence.” Our marketing effectiveness is further supported by organizational coordination across functions including brand management, media planning, sales, and product development, enabling efficient resource deployment and consistent execution.

During the Track Record Period and up to the Latest Practicable Date, we have conducted our marketing activities in compliance with applicable advertising and marketing laws and regulations in all material respects, and we have not been subject to any material penalties or regulatory actions related to our marketing practices.

OUR CUSTOMERS

Our customers primarily consist of distributors, KA customers, e-commerce platforms and corporate and institutional clients during the Track Record Period. In 2023, 2024 and for the nine months ended September 30, 2025, our sales to the five largest customers in each year/period amounted to RMB1,572.2 million, RMB1,873.0 million and RMB1,059.9 million, representing 9.0%, 9.4% and 7.0% of our total revenue, respectively, and our sales to the largest customer in each year/period amounted to RMB436.2 million, RMB609.1 million and RMB351.5 million, representing 2.5%, 3.0% and 2.4% of our total revenue for the same year/period. We typically require our distributors to make prepayments for our products before placing orders. For certain well-established customers, we may grant credit terms of 30 to 90 days. Our five largest customers in each period during the Track Record Period settle their amounts due via bank transfer.

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Our Five Largest Customers

The following table sets forth the details of our five largest customers (on a group basis, and revenue contributions include those generated from its respective affiliates) in each year/period during the Track Record Period.

Nine Months Ended September 30, 2025

<u>Customer</u>	<u>Major products provided by us</u>	<u>Revenue contribution</u>	<u>As a percentage of our total revenue</u>	<u>Length of business relationship with us</u>
		<i>RMB'000</i>	<i>%</i>	
Customer A ⁽¹⁾	Liquid dairy products and formula	351,473	2.4	Since 2015
Customer B ⁽²⁾	Raw milk	232,066	1.5	Since 2005
Customer C ⁽³⁾	Liquid dairy products and formula	177,918	1.2	Since 2012
Customer D ⁽⁴⁾	Liquid dairy products, formula and other dairy products	173,869	1.1	Since 2001
Customer E ⁽⁵⁾	Formula	<u>124,542</u>	<u>0.8</u>	Since 2014
		<u>1,059,868</u>	<u>7.0</u>	

Year Ended December 31, 2024

<u>Customer</u>	<u>Major products provided by us</u>	<u>Revenue contribution</u>	<u>As a percentage of our total revenue</u>	<u>Length of business relationship with us</u>
		<i>RMB'000</i>	<i>%</i>	
Customer B ⁽²⁾	Raw milk	609,124	3.0	Since 2005
Customer A ⁽¹⁾	Liquid dairy products and formula	455,441	2.3	Since 2015
Customer F – Supplier A ⁽⁶⁾ . . .	Formula and raw milk	332,113	1.7	Since 2016

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<u>Customer</u>	<u>Major products provided by us</u>	<u>Revenue contribution</u>	<u>As a percentage of our total revenue</u>	<u>Length of business relationship with us</u>
		<i>RMB'000</i>	<i>%</i>	
Customer D ⁽⁴⁾	Liquid dairy products, formula and other dairy products	241,101	1.2	Since 2001
Customer C ⁽³⁾	Liquid dairy products and formula	235,201	1.2	Since 2012
		<u>1,872,980</u>	<u>9.4</u>	

Year Ended December 31, 2023

<u>Customer</u>	<u>Major products provided by us</u>	<u>Revenue contribution</u>	<u>As a percentage of our total revenue</u>	<u>Length of business relationship with us</u>
		<i>RMB'000</i>	<i>%</i>	
Customer B ⁽²⁾	Raw milk	436,177	2.5	Since 2005
Customer A ⁽¹⁾	Liquid dairy products and formula	367,001	2.1	Since 2015
Customer F – Supplier A ⁽⁶⁾	Formula and raw milk	317,142	1.8	Since 2016
Customer D ⁽⁴⁾	Liquid dairy products, formula and other dairy products	237,716	1.4	Since 2001
Customer E ⁽⁵⁾	Formula	<u>214,143</u>	<u>1.2</u>	Since 2014
		<u>1,572,179</u>	<u>9.0</u>	

Notes:

- (1) Headquartered in Beijing, China, Customer A is a company dually listed on the Stock Exchange and NASDAQ, primarily engaging in supply chain-based retail and Retail as a Service (RaaS) offering, with total assets of RMB713.5 billion as of September 30, 2025.
- (2) Headquartered in Inner Mongolia Province, China, Customer B is a company listed on the Shanghai Stock Exchange, primarily engaging in dairy manufacturing, with total assets of RMB153.7 billion as of September 30, 2025.

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- (3) Headquartered in Zhejiang Province, China, Customer C is a company dually listed on the Stock Exchange and NYSE, primarily engaging in e-commerce and cloud computing, with total assets of RMB1,847.1 billion as of June 30, 2025. Our cooperation with the affiliates of Customer C commenced in 2012.
- (4) Headquartered in Hebei Province, China, Customer D primarily engages in wholesale and retail of food products, as well as related supply chain management services, with a registered capital of RMB3.0 million. Our cooperation with the affiliates of Customer D commenced in 2000.
- (5) Headquartered in Shaanxi Province, China, Customer E primarily engages in the e-commerce business of mother-and-baby products, with a registered capital of RMB11.0 million.
- (6) Headquartered in Zhejiang Province, China, Customer F – Supplier A primarily engages in the sale of dairy products and dairy farming, with a registered capital of RMB364.2 million.

We have a diversified customer base and are not subject to any material customer concentration risk. All of our five largest customers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

THIRD-PARTY PAYMENT

Background of Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (individually or collectively, the “**Relevant Customers**”) settled payments with us through accounts that do not belong to the contracting parties under the corresponding agreements (the “**Third-Party Payment Arrangements**”). During the Track Record Period, the actual third parties making payments (the “**Actual Payers**”) involved in the Third-Party Payment Arrangements primarily included (i) in respect of Relevant Customers that are sole proprietorships or individually-owned enterprises, relatives (other than spouse) of the actual operator; and (ii) in respect of Relevant Customers that are companies, their legal representatives, actual controllers, shareholders, directors, supervisors, senior management, employees, and relatives of their legal representatives, actual controllers, shareholders, directors, supervisors, senior management or employees, or affiliates of the Relevant Customers (primarily designated entities within the relevant customer group (the “**Intra-Group Designated Payments**”). During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, all Relevant Customers and Actual Payers were Independent Third Parties.

The Relevant Customers primarily used the Third-Party Payment Arrangements to settle payments with us for the purposes of settlement convenience and operational flexibility. According to Frost & Sullivan, (i) for sole proprietorships or individually-owned enterprises, making and receiving payments through third-party payers in the ordinary course of daily business is a common and reasonable commercial market practice. Moreover, as sole proprietorships and small enterprises generally lack sufficient and appropriate financial functions, and based on considerations of convenience, flexibility and cost savings, they may not establish corporate bank accounts for business purposes; and (ii) it is a common and reasonable commercial practice for medium to large enterprises to designate other entities within their group to make payments in the ordinary course of business.

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For the years ended December 31, 2023, 2024 and the nine months ended September 30, 2025, the number of Relevant Customers was 423, 462 and 26, respectively, and the total amounts settled with Relevant Customers pursuant to the Third-Party Payment Arrangements were RMB175.7 million, RMB161.3 million and RMB43.7 million, respectively, representing 0.9%, 0.7% and 0.3% of our proceeds from sale of goods and rendering of services for the corresponding periods. During the Track Record Period, no single Relevant Customer made any material contribution to our revenue.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) the Third-Party Payment Arrangements were all based on genuine transactions and initiated by the Relevant Customers, rather than initiated by us to circumvent any applicable laws and regulations; (ii) we have never participated in any other forms of such arrangements; (iii) we have never provided any discounts, commissions, rebates or other benefits to any Relevant Customers to facilitate or encourage the Third-Party Payment Arrangements; (iv) the pricing and payment terms of the agreements entered into by us with the Relevant Customers were consistent with those for customers who have never participated in Third-Party Payment Arrangements; and (v) all payments received pursuant to the Third-Party Payment Arrangements have been properly recorded in accordance with our accounting procedures and policies.

In addition, during the Track Record Period and up to the Latest Practicable Date, (i) we have not been subject to any investigations (including anti-money laundering investigations), inquiries, fines or surcharges as a result of participating in the Third-Party Payment Arrangements; and (ii) we have not encountered any refund requests, actual or pending disputes or disagreements or any material claims made against us in relation to the Third-Party Payment Arrangements.

We have terminated all Third-Party Payment Arrangements in December 2025, except for Intra-Group Designated Payments. For Intra-Group Designated Payments, we have required the Relevant Customers to expressly stipulate such Intra-Group Designated Payment arrangements in the contracts and clearly set out the Actual Payers within the group since December 2025. Such arrangements are legal and valid and legally binding on all parties.

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Rectification and Impact of Third-Party Payment Arrangements

Confirmations in relation to Third-Party Payment Arrangements and Legal Consequences

We have communicated with the Relevant Customers and Actual Payers who participated in the Third-Party Payment Arrangements and sent confirmation letters (the “**Confirmation Letters**”) to them. As of the Latest Practicable Date, the Confirmation Letters we have collected covered substantially all of the total amounts settled with the Relevant Customers pursuant to the Third-Party Payment Arrangements. The principal contents of the Confirmation Letters include but are not limited to:

- the Relevant Customers have entrusted the Actual Payers to make payments to us, all payments were based on genuine and normal business transactions, the payment amounts were consistent with the amounts of the relevant transactions, and the payment obligations of the Relevant Customers are deemed to be fully performed upon the Actual Payers making payment of the amounts due to us;
- the Relevant Customers and the Actual Payers are independent from us, and we have not provided any discounts, commissions, rebates or other benefits to them to facilitate or encourage the Third-Party Payment Arrangements;
- the Third-Party Payment Arrangements (including the sources of funds) comply with all applicable PRC laws and regulations and do not involve money laundering, tax evasion or other illegal activities;
- there are no existing or potential disputes in relation to the Third-Party Payment Arrangements between the Relevant Customers and the Actual Payers, any risks or liabilities arising therefrom shall be borne and resolved by them, and they will not bring any litigation, arbitration or claims against us in this regard; and
- the Relevant Customers and the Actual Payers unconditionally and irrevocably waive any claims of any relevant rights or requests for refund of any payments from us, and in the event that the Actual Payers request a refund, the relevant liabilities shall be borne by the Relevant Customers, and we are not bound by the relevant agreements between them.

As advised by our PRC Legal Advisor, having considered the background of the Third-Party Payment Arrangements set out above and the confirmations from the Relevant Customers in respect of the Third-Party Payment Arrangements, (i) the Third-Party Payment Arrangements do not violate any mandatory provisions of the relevant PRC civil laws; (ii) the risk of us being deemed to constitute the crime of money laundering under Article 191 of the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》) as a result of accepting payment for goods under the Third-Party Payment Arrangements is low; (iii) we have not been subject to any administrative penalty imposed by the tax authorities in connection with the Third-Party Payment Arrangements during the Track Record Period; and (iv) the risk of us being obligated to return the payments under the Third-Party Payment Arrangements to the Relevant Customers and/or their designated third parties is low.

