OVERVIEW

Who We Are

We are a technology-driven nutritional food company dedicated to our mission of "bringing freshness and vitality to better lives (鮮活，讓生活更美好)" through the research, development, production and marketing of dairy products and other nutritional food. Guided by our "Fresh Cube Strategy (鮮立方戰略)" at the core, we aspire to elevate low-temperature dairy products from a conventional nutritional source to healthy high-frequency consumer goods with more functional benefits and in broader consumption scenarios, offering consumers dairy products that are fresher, more nutritious, and more emotionally engaging. Leveraging advanced biotechnology and digital capabilities and validated acquisition integration capabilities to drive product quality, operational efficiency and, ultimately, sustained growth, we have evolved into a preeminent player with a nationwide footprint, regional leadership, a diversified brand portfolio, and fully integrated operations across the value chain.

We strategically focus on curating products that resonate with today's youth, a generation of high-value consumers that prize authenticity, individuality, and emotional connection over conventional choices. We understand that consumption is a form of self-expression, and our brands and products are designed to deliver not only functional benefits but also emotional resonance and a distinct sense of identity. Our *New Hope* (新希望™) umbrella brand embodies the enduring promise of being "the choice of a fresh generation," serving as both a trusted foundation and a cultural touchstone for young consumers. Through emotionally engaging offerings, we go above and beyond basic nutrition to cultivate daily rituals that young people are proud to embrace, share, and identify with. We believe that freshness is more than a quality benchmark; it is a powerful statement that empowers the new generation to live, consume, and choose differently. This culturally attuned approach enables us to forge deeper brand loyalty and achieve more repeat purchases, thereby distinguish ourselves in a competitive market.

Our comprehensive "Fresh Value (鮮價值)" product ecosystem serves the diverse and high-quality nutritional needs of consumers. As of the Latest Practicable Date, we had operated over 20 major dairy brands, developing a differentiated competitive position through regionalized operations. Specifically, our *24-Hour Fresh Milk* (24小时™鲜牛乳) series has become a national benchmark for freshness, underpinned by its uncompromising commitment of "sold only on the day hitting the shelves." Our premium brand *Zhaori Weipin* (朝日唯品®) was founded on the philosophy of circular farming and obtained multiple organic certifications for its organic products, which represent the pinnacle of dairy quality in China. In the yogurt segment, *Huorun* (活润®) leverages our proprietary patented strains and 3D encapsulation technology to create functional probiotic yogurt, offering a preferred choice for healthy meal replacement. *Chuxin* (初心®) focuses on simple-formula, health-oriented products, which became prominent in the zero-sucrose yogurt segment. These products enable us to make strong headways into the functional dairy segment, serving to drive our profitability expansion.

We have built an integrated, freshness-centric value chain which spans from grass to glass, supported by a distributed production footprint that enables efficient delivery of fresh products. We have secured high-quality and stable raw milk supplies through a combination of 12 self-owned dairy farms, strategic partner dairy farms with our investees, i.e., Modern Dairy and AustAsia, and stable cooperation with third-party large-scale commercial dairy farms. We have established 17 dairy production facilities across China, strategically positioned in close proximity to consumers for localized supply. The transportation distance from local dairy farms to our dairy production facilities is generally around 150 kilometers, allowing rapid processing and timely market supply of low-temperature fresh milk, low-temperature yogurt, and ambient milk. In addition, our low-temperature processing techniques help preserve active nutrients in milk, contributing to the natural nutritional profile of our products.

We have developed an integrated omni-channel network that combines online and offline touchpoints, following a strategy defined by deep regional penetration complemented by national expansion. Leveraging our robust acquisition integration capabilities and distributed operation layout, we focus on regional markets, establishing leadership positions in core regions while achieving synergistic nationwide development through cross-regional expansion and cold-chain network extension. Our unique home milk delivery network, based on a subscription model, and innovative new scenarios, such as *24-Hour Fresh Milk* concept stores, serve to expand our DTC reach, specifically tailored for our short-shelf-life fresh dairy products. Through our diversified sales channel layout and differentiated operation strategies, we can deliver fresh products to hundreds of millions of households efficiently.

Leveraging our deep understanding of consumer trends and innovation-driven differentiation development, we have captured the robust opportunity in China's low-temperature liquid dairy products market and achieved rapid growth. Our revenue generated from low-temperature dairy products increased at a CAGR of 10.8% from 2023 to 2025. We ranked No. 5 in China's liquid dairy products market and China's low-temperature liquid dairy products market, each in terms of retail sales value in 2025, according to the F&S Report. We also had the fastest growth in retail sales value of low-temperature liquid dairy products among the top five dairy companies from 2024 to 2025 in China's low-temperature liquid dairy products market, according to the same source. In regional markets, we ranked No. 1 in the low-temperature liquid dairy products, low-temperature fresh milk and low-temperature yogurt markets, each in terms of retail sales value in 2025, in Southwest China, according to the same source.

The following chart illustrates our certain major accomplishments.

(1) In terms of retail sales value of liquid dairy products or low-temperature liquid dairy products among the top five dairy companies in China in 2025, according to the F&S Report.

(2) Revenue from newly launched products is recognized as new products revenue for 12 months from the date of the first sales invoice, and recorded in the respective period it is generated.

(3) Weighted average return on equity is calculated based on the profit attributable to shareholders of our Company for the year divided by the weighted average of equity attributable to shareholders of our Company, which is determined based on the opening equity balance and adjusted for the time-weighted effects of increases and decreases in equity during the period.

Our Chronicle of Evolution

We trace our origin back to a business unit in Southwest China incubated by New Hope Group in 2001. We initiated our first wave of strategic expansion through the acquisition of various regional dairy companies, including Kunming Xuelan, Sichuan Huaxi, Anhui Baidi, Hangzhou Shuangfeng, and Qingdao Qinpai. This foundational move established a solid foothold across Southwest China, East China and North China. By developing these local brands independent of each other, we gradually built a comprehensive dairy product production and sales system. Leveraging our distributed supply chain network, local market expertise and brand reputation in local markets, we cemented our position in local markets, gradually expanded operational scale, and accumulated acquisition integration and operational capabilities. Specifically, through the execution of comprehensive post-acquisition initiatives, we have systematically integrated the acquired regional brands. This has been achieved by aligning them with our centralized strategic objectives, implementing robust management frameworks across supply chain, quality control and compliance, and thoughtfully leveraging the combined organizational strengths. As a result, we have significantly enhanced the product mix, revenue, and profitability of these brands, contributing to our overall growth and operational efficiency.

