
RISK FACTORS

You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The occurrence of any of the following events could materially and adversely affect our business, results of operations, financial condition or prospects. In any such case, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (1) risks relating to our business and industry, (2) risks relating to conducting business in the jurisdictions where we operate, and (3) risks relating to the [REDACTED].

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Intense competition from established dairy companies with greater financial resources, stronger brand recognition and larger customer base may erode our market share, reduce our pricing power and materially affect our profitability.

We compete in the highly competitive dairy products industry. We primarily compete with other established dairy companies in China with decades of operating history and diverse product offerings. To obtain and maintain competitive advantage in this industry would require us to divert significant production, research, managerial, financial and human resources. In addition, each of our business segments is subject to rapid changes in respective market and new market entrants.

Some of our current competitors have, and future competitors may have, greater financial, technical or marketing resources, longer operating histories, stronger production capabilities, greater brand recognition or larger customer base than we do. Our competitors may also enter into alliances that strengthen their competitive positions. Increased competition may reduce our market share and profitability, and require us to increase our marketing and promotional efforts and capital commitment in the future, which could negatively affect our results of operations. For example, in the low-temperature liquid dairy products market, competition is driven by the ability to maintain a cold-chain infrastructure and the speed of product innovation. We face competitors who may have greater technical resources or more extensive regional distribution networks, potentially allowing them to capture market share in high-growth urban areas. The ambient liquid dairy products market is dominated by large-scale national players with established economies of scale. Increased promotional efforts or price competition from these entities could reduce our profitability and necessitate higher capital commitments to sustain our market position.

We may fail to adapt to changes in consumer preferences and market trends and introduce new products.

Our success depends on our ability to anticipate, identify, interpret and react to the evolving dietary habits, nutritional needs and tastes of consumers and to offer products that appeal to them. We devote substantial efforts to developing product formulations that we believe would meet the needs and preferences of end consumers. For example, a significant portion of our business strategy and revenue is concentrated in the low-temperature liquid dairy segment, including fresh milk and low-temperature yogurt. This market is highly sensitive to shifts in consumer dietary habits and perceived nutritional value. While we have successfully established market-leading positions with brands such as *24-Hour Fresh Milk* (24小时™鲜牛乳) series, there is no guarantee that the current consumer preference for “freshness” will be sustained.

If we are unable to accurately interpret market trends or if consumer demand for dairy products declines significantly, we may experience reduced sales volumes and downward pricing pressure. Such a shift in consumer behavior could result in significant inventory write-downs for our products and materially adversely affect our business, results of operations and financial condition. However, the development and launch of new products involve uncertainties, including the risk of untimely product development failing to meet

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market demand, the risk of market or consumer rejection, unforeseen challenges in production or distribution, and the possibility of unintended impacts on our existing product portfolio. Moreover, the introduction of new products may lead to cannibalization with our current offerings, further complicating our ability to maintain overall revenue growth.

Failure to adapt to constantly changing consumer preferences and market trends could result in reduced demand and pricing pressure, inventory obsolescence, and potential write-downs or write-offs, any of which could materially and adversely affect our business, results of operations and financial condition.

The continued appeal of our brands is critical to our success. Any damage to our reputation or any of our brands, including those resulting from product quality issues, negative publicity or food safety incidents, may materially and adversely affect our business and results of operations.

We market and brand our dairy products under a multi-brand system under the *New Hope* (新希望TM) umbrella alongside a diverse array of specialty brands, which have been instrumental in fostering consumer confidence and loyalty since our inception. Our sustained success and future expansion are heavily reliant on our ability to safeguard for our brands within both our current markets and potential new territories. Our reputation and brand equity serve as the cornerstone of our strategic relationships with consumers, customers and suppliers alike. Should we fail to effectively promote our brands or protect our brand image, or should we fail to adequately oversee the distribution of our products through our various sales channels such as retailers and distributors, the market recognition of our brands could diminish. Such deterioration, whether caused by a failure of these channels to adhere to our sales policies or an abuse of our brand assets, may negatively impact our business and overall profitability.

We cannot guarantee that our efforts to protect our brands will be effective in the long term. Furthermore, the viability of our operations depends on our ability to consistently promote our brands and provide high-quality products that remain attractive to the evolving consumer base. Our business may be adversely affected if our marketing strategies or product initiatives fail to resonate with consumers or achieve the intended market impact. As technological advancements, industry trends, and consumer preferences continue to shift, we must commit to the continuous development of new products and the maintenance of a diversified product portfolio while refining our commercial approaches. For example, the growing prevalence of key opinion leaders and everyday consumers sharing product experiences on social media platforms presents a significant external factor that could influence public perception of our products beyond our direct control.

Shifting market dynamics present both opportunities and challenges to our sales and marketing capabilities. If we are unable to formulate and execute appropriate sales and marketing strategies in response to these changes, our brand recognition, market share, and operational results may be materially and adversely affected. The development of new brands and products, alongside the formulation of supporting marketing plans, can be a time-consuming process that involves significant research, development, and promotional expenses. Moreover, we cannot guarantee that these new introductions will achieve widespread consumer acceptance, which could lead to financial outcomes that do not meet our expectations. We also cannot ensure that we will not be subject to defamation, libel, or the spread of misinformation by competitors or third parties, which could severely damage our reputation. Additionally, adverse media coverage or the rapid dissemination of negative public sentiment on digital platforms could weaken our brand image and erode consumer trust. Our financial performance could also be materially and adversely affected if we suffer substantial reputational harm resulting from significant product recalls, product-related litigation, or perceived defects in our offerings. Any of these developments could have a material and adverse effect on our business, results of operations and financial condition.

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Our inability to maintain relationships with various sales channels could materially reduce our sales and market reach.