BUSINESS

Rectification and Enhanced Internal Control Measures

We have implemented various internal control measures to safeguard our interests from risks associated with the Third-Party Payment Arrangements, including but not limited to:

- our finance department will verify whether the bank account information of the payers is consistent with the account information set out in the contracts or provided by the customers. If any third-party payments other than Intra-Group Designated Payments are identified, we will arrange refunds and require the Relevant Customers to make direct payments;
- for Third-Party Payment Arrangements that are Intra-Group Designated Payments, we have required the Relevant Customers to expressly stipulate such arrangements in the contracts and clearly set out the Actual Payers within the group, so as to ensure the legality and traceability of the relevant arrangements;
- our employees must comply with the above policies, refuse and/or return any third-party payments that do not comply with the requirements, and must clearly communicate our policies and requirements regarding third-party payments to all customers;
- we manage our bank accounts and other transaction accounts in accordance with the principle of segregation of duties, with different personnel in the finance department being assigned different responsibilities to verify, record, manage and settle transactions, so as to ensure the accuracy of accounting records and reduce the risks of account misuse and security;
- we have formulated internal guidelines on anti-money laundering, which require employees to conduct reasonable due diligence on all customers (including their business nature, business model and ownership structure) and proposed transactions to identify potential anti-money laundering risks; and
- our internal audit department regularly conducts random checks on the implementation of the above measures to ensure compliance.

Our Directors are of the view that the above internal control measures are effective and adequate in preventing unauthorized Third-Party Payment Arrangements and the related risks, and the Directors will monitor the effectiveness of the above internal controls in the future.

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Based on the opinion of our PRC Legal Advisor set out above and having considered that (i) the amounts involved in the Third-Party Payment Arrangements were not material during the Track Record Period; (ii) following the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, we have not encountered any material issues in collecting payments from customers; (iii) following the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, we have not had any disputes with the Relevant Customers; (iv) following the termination of the Third-Party Payment Arrangements, as of the Latest Practicable Date, our liquidity and financial performance have not been materially affected; and (v) we have strengthened our internal controls to manage the relevant risks mentioned above, we consider that the termination of the Third-Party Payment Arrangements has not and is not expected to have any material adverse effect on our business, results of operations and financial conditions.

SUPPLIERS AND RAW MATERIALS

We have established a comprehensive procurement management system and maintain stable cooperative relationships with leading suppliers in the industry to ensure a steady supply of quality production materials and services. Our suppliers primarily include raw material suppliers (such as suppliers of raw milk, ingredients, packaging materials, and feed), equipment suppliers, logistics service providers, advertising and marketing service providers, and manufacturing service providers.

In 2023, 2024 and for the nine months ended September 30, 2025, our purchases from the five largest suppliers in each year/period amounted to RMB1,928.7 million, RMB2,094.0 million and RMB1,614.7 million, representing 11.7%, 12.4% and 13.3% of our total purchases, respectively, and our purchases from the largest supplier in each year/period amounted to RMB568.9 million, RMB632.9 million and RMB382.3 million, representing 3.5%, 3.8% and 3.1% of our total purchases for the same year/period. Our five largest suppliers in each period of the Track Record Period grant us different credit terms, requiring advance payment for certain categories of supplies, and generally granting credit terms of 30 to 90 days for other categories. We generally settle our amounts payable to our five largest suppliers in each period during the Track Record Period through wire transfer or bank acceptance bills.

Our Five Largest Suppliers

The following table sets forth the details of our five largest suppliers (on a group basis, and purchases include those by its respective affiliates) during the Track Record Period.

Nine Months Ended September 30, 2025

Supplier	Major products/services purchased by us	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
		<i>RMB'000</i>	<i>%</i>	
Customer F – Supplier A ⁽¹⁾ . . .	Raw milk	382,256	3.1	Since 2020
Supplier B ⁽²⁾	Raw milk	351,544	2.9	Since 2016

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Supplier	Major products/services purchased by us	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
		<i>RMB'000</i>	%	
Supplier C ⁽³⁾	Packaging materials	320,428	2.6	Since 2001
Supplier D ⁽⁴⁾	Marketing and advertising services	287,602	2.4	Since 2017
Supplier E ⁽⁵⁾	Human resources services	<u>272,871</u>	<u>2.3</u>	Since 2020
		<u>1,614,701</u>	<u>13.3</u>	

Year Ended December 31, 2024

Supplier	Major products/services purchased by us	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
		<i>RMB'000</i>	%	
Supplier B ⁽²⁾	Raw milk	632,926	3.8	Since 2016
Supplier C ⁽³⁾	Packaging materials	503,287	3.0	Since 2001
Supplier F ⁽⁶⁾	Feed and veterinary medicines	360,174	2.1	Since 2018
Supplier D ⁽⁴⁾	Marketing and advertising services	339,406	2.0	Since 2017
Supplier G ⁽⁷⁾	Dairy ingredients, stabilizers and feed	258,173	1.5	Since 2013
		<u>2,093,966</u>	<u>12.4</u>	

Year Ended December 31, 2023

Supplier	Major products/services purchased by us	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
		<i>RMB'000</i>	%	
Supplier H ⁽⁸⁾	Marketing and advertising services	568,925	3.5	Since 2012
Supplier C ⁽³⁾	Packaging materials	502,440	3.0	Since 2001
Supplier I ⁽⁹⁾	Feed	316,715	1.9	Since 2020

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Supplier	Major products/services purchased by us	Purchase amount	As a percentage of our total purchases	Length of business relationship with us
		<i>RMB'000</i>	%	
Supplier B ⁽²⁾	Raw milk	290,306	1.8	Since 2016
Supplier F ⁽⁶⁾	Feed and veterinary medicines	250,361	1.5	Since 2018
		<u>1,928,747</u>	<u>11.7</u>	

Notes:

- (1) Headquartered in Zhejiang Province, China, Customer F – Supplier A primarily engages in the sale of dairy products and dairy farming, with a registered capital of RMB364.2 million.
- (2) Headquartered in Inner Mongolia Province, China, Supplier B is a company listed on the Stock Exchange, primarily engaging in providing raw milk to large-scale dairy manufacturers and offering comprehensive ruminant farming solutions to dairy farms, with total assets of RMB42.3 billion as of June 30, 2025.
- (3) Headquartered in Jiangsu Province, China, Supplier C primarily engages in manufacturing and distribution of packaging materials and related products, with a registered capital of USD45.1 million.
- (4) Headquartered in Shanghai, China, Supplier D is a company listed on the Shenzhen Stock Exchange, primarily engaging in development and operation of community media platforms, with total assets of RMB23.8 billion as of September 30, 2025.
- (5) Headquartered in Fujian Province, China, Supplier E primarily engages in providing human resources services, with a registered capital of RMB10.0 million.
- (6) Headquartered in Shanghai, China, Supplier F primarily engages in providing food, agricultural, financial and industrial products and services worldwide, with a registered capital of USD656.5 million.
- (7) Headquartered in Shijiazhuang, Hebei Province, China, Supplier G primarily engages in distribution and sales of food additives and food ingredients, with a registered capital of RMB10.0 million.
- (8) Headquartered in Henan Province, China, Supplier H primarily engages in advertising design, agency and production services, with a registered capital of RMB55.0 million.
- (9) Headquartered in Tianjin, China, Supplier I primarily engages in production and sale of ruminant feed, with a registered capital of RMB50.0 million.

All of our five largest suppliers during the Track Record Period were Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

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During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers, nor did we experience any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or significant shortage or delay in delivery of supplies from our suppliers. We do not have a substantial reliance on any single supplier.

Raw Materials

Our principal raw materials include raw milk, ingredients (including dairy ingredients, cultures, nutrients, flavorings, stabilizers, fruit juice and jam), packaging materials (such as aseptic packaging materials, formula cans, cartons, caps, and labels), and feed for our self-owned dairy farms. In 2023, 2024 and for the nine months ended September 30, 2025, our raw material procurement costs amounted to RMB9,008.8 million, RMB9,954.8 million and RMB6,350.0 million, respectively, accounting for 78.0%, 76.8% and 61.7% of our operating costs for the corresponding periods. During the Track Record Period, we did not experience any material cost increases in raw materials or any material shortages in raw material supply.

Among these, raw milk is our most critical raw material. In 2023, 2024 and the nine months ended September 30, 2025, in addition to the raw milk produced by our self-operated dairy farms, we externally procured 571 thousand tons, 650 thousand tons and 579 thousand tons of raw milk, respectively, with corresponding raw milk procurement costs of RMB2,033 million, RMB2,205 million and RMB1,871 million, respectively.

We typically conduct centralized procurement to leverage economies of scale and enhance our bargaining power. Most of our raw materials and packaging materials are readily available in China, and we procure them from suppliers near our factories to optimize logistics efficiency and ensure product freshness. For critical raw materials, we collaborate with multiple suppliers to reduce concentration risks. During the Track Record Period, we did not experience any material shortages or quality issues with raw materials and packaging materials.

The prices of our raw materials may fluctuate due to factors including economic conditions, supply and demand dynamics, and geopolitical situations. We adopt different procurement strategies for different raw materials to ensure supply stability. Our self-operated dairy farm network helps mitigate external price volatility in raw milk procurement. For packaging materials, we adopt pricing adjustment mechanisms based on annual procurement volumes to mitigate the impact of price fluctuations.

OVERLAPPING OF CUSTOMER AND SUPPLIER

During the Track Record Period, certain of our five largest customers in each year/period of the Track Record Period also acted as our suppliers, or vice versa. According to Frost & Sullivan, such arrangements are common in the dairy industry in China. Our sales and purchases with these overlapping customers and suppliers were not inter-conditional with each other. All of our sales to and purchases from these overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis, and the terms were generally comparable to those with other suppliers and customers.

BUSINESS

Transaction Nature			For the Year Ended December 31,				For the Nine Months Ended September 30,	
			2023		2024		2025	
As customer	As supplier	Revenue	Purchases	Revenue	Purchases	Revenue	Purchases	
<i>(RMB'000)</i>								
Supplier B ⁽⁷⁾	Purchase of feed products	Supply of raw milk	NM*	290,306	68,409	632,926	92,077	351,544
Supplier F ⁽⁸⁾	Purchase of feed products	Supply of feed and veterinary medicines	NM*	250,361	6,367	360,174	25,748	253,855
Supplier D ⁽⁹⁾	Purchase of dairy products	Provision of marketing and advertising services	NM*	176,470	NM*	339,406	NM*	287,602
Supplier G ⁽¹⁰⁾	Purchase of dairy products	Supply of dairy ingredients, stabilizers and feed	NM*	244,957	NM*	258,173	NM*	169,348
Supplier E ⁽¹¹⁾	Purchase of dairy products	Provision of human resources services	NM*	108,906	NM*	243,013	NM*	272,871
Supplier I ⁽¹²⁾	Purchase of feed products	Supply of feed products	NM*	316,715	NM*	225,774	3,026	238,890
			<u>1,748,844</u>	<u>1,765,616</u>	<u>2,150,502</u>	<u>2,511,085</u>	<u>1,267,429</u>	<u>2,135,028</u>

Notes:

* “NM” (Not Meaningful) represents that the revenue or purchase amount during the respective year/period was below the disclosure threshold of RMB100 thousand.

- (1) Customer A is a leading e-commerce platform in China. We primarily sell liquid dairy products and formula to Customer A through its e-commerce platform as part of our online sales channel. Meanwhile, Customer A provides us with e-commerce platform services, advertising services and logistics services.
- (2) Customer B is a leading dairy manufacturer in China. We primarily sell raw milk to Customer B. Meanwhile, Customer B provides us with inspection services.
- (3) Customer C is a leading e-commerce platform in China. We primarily sell liquid dairy products and formula to Customer C through its e-commerce platform as part of our online sales channel. Meanwhile, Customer C provides us with e-commerce platform services, advertising services, consulting services and logistics services.
- (4) Customer D is one of our distributors which purchases our dairy products, primarily including liquid dairy products, formula and other dairy products. Meanwhile, Customer D provides us with logistics services and supplies us with food products.
- (5) Customer E is one of our distributors which purchases our dairy products, primarily including formula. Meanwhile, Customer E provides us with e-commerce operation services.