In 2011, Dr. Xi Gang was appointed president and spearheaded the implementation of our "Fresh Strategy (鮮戰略)," the precursor to our current "Fresh Cube Strategy (鮮立方戰略)," which sharpened our focus on the low-temperature fresh milk segment. Building on this strategic direction, we launched the *24-Hour Fresh Milk* (24小时™鲜牛乳) series in the same year to reshape the industry chain through setting the ultra-fresh standard of "sold only on the day hitting the shelves." Our commitment to innovation has been further demonstrated through collaborative R&D efforts, alongside our independent strain development programs. These initiatives have enabled us to accumulate a portfolio of core technology patents, continuously driving the functional enhancement of our products. To support this, we have implemented an agile, digitalized supply chain that synchronizes daily order planning, ensuring seamless cold-chain delivery of high-value products, such as our *24-Hour Fresh Milk* (24小时™鲜牛乳) series. Since 2015, we strategically expanded our geographic footprint by acquiring four additional dairy brands: *Nanshan* (南山®), *Shuangxi* (双喜®), *Zhaori Weipin* (朝日唯品®) and *Sanmu* (三牧®). These acquisitions not only deepened our penetration in the Southwest China and East China markets but also filled a critical gap in Central China. We achieved a significant corporate milestone by listing on the Main Board of the Shenzhen Stock Exchange in January 2019.

Since 2020, we have entered a new phase of sustained development. We have refined our strategy to focus on the "Fresh Value" proposition and adopted a balanced approach across low-temperature fresh milk, low-temperature yogurt and beverages. On the product front, we have cultivated a portfolio of flagship low-temperature dairy products, including *24-Hour Organic Fresh Milk* (24小时™有机鲜牛乳), *Today's Fresh Milk Shop* (今日鲜奶铺™), *Huorun* (活润®) and *Chuxin* (初心®). On the brand front, we have strengthened our brand presence through strategic positioning, continued acquisition of regional dairy companies, and targeted marketing initiatives. For instance, we acquired Xiajin Dairy to strengthen our strategic footprint in Northwest China in 2020. On the technology front, we have reinforced our capabilities in biotechnology research and new product development, while leveraging digital technologies to enhance operational efficiency. On the supply chain front, we have built an optimized raw milk sourcing network comprising self-owned dairy farms, strategic farms such as Modern Dairy and AustAsia, and stable partnerships with large-scale commercial farms. Through these efforts, we have improved our operational efficiency and financial performance significantly. Our revenue generated from new liquid dairy products represented over 10% of our total liquid dairy products revenue for five consecutive years since 2021, continuously reinforcing our core brand value of freshness, health and technology.

Our Brands and Products

We have built a multi-brand portfolio that harmonizes the nationwide *New Hope* (新希望™) brand with the distinct character of our regional specialty brands. Operating independently under the *New Hope* (新希望™) umbrella brand, each specialty brand preserves its unique historical heritage and local identity. This structure allows us to leverage deep local market insights and establish brand recognition of our regional labels, enabling agile operations and precise engagement with target consumers. Our brand portfolio addresses a spectrum of consumer needs, from value-oriented options to premium products, and from individual consumption to family scenarios, ensuring a presence across diverse consumption occasions.

Nationwide brands

Our nationwide brands include the *New Hope* (新希望™) umbrella brand, which embodies our corporate identity as an industry leader, alongside a diverse array of specialty brands: the *24-Hour Fresh Milk* (24小时™鲜牛乳) series, *Zhaori Weipin* (朝日唯品®), *Today's Fresh Milk Shop* (今日鲜奶铺™), *Huorun* (活润®), *Chuxin* (初心®), *Altiplano* (澳特兰®), and *Naixun* (奶寻®).

New Hope (新希望™). Our *New Hope* (新希望™) umbrella brand carries the enduring promise of "the choice of a fresh generation" and serves as the core pillar of public trust in us.

24-Hour Fresh Milk (24小时™鲜牛乳) series. Our flagship fresh milk brand, developed the rigorous standards of our high-quality milk initiative, achieves exceptional freshness by its uncompromising commitment of "sold only on the day hitting the shelves." Originally rooted in regional markets, it has successfully expanded to achieve nationwide distribution.

Zhaori Weipin (朝日唯品®). Our premium brand, founded on the philosophy of circular farming, has established a fully integrated value chain encompassing soil improvement, organic cultivation and dairy farm management. It has obtained organic certifications from China, Japan and the United States, representing the pinnacle of dairy quality in China.

Today's Fresh Milk Shop (今日鲜奶铺™). Our low-temperature dairy brand, founded on the memory of childhood milk consumption among millennials, combines rich flavor with retro national style. It features high protein content ranging from 3.6g to 4.2g per 100mL and is distributed through convenience stores, home delivery and e-commerce platforms, catering to breakfast, coffee, family and fitness scenarios.

Huorun (活润®). Our low-temperature yogurt brand, leveraging our proprietary patented strains and 3D encapsulation technology, delivers functional probiotic yogurt. These technologies help protect probiotic activity during digestion, supporting intestinal health. It is positioned as a healthy option for consumers seeking meal alternatives or daily nutritional support.

Chuxin (初心®). Our low-temperature yogurt brand, guided by the philosophy of "natural ingredients deliver great taste," focuses on using only natural ingredients without compromising flavor. It offers simple-formula and zero-sucrose options for health-conscious consumers seeking clean-label products.

Altiplano (澳特兰®). Our mid-to-high-end white milk brand sources raw milk selectively from nearby local dairy farms. By employing freshness-locking technology, we preserve the natural nutrients of milk, safeguarding the daily nutritional needs of families through superior quality and taste.

Naixun (奶寻®). Our customized dairy products tailored for tea beverage, coffee and bakery brands specialize in customizing formulations to meet the specific needs of institutional customers, enabling each partner to offer their own exclusive dairy products.