A significant portion of our sales is derived from our sales to (1) retailers, primarily including supermarkets, e-commerce platforms, small retail stores, and franchisees, (2) institutional customers, primarily including corporate entities and educational institutions, and milk tea shops, bakeries, coffee shops, and (3) end consumers through DTC channels, primarily including through offline stores, home delivery subscription, and self-operated e-commerce stores. In 2023, 2024 and 2025, our revenue generated from such sales channels accounted for 50.9%, 58.4% and 63.8% of our total revenue in the same periods, respectively. These channels provide us with extensive market reach and access to a broad consumer base. Our ability to maintain stable relationships with these counterparties is subject to a number of factors, many of which are beyond our control. For example, our customers may change their procurement policies, adjust their product mix or impose more stringent product quality and delivery standards.

Failure to maintain such relationships, or any deterioration in the commercial terms granted to us, could materially and adversely affect our sales performance. Moreover, while we have been expanding into retail operations, there is no assurance that we will continue to succeed in doing so. Consumers' purchasing habits may shift, new market entrants may capture consumer attention, and technological innovations in online retail may outpace our ability to adapt. If we fail to strengthen our presence in modern retail operations or effectively adapt to evolving consumer preferences, our business, results of operations and financial condition could be materially and adversely affected.

Our collaboration with distributors exposes us to various risks, including distributor non-compliance, relationship termination, cannibalization and sales network disruption.

In 2023, 2024 and 2025, our revenue from distributors accounted for 38.6%, 34.5% and 30.4% of our total revenue in the same periods, respectively. The performance of our distributors and their abilities to sell our products, uphold our brand, expand their businesses and their sales network are crucial to the future growth of our business and may directly affect our sales volume and profitability. Our distributors may engage in non-compliant acts in connection with the sales or marketing of our products. If our distributors violate laws or engage in unlawful or non-compliant practices, we could be liable for damages or fines, which could negatively affect our results of operations and financial condition.

In addition, our distributors are required to abide by geographic selling restrictions stipulated in the distribution agreement. We have limited control over daily business activities of our distributors as they are generally independent third parties. Non-compliance by any of our distributors with our distribution agreements or our internal policies may harm our brand reputation and image, disrupt our sales, or lead to other unfavorable outcomes. In light of the above, our brand and reputation, our sales activities or the price of our Shares could be adversely affected if we are exposed to any negative publicity as a result of any actions taken by, or the negligence of, our distributors.

Any (1) reduction, delay or cancellation of orders from our distributors, (2) sales of our competitors' products by our distributors, (3) failure to renew distribution agreements or maintain good relationships with existing distributors, and (4) inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors, may cause material fluctuations or declines in our revenue and have a material and adverse effect on our business, results of operations and financial condition.

Any actual or perceived food safety issue or product contamination could result in product recalls, regulatory enforcement actions, loss of consumer confidence, and material adverse effect on our reputation, business operations and financial condition.

Our business focuses on the sale of dairy products, such as milk, yogurt and milk powder products. As such, any actual or perceived food safety issues or product contamination could materially and adversely affect our reputation, results of operations and financial condition. Consumers are highly sensitive to food safety concerns and may react

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strongly to media coverage or regulatory disclosures. Such incidents may also trigger customer complaints, product liability claims or product recalls, further amplifying the adverse impact on our business.

Any actual or perceived food safety issues, whether involving our products or those of other dairy products producers, may lead to heightened consumer concern over the safety and quality of dairy products in general. This could result in a loss of consumer confidence, reduced demand for our products, increased regulatory scrutiny, and reputational damage, all of which could materially and adversely affect our business, results of operations and financial condition and prospects. Furthermore, the mere publication of information alleging that our products contain or have contained any contaminants or adverse publicity about the quality of our products could damage our reputation and have a material adverse effect on us, regardless of whether such publication or publicity are substantiated by factual evidence or not.

In addition to negative publicity, customer complaints, product liability claims, potential recalls and loss of sales, if our products are found to be contaminated or otherwise not in compliance with applicable laws and regulations governing food safety, we may be subject to regulatory actions. For example, if we are found to violate food safety related regulations, we could be subject to penalties, including monetary fines, confiscation of illegal gains, income and foodstuffs from the manufacturing or business activities, and/or the revocation of licenses needed to conduct our business, which could materially and adversely affect our business, results of operations and financial condition.

Furthermore, despite the measures we have in place to control the quality of our dairy products and raw milk, there can be no guarantee that contamination of these products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. We cannot assure you that any contamination of our products, or similar events that negatively impact the safety of our product offering, will not occur in the future or that we will be able to timely detect and address such contamination. Any such incidents may materially and adversely affect our business, results of operations and financial condition.

Failure to meet cold-chain storage and logistics requirements for our dairy products could result in product spoilage, quality degradation, product recalls and reputational harm.

We have strategically deepened our focus on the low-temperature dairy products since 2020 in response to the evolving consumer trends towards freshness. During the Track Record Period, we engaged a connected person of our Group and third-party logistics service providers for logistics of our products across different regions, supplemented to a lesser extent by our own delivery team. Specifically, to ensure efficient distribution across our vast sales network, we procure cold-chain logistic services from a service provider that is a connected person of our Group. See "Connected Transactions—Non-exempt Continuing Connected Transactions" and "Business—Inventory Management and Logistics—Logistics." If we fail to maintain good relationships with the connected person service provider or third-party logistics service providers for logistic services, it could materially and adversely affect our supply chain. In addition, any failure by logistics service providers to maintain required transport conditions, or any failure in the storage condition at the end of cold chain, such as inadequate insulation, noncompliant vehicle specifications, or improper cleaning, could result in bacterial contamination, quality degradation or spoilage, especially for our low-temperature dairy products. Similarly, delays or mishandling during loading, unloading, or in-transit cold-chain storage may lead to physical damage, leakage, or premature expiration, increasing the risk of product returns, regulatory non-compliance, or recalls, which could materially and adversely affect our business, results of operations and financial condition.

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Raw milk supply may be affected by various factors, which could lead to material and adverse effects.