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- (6) Customer F – Supplier A primarily engages in the sale of dairy products and dairy farming. We primarily sell formula and raw milk to Customer F – Supplier A. Meanwhile, Customer F – Supplier A primarily supplies us with raw milk. We procure raw milk from certain of our previous dairy farming subsidiaries, following the partial transfer of our equity interests therein to Customer F – Supplier A in November 2024, such entities became subsidiaries of Customer F – Supplier A.
- (7) Supplier B is a leading raw milk supplier in China. Supplier B primarily supplies us with raw milk. Meanwhile, we sell feed to Supplier B.
- (8) Supplier F is a global provider of food, agricultural and industrial products and services. Supplier F primarily supplies us with feed and veterinary medicines. Meanwhile, we sell feed products to Supplier F.
- (9) Supplier D is a leading community media platform operator in China. Supplier D primarily provides us with marketing and advertising services. Meanwhile, we sell a small amount of dairy products to Supplier D.
- (10) Supplier G is a dairy ingredients and food additives provider in China. Supplier G primarily provides us with dairy ingredients, stabilizers and feed. Meanwhile, we sell dairy products to Supplier G.
- (11) Supplier E is an enterprise services provider in China. Supplier E primarily provides us with human resources services. Meanwhile, we sell a limited amount of dairy products to Supplier E.
- (12) Supplier I is a feed producer in China. Supplier I primarily supplies us with feed products. Meanwhile, we sell feed products of different categories to Supplier I.

The revenue generated from the overlapping customers and suppliers were RMB1,748.8 million, RMB2,150.5 million and RMB1,267.4 million in 2023, 2024 and for the nine months ended September 30, 2025, respectively, accounting for 10.0%, 10.8% and 8.4% of our total revenue for the same periods, respectively. Our purchase amount from the overlapping customers and suppliers were RMB1,765.6 million, RMB2,511.1 million and RMB2,135.0 million in 2023, 2024 and for the nine months ended September 30, 2025, respectively, accounting for 10.7%, 14.9% and 17.6% of our total purchase amount for the same periods, respectively.

Save as disclosed above, there were no five largest suppliers in each period during the Track Record Period who were also our customers during the Track Record Period, or vice versa.

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

We are committed to food safety and have implemented stringent quality control standards in compliance with applicable laws and regulations relating to dairy production and sales. We have established comprehensive quality management systems supported by digitalized quality control, logistics management, customer order management and supplier management systems, which enable real-time monitoring, full traceability and integrated management across each stage of our operations.

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Raw Milk Quality Control

As raw milk is the most critical raw material for our dairy products, we have implemented comprehensive quality control measures starting from the source. At our self-operated dairy farms, we have implemented strict biosecurity measures and disease prevention systems to ensure dairy cow health and raw milk safety. We have established herd health monitoring programs with our veterinary teams conducting regular health assessments and implementing preventive measures based on monitoring results. We maintain strict environmental controls including ventilation, temperature and humidity management, and sanitation protocols to create optimal conditions for dairy production. We have adopted mechanized milking systems equipped with automated cleaning and sterilization capabilities, which minimize human contact and contamination risks while improving milk quality and consistency. To ensure compliance with applicable laws and regulations and our internal quality standards, we conduct regular testing of raw milk for microbiological indicators, somatic cell counts, antibiotic residues and other quality parameters.

For externally sourced raw milk, we maintain strict supplier qualification and management systems, engaging only qualified suppliers who meet our quality standards and regulatory requirements. We require external raw milk suppliers to provide quality certifications and testing reports for each batch of supply, enabling us to verify quality before acceptance. Our quality control team conducts inspections and sample testing of each batch of externally sourced raw milk to ensure consistent quality. We also perform periodic audits of suppliers' facilities and operations to verify they maintain appropriate standards in their dairy farming and milk collection practices.

Production Process and Finished Products Quality Control

We have established comprehensive quality control systems throughout our production processes at our self-owned manufacturing facilities and toll manufacturing arrangements. Our production department and quality management department work in tandem to oversee and manage all production operations, ensuring strict adherence to our production standards, technical specifications and food safety protocols.

Our production facilities are equipped with advanced processing technologies that support our quality objectives. Our production lines incorporate automated monitoring systems at critical control points throughout the production process, enabling detection and prevention of quality deviations. We maintain strict hygiene management throughout our facilities, with clearly defined zones for different production stages designed in accordance with food safety standards, and implement strict controls to prevent cross-contamination. We have established comprehensive cleaning, sanitization and sterilization protocols for equipment, facilities and personnel. Our production staff undergo regular health examinations and receive ongoing food safety training to ensure they understand and comply with our quality and safety requirements.

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For our toll manufacturing arrangements, we exercise rigorous oversight to maintain consistent quality standards across all production channels. We regularly dispatch dedicated personnel to conduct inspections at partners' facilities, and station permanent staff on-site to monitor daily production activities and ensure compliance with our standards. We require our toll manufacturing partners to operate in accordance with our production procedures, quality control protocols, food safety management systems and to maintain detailed production records. Through periodic quality sample testing of products from toll manufacturing partners, we ensure full traceability and quality consistency.

We implement rigorous quality control measures for finished products before they are released for sale. Our quality control team conducts systematic sampling and testing against our quality standards, with testing protocols covering microbiological indicators, nutritional composition, physical and chemical properties and other relevant parameters. To provide additional quality assurance and independent verification, we also engage qualified third-party testing institutions to conduct testing of our products.

Product Returns and Recalls

We have established product return and recall management procedures to address product quality issues. Our customer service teams receive and handle customer feedback and complaints through multiple channels. Upon receipt of complaints, we initiate quality investigation procedures when necessary, coordinating with our quality control teams and relevant operational departments to conduct thorough inspections and analyses to identify the root causes. Following the identification of causes, we implement appropriate corrective and preventive measures to prevent recurrence of similar incidents. We have also formulated product recall procedures to ensure compliance with food safety requirements under relevant laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from customers in connection with product quality or food safety, have any material product recalls or returns, or encounter any material food safety incidents resulting in material administrative penalties.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory Management

During the Track Record Period, finished goods and raw materials comprised the majority of our inventory balances. As of December 31, 2023 and 2024, and September 30, 2025, our inventory balances relating to dairy products and dairy farming amounted to RMB2,398.1 million, RMB2,203.7 million and RMB1,799.5 million, respectively; and our inventory balances amounted to RMB3,325.4 million, RMB3,270.3 million, and RMB2,596.0 million, respectively. In 2023, 2024, and for the nine months ended September 30, 2025, our average inventory turnover days relating to dairy products and dairy farming were 79 days, 64 days and 55 days, respectively; and our average inventory turnover days were 104 days, 92 days and 77 days, respectively.

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During the Track Record Period, our inventory primarily consisted of dairy-related items, including raw materials for dairy production, finished goods, packaging materials, and turnover materials. To maintain optimal inventory levels and ensure product quality for our dairy products, we have implemented comprehensive inventory management measures. Given that a significant portion of our products are low-temperature liquid dairy products with shorter shelf lives, we place particular emphasis on efficient inventory turnover and proper storage conditions. Based on our sales experience and market analysis, we prepare sales forecasts on a monthly basis for internal reference. Our procurement team places orders based on these forecasts, production schedules and inventory levels in our warehouses. We have established detailed policies regarding inventory management, including standardized labeling systems to categorize different batches of products, enabling precise tracking and management. We prioritize selling products based on their storage date, dispatching older inventory first to maintain product freshness and minimize waste. We have also established zoning management requirements, with stored materials categorized, allocated to designated areas based on product characteristics and temperature requirements, and subject to periodic audits to ensure alignment between accounts and physical inventory. Our inventory management is supported by integrated digital systems that enable real-time monitoring of inventory levels across our warehouse network, automated order processing, and intelligent replenishment recommendations based on sales forecasts and safety stock thresholds. We have implemented security systems and procedures to protect our inventory from theft, damage and contamination.

Warehousing

We operate a combination of self-owned and third-party warehousing facilities to support our operations across China. As of September 30, 2025, our Company and our principal subsidiaries operate a total of 28 warehouses in China, primarily for the storage of inventories including raw materials, finished goods, packaging materials and turnover materials. Given the nature of our dairy products, our low-temperature warehouses are equipped with comprehensive temperature control systems to maintain appropriate storage conditions for different product categories. Our low-temperature liquid dairy products require refrigerated storage, while other products may be stored at ambient temperatures. Our warehouses are equipped with warehouse management systems (WMS) that enable automated order processing, inventory monitoring across regions and SKUs, and integrated warehouse operations. Our warehousing operations provide integrated services including storage management, inventory control, loading and unloading, order fulfillment and temperature monitoring with automated alerts for deviations.

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For third-party warehouse service providers, we select partners based on their facilities, temperature control capabilities, operational track record and service quality. We typically enter into annual service agreements with our warehousing service providers, which set forth detailed requirements regarding storage conditions, handling procedures and quality standards. Our warehouse management practices ensure proper zoning and separation of different product categories, with clearly defined storage areas to prevent cross-contamination and facilitate efficient inventory management.

Logistics

To efficiently deliver products across our extensive sales network, we primarily engage third-party logistics service providers. We select logistics service providers based on their reputation, operational scale and capabilities, cold chain transportation facilities, historical performance, and pricing. We typically enter into annual framework logistics agreements with our logistics service providers, which set forth service standards, delivery requirements and liability provisions. Given the significant portion of our products requiring refrigerated transportation, we require our logistics partners to maintain cold chain capabilities and temperature monitoring systems throughout the transportation process. Our logistics service providers assume risk of loss or damage during transportation. We evaluate our logistics service providers based on delivery performance, temperature control compliance, transportation capacity, and overall service quality.

Our logistics operations are supported by an integrated digital platform that enables intelligent route optimization, real-time tracking with GPS and temperature monitoring, and automated performance evaluation of service providers. For details on our supply chain and logistics digitalization, see “— Digitalization — Supply Chain and Logistics Digitalization.”

Our logistics arrangements vary by customer type and sales channel. For direct sales to consumers through our e-commerce platforms and online channels, we implement shipping policies based on product categories, order specifications and delivery locations. Products are typically dispatched from our warehouses or distribution centers in accordance with the delivery timelines specified. For sales to distributors and retail partners, we arrange delivery to distributors’ designated locations or directly to retail terminal points, with logistics costs and responsibility allocated in accordance with the terms of our distribution agreements.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any delivery disruptions or losses attributable to our warehousing or logistics service providers that had a material adverse effect on our business operations.

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PRICING

We price our products based on various factors, including production costs, product positioning, target customer segments, competitive landscape, and reasonable profit margins for customers in our sales network. Our pricing methodology integrates two approaches. On one hand, we determine retail prices by considering consumer price sensitivity through market research, competitive product pricing in key sales channels, required profit margins for distribution partners, and our product market positioning strategy. On the other hand, we calculate prices based on manufacturing costs and target gross profit margins aligned with each product’s positioning. We conduct consumer research and market testing to validate pricing competitiveness before finalizing price points.

COMPETITION

We operate in a highly competitive dairy market in China and have established a leading position in the fast-growing low-temperature liquid dairy segment. We primarily compete with other dairy companies in China with decades of operation history and diverse product offerings.

According to Frost & Sullivan, we ranked No. 3 among integrated dairy companies by retail value in China market in 2024, with a market share of 4.3%, and ranked No. 2 in China’s low-temperature liquid dairy product market. We believe that, with our integrated value chain encompassing high-quality raw milk supply from self-operated dairy farms, science-driven R&D and product development, intelligent manufacturing with strict quality assurance, and broad nationwide sales network, we are well positioned to capture growth opportunities in dairy product market and continue strengthening our market position.