Regional brands

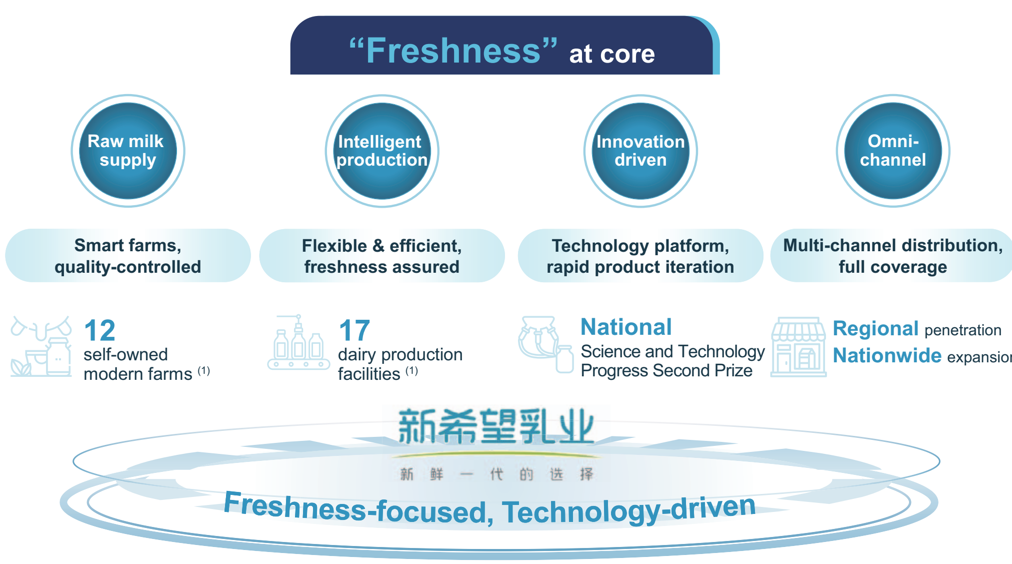
Through our successful acquisition integrations, we have assembled a robust portfolio of regional specialty brands, including *Huaxi* (华西®), *Xuelan* (雪兰®), *Xiajin* (夏进®), *Shuangfeng* (双峰®), *Baidi* (白帝®), *Qinpai* (琴牌®), *Diequan* (蝶泉®), *Sanmu* (三牧®), *Nanshan* (南山®), *Shuangxi* (双喜®), *Tianxiang* (天香®), and *Auscow* (澳牛®). We implemented a "*New Hope* + regional brand" architecture to manage such regional specialty brands, which allows us to continuously elevate our overall brand equity. By strengthening supply chain capabilities, accelerating product iteration, and leveraging biotechnology, we have continuously revitalized these brands to present them as trusted consumer choices in their respective local markets. Together with our nationwide brands, this synergistic network of regional and national labels has collectively expanded our nationwide sales coverage and market development.

The following chart illustrates our major brands as of the Latest Practicable Date.

Our Business Model

We have built an integrated, freshness-centric value chain which spans from grass to glass. By fortifying our biotechnology capabilities, we drive continuous product innovation and brand upgrading. Through the application of digital tools, we orchestrate full-chain coordination and enhance operational efficiency, ensuring outstanding product quality and the seamless delivery of freshness to consumers.

The following chart is a simplified illustration of our business model.



(1) As of December 31, 2025.

High-quality and stable raw milk supply

As of December 31, 2025, we owned 12 dairy farms with more than 50,000 dairy cows in stock, with annual average milk yield at our farms exceeding 12.0 tonnes per cow. Through a combination of our self-owned dairy farms, strategic partner dairy farms through equity investment in Modern Dairy and AustAsia, our strategic investees, and stable cooperation with third-party large-scale commercial dairy farms, we have established a national raw milk supply network, which secures stable nationwide milk supply for close coordination with regional factories and direct access to end markets. The core quality indicators of our raw milk consistently surpass national standards. For example, Kunming *Xuelan* was the first dairy enterprise in China to receive certification under the National High-Quality Milk Project (國家優質乳工程), and we remained the dairy company with the highest number of certifications under that project as of the Latest Practicable Date. We deploy a digitalized dairy farm management system which enables precise feeding and scientific management to ensure the consistent quality of premium raw milk.

Flexible and efficient intelligent production

We have established 17 dairy production facilities across China, strategically positioned in close proximity to consumers for localized supply. The transportation distance from local dairy farms to our dairy production facilities is generally around 150 kilometers, allowing rapid processing and timely market supply of low-temperature fresh milk, low-temperature yogurt, and ambient milk. We have introduced advanced intelligent production equipment to our factories and are actively developing intelligent factories to achieve flexible production and end-to-end monitoring. Our low-temperature equipment further supports rapid, efficient switching among product lines. In 2024, the production facility for our *Huaxi* (华西®) brand won the Global TPM Excellence Award (全球卓越製造大獎優勝獎), recognizing our productivity, product quality and cost control.

Innovation- and technology-driven products

Through collaboration with multiple industry-academia-research platforms, we had accumulated 390 core patents as of December 31, 2025, spanning strain cultivation, membrane filtration for freshness preservation, and stabilization of nutritional functional ingredients. These capabilities continuously drive our products toward greater functionality, superior taste and enhanced freshness. Through our digital consumer insight system, we can swiftly capture evolving demand patterns and, drawing upon our robust innovation mechanism, seamlessly convert product concepts into market launches. Specifically, we generally bring new products from project initiation to product launch in approximately 90 days, faster than the industry average, according to the F&S Report. Our revenue generated from new liquid dairy products represented over 10% of our total liquid dairy product revenue for five consecutive years since 2021, continuously reinforcing our core brand value of freshness, health and technology.

Omni-channel sales coverage

We sell our products widely across a diversified range of channels combining sales to retailers, institutional customers, end consumers through DTC channels, and distributors. Our unique home milk delivery network and innovative new scenarios, such as *24-Hour Fresh Milk* concept stores, significantly increase the proportion of our DTC reach. Beyond delivering fresher experiences to consumers offline, these channels also serve as valuable touchpoints for accumulating consumer feedback, which in turn informs and enhances our product development. We strategically collaborate with key channel partners, actively embrace emerging channels, and continuously strengthen our online business. This multi-channel approach enables us to deepen regional penetration while pursuing nationwide expansion, allowing successful regional models to be replicated and scaled up effectively.

End-to-end technology capabilities

With "technology-driven freshness" at the core, we pursue foundational research, technology development, and commercial application. Through in-house R&D efforts and strategic collaborations with leading research institutions and universities, we have advanced our research capabilities in frontier areas such as screening of probiotic and starter strains, milk component analysis, and dairy nutritional mechanisms products. We have also established technological leadership in key processes, such as low-temperature pasteurization, strain stabilization, 3D encapsulation technology, and membrane filtration, and continued to translate biotechnological breakthroughs into product upgrades and iterations. At the same time, we are digitalizing the entire value chain, including smart dairy farming, intelligent manufacturing and precision marketing, which will continuously enhance our decision-making efficiency, operational agility and consumer service capabilities.

Our Market Opportunity

China's dairy market is large and growing, underpinned by rising health awareness, diversifying consumption needs, and expanding cold-chain infrastructure, of which the low-temperature fresh milk segment is the key growth driver. China's liquid dairy products market, in terms of retail sales value, is expected to increase from RMB345.0 billion in 2025 to RMB386.0 billion by 2030 at a CAGR of 2.3%, according to the F&S Report. China's low-temperature liquid dairy products market, in terms of retail sales value, is expected to increase from RMB94.6 billion in 2025 to RMB123.0 billion by 2030 at a CAGR of 5.4%, according to the same source. The low-temperature fresh milk segment is expanding even faster, expected to grow from RMB40.2 billion in 2025 to RMB61.7 billion by 2030 at a CAGR of 8.9%, according to the same source. Low-temperature yogurt is also growing steadily, supported by demand for functional, snack-style, and flavorful options. China's current penetration rate of low-temperature dairy products remains far below the mature markets such as the United States and Japan, indicating substantial headroom for growth, according to the F&S Report.