During the Track Record Period, we produced or procured raw milk from our self-owned dairy farms, our strategic partner dairy farms, and third-party dairy farms. We expect that our demand for raw milk will continue to grow in the future in line with our business expansion. Adverse events such as a major outbreak of any illness or disease at any of the dairy farms from which we source raw milk could have a significant adverse impact on our raw milk supply, which will in turn jeopardize our ability to produce our dairy products. The source of diseases may include our employees, our feed supplies, visitors to our dairy farms, contaminated water and pathogens transmitted through the air.

In recent years, the dairy farming industry has been exposed to outbreaks of serious bovine diseases, including bovine spongiform encephalopathy (BSE, commonly known as mad cow disease), foot-and-mouth disease, lumpy skin disease, bovine tuberculosis and brucellosis. These diseases can spread rapidly through direct contact, contaminated feed or water, airborne transmission, or farm personnel. Some of these diseases are zoonotic and may pose risks to human health, which could trigger heightened regulatory scrutiny and public concern. We cannot assure you that such incidents will not occur in the future. Any such outbreak could lead to mandatory culling, suspension of operations, and restrictions on the sale and transport of raw milk, all of which could materially and adversely affect our business, results of operations and financial condition.

We have significant productive biological assets, which may depreciate faster than expected and may also incur impairment losses.

As of December 31, 2023, 2024 and 2025, the carrying amount of our productive biological assets was RMB981.4 million, RMB968.0 million and RMB993.2 million, respectively. Our productive biological assets are presented at cost less accumulated depreciation and impairment provision. See “Financial Information—Material Accounting Policies, Judgments and Estimates—Biological Assets.” As of December 31, 2023, 2024 and 2025, the fair value of our productive biological assets, as measured by the Valuer, was RMB999.6 million, RMB1,023.1 million, and RMB1,160.3 million, respectively. See “Financial Information—Valuation of Biological Assets.” The productive biological assets may depreciate faster than expected. Our financial performance and results of operations could be negatively impacted as a result. In addition, we conduct impairment assessments for our biological assets in accordance with applicable accounting standards. The impairment is non-cash nature and the valuation is subject to various assumptions which may be altered to various extent. Our biological assets are susceptible to value fluctuations due to factors beyond our control, which include changes in the selling price of dairy products, fluctuations of feed costs, the occurrence of diseases or health issues, natural disasters and changes in regulatory requirements affecting the industry. Any significant adverse changes in these factors could result in a substantial impairment of our biological assets, necessitating the recognition of impairment losses that could materially and adversely affect our financial performance and results of operations.

Our inability to sustain historical growth rates or maintain gross profit margins could lead to reduced profitability and negatively affect investor confidence in our business prospects.

Our revenue increased from RMB10,987.3 million in 2023 to RMB11,233.5 million in 2025 at a CAGR of 1.1%. Our net profit increased from RMB437.7 million in 2023 to RMB754.5 million in 2025, at a CAGR of 31.3%, with steady improvement in net profit margin from 4.0% in 2023 to 6.7% in 2025. However, there is no assurance that we will be able to maintain our historical growth or our net profit margins in the future.

Our ability to continue to achieve growth and gross profit margin will depend on our capacity to improve our operational and management systems, manage liquidity while investing in expansion and product development, strengthen our sales and marketing channels, innovate new products, and attract and retain qualified personnel. In addition, our revenue growth may slow down, or our revenues may decline for a number of reasons beyond our control, including decreasing dairy consumption, increasing competition, shifting

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consumer preferences, slowing growth of China's dairy products industry, supply and production bottlenecks, changes in government policies or general economic conditions. If our growth declines, [REDACTED] perception of our business and business prospects may be adversely affected and the [REDACTED] of our H Shares would decline.

Fluctuations in market selling prices of dairy products, particularly fresh and low-temperature products with short shelf lives, could compress our profit margins and materially affect our profitability.

Our results of operations are significantly affected by the market selling prices of dairy products, which are subject to continuous fluctuations driven by market forces of supply and demand and other external factors beyond our control. These factors include (1) macroeconomic conditions; (2) shifts in consumer preferences and demand for dairy products; (3) intensified competition within the dairy industry; (4) outbreaks of animal diseases affecting dairy livestock; (5) government regulations and policy actions, particularly those related to price controls, food safety standards, and environmental protection; and (6) advancements in dairy farming practices and processing technologies.

Our profitability is highly sensitive to fluctuations in the selling prices of dairy products which are affected by fluctuation in market prices. Any decline in such prices, or the occurrence of unforeseen events that adversely affect market conditions, may materially and negatively impact our revenue and profitability. Adverse pricing movements may result in compressed profit margins or even operating losses. In addition, any delay, omission or misjudgment in responding to changes in market dynamics may lead to suboptimal management decisions, which could further materially and adversely affect our business, results of operations and financial condition.

Our inability to effectively manage future expansion and successfully integrate acquired businesses could result in operational inefficiencies, failure to realize anticipated synergies and material adverse effect on our growth prospects.

We have an established historical record combining organic growth and business acquisitions. See "Business—Overview—Our Chronicle of Evolution." Our future growth depends on our ability to expand our production capacity and geographic coverage, and requires managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management systems and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects.

Expanding our production facilities requires significant upfront investment and lead time, including the procurement of raw materials, construction of manufacturing, warehousing and transportation infrastructure, and the expansion of distribution and marketing channels. We expect to incur additional costs associated with such expansion and anticipate a continued time lag before new dairy farms and production facilities generate revenue. Given the fixed costs involved, this lag will likely continue to affect our results of operations. Furthermore, as we enter new regions, we may face regulatory, operational, and site selection challenges that could delay our expansion plans or hinder our ability to achieve profitability in those markets.