ENVIRONMENT, SOCIAL AND GOVERNANCE

We believe that environmental, social and governance (ESG) is closely related to our long-term business development and sustainable development goals. Adhering to prudent and stable management principles, we are committed to fully integrating ESG concepts and requirements into our corporate management systems across our business operation. By scientifically identifying and systematically assessing the potential risks and opportunities associated with ESG matters, we formulate and implement comprehensive measures to effectively manage ESG-related impacts and seize development opportunities.

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ESG Governance

We have established a three-tier ESG governance structure. At the highest level, the Board of Directors serves as the supreme ESG governance body, providing comprehensive oversight of ESG strategy formulation and the overall supervision of ESG-related work. Its key responsibilities include reviewing and confirming material ESG issues, overseeing the effective operation of ESG-related risk and opportunity management mechanisms, approving ESG strategic objectives, and tracking their implementation progress to ensure that ESG principles are fully integrated into our overall strategy. The Board of Directors regularly receives reports from management, continuously monitors ESG progress, ensures effective strategy implementation and target achievement, and maintains alignment between the Company’s sustainable development objectives and the long-term interests of shareholders.

The second tier consists of the senior management team, whose primary responsibility is to implement the ESG strategy approved by the Board of Directors. Senior management translates the Board’s strategic direction into key operational priorities and provides overall guidance for ESG implementation across business segments, ensuring the effective execution and continuous advancement of strategic initiatives. At the same time, to effectively advance ESG efforts, and under the authorization of the Board of Directors, the Board Office has been designated as the core coordinating function linking governance and execution. Dedicated ESG management roles have been established within the Board Office, with responsibility for coordinating day-to-day ESG management, information disclosure, strategic planning, and implementation oversight, and for regularly reporting ESG performance and management outcomes to the Board of Directors.

The third tier is the ESG Working Group. The ESG Working Group is established to manage key ESG issues and is composed of representatives from departments with significant ESG relevance. Its core responsibilities include driving the development of specific action plans and targets for key ESG improvement initiatives; systematically integrating ESG requirements into daily management systems and business operation; supporting ESG risk assessments and implementing corresponding mitigation measures and response plans; and actively engaging with key stakeholders to identify and respond to their concerns. Based on industry development trends, our operational conditions, and business dynamics, we have identified our key stakeholders as employees, consumers, shareholders and investors, government and regulatory authorities, suppliers and partners, distributors, and local communities.

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ESG Materiality Assessment and Risk Management

To better identify and respond to the needs and expectations of stakeholders, we systematically identify ESG issues and related risks that may have a material impact on our business development. This process is conducted in accordance with the Hong Kong Stock Exchange’s *Environmental, Social and Governance Reporting Guide*, relevant national policy requirements, peer benchmarking analysis, and feedback from internal and external stakeholders, while fully considering business realities and strategic positioning. Identified ESG issues are subject to dynamic monitoring and ongoing management.

As of the Latest Practicable Date, we have not experienced any material ESG-related risk events, nor have we been subject to any penalties for violations of labor, environmental, or other ESG-related laws and regulations. ESG-related risks, including climate-related risks, have not had and are not expected to have a material actual or potential impact on our strategy, business operations, or financial performance.

Environment

Environmental Management

We consistently prioritize environmental protection as a core component of our corporate development strategy. We strictly comply with relevant laws and regulations, including the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), as well as applicable environmental standards, while continuously improving our environmental management system and strengthening institutional frameworks. Through the establishment of systematic environmental management systems, we actively coordinate and promote the implementation of environmental management practices across all departments, ensuring that environmental responsibilities are clearly defined and effectively fulfilled.

As of September 30, 2025, most of our dairy production facilities have obtained ISO 14001 Environmental Management System certification. We will continue to enhance our overall environmental management capabilities, striving to achieve the integrated development of business growth and ecological sustainability.

Emissions and Waste

We strictly comply with laws and regulations governing pollutant treatment and disposal, including the Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》), the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), and the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》). To effectively implement regulatory requirements, we have established internal management systems such as the Pollutant Treatment and Emission Management System (《污染物治理與排放管理制度》), Pollutant Testing Management System (《污染物檢測管理制度》), and Sewage Discharge

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Permit Management System (《排污許可管理制度》). These systems standardize the generation, treatment, and disposal processes of various pollutants, as well as the operational management of environmental protection equipment and facilities. We have ensured that all types of pollutants are properly collected and effectively treated, and conducts regular monitoring in accordance with self-monitoring requirements to ensure that pollutant discharges consistently comply with applicable standards.

In respect of air emissions, we achieve source reduction through process optimization and implements differentiated and category-based control measures. We are equipped with advanced treatment facilities, including secondary activated carbon adsorption systems. In addition, we established a real-time online monitoring system at key emission units to ensure the stable and compliant discharge of various air pollutants.

In respect of wastewater discharge, we have formulated the Wastewater System Management System (《污水系統管理制度》), which clearly defines departmental responsibilities and standardizes operating procedures for wastewater treatment equipment, ensuring the stable and efficient operation of the wastewater treatment system. We actively explore the resource utilization of treated wastewater by establishing a closed-loop management system covering source reduction, in-process recovery, and end-of-pipe resource utilization. This approach effectively reduces freshwater consumption and total wastewater discharge. In addition, we conduct regular wastewater quality testing to ensure that all discharges comply with applicable national and local environmental regulations.

In respect of waste management, we strictly comply with the Standard for Pollution Control on Hazardous Waste Storage, the Standards for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes and other relevant regulatory requirements. We have established internal management systems such as the General Solid Waste Management System (《一般固體廢物管理制度》) and the Hazardous Waste Management System (《危險廢物管理制度》) to comprehensively manage hazardous waste and non-hazardous waste generated during production and operations. In terms of management measures, we have established temporary storage facilities for both hazardous waste and general solid waste, implementing classified and zoned storage. We select waste disposal service providers with the required qualifications through tender procurement on an annual basis. Disposal methods and responsibilities are clearly defined in service contracts to ensure that all types of waste are treated and disposed of in a legal and compliant manner.

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The table below sets forth our performance for key emissions during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,		For the Nine Months Ended September 30,
		2023	2024	2025
Nitrogen oxide emissions	Ton	36.19	29.52	14.30
Sulfur dioxide emissions	Ton	5.63	3.50	1.12
Particulate matter emissions	Ton	29.77	37.30	25.43
Total hazardous waste	Ton	151.59	187.77	169.37
Hazardous waste intensity	Ton/RMB1 million revenue	0.01	0.01	0.01
Non-hazardous waste	Ton	692,539.77	780,262.65	368,077.41
Non-hazardous waste intensity	Ton/RMB1 million revenue	39.47	39.35	24.32

We have established phased targets for waste management and emission reduction: in respect of compliance control of hazardous waste, we continuously optimize the hazardous waste management system and improve processes for classified collection, storage, and disposal, aiming to ensure compliance with applicable laws and regulations; in respect of solid waste recycling, we fully promote solid waste classification, with the objective of achieving comprehensive classification and recycling of solid waste by 2030.

Resource Utilization

We adhere to the principle of sustainable resource utilization, and establish and continuously optimize our energy management system in accordance with the ISO 50001:2018 international standard. Through standardized institutional development, we drive improvements in energy performance. Currently, five of our production factories have been recognized as national-level green factories, and two have been recognized as provincial-level green factories.

Energy Utilization

We adhere to the Energy Law of the People’s Republic of China and have established the Energy Management System (《能源管理制度》). A three-level energy management organizational structure – Group, Business Unit, Factory – has been established, aimed at fully integrating energy conservation principles into our daily operations. We have implemented

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multiple energy-saving measures in electricity, water supply and drainage, and heating and cooling systems to consistently improve energy utilization efficiency. We employ a smart energy management platform to collect and analyze energy-related data in real time, thereby supporting refined management.

We continuously implement systematic energy-saving technological upgrades in electricity and thermal energy, and reduce energy consumption by optimizing equipment operating parameters, introducing automated controls and renovating key process systems. In terms of thermal energy, we have significantly reduced steam consumption by implementing energy-saving, emission-reduction and recycling measures in industrial steam systems and promoting waste heat recycling and tiered utilization technologies, including condensate heat recovery, preheating exchanges, and heating system optimization projects. In terms of electricity, we systematically address and mitigate energy losses across the entire process based on a comprehensive assessment of consumption and identification of loss points, implementing technical upgrades and equipment improvements to effectively reduce energy waste. We actively utilize clean and green energy, and promote the construction of distributed photovoltaic power generation systems, biomass boiler heating systems and biogas power generation systems to effectively increase the share of renewable energy.

We have established phased energy efficiency targets, aiming to reduce total energy consumption intensity per ton of product by 5% by 2030 compared with 2024.

Water Resource Utilization

To continuously enhance water resource utilization efficiency and advance the development of a water-saving enterprise, we strictly comply with the Water Law of the People’s Republic of China and implemented various systems such as the Water Resource Management Regulations (《水資源管理規定》) and Production Water Management System (《生產用水管理制度》), which cover the entire water lifecycle from water intake to water discharge.

We promote digital transformation of water resource management, enabling refined analysis and making improvement at stages of high-water consumption. Up to now, 17 of our production factories have completed comprehensive water balance testing. Through systematic analysis of water intake, distribution, utilization, consumption, and discharge, we have accurately identified inefficiencies and water-saving potential. For water-saving measures, we actively promote the reuse of reclaimed water, recovery of process wastewater, and circulation of cooling water. Treated wastewater that meets relevant standards is reused in production, significantly increasing the overall water reuse rate. Meanwhile, through process equipment upgrades and operating parameter optimization, we implement tiered and quality-based recycling measures, such as concentrated water recovery and condensate reuse, to comprehensively enhance water use efficiency. As of September 30, 2025, we have 11 factories certified as “Water-Saving Enterprises,” reflecting the Company’s notable achievements in water resource management.

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We integrate water conservation concepts into daily operations. Through communication channels, including our official website, WeChat public account, and internal publications, we regularly conduct water conservation awareness campaigns. In addition, through displaying water-saving signages, and installing water efficient fixtures such as low-flow faucets, water-saving practices are promoted both in terms of awareness and facilities.

Looking ahead, by 2030, our production water intensity per ton of product is expected to decrease by 5% compared with 2024.

Sustainable Packaging

We integrate innovation and green principles into our product development strategy and have established a sustainable packaging development management mechanism. For package development, we systematically apply the principles of “Reduce, Reuse, Recycle, Renewable and Degradable (輕量化、再利用、可回收、可再生、可降解)” for package design. We stayed committed to continuously exploring and promoting packaging reduction and material optimization, thereby minimizing impact of our packages to environment. At the same time, by offering environmentally friendly packaging design, we encourage our consumers to practice the concept of sustainable consumption, contributing to the development of a circular economy.

In terms of specific initiatives, we focus on the following key areas:

- While ensuring packaging functionality and product safety, we continuously advance lightweight packaging solutions. By optimizing bottle weights, carton structures, and materials used for inner linings and outer packaging, we reduce material consumption and associated environmental impacts at the source.
- We promote the use of mono-material packaging and dematerialization design to improve the recyclability and reuse of packaging materials, thereby increasing their circularity and reusability.
- We actively explore and use environment friendly materials, such as compostable PLA straws in selected product lines. These straws meet functional performance requirements while being capable of degrading under composting conditions, helping to reduce the environmental impact of plastic waste.

Furthermore, we collaborate closely with packaging material suppliers to advance joint emission reduction initiatives. Through process optimization, recycling of production waste, and equipment upgrades, we promote reduced packaging material consumption and low-carbon manufacturing practices, progressively building a green and sustainable supply chain system.