The sustained growth of China's low-temperature dairy products market is driven by increasing consumer demand for freshness, nutrition, and health, alongside wider cold-chain access. Consumption has diversified beyond at-home breakfasts to include convenience stores, outdoor settings, sports, and workplaces, boosting both penetration and frequency. Innovation in functionality, taste, and packaging continues to drive market growth. As a leader in the low-temperature liquid dairy products market, we have built a strong product matrix centered on fresh milk and yogurt. Our full-value-chain capabilities, sustained R&D investment, and deep regional channel penetration position us well to capitalize on the market's structural upgrade and further strengthen our leading position.

Our Financial Performance

We have demonstrated consistent financial stability and growth resilience across industry cycles. Despite widespread challenges in the overall dairy market in China in recent years, our revenue grew 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, exceeding the industry average since 2024, according to the F&S Report. The significant increase in our net profit during the Track Record Period was primarily driven by the successful execution of our "Fresh Cube Strategy," which focuses on fresh dairy products, particularly low-temperature liquid dairy products. This was achieved through a steady increase in the share of such products in our sales mix, relentless product innovation to continuously introduce higher-margin offerings, and enhanced operating efficiency across the value chain.

OUR COMPETITIVE STRENGTHS

The following competitive strengths set us apart from our competitors.

Leader in the Low-temperature Liquid Dairy Products Market with Emotional Resonance to Youth

We were among the first in the industry to establish and continuously advance a development strategy centered on freshness. Our "Fresh Cube Strategy" has evolved from the initial stage, which primarily focused on freshness, to the current stage, featuring three core product pillars: low-temperature fresh milk, low-temperature yogurt, and beverages. This clear strategic roadmap enables us to position ourselves effectively at each key stage of industry development and maintain strategic initiative in the market.

"Freshness" has become our most important brand asset. We have translated this pursuit into multiple dimensions spanning the entire value chain from dairy farms to consumers, including raw milk supply, production, orders, logistics, arrival, enjoyment, visibility, and interaction. Through the integration of brand value, product portfolio, and proprietary channel networks, we have constructed differentiated competitive barriers and contributed to the industry's transition from scale-driven to value-driven growth.

Strategically, we focus on curating products that deeply resonate with today's youth, a generation of high-value consumers that prize authenticity, individuality, and emotional connection over conventional choices. Our *New Hope*（新希望™）umbrella brand embodies the enduring promise of being "the choice of a fresh generation," serving as both a trusted foundation and a cultural touchstone for young consumers. Through emotionally engaging offerings, such as the *24-Hour Fresh Milk*（24小时™鲜牛乳）series and *Today's Fresh Milk Shop*（今日鲜奶铺™）, we go above and beyond basic nutrition to cultivate daily rituals that young people are proud to embrace, share, and identify with. This culturally attuned approach enables us to forge deeper brand loyalty and achieve more repeat purchases, thereby distinguish ourselves in a competitive market.

Guided by this principle, our revenue has grown to exceed RMB10.0 billion during the Track Record Period, demonstrating strong resilience amidst industry cycles. We ranked No. 5 in China's liquid dairy products market in terms of retail sales value in 2025, according to the F&S Report. Our revenue generated from low-temperature products achieved a CAGR of 10.8% from 2023 to 2025. We also ranked No. 5 in China's low-temperature liquid dairy products market in terms of retail sales value in 2025, with the fastest growth in retail sales value of low-temperature liquid dairy products among the top five dairy companies from 2024 to 2025 in China, according to the F&S Report. In regional markets, we ranked No. 1 in the low-temperature liquid dairy products, low-temperature fresh milk and low-temperature yogurt markets, each in terms of retail sales value in 2025, in Southwest China, according to the same source.

Our *24-Hour Fresh Milk*（24小时™鲜牛乳）series has become a national benchmark for freshness, underpinned by its uncompromising commitment of "sold only on the day hitting the shelves." Our premium brand *Zhaori Weipin*（朝日唯品®）has obtained organic certification from China, Japan and the United States, representing the pinnacle of dairy quality in China. In the yogurt segment, *Huorun*（活润®）leverages our proprietary patented strains and 3D encapsulation technology to create functional probiotic yogurt, offering a preferred choice for healthy meal replacement. Meanwhile, *Chuxin*（初心®）focuses on simple-formula, health-oriented products, which became prominent in the zero-sucrose yogurt segment. These products enable us to make strong headways into the functional dairy segment, serving to drive our profitability expansion.

Deep Regional Penetration and Channel Iteration Reaching Hundreds of Millions of Consumers

We have built an integrated sales network that seamlessly connects online and offline channels, combining DTC access with multi-dimensional distribution. Building on deep regional penetration, we have achieved nationwide expansion, ensuring that fresh products can rapidly reach hundreds of millions of households. As of December 31, 2025, our service network covered more than 300 cities and counties across China, with a diversified range of sales channels including sales to retailers, institutional customers, end consumers through DTC channels, and distributors.

We adopt a channel strategy defined by deep regional penetration complemented by national expansion. Leveraging our validated acquisition integration capabilities and distributed operation layout, we focus on establishing leadership positions in core regions while achieving synergistic nationwide growth through cross-regional expansion and cold-chain network extension. Our expansion follows a dual approach. On the one hand, we expand outward from key cities to surrounding city clusters. For example, Hebei *Tianxiang*（天香®）has extended from Baoding, Hebei to the Beijing-Tianjin-Hebei and Shandong-Henan regions. On the other, through replicable regional model brands such as *Liangshan Xue*（凉山雪®）and our acquisition of regional leaders such as *Xiajin*（夏进®）in Ningxia, we have replicated our "Fresh Cube Strategy" into new regions such as Northwest

China. As a result, we have maintained leading market share in low-temperature fresh milk in regions such as Sichuan, Yunnan and Zhejiang, with low-temperature fresh milk penetration in the Chengdu market approaching 60% in 2025, according to the F&S Report.

To achieve precise consumer reach and enhance brand strength, we have pursued strategic partnerships with key retailers. In addition, we have actively embraced emerging channels, such as convenience stores, membership stores, and bulk snack stores, to expand our market presence across a wider range of geographic regions and consumer segments. Furthermore, we have expanded our online channels through partnerships with leading e-commerce and instant retail platforms, leveraging their extensive user bases, logistics capabilities and digital marketing tools to expand our sales channels, enhance brand visibility and reach consumers more efficiently across different consumption scenarios.

Innovation- and Technology-Driven Brands and Products

With innovation at the core and a strategic focus on low-temperature dairy products as our primary track, we have leveraged systematic product innovation to consistently launch blockbuster products, reinforce the core brand value of freshness, health and technology, and enhance consumer awareness and loyalty. As a result of this systematic approach, we received the "Fastest Growing Brand in Penetration in China's Food Category" award from the Kantar Worldpanel.