In addition to organic expansion, we pursue growth through selective mergers and acquisitions, which offer a faster pathway to enter new markets, acquire complementary capabilities, and consolidate our industry position. However, this strategy entails inherent risks, including potential difficulties in identifying suitable targets, executing timely integration, and realizing anticipated synergies. After acquisitions, we may inherit the pre-existing risks in the target companies. We may incur significant costs and management attention during post-acquisition integration, and any failure to effectively combine operations, cultures, or systems could materially and adversely affect our business, results of operations and financial condition.

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Any failure to execute effective sales and marketing strategies or adjust such strategies according to market changes could result in loss of market share, reduced sales and material adverse effect on our business.

We aim to increase the sales of our products, achieve broader market acceptance, and maintain customer loyalty, which, to some extent, will depend on the successful execution of our sales and marketing strategy. During the Track Record Period, we invested resources primarily in strengthening brand image and conducting marketing and promotional activities. In 2023, 2024 and 2025, our selling and distribution expenses were RMB1,678.5 million, RMB1,659.3 million, and RMB1,809.5 million, respectively, accounting for 15.3%, 15.6%, and 16.1% of our revenue in the same periods, respectively.

In particular, to stimulate consumption, we may conduct promotional activities and incur selling and distribution expenses to stimulate customer demand, especially after the launch of new products, which may affect our profitability. Going forward, we plan to continually invest in branding and promotion activities to further enhance customer awareness of our brand. However, we cannot assure you that our sales and marketing strategies will always be effective. Any failure to execute our sales and marketing strategies in a cost-effective manner could have a negative impact on our profitability. In addition, we may need to adjust our sales and marketing strategies in response to the launch of new dairy products or rapid changes in consumer preferences and demand in the dairy industry. Failure to do so in a timely manner may result in a decline in product sales and market share, which could have a material adverse effect on our business, results of operations and financial condition. Any failure in hiring and retaining qualified sales and marketing personnel to execute our strategies effectively or timely adjusting our strategies to respond to market trends may result in a loss of market share, decrease in revenue and profits, and damage to our business.

Disruptions at our production facilities due to equipment failures, utility supply interruptions, natural disasters or disease outbreaks could suspend our operations and materially affect our production capacity.

Our business depends on the smooth operations at our production facilities. For example, the production of our dairy products requires us to maintain a sufficient supply of raw milk and other raw materials, manage our pasteurization, fermentation, packaging and other processing plants, and timely deliver dairy products to our customers. Any disruptions of our production or damage to our facilities could materially and adversely affect our business, results of operation and financial condition. Such damage or disruption could result from factors including, among other things, (1) utility supply disruptions, terrorism, strikes or other force majeure events; (2) forced closing or suspension of our production facilities; (3) severe weather conditions; (4) major disease outbreaks at our dairy farms or our neighboring dairy farms; (5) pollution of underground water resources; (6) challenges in compliance with evolving rules and guidelines; (7) interruption of our information technology systems that facilitate the management of our dairy farms and rearing of our cows; (8) accidents in our production facilities, including major equipment failures, fires, or violations of operating procedures by our employees, which may result in suspension of operations, property damage, severe personal injuries or even fatalities; (9) opposition from, or disputes with, local communities with respect to our continued operation or further development or new development of our dairy farms; and (10) other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

We cannot assure you that the events and factors mentioned above will not occur and result in a material disruption to the operations of our production facilities in the future. If we fail to take adequate steps to reduce the likelihood or mitigate potential impact of such events or factors, or to effectively respond to such events or factors, our business, results of operations and financial condition could be materially and adversely affected.

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Failure to effectively invest in and manage R&D could materially and adversely impact our competitiveness, performance and prospects for future growth.

Our success depends to a large extent on our ability to allocate sufficient resources to R&D and to translate such efforts into commercially viable dairy products at favorable profit margins. We devote significant efforts to improving product formulations, production processes and key technologies that we believe would enhance product quality and efficiency. See “Business—Research and Development.” In 2023, 2024 and 2025, our research and development expenses were RMB47.4 million, RMB49.1 million and RMB50.4 million, respectively. We may continue investing resources in R&D in order to offer products with high quality as well as remain competitive in this rapidly evolving dairy products industry.

However, the process of product R&D and commercialization is complex and uncertain. The success of R&D initiatives is subject to many factors not entirely within our control, including technical feasibility, production scalability, cost efficiency and regulatory compliance. If our new products or R&D projects fail to achieve commercially sustainable results, we may be unable to generate the desired revenue and profit return, or even recoup initial investments. In addition, expansion of new product categories or entry into new markets requires substantial research and development support and carries risks relating to market conditions, competition landscape, regulatory environment, supply chain and customer demand. There can be no assurance that our research and development efforts will consistently result in successful product launches or sustainable profitability.

Significant impairment losses on our assets could materially impact our results of operations and financial condition.

We have made significant investments in non-financial assets and have recorded impairment on our assets in the past. In 2023, 2024 and 2025, we recorded impairment losses of RMB17.0 million, RMB97.7 million and RMB62.8 million, respectively. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least at the end of each year, irrespective of whether there is any indication that the assets may be impaired. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the current period. The application of asset impairment test requires significant management judgment. If our estimates and judgments are inaccurate, the recoverable amount determined could be inaccurate and the impairment recognized may not be accurate, and we may need to record additional impairments in the future. Any significant impairment losses charged against our assets could materially adversely affect our results of operations.

Our failure to adequately manage inventories of dairy products, especially low-temperature dairy products, which have short shelf lives, may lead to inventory obsolescence, write-downs and increased costs.

Maintaining optimal inventory levels is essential to our business success. As of December 31, 2023, 2024 and 2025, we had inventories of RMB711.5 million, RMB741.6 million and RMB717.3 million, respectively. Our inventories primarily consisted of raw materials, finished goods, and consumable biological assets, mainly consisting of bull calves. In 2023, 2024 and 2025, our average inventory turnover days were 34 days, 35 days and 33 days, respectively. For further information, see “Financial Information—Discussion of Major Balance Sheets Items—Inventories.”