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The table below sets forth our resource utilization performance during the Track Record Period:

Indicator	Unit	For the Year Ended December 31,		For the Nine Months Ended September 30,
		2023	2024	2025
Total energy consumption	MWh	1,203,996.70	1,391,532.18	1,061,596.58
Energy consumption intensity	MWh/RMB1 million revenue	68.62	70.17	70.14
Direct energy consumption	MWh	191,618.51	201,868.98	81,118.57
Direct Energy Consumption Intensity	MWh/RMB1 million revenue	10.92	10.18	5.36
Indirect energy consumption	MWh	1,012,378.19	1,189,663.19	980,478.01
Indirect Energy Consumption Intensity	MWh/RMB1 million revenue	57.70	59.99	64.78
Water withdrawal	thousand ton	15,481.05	18,230.95	14,483.32
Water withdrawal intensity	ton/RMB1 million revenue	882.31	919.32	956.88

Note: Direct energy consumption consists of consumption of natural gas, diesel, gasoline and coal (coal consumed only in 2023); Indirect energy consumption consists of consumption of purchased electricity and purchased steam.

In the area of sustainable packaging, we have established phased targets and clear implementation pathways: we strive to eliminate of environment unfriendly plastic materials. By 2028, we will completely phase out the use of PVC and EPS in product packaging; meanwhile, through the application of recycling labels and collaboration across the industry value chain, we actively participate in and support national and industry-led packaging recycling initiatives, promoting the adoption and use of environmentally friendly packaging solutions.

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Climate Change Adaptation

Against the backdrop of intensifying global climate change challenges, we attach great importance to the potential impacts of climate change on our long-term sustainable development. Through policy research and business impact analysis, we have systematically identified key climate-related risks and opportunities and formulated corresponding response strategies. By effectively managing risks while proactively capturing development opportunities, we continue to enhance our climate resilience.

Impact Category

Mitigation Measures

Physical

Risks

Extreme weather events such as floods and typhoons may disrupt our normal production and operations, damage production facilities, and pose risks to employee health and safety, thereby reducing our overall production capacity.

During site selection, we avoid regions with high exposure to severe weather risks. During operations, emergency response plans for extreme weather events are in place, including early warning mechanisms, production schedule adjustments, and the provision of heatstroke prevention supplies to mitigate losses to personnel and assets.

Increasing average temperatures may intensify heat stress in dairy cows, leading to reduced milk yield. Higher temperatures may also increase energy consumption for cooling and air-conditioning across production, transportation, and other operational processes, resulting in higher operating costs.

We maintain suitable barn environments and installs shading facilities and sprinkler systems to alleviate heat stress in dairy cows. At the same time, production and logistics processes and technologies are continuously optimized to improve refrigeration efficiency and reduce energy consumption.

Transition

Risks

Increasingly stringent domestic and international climate-related laws, regulations, and carbon reduction requirements may lead to higher compliance costs.

We closely monitor updates to climate-related laws and regulations in regions where we operate and ensure timely compliance through proactive policy tracking and internal implementation.

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Impact Category	Mitigation Measures
Opportunities. The adoption of renewable low-carbon energy and new technologies presents opportunities to reduce operating costs and strengthen our competitive position.	We are deploying photovoltaic power generation systems and promoting the resource utilization of livestock manure at suitable factories and farms, thereby reducing electricity procurement and overall energy costs.

We actively implement national carbon peaking and carbon neutrality strategies by integrating climate change response into our corporate development planning and systematically advancing our “dual-carbon” management efforts. A dedicated carbon management team has been established to coordinate greenhouse gas emissions inventories, analyze carbon emissions data, and plan emission reduction pathways across business units, providing structured support for science-based decarbonization.

In the upstream animal husbandry segment, We promote integrated crop – livestock farming and resource recycling models, exploring the development of an ecological animal husbandry system characterized by “forage cultivation on farmland, feeding forage to cows, milk production, manure return to fields, and biogas-based power generation.” In the Zhangjiakou Bashang grassland region, we facilitate the conversion of cultivated land into grassland through land transfer, supporting the coordinated development of forage cultivation and dairy farming. Through the resource-based treatment of dairy cow manure, we realize comprehensive utilization, including the use of biogas residue for cow bedding, biogas slurry as a substitute for chemical fertilizers, and biogas for power generation. At large-scale farms with favorable conditions, biogas power generation projects can produce over 10 million kilowatt-hours of electricity annually, supplying a meaningful volume of clean energy. Meanwhile, we collaborate with value chain partners to promote the family farm model, further strengthening standardized management practices and enhancing the resource recycling capabilities of small-scale farms.

In the production and manufacturing segment, leveraging our integrated value chain, we have achieved coordinated planning of grasslands, farms, and processing facilities in selected regions. Through low-temperature pipeline systems, raw milk is transported directly to processing facilities without intermediate transshipment, enabling “zero transportation and zero transshipment” of raw milk, thereby reducing energy consumption and associated carbon emissions. We are also steadily expanding our self-built renewable energy capacity and increasing the procurement of green electricity, promoting the low-carbon transformation of production processes through clean energy use.

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In office and daily operations, we promote low-carbon office practices through multiple initiatives. Employees are encouraged to adopt energy- and water-saving behaviors through regular awareness campaigns, and office equipment procurement adheres to national energy efficiency standards at Level II or above, reducing operational energy consumption at the source.

The table below sets forth our greenhouse gas (GHG) emissions for 2023, 2024, and the nine months ended September 30, 2025:

Indicator	Unit	For the Year Ended December 31,		For the Nine Months Ended September 30,
		2023	2024	2025
Scope 1 GHG emissions . . .	Tonnes of CO ₂ equivalent	494,640	590,358	423,132
Scope 1 GHG emission intensity	Tonnes of CO ₂ equivalent/RMB1 million revenue	28.19	29.77	27.96
Scope 2 greenhouse gas emissions	Tonnes of CO ₂ equivalent	552,231	642,910	548,804
Scope 2 greenhouse gas emission intensity	Tonnes of CO ₂ equivalent/RMB1 million revenue	31.47	32.42	36.26
Scope 3 GHG emissions . . .	Tonnes of CO ₂ equivalent	3,408,412	3,781,691	2,572,121

We calculate our GHG emissions using the operational control approach, with the organizational boundary covering entities over which the we exercise operational control. GHG emissions accounting primarily follows the GHG Protocol Corporate Accounting and Reporting Standard and the Requirements of the Greenhouse Gas Emissions Accounting and Reporting — Part 22: Livestock Enterprise. For Scope 1 GHG emissions, emission factors and parameters related to fossil fuel combustion and fugitive emissions are referenced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the IPCC Sixth Assessment Report, and the Requirements of the Greenhouse Gas Emissions Accounting and Reporting — Part 25: Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprise. Emission factors for animal enteric methane, methane from animal enteric manure management, and nitrous oxide emissions are derived from the default values specified in the Requirements of the Greenhouse Gas Emissions Accounting and Reporting — Part 22: Livestock Enterprise. For Scope 2 GHG emissions, we apply the 2022 regional grid average carbon dioxide emission factors, in conjunction with the Requirements of the Greenhouse Gas Emissions Accounting and Reporting — Part 25: Food, Tobacco, Alcohol, Beverage and Refined Tea Enterprise. The calculation scope of scope 3 GHG emissions includes purchased goods and services, downstream transportation and distribution, and end-of-life treatment of sold products. Relevant emission factors are referenced from authoritative databases and sources, including the Chinese Life Cycle Greenhouse Gas Emission Factors Database, the Ecoinvent Database, the 2020 Chinese Environmentally Extended Input—Output Database (CEEIO), and the UK Government GHG Conversion Factors for Company Reporting.

BUSINESS

In support of climate actions, we have established phased emission reduction targets. We aim to achieve a 10% reduction in carbon emission intensity per unit of product by 2030 compared with 2024. In parallel, we will accelerate the deployment of renewable energy. By 2030, the total installed photovoltaic capacity is targeted to increase by 200% compared to the 2024 baseline.

Society

Employment

We strictly comply with applicable laws and regulations, including the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》). To ensure compliant and standardized employment management, we have established internal policies such as the Employment Management Regulations (《用工管理規定》) and the Compensation Management Regulations (《薪酬管理規定》), which comprehensively govern the entire employee lifecycle from onboarding to separation. These policies cover key areas including attendance management, remuneration, performance appraisal, and reward and disciplinary mechanisms, forming a systematic and robust employment management framework.

In recruitment and employment practices, we clearly stipulate that all employees must be at least 18 years of age and strictly prohibits the use of child labor or any form of forced labor. We are committed to providing equal employment opportunities and maintaining a fair and inclusive workplace, prohibiting discrimination on the basis of gender, education background, marital status, ethnicity, religion, region, or other unrelated factors. We enter into legally compliant labor contracts with all employees, ensure timely and full payment of wages, and make contributions to statutory social insurance programs and the housing provident fund in accordance with legal requirements, thereby safeguarding employees’ fundamental rights and interests. In addition, we actively promote inclusive employment by providing suitable job opportunities for persons with disabilities. As of September 30, 2025, 171 persons with disabilities have been employed by us.

With respect to compensation and benefits, we adhere to a remuneration philosophy of “competitive pay based on capability, performance-based rewards, and position-aligned compensation.” A market-oriented and competitive compensation system has been established by integrating external market benchmarks with employees’ comprehensive capabilities. In addition to basic and performance-based salaries, we offer various allowances and subsidies, including communication subsidies, service year allowances, night shift allowances, and overseas assignment subsidies. To enhance employees’ well-being and sense of belonging, we offer festival benefits and birthday benefits to deliver warmth and care. Furthermore, we organize a range of employee engagement activities, including badminton tournaments, annual meetings, and labor skills competitions, to promote work-life balance and strengthen team cohesion.

BUSINESS

In terms of employee care and protection of rights and interests, we implement rest and leave policies in accordance with applicable laws, including annual leave and marriage leave. Special consideration is given to female employees through the provision of private and safe lactation rooms and guaranteed lactation breaks. We established the Caring Mutual Assistance Fund in 2010 to provide financial assistance and condolence payments to employees and their families facing difficulties. In addition, we offer long-term financial support to underprivileged students and award scholarships to employees’ children admitted to full-time higher education institutions, demonstrating our commitment to employee welfare and social responsibility.

To safeguard employees’ rights to participation and expression, we have established sound communication channels and a democratic management mechanism. Employee satisfaction surveys are conducted regularly, and feedback is collected through both online questionnaires and offline interviews, with management actions taken in response to identified issues. Meanwhile, we operate an employee representative congress system, under which employee representatives elected by the workforce participate in decision-making on matters closely related to employees’ vital interests, including salary adjustments, welfare policies, and occupational safety.

During the Track Record Period, our workforce primarily consisted of full-time employees, with the vast majority located in Chinese Mainland and female representation consistently maintained at around 50%.

Health and Safety

We place a high priority on employee health and safety and strictly comply with applicable laws and regulations, including the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). We have established and implemented a comprehensive set of internal policies, such as the Occupational Health Surveillance Management Regulations (《職業健康監護管理規定》), Occupational Hazard Monitoring Management Regulations, and the Safety and Security Management System (《安防管理制度》). These policies clearly define the health and safety responsibilities of management personnel at all levels, ensuring that safety accountability is effectively implemented throughout the organization. We operate an occupational health and safety management system covering occupational health management, production safety control, and emergency response. As of the Latest Practicable Date, we have seven factories that obtained ISO 45001 Occupational Health and Safety Management System certification.

To safeguard employees’ health rights, we regularly conduct occupational hazard monitoring and testing, provide appropriate personal protective equipment to employees exposed to occupational hazards, and establish occupational health surveillance records through periodic occupational health examinations. These measures enable ongoing monitoring of employees’ health conditions and timely identification and intervention for potential occupational disease risks.