Our product innovation approach ensures that innovation is a replicable and systematic output process. Specifically, we generally bring new products from project initiation to product launch in approximately 90 days, faster than the industry average, according to F&S. Our revenue generated from new liquid dairy products represented over 10% of our total liquid dairy products revenue for five consecutive years since 2021. Building on this robust innovation mechanism, we have solidified our foundation in low-temperature fresh milk and low-temperature yogurt segments. We have successfully cultivated a portfolio of flagship products, including the *24-Hour Fresh Milk* (24小时™鲜牛乳) series, renowned for its exceptional freshness, *Zhaori Weipin* (朝日唯品®), distinguished by its organic certifications, and *Huorun* (活润®), featuring proprietary functional benefits in probiotics, each catering to distinct consumption scenarios and consumer needs.

We adopt innovative marketing strategies to reinforce consumer mindshare of "freshness." Offline, we create immersive consumer experiences through innovative consumption scenarios, such as our *24-Hour Fresh Milk* concept stores. Online, we actively expand our presence across social media, content platforms, and e-commerce channels, and enhance our brand influence among younger consumers through influencer collaborations and targeted topic-based marketing campaigns. In addition, through cross-industry collaborations, we partner with well-known IPs and brands to continuously refresh our brand image and maintain market attention. For example, *Today*'s *Fresh Milk Shop* (今日鲜奶铺™) conducted a Chinese cultural heritage-themed marketing campaign in collaboration with the Yongle Palace cultural IP and nationally recognized inheritors of national-level intangible cultural heritage items. At the same time, we capitalize on local trending events to execute regional marketing campaigns. *Sanmu* (三牧®) launched themed activities in Liangshan, such as the "Jacaranda Art Festival" and "Torch Festival with *Liangshan Xue* (凉山雪®)." By incubating region-specific products, *Sanmu* (三牧®) secured a dominant position in the local market. Leveraging the strong public interest in the 2025 Jiangsu Provincial City Football League, *Shuangxi* (双喜®), as the official sponsor of the Suzhou division, forged deep emotional connections with local fans, achieving multi-dimensional and broad-based brand exposure.

Industry-leading Biotechnology and Digital Capabilities

With technology-driven freshness at the core, we have strategically focused on biotechnology and digitalization to empower our entire value chain, injecting strong technological momentum into our long-term development.

We have established a well-structured, open and collaborative R&D system which enables us to rapidly capture global consumption trends and translate cutting-edge scientific research into commercial successes. At basic research level, we draw on the strength of our collaborations with leading universities, research institutes and expert workstations. Through such joint efforts, we conduct deep research into frontier fields such as lactic acid bacteria screening, milk component analysis, and dairy nutrition mechanisms. We have established a proprietary probiotic strain resource library with more than 2,000 strains, laying a solid foundation for the development of functional products. At the level of technological development, through independent R&D and global cooperation, we have achieved technological leadership in key processes such as low-temperature pasteurization, strain stabilization, and membrane filtration.

We focus on the retention of active nutritional ingredients through years of dedicated dairy biotechnology research, rapidly translating scientific advancements into innovative products. Our *Huorun* (活润®) crystal-bubble yogurt applies advanced probiotic 3D encapsulation technology, significantly improving the survival rate of active probiotics in the product and their tolerance to the acidic environment in the digestive system. We have enhanced the precision and standards of our sterilization processes, achieving breakthroughs in product quality while effectively preserving natural active nutrients in milk. The active protein content in our *24-Hour Fresh Milk* (24小时™鲜牛乳) series is at a high level within the industry, contributing to product differentiation from competing products, according to the F&S Report. Through our robust R&D platform, we continuously transform biotechnology research achievements in milk proteins, functional ingredients and other areas into iterative product upgrades, ensuring efficient commercialization of innovation.

Since 2012, we have systematically advanced our digitalization strategy, driven by business needs and data. We have built a digital system that runs through the entire business chain and covers the full-value chain from grass to glass, providing a solid foundation for our steady growth and strategic leadership. At the dairy farms level, we realize refined herd management through our smart dairy farm management system. At the production level, we ensure process standardization and traceability through our intelligent manufacturing system. At the channel level, we optimize inventory and precise delivery through our self-developed digital B2C e-commerce and consumer engagement platform via WeChat mini-program, "Fresh Go (鲜活Go)", offering consumers with greater convenience and enhanced services.

We have consistently invested in R&D, providing solid support for product innovation. We were awarded the National Science and Technology Progress Second Prize (國家科學技術進步獎二等獎). As of December 31, 2025, we owned 390 core patents, of which more than 18.4% were invention patents, and our R&D team consisted of 147 personnel, of whom 27.9% held doctoral or master's degrees. As of the same date, we also maintained a digital technology team of more than 40 team members and have established cooperation with leading technological service providers to ensure data security through the continuous iteration of our digital systems.

Distributed Operation with Core Barriers in Fresh Product Quality and Flexible Supply

We leverage a distributed operation model to engage consumers in close proximity, building a closed-loop full value chain spanning dairy cow breeding, production and processing, and cold-chain distribution. Through in-depth control over milk sources and value-chain coordination, we ensure stable product quality and reliable supply.

Premium raw milk supply is the foundation for fresh quality. We adhere to a nationwide milk-source strategy, grounded in freshness, quality, safety and stability, from three sources: self-owned dairy farms, strategic partner dairy farms, and third-party dairy farms. As of December 31, 2025, we owned 12 dairy farms with more than 50,000 dairy cows in stock, with annual average milk yield at our dairy farms exceeding 12.0 tonnes per cow. Through our self-owned dairy farms and strategic partner dairy farms through equity investment in Modern Dairy and AustAsia, leading dairy farms with superior raw milk quality, we have achieved a high-quality and stable nationwide source of raw milk to enable close coordination with regional factories. In addition, we also procure raw milk through stable cooperation with third-party large-scale commercial dairy farms. Our dairy farms are equipped with intelligent herd management systems to monitor in dairy cow health, feed intake and milk production indicators. The core quality indicators of our raw milk consistently surpass national standards. For example, Kunming Xuelan was the first dairy enterprise in China to receive certification under the National High-Quality Milk Project (國家優質乳工程), and we remained the dairy enterprise with the highest number of certifications under that project as of the Latest Practicable Date.

We have established 17 dairy processing plants across China. The integrated layout of dairy farms and processing plants, with the transportation radius from local dairy farms generally around 150 kilometers, allows rapid processing and market supply of our dairy products. Leveraging our cooperation with a high-quality cold-chain logistics service provider, we deployed more than 1,000 professional refrigerated vehicles as of the Latest Practicable Date, forming an efficient regional cold-chain distribution network. In key markets, we have achieved "midnight production—morning delivery" (T+0) for low-temperature fresh milk. We have also continuously increased delivery frequency and enhanced product freshness in the regions we serve. We have implemented a flexible supply chain model of "guiding production by sell-through," enabling small-batch production. By combining intelligent production scheduling with digital management of cold-chain logistics, we have achieved industry-leading efficiency in inventory turnover, ensuring that products are delivered within their optimal freshness period. Our core factories have introduced intelligent production equipment imported from Europe, achieving a high degree of automation and machine efficiency exceeding 99%, while our low-temperature equipment supports rapid and flexible switching. For example, the production facility for our *Huaxi* (華西®) brand can support rapid switching among approximately 160 products. In 2024, this production facility won the Global TPM Excellence Award issued by the internationally renowned Japan Institute of Plant Maintenance, and was the only enterprise of that year to receive the award after an on-site audit in recognition of our productivity, product quality, and cost control.