To optimize our inventory levels and minimize impairment losses and inventory write-off risks, we maintain robust inventory management policies. See “Business—Inventory Management and Logistics” for details. However, it may be difficult to accurately forecast demand and determine appropriate levels of inventory we maintain. In the case of overestimation of consumer demand, we may be subject to overstock, resale of the inventories at less favorable terms, impairment losses or even write-offs of inventories. In the case of underestimation of consumer demand, we may not be able to maximize our

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revenue. In addition, if we are required to lower sale prices in order to reduce inventory level, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, results of operations and financial condition.

Our inability to successfully execute capacity expansion plans or address production capacity constraints could hinder our ability to meet customer demand and limit our growth potential.

We continuously maintain and upgrade our production equipment and facilities to ensure smooth operations. As of December 31, 2025, we operated 17 dairy production facilities across China. See “Business—Our Production.” As our business continues to grow, we also expand production capacity by expanding existing facilities and constructing new production bases to support our growth.

However, a number of factors could delay our expansion plan or increase our costs, including: (1) insufficient funds to establish new production equipment and facilities and maintain working capital; (2) delays in obtaining environmental and other regulatory approvals, permits, or licenses; (3) difficulties in securing suitable locations for new production bases; (4) shortages, late delivery, or increased costs of construction materials and equipment; and (5) adjustments to expansion plans necessitated by technological advancements, market changes, or capacity requirements.

We may also face production capacity constraints that hinder our ability to meet customer demand, affecting our growth prospects. If actual demand exceeds our forecasts, particularly during periods of rapid market expansion or unexpected surges in consumer demand, our production capacity may become inadequate. Failure to address capacity shortages promptly and effectively or to maintain optimal utilization rates across our facilities could significantly impact our production efficiency, results of operations and financial condition.

Our inability to fulfill performance obligations under contracts with advance payments could require us to refund prepayments and adversely affect our liquidity position.

Contract liabilities arise when payment is received before we transfer a good or service to the customer. We are diligent at meeting the demand of our customers. As of December 31, 2023, 2024 and 2025, we recorded contract liabilities of RMB419.6 million, RMB409.3 million and RMB437.7 million, respectively, which mainly represent receipts in advance on sales of goods and other receipts in advance. See “Financial Information—Discussion of Major Balance Sheets Items—Contract Liabilities” for details. We may not be able to satisfy our performance obligations due to factors beyond our control. If we are required to refund the prepayments or pay compensation to our customers as a result of our failure to fulfill the obligation of contract liabilities, our financial condition and liquidity position may be adversely affected.

Our involvement in lawsuits, claims, disputes, regulatory investigations, legal or administrative proceedings could result in substantial costs, diversion of resources and reputational harm.

From time to time, we may be involved in lawsuits, claims, disputes, regulatory investigations, legal or administrative proceedings in our ordinary course of business. See “Business—Legal Proceedings and Compliance.” These may concern issues relating to, among others, breach of contract, employment or labor disputes, personal injuries or casualties, antitrust, taxation, and infringement of intellectual property rights. If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, lawsuits, claims, disputes, regulatory investigations or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such lawsuits, claims, disputes, regulatory investigations or legal proceedings.

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Our contemplated collaboration may not be successful and profitable.

We may enter into collaborations with business partners from time to time to support key aspects of our operations, such as the construction and operation of dairy farming facilities, the supply of raw milk, or the development of distribution channels and processing capabilities. These arrangements are intended to enhance our efficiency, expand our production capacity, and strengthen our supply chain. However, there can be no assurance that we will be able to proceed with any such arrangement as planned, or at all. Our business partners may face operational, financial, or regulatory difficulties that could affect their ability to perform under our agreements. For example, they may encounter delays in facility construction, fail to meet quality or safety standards for raw milk, or experience liquidity constraints that disrupt their supply obligations. Furthermore, we cannot guarantee that material disputes will not arise between us and our partners regarding issues such as pricing, performance, or the interpretation of contractual terms. If disagreements cannot be resolved through negotiation, litigation or arbitration, our results of operations and financial condition could be adversely affected. Unresolved disputes may even lead to the termination of important collaboration arrangements or lawsuits, which could disrupt our supply of raw milk, delay expansion projects, or otherwise harm our competitive position.

Our inability to retain or secure key qualified personnel and senior management could disrupt our operations and materially affect our business performance and growth prospects.

We depend on certain key qualified personnel, key senior management and other employees in our business. See “Directors and Senior Management” for details. The expertise, industry experience and contributions of our senior management are crucial to our success. We cannot assure you that such persons will continue to provide services to us or will honor the agreed upon terms and conditions of their employment contracts. Any loss of key personnel or failure to recruit and retain key personnel for our future operations and development may have a material adverse effect on our business, results of operations and financial condition.

Increases in labor costs or labor shortages could raise our production costs and materially affect our profitability.

Labor costs in China have been increasing and may continue to increase in the future. We cannot assure you that our cost of labor will not continue to increase. Any such increase could cause our production costs to increase and we may not be able to pass on such increase to our customers due to competitive pricing pressures. Moreover, there can be no assurance that we will not experience any shortage of labor for our production facilities, including our dairy farms and feed production facilities. Any such shortage could hinder our ability to maintain or expand our business operations. In such circumstances, our business, results of operations and financial condition may be materially and adversely affected.

Our ability to successfully operate our business is dependent on our ability to maintain a stable workforce at our production facilities and dairy farms. There were no labor disputes that materially and adversely affected our business during the Track Record Period. However, we cannot assure you that we will not be involved in any labor disputes in the future. If our operations are disrupted for any period of time as a result of labor disputes, our production volume could be reduced, which could materially and adversely affect our results of operations and hinder our growth.

Failure to comply with PRC regulations on labor dispatch could subject us to penalties and adversely affect our operations.