BUSINESS

In terms of safety management, we carry out targeted safety inspections in high-risk areas, including those involving ammonia systems, confined spaces, dust explosion risks, and boilers, to promptly identify and eliminate potential hazards. We also enhance safety controls through the installation of intelligent safety facilities, such as AI-assisted forklift docking systems and smart alarm devices in confined spaces, thereby reducing the risk of employee injury. In addition, we have formulated emergency response plans for various incidents, including fires and poisoning or asphyxiation accidents. These plans clearly define emergency procedures and response measures, and regular emergency drills are conducted to improve employees’ emergency preparedness and response capabilities.

We strengthen employees’ occupational health and safety awareness through diversified training and learning initiatives. External experts are regularly engaged to conduct professional assessments and specialized training on safety facilities, with a focus on improving safety performance among key personnel and critical positions in factories and farms. At the same time, we actively disseminate information on the safety production responsibility system, occupational health surveillance management, and other relevant topics. Through incentive mechanisms, employees are encouraged to put forward safety improvement suggestions, further enhancing safety awareness and operational competence.

During the Track Record Period, we had no material production safety incidents, and no employee deaths resulting from occupational safety accidents occurring during work.

Employee Development and Training

We place a strong emphasis on employee growth and development, providing diversified career pathways through a structured training system and a scientific talent development framework. Talent is categorized into management and professional tracks based on employees’ roles, with clearly defined mechanisms for talent deployment, development, application, and exit for both tracks.

For managers at various levels, we offer multi-tiered leadership development programs, including the Leadership 30 Project (“領導力30項目”) for senior management, the Leadership 100 Project (“領導力100項目”) for middle managers and high-potential talent, and an empowerment program for newly promoted managers. Additionally, the Lingxian Program (“領鮮計劃”) provides systematic onboarding training for new employees, enabling rapid integration and role proficiency. We also offer specialized professional skill development programs tailored to departmental needs, such as the Innovation Incubation Bootcamp (“創新孵化訓練營”) for R&D teams, the Lingyun Program (“凌雲計劃”) for the brand team, and the HR Business Partner Program (“人資伙伴計劃”) for the human resources department. Through these customized training matrices, employees’ professional skills and overall competencies are continuously enhanced. For the nine months ended September 30, 2025, the average training hours per employee were 36 hours.

BUSINESS

Food Safety and Quality

We always focus on providing consumers with healthy, nutritious and safe products. We have established a whole-chain quality control system with strict standards to ensure the safety and health of products provided to consumers in all respects.

We have established a comprehensive food safety and quality management system supported by a three-tier quality governance structure led by the President. This structure comprises the Quality Center, Quality Management Departments within each business unit, and Quality Management Teams at the factory and farm levels. A series of internal management systems have been formulated, including the Quality System Responsibilities Management System (《質量系統職責分工管理制度》), Quality Objectives Management System (《質量目標管理制度》), and Raw Milk Quality Management System (《原奶質量管理制度》). Quality objectives are incorporated into the performance evaluation framework of relevant business departments to ensure the effective implementation of quality management measures.

With respect to quality certifications, we have obtained multiple internationally and domestically recognized certifications. Our dairy production facilities have obtained ISO 9001 and HACCP certifications. Our formula production facilities have obtained BRCGS AA+ and IFS certifications.

In accordance with regulatory requirements and certification standards, we have established a systematic quality and food safety training framework covering quality culture, pest control, allergen management, and food safety regulations. Training requirements are clearly defined based on job responsibilities, thereby comprehensively enhancing employees' quality awareness and management capabilities.

Consumer Rights Protection

In terms of responsible marketing, we have established management standards such as the Product Label Compliance Management Process (《產品標籤合規管理流程》), Offline Promotional Material Compliance Management Process (《線下宣傳物料合規管理流程》), and Online Promotional Compliance Management Process (《線上宣傳合規管理流程》). These standards regulate the entire lifecycle of product labeling from design to approval, comprehensively govern offline and online promotional materials, and require strict review of all promotional content to prevent exaggerated, false, or misleading information. We also strengthen compliance awareness among employees of relevant department through training.

In terms of customer service, we have established systems and standards, covering complaint and inquiry acceptance, handling, closure, and follow-up. Market complaints and inquiries are responded to and resolved promptly. We conduct regular consumer satisfaction and loyalty surveys, promoting improvement of service and product quality. The departments of customer service and marketing as well as factories regularly conduct training on product knowledge, regulatory requirements, and customer complaint cases, to prevent the recurrence of issues. During the Track Record Period and up to the Latest Practicable Date, we have not received any material consumer complaints.

BUSINESS

In terms of consumer privacy protection, we ensure the security of personal information through systems, clarify employees’ confidentiality obligations, and inform consumers the methods employed to process information and the user rights in the privacy agreements. We adhere to the principle of “minimum necessary collection,” prohibit excessive personal information collection, and encrypt and anonymize sensitive information of consumers. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breaches, data loss, or unauthorized use of personal information.

Supply Chain Management and Cooperation

We have established a comprehensive supplier management system, which clearly define a supplier lifecycle management mechanism encompassing selection, onboarding, evaluation, and exit. During the onboarding phase, we rigorously review suppliers’ qualifications, including quality, safety, and environmental certifications, and encourage them to obtain international food safety system certifications. In the monthly performance evaluation phase, we implement tiered management measures based on results — ranging from corrective guidance to termination of cooperation — to continuously drive supplier performance improvement.

With respect to quality management, we require suppliers to maintain robust quality assurance systems and set quality management system certifications requirements for suppliers of raw and packaging materials.

With respect to integrity management, we integrate anti-corruption requirements into our supplier management system by stipulating compliance and ethical obligations in contract clauses and specific agreements and enforcing a one-vote veto mechanism for any violations.

In addition, we actively implement environmental principles in our procurement decisions, with priority given to suppliers holding environmental certifications or using recyclable materials. Environmental innovative initiatives, such as reducing packaging material usage and enhancing recyclability, are incorporated into supplier performance incentives. We also promote regional sourcing and localized collaboration for packaging materials to reduce the environmental impact associated with logistics and transportation.

Business Ethics and Anti-Corruption

We adhere to the principle of addressing both symptoms and root causes through comprehensive governance — integrating punishment with prevention and emphasizing proactive measures — to establish a corruption prevention and control system covering education, institutional frameworks, supervision, and disciplinary measures, thereby safeguarding our healthy and sustainable development. Regulations including the Ten Prohibitions on Integrity and Self-Discipline (《廉潔自律十條禁令管理規定》) and Discipline Inspection and Supervision Measures (《紀檢監察管理辦法》) clearly define prohibited conduct and corresponding penalties, ensuring accountability based on facts and reinforcing internal controls.

BUSINESS

Transparent reporting channels are established, with anti-corruption contact information publicly disclosed on our official website. The “Junlebao Integrity” (“廉潔君樂寶”) WeChat platform provides convenient access to reporting guidelines, complaint procedures, and the ten prohibitions. Whistleblower protection measures are clearly defined in internal systems to encourage supervision by employees and the public, fostering an honest and ethical business environment.

Regarding integrity education, we encourage department heads to lead in promoting and practicing integrity principles, with training support provided by the Inspection Department. Additionally, we integrate integrity awareness education into training programs for new and promoted employees, as well as key meetings across business groups and divisions. These on-site sessions aim to strengthen employees’ capacity to resist corruption.

Contributions to Communities

We have consistently carried out contribution activities to community, focusing on disaster relief, educational support, rural revitalization and industrial development. At the same time, we encourage employees to engage in volunteer activities, such as rural charity bazaars, thereby fulfilling our social responsibilities.

Junlebao Charity Foundation was established in Hebei Province in 2015 with the mission of “Supporting Education and Teaching, Providing Poverty and Disaster Relief, and Promoting Social Progress”, dedicated to advancing the development of public welfare and charitable causes. During the Track Record Period, the Foundation’s total public welfare donations exceeded RMB30 million. Specifically, in disaster relief, the Foundation has donated totaling over RMB6 million in supplies and funds to earthquake- and flood-affected areas, including Shigatse in Xizang, Haidong in Qinghai, and Zhuozhou in Baoding. In educational support, the Foundation provided educational assistance to over 60 children from disadvantaged families in Shijiazhuang City, with donations totaling nearly RMB2 million. It also contributed RMB10 million to the School Milk Program (“學生飲用奶計劃”) to support the nutrition and education of the younger generation.

In rural revitalization and industrial development, we support rural dairy farming and agricultural development by purchasing raw milk from cooperative farm and large-scale purchases of coarse fodder and other means, creating stable local employment opportunities and income sources for local residents.

Additionally, we promptly initiate donation and relief actions in response to major public incidents. At the onset of the COVID-19 pandemic, we identified the pressing needs for nutritional supplementation among specific vulnerable groups amidst epidemic prevention and control measures. In March 2020, in collaboration with the People’s Daily and the Red Cross Society of China, we donated relief supplies valued at over RMB75 million to infants, young children, and pregnant women. Following a major fire incident in Hong Kong in 2025, we responded swiftly by donating HK\$10 million in cash and HK\$2 million worth of dairy products. These contributions were directed towards emergency rescue, transitional housing, essential supplies for affected residents, and post-disaster community reconstruction.

BUSINESS

Animal Welfare

We are committed to upholding animal welfare in accordance with the internationally recognized “Five Freedoms” principles. Internal systems, including the *Animal Husbandry Material Quality Management System* (《牧業物料質量管理制度》), *Comfort Management System* (《舒適度管理制度》), and *Animal Husbandry Disease Prevention and Control Management System* (《牧業疫病防控管理制度》), have been established and implemented. Animal husbandry personnel receive regular awareness training, and comprehensive measures are in place to ensure the health and comfort of animals. In 2024, third-party evaluations of farm animal welfare were conducted at farms, with some farms achieving two-star certification. Animal welfare is ensured through adequate nutrition and warm water supply, comfortable living environments with appropriate temperature control, scientific disease prevention and health management, promotion of free grouping, and a strict prohibition of violent treatment.

Regarding veterinary drug management, we have established the *Animal Husbandry Veterinary Drug Management System* (《牧業獸藥管理制度》) to comprehensively regulate the procurement, storage, and use of veterinary drugs. Drug catalogs are developed based on historical data and validated experimental results, with procurement subject to approval to prevent misuse. Incoming drugs undergo rigorous inspection for quality, expiration dates, and labeling to ensure compliance with applicable standards. During storage, drugs are systematically categorized and stored in designated areas, with continuous monitoring of key parameters such as temperature and humidity. The administration of veterinary drugs is strictly prescription-based, with precise adherence to regulations regarding dosage, administration methods, and withdrawal periods to safeguard animal health and ensure milk quality. Furthermore, we maintain a list of prohibited drugs, strictly controls the use of antibiotics, and completely bans the use of any substances that are forbidden.

INTELLECTUAL PROPERTY

Intellectual property is fundamental to maintain our competitiveness. We rely primarily on a combination of patents, copyrights, trademarks, trade secrets and anti-unfair competition laws and contractual rights, such as confidentially agreement, to protect our intellectual property rights. As of September 30, 2025, we had registered 437 patents, 2,414 trademarks, 81 copyrights and 10 domain name in China. We also had 25 trademarks overseas as of the same date. See “Appendix V — Statutory and General Information — Further Information about Our Business — Intellectual Property Rights” for a list of our material intellectual properties.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or any pending or, to the best of our knowledge, threatened legal proceedings concerning IP rights with third parties that could materially and adversely affect our business, financial conditions and results of operations.

BUSINESS

PROPERTIES

Head Office

Our head office is located at No. 68, Shitong Road, Shijiazhuang, Hebei Province, the PRC.

Property Valuation

As of December 31, 2024, we had one property interest that is for property activities had a carrying amount of 1% or above of our total assets. For details of such property valued by our property valuer (the “**Valued Property**”), see the property valuation report as set out in Appendix III to this Document pursuant to Rule 5.01A of the Listing Rules.

The following table sets forth certain information of our Valued Property as of December 31, 2025 (the “**Valuation Date**”).