We have built a robust quality and safety management system covering the entire value chain. Our core factories have obtained certifications such as BRCGS and FSSC22000. We have developed a full-chain digital food safety precision-control platform, which realizes sensitive early warning and precise traceability of quality anomalies through the aggregation and analysis of data from dairy farm, production, logistics and terminals. In 2025, we won the First Prize for Technical Progress (技術進步獎一等獎) awarded by the China Dairy Industry Association (中國乳製品工業協會), setting a benchmark for digital food safety management in the dairy industry. Consumers can trace the "identity" of milk through digital tools, and this transparency builds deep brand trust and serves as a core support for our "Fresh Cube Strategy."

Experienced Management Team with Strong Strategic Shareholder Support

We have a seasoned management team with deep insight into China's dairy industry and strong execution capabilities. Our core management team has deep roots in the dairy industry, with extensive industry experience, strong strategic focus and proven acquisition integration and operational capabilities. Dr. Xi Gang, our chairman, brings nearly 20 years of management experience in the dairy industry. With his forward-looking strategic vision, he has led our Company in establishing and executing our distinctive "Fresh Cube Strategy" development path. Dr. Zhu Chuan, our president, has deep industry expertise and extensive operational management experience, instrumental in advancing synergies across our value chain, digital transformation and upgrade, and cross-regional market integration. Members of our core team come from leading dairy companies and the broader fast-moving consumer goods industry, bringing cross-sector integration capabilities and strong strategic decision-making capabilities. They have successfully led our Company through industry cycles and achieved double-digit growth in net profit for consecutive years.

Backed by the more than four-decade track record of New Hope Group, we benefit from strong capital support and extensive resources from our shareholders. In addition, we have also consistently maintained an independent market-oriented operating mechanism and an efficient decision-making system. Our corporate governance structure is well regulated, and our Board members have diversified professional backgrounds, enabling our Company to respond flexibly and make precise decisions in a rapidly changing market, balance long-term strategy with short-term performance, and protect shareholder interests. In 2025, we received the "Best Managed Companies in China" honor, jointly selected by Deloitte, Harvard

Business Review, Bank of Singapore and The Hong Kong University of Science and Technology for the fifth consecutive year, the first Chinese dairy enterprise to receive the gold award under this honor.

We place significant importance on employee incentives and talent development. Through our internal talent cultivation programs, we have established a strong pipeline of skilled professionals to support our business expansion. We are also committed to advancing rural revitalization, having invested over RMB700 million cumulatively in this area from 2020 to 2025. During the Track Record Period, we have consistently published annual ESG reports, reinforcing our ESG governance to build a comprehensive framework for sustainable development.

OUR GROWTH STRATEGIES

We intend to further grow our business with the following strategies.

Deepen "Fresh Cube Strategy" to Strengthen Our Leadership

Building on our core strengths in low-temperature liquid dairy products, we aim to deepen our "Fresh Cube Strategy" and incorporate youthful and trend-driven brand attributes. Through the coordinated efforts of product value enhancement, trend-forward brand image development, and differentiated channel positioning, we aim to further strengthen our market leadership in the low-temperature dairy product segment.

Optimize our segment-focused product portfolio. We will continue to focus on the low-temperature fresh milk and low-temperature yogurt segments, while further developing a diversified portfolio of beverages with nutritional functions. Through product iteration and innovation, in-depth scenario-based marketing, and enhanced channel penetration, we plan to further expand the market presence of our flagship products, including our *24-Hour Fresh Milk*（24小时™鲜牛乳）, *Huorun*（活润®）and *Chuxin*（初心®）, to strengthen consumer loyalty among our existing consumer base. At the same time, we will develop differentiated dairy products tailored to the preferences of younger consumers, enhancing our overall product value and market appeal.

Build trend-forward brand image anchored in freshness. We intend to integrate our online and offline marketing resources and build a comprehensive, youth-oriented brand communication system around freshness, health and technology. By combining social engagement, trend-led cross-industry collaborations, and scenario-based consumer engagement, we aim to deepen our emotional connection and value resonance with younger consumers and enhance brand presence and consumer loyalty. We will also explore ways to express our brand internationally, aligning our "Fresh Value" with global consumer trends and laying the groundwork for future expansion into overseas markets.

Expand sales channel network in key regions. With emerging channels and DTC as our focused direction for future development, we will implement a differentiated channel operation strategy. For offline channels, we will focus on core cities and high-potential regions, deepen our operational capabilities in key modern channels, such as member-based warehouse clubs, convenience stores, membership stores, bulk snack stores, and fresh food supermarkets. For online channels, we will prioritize our presence across major e-commerce platforms and emerging channels, such as community group-buying and instant retail. We will also step up our efforts in building consumer-facing business models through brand image stores, online mini programs and private-domain operations, creating dedicated consumption scenarios that enable our fresh products to reach consumers directly.

Drive Innovation through Technology and Empower Industry Upgrading across Value Chain

Strengthen core technology research and accelerate product innovation. We will focus on frontier areas such as nutritional formulations, biological fermentation and synthetic biology, and new sterilization and freshness-preservation technologies. We will advance foundational research in areas, such as bio-fermentation, enzyme engineering and precision nutrition, to maximize the retention of naturally active nutrients in dairy products, enhance the health value of our products, create diversified flavor experiences, and optimize product freshness and texture, thereby achieving the all-round upgrading of product value. We will also leverage the synergies among our diversified scientific research platforms to accelerate the commercialization of research results.

Promote digitalization across value chain. By leveraging digital technologies, such as big data, cloud computing and artificial intelligence, we will optimize our operation from raw milk supply management, production planning and logistics to marketing and sales services. Through data-driven consumer insights, we plan to guide product development and marketing strategies more effectively. At the same time, we plan to build an intelligent supply chain collaboration platform to enhance the alignment between production and sales, ensuring that the freshness of our low-temperature products is intelligently managed and efficiently delivered throughout the distribution process. Furthermore, we strive to reinforce our food safety management by continuously strengthening our digital quality traceability system to achieve transparent product management from dairy farms to retailers. In addition, through continuous data management and data-driven operations, we plan to enhance our operational decision-making capabilities, optimize resource allocation, and improve overall operational efficiency.