During the Track Record Period, our Group engaged dispatched workers through labor dispatch arrangements for temporary, auxiliary or substitute positions. According to the Interim Provisions on Labor Dispatch (勞務派遣暫行規定) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the “Interim Provisions”), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). Pursuant to relevant PRC laws

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and regulations, if an employer violates regulations related to labor dispatch, the labor administration department will order it to make corrections within a specified period. Failure to make corrections within the given period may lead to a fine ranging from RMB5,000 to RMB10,000 per person. As of the Latest Practicable Date, the percentage of dispatched workers engaged by our Group did not exceed 10% of the total number of our employees and dispatched workers, which complies with the relevant provisions of the Interim Provisions. We had not been subject to any material administrative penalties regarding human resource and social insurance from relevant PRC authorities during the Track Record Period. See "Business—Employees—Labor Dispatch." However, we cannot assure you that the relevant PRC authorities will not take actions retrospectively against us for our past practice, which may adversely affect our business, results of operations and reputation.

Failure to comply with applicable laws and regulations, including food safety, environmental protection and labor laws, could subject us to fines, penalties or operational restrictions.

We are subject to a range of laws and regulations imposed by the PRC government concerning food safety, environmental protection, public health, fire safety, data protection and privacy, property and labor. Failure to comply with applicable laws and regulations could expose us to costs or liabilities, including monetary damages, fines, disruptions to our production capabilities, suspension of business operations, an impact on our financial performance, as well as adverse publicity, which could materially and adversely affect our business, results of operations and financial condition. For example, we are subject to the food safety laws and regulations. See "—Any actual or perceived food safety issue or product contamination could result in product recalls, regulatory enforcement actions, loss of consumer confidence, and material adverse effect on our reputation, business operations and financial condition."

We are also subject to a wide range of PRC environmental laws and regulations that aim to regulate emissions and their impact on air, land, and water. Failure to comply with environmental laws and regulations, or any future changes to them, could lead to alleged harm to employees or others in close proximity to our production bases. Significant costs associated with environmental compliance, remediation, compensatory requirements, or penalties and restrictions imposed by PRC governmental authorities or courts may materially and adversely affect our business, results of operations and financial condition.

Our inability to obtain or renew required approvals, licenses and permits could interrupt our operations and materially affect our business.

In accordance with the laws and regulations of the PRC, we are required to maintain various approvals, licenses and permits in order to operate our business, such as food production license, food business license, pollutant discharge-related permits, raw milk purchase license, and certificate for animal epidemic prevention conditions. We may obtain these approvals, licenses and permits only upon satisfactory compliance with the applicable laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and accreditation.

As of the Latest Practicable Date, a water abstraction license of one PRC Major Subsidiary had expired, and we had been permitted by the relevant competent authorities in principle to conduct the water abstraction activities and were in the process of application for the relevant license. In addition, we have also obtained organic certifications for certain dairy products. These certifications allow us to use organic labels on our dairy products as an indication of quality, and we consider them critical to our core business. There can be no assurance that we will be able to renew all of the licenses when they expire. If we cannot obtain and maintain all licenses required to operate our business, our business could be interrupted, or the continued operations of our business may be subject to fine and penalty. As a result, our business, results of operations and financial condition could be materially and adversely affected.

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Failure to comply with social insurance and housing provident fund regulations could subject us to late payment fees, fines and other penalties.

Companies operating in the PRC are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. The relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, and employers who fail to make adequate payments or engaged third-party human resource agencies to make these contributions may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we did not fully contribute to certain social insurance and housing provident funds on behalf of some of our employees, and we also engaged third-party human resource agencies to make contributions for mandatory social insurance and housing provident funds for a few employees. For further information, see "Business—Employees." We cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, results of operations and financial condition may be adversely affected.

Failure to protect our intellectual property rights could undermine our competitive position, and legal action to protect such rights may be costly and divert managerial resources.

We rely primarily on trademark, trade secret protection, patent, copyright law and other contractual restrictions to protect our intellectual property. These afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could have a material adverse effect on our business, financial condition, or results of operations. Preventing unauthorized use of proprietary technology or infringement of intellectual property rights can be difficult and expensive. In addition, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. There is no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. Such litigation may be costly and may divert management's attention as well as expend other resources, which could otherwise have been devoted to our business. An adverse determination in any such litigation will impair our intellectual property rights and may impact our business, prospects and reputation. The occurrence of any of the foregoing may have an adverse effect on our business, results of operations and financial condition.

Claims by third parties for intellectual property infringement could result in substantial monetary liabilities and restrict our use of the intellectual property in question.

Our competitors and other third parties may, whether rightly or falsely, bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights. The intellectual property laws in China, which cover the validity, enforceability and scope of protection of intellectual property rights, are evolving, and litigation is becoming a more popular means to resolve commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. Any intellectual property lawsuits against us, whether successful or not, may damage our brand and reputation.

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Defending intellectual property claims is costly and can impose a significant burden on our management and resources. Further, there is no guarantee that we can obtain favorable judgment in all legal cases. Successful infringement or licensing claims made against us may result in significant monetary liabilities, impact the sale of related inventory, and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, results of operations and financial condition could be materially and adversely affected.

Any defect of digital operating systems or failure to comply with data privacy and information security laws could damage our reputation and subject us to legal proceedings.

We use digital operating systems to monitor our production processes, increase efficiencies in our rearing operations and inventory management, as well as manage and analyze our operations and financial information which exposes us to risks related to system reliability, including but not limited to (1) cybersecurity threats, such as hacking, phishing, malware, and ransomware attacks; (2) unauthorized access or data breaches caused by system vulnerabilities; (3) system errors arising from the growing complexity of managing large-scale digital operations; (4) data loss or corruption due to system failures, power outages, or natural disasters; and (5) inadequate system updates or poor implementation of new technologies.

Any such interruption to or any material undiscovered deficiencies in our digital operating systems could disrupt our operations, lead to suboptimal business decisions, and negatively impact our production and ability to fulfill sales orders, which may adversely affect our business and results of operations.