Valued Property and Address	Description, Usage and Tenure	Particulars of Occupancy	Market Value in Existing State as of the Valuation Date
			<i>(RMB in thousands)</i>
Unsold portion of Junjuyuefu (君居悦府).	Junjuyuefu is a residential development project, which was completed in 2025.	Vacant as of the Valuation Date.	694,193
No. 605 Shitong Road and No. 5 Kangfu Road, Luquan District, Shijiazhuang, Hebei Province, the PRC.	The valued property comprise the unsold portion of Junjuyuefu. The land use rights of the property have been granted for a term of 70 years expiring on December 29, 2091 for residential use.		

Save and except for the Valued Property, our Directors confirm that as of December 31, 2024, no single property interest of ours that are for property activities had a carrying amount of 1% or above of our total assets and the total carrying amount of property interests not valued did not exceed 10% of our total assets.

Our Directors confirm that as of December 31, 2024, no single property interest that did not form part of our property activities had a carrying amount of 15% or more of our total assets.

BUSINESS

Owned Properties

As of the date of this Document, our Company and our principal subsidiaries owned the land use rights of 56 parcels in China, with an aggregate site area of approximately 2,021.5 thousand sq.m.. All of these land parcels have been granted land use right certificates as of the date of this Document. As of the date of this Document, our Company and our principal subsidiaries owned 117 buildings in China, with an aggregate GFA of approximately 1,061.9 thousand sq.m.. These land parcels and buildings are primarily used as production facilities, offices and staff quarters.

As of the date of this Document, 18 buildings with an aggregate GFA of approximately 39.9 thousand sq.m. had not been granted building ownership certificates due to historical reasons or other reasons, representing approximately 3.8% of the total GFA of the buildings owned by our Company and our principal subsidiaries. We have communicated with the relevant competent governmental authorities, which confirmed that such situation does not constitute a material violation and there is no risk of penalty or demolition. As of the date of this Document Company and our principal subsidiaries had not been subject to any penalties by the relevant competent governmental authorities in relation to the above-mentioned defects.

As of the date of this Document, one of our subsidiaries owned one building with an aggregate GFA of approximately 5.4 thousand sq.m. had not been granted real estate ownership certificate, representing approximately 0.5% of the total GFA of the buildings owned by our Company and our principal subsidiaries. The relevant housing authority has confirmed that such building is public rental housing and has not been granted real estate ownership certificate as the policy on the division of property rights for "government-enterprise jointly constructed" public rental housing has not yet been clarified, and that such situation does not constitute a material violation and there is no risk of penalty or demolition.

As of the date of this Document, our Company and our principal subsidiaries owned four parcels of state-owned construction land with an aggregate site area of approximately 95.1 thousand sq.m., for which land use right certificates have been obtained through grant. As of the date of this Document, our Company and our principal subsidiaries had not commenced construction on such land parcels in accordance with the timeline or investment intensity required under the relevant land grant contracts. The relevant land authorities have issued confirmations that our Company and our principal subsidiaries have paid all land grant fees and relevant taxes in full, and that there is no idle land or any violation of land management regulations, and there is no risk of the land being reclaimed due to idleness.

As of the date of this Document, our Company and our principal subsidiaries had two properties under construction on state-owned construction land, and as of the same date, we have obtained all requisite approvals and permits for the current stage for all such properties under construction.

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Leased Properties

Dairy Farms

As of September 30, 2025, our Company and our principal subsidiaries contractually leased or contracted six parcels of state-owned agricultural land with a total area of approximately 15.5 thousand mu and 53 parcels of collectively owned agricultural land with a total area of approximately 46.2 thousand mu in China, which were mainly used as dairy farms. As of September 30, 2025, one parcel of state-owned agricultural land had not completed the facility agricultural land filing procedures. We have communicated with the relevant competent governmental authorities, which confirmed that such situation does not constitute a material violation and there is no risk of penalty or demolition.

Leased Buildings

As of September 30, 2025, our Company and our principal subsidiaries leased a total of 68 properties in China for principal business operations, including production facilities, offices and warehouses, with an aggregate GFA of approximately 23.5 thousand sq.m.

As of September 30, 2025, ten leased buildings with an aggregate GFA of approximately 8.1 thousand sq.m. were leased from lessors who failed to or were unable to provide sufficient or valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. There may be risks that these leases may be held invalid or early terminated, and therefore our Company and our principal subsidiaries may not be able to continue to occupy and use such properties and may be exposed to a potential relocation risk. We believe that the use of such leased properties by our Company and our principal subsidiaries will not have a material adverse effect on our business, financial conditions or results of operations. Even if our Company and our principal subsidiaries are required to vacate from any of these properties, we believe we will be able to readily find comparable properties to relocate and the costs and expenses we may incur for relocation will be immaterial.

In addition, as of September 30, 2025, 57 lease agreements of our Company and our principal subsidiaries had not been registered with the relevant PRC authorities, primarily because certain landlords failed to cooperate to complete the lease registration. As advised by our PRC Legal Advisor, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our financial conditions or results of operations.

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EMPLOYEES

As of September 30, 2025, we had 18,880 full-time employees, and the vast majority of our employees were based in China as of the same date. Approximately 47.1% of the total number of our employees as of September 30, 2025 were females. The following table sets forth a breakdown of our full-time employees by function as of the same date.

Function	Number of Full-time Employees	% of Total Full-time Employees
Production	8,958	47.4
Sales and marketing	7,040	37.3
Management and administrative	2,702	14.3
Research and development	180	1.0
Total	18,880	100.0

We place great emphasis on recruiting, training and retaining qualified full-time employees. We firmly believe that our long-term success depends on the professional knowledge, experience and development of our highly qualified workforce, which represent our core competitive advantage and significant strength. We primarily rely on a diverse range of recruitment channels to meet our needs for different types of talent, including campus recruitment, headhunting, recruitment agencies, internal referrals and online recruitment platforms. Our full-time employees typically enter into standard employment contracts with us, and certain of our core employees enter into confidentiality agreements and non-compete agreements with us.

To maintain and enhance the knowledge and skill levels of our workforce, we have established a comprehensive training system designed to strengthen the work capabilities of our employees and cultivate an industry-leading talent pool. We provide new employees with comprehensive onboarding training covering our corporate culture, business operations and industry dynamics, and offer ongoing training programs for existing employees, including in-service training, anti-corruption training, online courses, offline specialized programs and, for selected high-performing employees, expatriate opportunities.

We provide competitive compensation packages, taking into account factors such as education background, industry experience, position value and work performance when establishing a fair and reasonable compensation system. The compensation packages for our full-time employees primarily consist of base salary and performance bonuses. We have established a robust performance evaluation system whereby performance objectives are set according to employees’ positions and departments, and employees are regularly assessed and provided with feedback. The evaluation results are used for compensation adjustments, bonus allocation and promotion decisions. We are committed to providing our employees with multi-dimensional career advancement pathways and regularly organize various activities to enrich employees’ understanding of our corporate culture.

BUSINESS

We have established a labor union in accordance with applicable PRC laws. We do not need to comply with any collective bargaining agreement. We believe we have maintained good relationships with our full-time employees. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any labor shortages, strikes or labor disputes with our full-time employees which have had or are likely to have a material effect on our business.

Pursuant to relevant PRC laws and regulations, we are required to pay social insurance and housing provident fund for our PRC employees. During the Track Record Period and up to the Latest Practicable Date, we have not paid the full amount of social insurance and housing provident fund for certain employees in accordance with relevant regulations, primarily because (i) the onboarding date or the time for completing the relevant procedures for certain employees was later than our monthly unified processing date for social insurance or housing provident fund contributions; (ii) certain employees were still having their social insurance or housing provident fund contributions paid by their previous employers; and (iii) certain employees were reluctant to make personal contributions based on their full salaries, as this would result in lower actual wages received after deductions.

According to our PRC Legal Advisor, under the relevant PRC laws and regulations, (i) failure to pay social insurance within the required time frame may subject us to a late fee of 0.05% of the outstanding amount per day, and if the outstanding amounts are not paid in a timely manner, we may be subject to fines of one to three times the outstanding amounts; and (ii) for any shortfall in the housing provident fund, the relevant authorities may direct us to make up the shortfall within a stipulated period and may apply to the court for enforcement if it remains unpaid after the deadline. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the Executive Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative authorities are prohibited from collectively recovering enterprises’ historical social insurance arrears. Pursuant to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the “**New Judicial Interpretation**”), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people’s court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the people’s court shall support such claim. As advised by our PRC Legal Advisor, given that the New Judicial Interpretation does not repeal the social insurance laws and regulations currently in force in the PRC, the associated risks and potential impact on our business and financial performance is relatively remote. If we receive a notice from relevant authorities requiring us to rectify, pay or make up social insurance and housing provident funds within a specified period, we will promptly comply with the requirements of such notice. See “Risk Factors — Risks Relating to Our Business and Industry — We are not in full compliance with social insurance and housing provident fund

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regulations.” Based on the foregoing, during the Track Record Period and as of the Latest Practicable Date, Our Company and our principal subsidiaries have not received any notices and have not been subject to any administrative penalties due to insufficient payment of employee social insurance or housing provident fund. We have also not received any significant complaints or reports from employees regarding such payments, nor any notifications from relevant authorities requesting us to make up payments, conduct investigations, or accept penalties. Our PRC Legal Advisor is of the opinion that the likelihood of our Chinese entities facing administrative penalties due to historical arrears is remote.

Labor Dispatch and Labor Outsourcing

In addition to our full-time employees, we may implement labor dispatch and labor outsourcing arrangements to maintain adequate and flexible labor levels to meet our operational needs from time to time.

During the Track Record Period, we engaged dispatched workers through labor dispatch arrangements for temporary, auxiliary or substitute positions. We entered into labor dispatch contracts with employment agencies, all of which possessed the relevant qualifications and provided labor dispatch services to us and our subsidiaries. We do not have employment relationships with dispatched workers under labor dispatch arrangements. As of the Latest Practicable Date, the percentage of dispatched workers engaged by us and our subsidiaries did not exceed 10% of the total number of our employees and dispatched workers, which complies with the relevant provisions of the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) (the “**Labor Dispatch Provisions**”).

During the Track Record Period, we engaged outsourced workers through labor outsourcing arrangements. We entered into labor outsourcing contracts with labor service providers, all of which possessed the relevant qualifications and provided labor outsourcing services to us and our subsidiaries. During the Track Record Period, the outsourced workers engaged by us were primarily used for work tasks or work processes such as promotional sales at retail terminals, production packaging and logistics support, which are characterized by high demand for workers and high personnel turnover. Therefore, we primarily satisfy our actual business needs through labor outsourcing arrangements, which is consistent with our business model. Our Directors are of the view that (i) our labor outsourcing agreements do not possess the characteristics of labor dispatch as provided in the Labor Dispatch Provisions, and therefore the Labor Dispatch Provisions do not apply to our labor outsourcing arrangements; and (ii) during the Track Record Period and up to the Latest Practicable Date, our labor outsourcing agreements comply with applicable PRC laws and regulations in all material respects. To the best knowledge of our Directors, during the Track Record Period, remuneration and other benefits for outsourced workers of our Group have been duly paid by the labor service providers.

BUSINESS

LEGAL PROCEEDINGS AND COMPLIANCE

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been imposed any material administrative penalties by PRC government authorities, nor had we been involved in any non-compliance incidents that were systemic or had a material adverse effect on our business, financial conditions or results of operations.

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims that arise in the ordinary course of our business activities. We cannot predict the results of litigation and claims. See "Risk Factors — Risks Relating to our Business and Industry — We may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business."

As of the Latest Practicable Date, we were not a party to any ongoing material litigation, arbitration or administrative proceeding, and we were not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigations as of the Latest Practicable Date.