Strengthen Our Distributed Supply Chain to Deliver Fresh Products Efficiently

We aim to further strengthen our supply chain system characterized by distributed operation layout, efficient fulfillment and comprehensive freshness control, which underpins the quality and freshness of our products from source to consumers.

Enhance our distributed supply network. We will continue to deepen our nationwide distributed operation by integrating milk supply bases, processing facilities and regional cold-chain logistics hubs around major metropolitan clusters and key consumption regions. This structure enables us to shorten transportation distances, reduce intermediate handling and better preserve the natural nutrients in our dairy products. By locating production capacity closer to consumers, we are able to respond more effectively to local preferences and develop region-specific products that offer greater variety.

Build highly efficient supply chain with fast delivery capabilities. We plan to continuously enhance cold-chain logistics network and fulfillment capabilities Specifically, we plan to further enhance our delivery capabilities by expanding "midnight production—morning delivery" from core cities to more major markets. A responsive order management system enables us to quickly meet market demand, while an efficient distribution network supports circulation efficiency and delivers on our freshness commitment. We plan to continue optimizing cold-chain infrastructure, intelligent dispatch systems and retail terminal distribution network to further shorten the time from production to retail delivery.

Enhance flexible manufacturing capabilities. We will continue to upgrade our production facilities through improving our flexible manufacturing capabilities to better support multi-product, small-batch and rapid product changeover production. These capabilities will allow us to respond more efficiently to evolving regional taste preferences, seasonal consumption patterns and the diverse demands of younger consumer groups. Our flexible supply chain will provide stable and efficient support for the trend-led development of new products and business lines.

Upgrade and expand the production capacity of our self-owned dairy farms. We plan to further enhance our upstream supply capabilities by refurbishing and expanding the production capacity of our self-owned dairy farms. In particular, we plan to refurbish certain dairy farms, upgrade related equipment, expand the production capacity of certain barns and feed areas, and allocate additional resources to our dairy herd, supporting our future business growth and reinforcing the stability and quality of our milk supply.

Deepen Acquisition Integration, Cultivate New Growth Drivers and Expand Overseas Operations

We aim to pursue balanced growth across our fresh milk and yogurt business and our emerging business of nutritional food with functional benefits. Our strategy focuses on strengthening our leadership in core segments, capturing new growth opportunities and selectively building presence in overseas markets with growth potential.

Deepen acquisition integration to achieve growth. We plan to continue advancing the integration of acquired businesses across key operational areas, including brand development, sales channels, supply chain management, and management systems, with the objective of achieving resource sharing, operational coordination and improved efficiency of our core business. Through these integration efforts, we plan to further realize economies of scale and capture operational synergies. In addition, in alignment with our core strategic focus, we will continue to identify potential acquisition opportunities, particularly businesses with strong regional market positions or complementary channel capabilities. Through selective acquisitions and integration, we plan to further optimize our nationwide footprint of core business and strengthen our competitiveness in targeted market segments.

Develop beverage business as new growth driver. We plan to further develop our business of beverages with nutritional functions as a new growth driver, addressing diverse consumer needs across multiple consumption scenarios. Leveraging the brand recognition, channel network, supply chain and R&D capabilities developed through our core low-temperature liquid dairy product business, we have established a solid foundation for this expansion. Through a combination of in-house R&D and acquisition and integration of selected targets, we aim to accelerate product development, commercialization and market penetration.

Coordinate domestic and overseas expansion. We will coordinate product development in both domestic and overseas markets across our business lines. Domestically, we will continue to deepen our core business while accelerating product penetration across different regions. Overseas, we will evaluate opportunities in established markets and high-growth regions, leveraging investments, acquisitions and localized operations to support international expansion. We expect this dual-focus strategy to capture new growth opportunities across geographies and further strengthen our brand presence globally. As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets, nor have we entered into any definitive agreements.

Strengthen Our ESG Governance and Build Sustainable Development System

We are committed to incorporating ESG principles into our development strategy and end-to-end operations management to support our long-term development. We aim to make sustainability a core competitive strength, balancing economic, environmental and social value creation for the benefit of our shareholders, consumers, employees and other stakeholders.

Enhance environmentally sustainable operations. To achieve a green transformation across our entire value chain, we are systematically advancing energy-saving and emissions-reduction initiatives from raw milk supply to end consumption. In dairy farms, we promote low-carbon feeding and precision feeding models to reduce emissions and resource consumption in breeding activities. In production, manufacturing and cold-chain logistics, we continue to optimize processes and transportation routes while increasing our use of clean energy. In packaging, we are developing and promoting recyclable and biodegradable materials. Through these value-chain-wide initiatives, we aim to minimize our carbon footprint while safeguarding the quality and freshness of our products.

Fulfill social responsibilities and demonstrate social commitment. We will continue to actively participate in public welfare initiatives, including rural nutrition improvement and rural revitalization. Beyond providing consumers with high-quality, nutritious dairy products, we invest in nutrition education and food safety awareness programs. We believe these efforts can ensure that the benefits of our growth are shared more broadly.

Strengthen our modern corporate governance. We will further integrate ESG governance requirements into our strategic decision-making, day-to-day operations and internal controls to enhance transparency and standardization. We will continue to strengthen our organizational culture and optimize our talent management systems, including recruitment, development, incentives and career progression. In addition, we aim to build a modern, people-centered governance framework with clear accountabilities and efficient collaboration, providing a solid organizational foundation for our long-term sustainable development.

OUR PRODUCTS

We offer an extensive portfolio of dairy products to cater to the varied taste and nutritional requirements of consumers. Our main product categories include (1) liquid dairy products, comprising primarily low-temperature fresh milk, low-temperature yogurt, and ambient liquid dairy products, and (2) milk powder products.

The following image is a simplified illustration of our main product portfolio.

Our low-temperature products focus on delivering enhanced freshness and nutrition. Our ambient products provide greater convenience and a wider distribution reach due to their stability at room temperature. While we maintain a diverse portfolio across both categories, we strategically prioritize our low-temperature operations. This focus allows us to execute our "Fresh Cube Strategy" effectively, meeting the evolving consumer demand for high-quality fresh dairy products. We have also continued to expand our liquid dairy products offerings to nutritional food with functional benefits, including yogurt products which can serve as meal replacements and other food products.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Liquid dairy products	**9,755,260**	**88.8**	**9,836,179**	**92.2**	**10,495,087**	**93.4**
Low-temperature	4,925,225	44.8	5,226,188	49.0	6,049,009	53.8
Ambient	4,830,035	44.0	4,609,991	43.2	4,446,078	39.6
Milk powder products	**78,802**	**0.7**	**71,215**	**0.7**	**86,570**	**0.8**
Other business(1)	**1,153,232**	**10.5**	**758,029**	**7.1**	**651,801**	**5.8**
Total	**10,987,294**	**100.0**	**10,665,423**	**100.0**	**11,233,458**	**100.0**

(1) Our other business activities primarily consisted of (i) sales of dairy-related products and ancillary products, (ii) provision of products or services in the supply chain, and (iii) sales of recyclables.