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of data. See “Regulatory Overview—Laws and Regulations on Cybersecurity, Data Security and Personal Information Protection” for details. The interpretation and application of such laws and regulations may vary over time and across jurisdictions. We cannot assure you that our data privacy and protection measures will always be deemed sufficient under the then-applicable legal and regulatory framework. We may also face investigations or inspections by government authorities regarding our compliance with these laws and regulations. If our practices are found to be non-compliant, we could face penalties, operational restrictions, or reputational damage. Furthermore, as data protection and privacy laws continue to evolve, adapting to new and changing requirements may impose costs or necessitate changes in our business practices. Failure to comply with applicable laws or adequately address privacy and data protection concerns, whether actual or perceived, could damage our reputation, disrupt our digital operations, and expose us to legal, financial, and operational risks.

Our third-party payment arrangements could expose us to potential claims for return of funds and money laundering risks.

During the Track Record Period, some of our customers (the “Relevant Customers”) settled their payments to us through third-party payors other than the contractual counterparties under the corresponding sales and purchase agreements (the “Third-Party Payment Arrangements”). See “Business—Third-Party Payment Arrangements.” We are subject to various risks relating to such Third-Party Payment Arrangements, including possible claims from third-party payors for the return of funds, and possible claims from liquidators of third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings instituted or brought against us in respect of Third-Party Payment Arrangements, we may have to expend financial and managerial resources to defend against such claims and legal proceedings, and our business, results of operations and financial condition may as a result be adversely affected.

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Our exposure to the risk of counterfeit or forged products could damage our brand reputation and adversely affect our profitability and competitiveness.

We may be exposed to the risk of product infringement. We cannot assure you that there will be no counterfeit or forgery of our products, trademarks or brands in the market. Counterfeiters may illegally manufacture and market dairy products under our brand. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. The occurrence of such incidents may have an impact on our reputation and brands. Our reputation and brands are crucial to our profitability and competitiveness, any damage to our reputation or brands resulting from product infringement may adversely affect our profitability and competitiveness.

Failure to protect our leasehold and property interests could adversely affect our business operations.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of December 31, 2025, our Company and our PRC Major Subsidiaries had not obtained lease registration for 48 of our leased properties in China, primarily due to the difficulty of procuring our lessors’ cooperation to register such leases. As advised by our PRC Legal Advisor, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements, according to applicable PRC laws and regulations as of the Latest Practicable Date. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. If we cannot find suitable alternative properties in time or on commercially reasonable terms, or at all, our operations may be adversely affected.

As of December 31, 2025, for 14 leased properties of our Company and our PRC Major Subsidiaries, the lessors have not provided valid building ownership certificates or other requisite title documents evidencing their right to lease the properties to us. Under PRC laws, without ownership certificates or proof of authorization from the property owners, the lessor may not have the right to rent the said premises. In such cases, if a third party objects to the lease, it may affect our ability to continue to rent the properties. We cannot assure you that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we are unable to relocate our operations in a timely manner, our operations may be interrupted.

As of December 31, 2025, our Company and our PRC Major Subsidiaries had not obtained the building ownership certificate for 25 of our owned properties. As advised by our PRC Legal Advisor, we may face the risk of being requested to cease the use of the relevant buildings on those properties and paying penalties for the violation of relevant laws and regulations. See “Business—Properties.” If we are unable to relocate our operations in a timely manner, our operations may be interrupted.

Our need to incur extra costs to improve ESG risk awareness could affect our profitability.

We believe the value of environmental protection as well as the health and safety of our employees is fundamental and enabling elements of our growth. We are committed to fostering enduring and positive impact on the ESG aspects for our customers, suppliers, and the communities influenced by our operations and operating our business in a lawful, ethical and responsible way. We plan to provide training to our Directors, senior management, and other key employees on the identification and mitigation of ESG risks. See “Business—Environment, Social and Governance.” We may incur extra costs to improve awareness of ESG risks among our employees and contractors.

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Our insurance coverage may not be sufficient to cover all potential losses, and we may be required to use our own resources to cover uninsured losses.

In line with industry norms, we maintain insurance coverage for food safety liability insurance, safety production liability insurance, property all risk insurance and cattle breeding insurance. However, these insurance policies have limits on the total amount of indemnification and do not cover all potential losses. As a result, we may be required to use our own resources to cover financial and other losses, damages and liabilities, including those caused by fire, bad weather, disease, civil strife, strikes, natural disasters, terrorist incidents, industrial accidents or other causes. In addition, product liability claims may subject us to liabilities to compensate the claimants if we are held liable. Losses incurred or payments that we may be required to make may have a material adverse effect on our business, results of operations and financial condition, to the extent that such losses or payments are not insured or the insured amount is not adequate. See "Business—Insurance."

Our business operations and financial performance can be influenced by various factors related to international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions.

Changes in international trade policies, geopolitical conditions, trade protection measures, export controls, and economic or trade sanctions may adversely affect our business, results of operations and financial condition. These factors are inherently volatile and subject to rapid change, often driven by political, economic and social developments beyond our control. Such shifts may affect trade agreements, tariffs, customs duties and other aspects of international trade, which could increase our operating costs, including the cost of raw materials sourced from overseas, and potentially limit our market access. For instance, while we source forage from domestic suppliers, these suppliers may themselves rely on overseas sources, exposing us indirectly to international trade policy risks. Changes to trade protection measures, such as the imposition of anti-dumping duties, countervailing duties or safeguard measures, may raise costs or restrict our exports. Export controls and economic or trade sanctions may also constrain our ability to export products or operate in certain markets. Failure to comply with such measures could result in legal penalties, reputational damage or the loss of export privileges.

Our risk management and internal control systems may not be adequate or effective to identify, prevent and manage all risks.