LICENSES, PERMITS AND APPROVALS

We had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations during the Track Record Period. As advised by our PRC Legal Advisor, there is no material legal impediment for us to renew the licenses, permits, approvals and certificates required for our operations, subject to compliance with applicable legal requirements and timely submission of renewal applications in accordance with applicable PRC laws and regulations.

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The following table sets out a list of material licenses, permits, and approvals held by our Company and our principal subsidiaries as of September 30, 2025:

Type of License or Regulatory Approval	Number of License(s)	Expiration date
Food Production License (食品生產許可證)	18	February 28, 2026 to December 2, 2030
Certificate of Registration of Infant Formula Product Formula (嬰幼兒配方乳粉產品配方註冊證)	72	June 6, 2026 to September 20, 2030
Certificate of Registration of Formula Food for Special Medical Purposes (特殊醫學用途配方食品註冊證書)	4	February 8, 2029 to October 8, 2029
Food Business License (食品經營許可證)	26	August 26, 2026 to September 15, 2030
Filing Certificate for Pre-packaged Food Sellers (僅銷售預包裝食品經營者備案)	6	Long-term validity
Raw Milk Purchase License (生鮮乳收購許可證)	16	April 25, 2026 to October 9, 2027
Raw Milk Transportation Permit (生鮮乳准運證明)	6	April 7, 2026 to June 30, 2026
Animal Epidemic Prevention Qualification Certificate (動物防疫條件合格證)	11	Long-term validity
Breeding Livestock and Poultry Production and Operation License (種畜禽生產經營許可證)	5	April 29, 2027 to June 23, 2028
Pollutant Discharge Permit (排污許可證)	20	July 14, 2026 to April 16, 2030
Fixed Pollution Source Discharge Registration Receipt (固定污染源排污登記回執)	14	July 29, 2026 to December 10, 2029
Urban Sewage Discharge into Drainage Network Permit (城鎮污水排入排水管網許可證)	12	March 20, 2026 to December 29, 2029
Water Abstraction Permit (取水許可證)	10	March 27, 2026 to December 17, 2029

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As of the Latest Practicable Date, our Company and our principal subsidiaries have registered the product formulas of 24 infant formula product series with the SAMR pursuant to the Administrative Measures for the Registration of Product Formulas of Infant Formula (《嬰幼兒配方乳粉產品配方註冊管理辦法》). As of the Latest Practicable Date, the formulas of all the infant formula products sold by us had been properly registered with the SAMR in accordance with the above-mentioned administrative measures. Our PRC Legal Advisor has advised us that there will be no substantial legal impediment for us to renew the registrations on the condition that they submit relevant application documents satisfactory to the competent authorities in accordance with the Administrative Measures for the Registration of Product Formulas of Infant Formula.

As of the Latest Practicable Date, our Company and our principal subsidiaries have obtained four Certificates of Registration of Formula Food for Special Medical Purposes (特殊醫學用途配方食品註冊證書) from the SAMR. Food Production License, Certificate of Registration of Formula Food for Special Medical Purposes and Food Business License are required for production and sale of formula food for special medical purposes products in the PRC. Our Company and our principal subsidiaries had obtained such licenses throughout the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks during our business operations, including food safety and quality risks, supply chain risks, operational risks, compliance risks and market risks. We have established comprehensive risk management systems with appropriate policies and procedures that align with our integrated dairy industry chain operations and we continue to improve these systems. We have adopted, among other things, the following risk management measures:

- **Board oversight and governance structure.** Our Board of Directors is responsible for overseeing our risk management and internal control systems, reviewing their effectiveness, and ensuring that risks are maintained at appropriate levels. To support this oversight function, we have established an Audit Committee comprising Independent Non-executive Directors with appropriate financial and industry expertise, to review and supervise our financial reporting processes, internal control systems, and risk management frameworks. For the qualifications and experience of committee members, see “Directors and Senior Management.”
- **Integrated industry chain risk assessment.** Given our integrated business model covering dairy farming, raw milk production, and dairy product manufacturing and sales, we have implemented risk-graded management based on risk probability and severity, with dedicated risk assessment mechanisms established for key business lines including dairy farming operations, production facilities, supply chain management, and sales and distribution networks. Our risk assessment processes identify potential risks, evaluate their likelihood and impact, and formulate corresponding mitigation measures.

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- **Food safety and quality control systems.** As a dairy products company, food safety represents our highest priority risk management area. We have established comprehensive food safety management systems supported by digitalized quality control, logistics management, and traceability systems that enable on-time monitoring and integrated management across each stage of our operations from raw milk through finished products. We have implemented a risk management mechanism that combines risk assessment, technical research, and control measures, with corresponding standards and control protocols aligned with international best practices. See “— Food Safety Management and Quality Control.”
- **Compliance risk management.** We have established compliance management frameworks covering anti-fraud, anti-bribery and anti-money laundering. Our internal control guidelines define and regulate employee business activities, establish clear response measures and penalties for violations, and provide multiple whistleblower channels including email, telephone hotlines, and physical mailboxes. We conduct regular compliance training and education for employees, with enhanced training requirements for personnel in sensitive positions or with access to confidential systems.
- **Digitalization-enabled monitoring and control.** Our integrated enterprise systems, including our SAP ERP platform, Sales Force Automation systems, and data analytics platforms, provide visibility into operational performance and enable prompt identification of potential risks. These systems support automated monitoring of key risk indicators across procurement, production, inventory management, sales execution, and financial operations. See “— Digitalization.”

Internal Control

We have engaged independent internal control consultant to help identify and advise on mitigating risks relating to our operations. During the review by our independent internal control consultant, certain deficiencies were identified based on sample reviews, and we have adopted appropriate internal control measures to rectify such deficiencies. We are not aware of any material internal control weaknesses or incidents during the Track Record Period and up to the Latest Practicable Date.

We are committed to establishing and maintaining comprehensive internal control systems covering all aspects of our operations. Our internal control framework comprises three levels: strategic level (including investment decisions and business planning), operational level (covering business processes across productive biological assets, procurement, production, logistics, sales, and research and development), and supporting level (including finance, human resources, information technology, legal compliance, and quality management). Each level corresponds to detailed procedures, standard operating protocols, and documentation requirements that are coordinated and supervised by relevant functional departments.

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We have implemented the principle of segregation of duties in our operations, with different personnel assigned distinct responsibilities in critical processes including financial management, procurement, inventory control, and quality assurance. Our bank accounts and transaction accounts are managed with appropriate authorization hierarchies and verification procedures to ensure accuracy of accounting records and reduce risks of account misuse. We maintain detailed documentation and audit trails for key business transactions and decisions, supporting accountability and enabling effective supervision.

We place great emphasis on integrity in operations and have established a multi-tiered anti-fraud and anti-corruption control mechanism. Our internal audit department, comprising professionals with backgrounds in auditing, legal compliance, and information technology, regularly conducts inspections and assessments of our internal controls, with findings reported to senior management and the Board. We have implemented systematic accountability structures with defined confidentiality and compliance responsibilities for all employees, supported by regular training programs and disciplinary measures for violations.

Following the [REDACTED], we will continue to enhance our internal control and risk management capabilities through regular reviews of policies and procedures, adoption of best practices aligned with regulatory requirements and corporate governance standards applicable to listed companies, and ongoing training for our Directors, senior management, and employees on their responsibilities and obligations under the Listing Rules and other applicable regulations.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material incidents of breaches of our anti-bribery, anti-corruption, and anti-fraud policies and procedures, nor any material violations of our internal control policies and procedures that would materially and adversely affect our business operations or reputation.

DATA PRIVACY AND SECURITY

In the ordinary course of our business operations, we collect, store, and process certain personal information from consumers, distributors, business partners, and employees. For consumers, we primarily collect mobile phone numbers, delivery addresses, and purchase history through our proprietary mini-programs, and third-party e-commerce platforms. We store and manage such information in our product traceability system to facilitate consumer engagement and quality verification. For distributors and business partners, we maintain business registration information, contact details, and transaction records through our customer relationship management and distributor management systems to facilitate business operations and performance management. For employees, we collect personal information necessary for employment administration, payroll processing, and access control to our facilities and information systems.

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We strictly comply with the Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), and other applicable data protection laws and regulations. Given that legislation and enforcement regarding cybersecurity, data privacy, and protection continue to evolve in the PRC, we closely monitor regulatory developments and take appropriate measures to maintain compliance. During the Track Record Period and as of the Latest Practicable Date, we have complied with applicable laws and regulations relating to cybersecurity, data privacy, and protection in all material respects.

We have established clear internal accountability structures for information security, with defined confidentiality responsibilities for all employees. Regular training is conducted for employees with access to sensitive systems or information, supported by compliance assessments and a system of accountability. We regularly review our data security measures and update our practices in accordance with technological developments and regulatory requirements. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material data breaches, data loss, or unauthorized use of personal information that would materially and adversely affect our business operations or reputation.

INSURANCE

We maintain insurance policies as required under PRC laws and regulations, as well as based on our operational needs and industry practice. For example, our insurance coverage for dairy cattle farming generally includes death caused by certain diseases, accidents or natural disasters. We also maintain product liability insurance, property insurance covering certain fixed assets, inventories and construction in progress, as well as commercial general liability insurance and vehicle insurance. During the Track Record Period and up to the Latest Practicable Date, we had not made any material insurance claims or encountered material difficulties in renewing our insurance policies.

Our Directors believe that our existing insurance coverage is adequate and consistent with industry practice. We review our insurance coverage from time to time and make adjustments where appropriate. However, certain risks relating to our business and operations may not be fully covered by insurance. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage and government compensation may not be sufficient to cover all of our potential losses.”

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AWARDS AND RECOGNITION

Our commitment to product quality, brand excellence and social contributions has earned us prominent industry reputation over the years, with key awards and recognition set forth in the table below:

Year	Award/recognition	Entity/product	Issuing authority
2025	International Advanced Level (國際領先水平)	Youcui Baoai (優萃寶愛), SimPurity (簡醇) Flavoured Fermented Yogurt	Chinese Institute of Food Science and Technology (中國食品科學技術學會)
2016-2025 . . .	BRCGS Global Standard for Food Safety: Grade AA+ (英國零售商協會食品安全全球標準 AA+級別認證)	Our Group	BRCGS (Brand Reputation through Compliance Global Standard)
2025, 2021 . . .	First Prize of the Hebei Provincial Science and Technology Progress Award (河北省科學技術進步獎一等獎)	Our Group	People’s Government of Hebei Province (河北省人民政府)
2024	Dairy Industry Enterprise of Technology Innovation in 2024 (2024乳業科技創新企業)	Our Group	China Dairy Industry Association (中國乳製品工業協會)
2020	National Commercial Quality Award (全國商業質量獎)	Our Group	China General Chamber of Commerce (中國商業聯合會)
2019	13th World Dairy Innovation Awards — Best Process Innovation Award (第十三屆世界乳品創新獎 — 最佳工藝創新獎)	Freshjoy (悅鮮活)	FoodBev Media

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Year	Award/recognition	Entity/product	Issuing authority
2018	The Quality Summit for Excellence and Innovation in Diamond Category (國際質量管理卓越和創新鑽石獎)	Our Group	BID (Business Initiative Directions) Group One (國際質量峰會，國際質量權威組織)
2018	Nomination Award of the Third China Quality Award (第三屆中國質量獎提名獎)	Our Group	State Administration for Market Regulation (國家市場監督管理總局)
2015	IFS (International Featured Standards) Food Certification: Higher Level (歐盟IFS國際食品標準優秀級認證)	Our Group	SGS-International Certification Services GmbH
2015	BRCGS Global Standard for Food Safety: Grade A+ (英國零售商協會食品安全全球標準A+級別認證)	Our Group	BRCGS (Brand Reputation through Compliance Global Standard)