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and risk management methods that are appropriate for our business operations, and seek to continue to improve these systems. For further information, see "Business—Internal Control and Risk Management." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on their effective implementation by our employees. Due to the large scale of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

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RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, political and social conditions, as well as government policies, laws and regulations in the PRC could have a material and adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be influenced by the economic, regulatory, political and social conditions in the country where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage the economic growth and guide the allocation of resources. The industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. Any changes in these factors may have material and adverse effect on our business, results of operations and financial condition.

We are subject to the currency exchange regulatory system which may restrict our ability to convert foreign currencies and remit funds outside the PRC.

The conversion of RMB is subject to applicable laws and regulations in the PRC. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. There is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demand, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of RMB into or out of China.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and the majority of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon us or most of our Directors and senior management outside the PRC. In addition, [REDACTED] may also experience difficulties in enforcing judgments if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions.

Further, although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

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We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

Under the current PRC tax laws and regulations, non-PRC individuals and non-PRC enterprises are subject to different tax obligations with respect to dividends paid to them by us and any gains realized upon the sale or other disposition of our H Shares.

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H Shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H Shares by non-PRC individuals are subject to PRC individual income tax.

For non-PRC enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of our H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [REDACTED] in our H Shares.

If we are unable to continue to benefit from government support such as subsidies and preferential tax treatments, our results of operations could be adversely affected.

We have historically benefited from and expect to continue to benefit from government policies that favor China's dairy industry in the forms of preferential tax treatment and government subsidies. For example, certain subsidiaries of ours are exempt from corporate income tax on income derived from livestock and poultry farming and from agricultural product preprocessing projects. Some of our subsidiaries that are engaged in agricultural and pastoral activities are also exempt from value-added tax and surcharges on the sale of self-produced agricultural products. Some of our subsidiaries are also eligible for preferential tax policies under the Western Development Program or qualify as small and micro enterprises or National High-Tech Enterprises, thereby enjoying corporate income tax preferential policies. In 2023, 2024 and 2025, we received government grants of RMB62.0 million, RMB50.2 million and RMB59.4 million, respectively. We cannot assure you that we will continue receiving such preferential tax treatments or other forms of government support in the future, and if these government policies change, our results of operations could be adversely affected.

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RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong, which may result in additional compliance costs and resources.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

The characteristics of the A share and H share markets may differ, and the price of our A Shares and H Shares may not be comparable but may affect each other.

Our A Shares are listed on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the [REDACTED]. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or settlement between the H Share and A Share markets. With different [REDACTED] characteristics, the H Share [REDACTED] and the A Share market have divergent [REDACTED], liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the [REDACTED] of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

There has been no prior [REDACTED] for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there was no [REDACTED] for our H Shares. We cannot assure you that a [REDACTED] for our H Shares with adequate liquidity will develop and be sustained following the completion of [REDACTED]. The initial [REDACTED] for our H Shares to the public will be the result of negotiations, and the [REDACTED] may differ significantly from the [REDACTED] of the H Shares following the [REDACTED].

We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]). However, the [REDACTED] on the Stock Exchange does not guarantee that an active and liquid [REDACTED] for the H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of the H Shares will not decline following the [REDACTED]. If an active [REDACTED] for our H Shares does not develop following the completion of the [REDACTED], the [REDACTED] and liquidity of our H Shares could be materially and adversely affected. The following factors may affect the [REDACTED] and [REDACTED] of our H Shares: (1) actual or anticipated fluctuations in our operating performance and revenue; (2) our failure to execute our strategies; (3) an unexpected business interruption resulting from operational breakdowns, natural disasters, or major changes in our key personnel or senior management; (4) adverse market reaction to any indebtedness that we may incur or securities that we may issue in the future; (5) announcements of competitive developments, acquisitions or strategic alliances in our industry; (6) potential litigation or regulatory investigations; (7) general market conditions or other developments affecting us or our industry; (8) changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our ability to obtain or maintain regulatory approval for our products; (9) inadequate protection of our intellectual property rights or legal proceedings brought against us for infringement of third parties' intellectual property rights; (10) the operating and stock price performance of other companies in our industry, and other events or factors beyond our control; and (11) the release of lock-up or other transfer restrictions on our outstanding H Shares or sales or perceived sales of H Shares by us or other Shareholders.

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The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses for [REDACTED].

The [REDACTED] and [REDACTED] of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The [REDACTED] and other securities markets have, from time to time, experienced significant price and [REDACTED] volatility that are not related to the operating performance of any particular company. The business and performance and the [REDACTED] of the shares of other companies engaging in similar business may also affect the [REDACTED] and [REDACTED] of our Shares. In addition to market and industry factors, the [REDACTED] and [REDACTED] of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, [REDACTED], expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the [REDACTED] with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience further dilution if we issue additional Shares in the future at a price which is lower than the net tangible asset value at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Our Controlling Shareholders may have substantial influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], assuming the [REDACTED] is not exercised, the underlying A Shares under the 2020 Convertible Bonds are [REDACTED] and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]. Our Controlling Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholder may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our

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constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders’ meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see “Financial Information—Dividends” in this document. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Certain facts, forecasts and statistics contained in this document are derived from publicly available sources and may not be reliable.

This document includes industry data and forecasts extracted from the report prepared by F&S, which was commissioned by us, and from various official governmental publications and other publicly available publications. We have no reason to believe that the information and statistics from official government sources is false or misleading or that any fact has been omitted that would render the information and statistics from official government sources false or misleading. However, we cannot assure you of the accuracy or completeness of the information and statistics from official government sources. The information and statistics from official government sources has not been independently verified by us or any other parties involved in the [REDACTED], or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the [REDACTED]. Moreover, the facts, forecasts and other statistics in this document may not be prepared on the same basis in other publications or jurisdictions. The information and statistics from official government sources contained in this document should not be given undue reliance as a basis for making your [REDACTED] in our [REDACTED].

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares

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in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. We have not authorized the disclosure of any information concerning the [REDACTED] in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the [REDACTED] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding our H Shares. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].