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

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(tonnes)	*(RMB/kg)*	*(tonnes)*	*(RMB/kg)*	*(tonnes)*	*(RMB/kg)*
Liquid dairy products	**1,092,313**	**8.9**	**1,144,622**	**8.6**	**1,218,179**	**8.6**
Low-temperature	400,120	12.3	458,399	11.4	540,710	11.2
Ambient	692,193	7.0	686,223	6.7	677,469	6.6
Milk powder products	**1,598**	**49.3**	**1,455**	**49.0**	**1,650**	**52.5**

During the Track Record Period, our sales volume of liquid dairy products increased from 1,092.3 thousand tonnes in 2023 to 1,144.6 thousand tonnes in 2024 and further to 1,218.2 thousand tonnes in 2025, consistent with our business growth. The average selling price of our liquid dairy products decreased from RMB8.9 per kilogram in 2023 to RMB8.6 per kilogram in 2024, primarily due to increased promotion activities amid more intensive market competition. The average selling price of our liquid dairy products remained stable at RMB8.6 per kilogram in 2025.

The sales volume and the average selling price of our milk powder products increased from 1,455 tonnes and RMB49.0 per kilogram in 2024 to 1,650 tonnes and RMB52.5 per kilogram in 2025, primarily due to the launch of our new milk powder products with relatively higher pricing in 2025.

Liquid Dairy Products

Our liquid dairy products consist of low-temperature liquid dairy products and ambient liquid dairy products.

Low-temperature liquid dairy products

We have positioned our product portfolio to prioritize the low-temperature dairy segment, which serves as the pillar of our "Fresh Cube Strategy," designed to meet evolving consumer demand for freshness and nutrition. During the Track Record Period, revenue from sales of our low-temperature liquid dairy products was RMB4,925.2 million, RMB5,226.2 million and RMB6,049.0 million in 2023, 2024 and 2025, respectively, accounting for 44.8%, 49.0% and 53.8% of our total revenue for the same periods, respectively.

Low-temperature fresh milk

Low-temperature fresh milk is a category of dairy products known for its lower-temperature heat processing and shorter shelf life. Unlike ambient milk, which is treated at ultra-high temperatures to remain shelf-stable for months, low-temperature fresh milk must be kept refrigerated and is typically consumed within a few days of production. This category is the core of our "Fresh Cube Strategy," as it focuses on delivering milk that is close to its natural state while retaining more nutrients during heat treatment.

To preserve the natural nutrients of the milk, we utilize a precise low-temperature pasteurization process, heating the milk to 72–75°C for 15 seconds for our *24-Hour Fresh Milk*（24小时™鲜牛乳）series. This temperature is high enough to eliminate harmful bacteria but low enough to protect heat-sensitive bioactive nutrients, such as immunoglobulins and lactoferrin, which are usually depleted in high-temperature and UHT treatment for ambient products. Additionally, we have diversified our herds to include specific breeds such as Jersey and Norwegian Red cattle, which naturally produce milk with higher concentrations of fat and protein, enhancing the nutritional and flavor profile at the source.

Our offering in this category includes premium brands such as the *24-Hour Fresh Milk* (24小时™鲜牛乳) series and *Zhaori Weipin* (朝日唯品®). We also maintain other distinct brands such as *Today's Fresh Milk Shop* (今日鲜奶铺™) and *Forest Pasture* (森系牧场).

As of December 31, 2025, we offered over 300 SKUs of low-temperature fresh milk products. Our representative low-temperature fresh milk products are set forth below.

24-Hour Fresh Milk (24小时™鲜牛乳) series
MSRP: RMB21.9 to RMB49.7 per liter

Zhaori Weipin (朝日唯品®) series
MSRP: RMB31.0 to RMB71.0 per liter

Today's Fresh Milk Shop (今日鲜奶铺™) series
MSRP: RMB24.0 to RMB39.3 per liter

Forest Pasture（森系牧场）series
MSRP: RMB32.7 to RMB44.2 per liter

Low-temperature yogurt

Low-temperature yogurt is produced through the fermentation of milk using specific bacterial cultures, which must be kept refrigerated during transportation and storage. Unlike ambient yogurt, which undergoes heat treatment after fermentation to allow for room-temperature storage, low-temperature yogurt does not undergo such heat treatment after fermentation, allowing it to contain live and active probiotics. Focusing on functional health and "clean-label" attributes, our low-temperature yogurt products are made with minimally processed ingredients and artificial additives. Such products are designed to meet specific consumer needs, ranging from basic nutrition needs to digestive health needs, in addition to taste.

The quality of our yogurt is driven by extensive research into fermentation and probiotics. We maintain a strain library of over 2,000 strains of lactic acid bacteria as of the Latest Practicable Date, which we use to develop unique flavor profiles and functional benefits.

Our key low-temperature yogurt brands include *Huorun*（活润®）and *Chuxin*（初心®）. *Huorun*（活润®）focuses on functionality, which are mostly specialized yogurts enriched with fruit chunks, targeted probiotics and dietary fiber for digestive and nutritional support. To ensure beneficial bacteria's effectiveness, *Huorun*（活润®）employs our proprietary 3D encapsulation technology, which coats the probiotics in a protective microscopic layer, shielding them from the acidic environment of the digestive system. *Chuxin*（初心®）focuses on "clean-label" production, which meets the growing demand for transparency and simplicity in food ingredients, targeting consumers who highly value minimal processing. We also maintain various specialty yogurt brands to capture different kinds of demands in the market, such as regional brands and trendy brands. Moreover, we incorporate regionally distinctive features in our low-temperature yogurt products. For example, in Yunnan Province, our yogurt product made with flower petals and Dali（大理）-sourced strains reflects a deep connection of Yunnan culture. By associating brands and products with specific regions and cultures, we strive to create deeper emotional resonance with consumers and build authentic connections.

As of December 31, 2025, we offered over 350 SKUs of low-temperature yogurt products. Our representative low-temperature yogurt products are set forth below.

Huorun（活润®）series
MSRP: RMB11.9 to RMB49.4 per liter

Chuxin（初心®）series
MSRP: RMB26.0 to RMB40.5 per liter

Specialty regional low-temperature yogurts
MSRP: RMB22.0 to RMB83.0 per liter

Ambient liquid dairy products

We have developed a portfolio of ambient liquid dairy products as a vital strategic supplement to our low-temperature offerings, which ensures that our dairy products are accessible in a wider variety of consumption scenarios. In 2023, 2024 and 2025, revenue from sales of our ambient products was RMB4,830.0 million, RMB4,610.0 million and RMB4,446.1 million, respectively, accounting for 44.0%, 43.2% and 39.6% of our total revenue in the same periods, respectively.

Ambient liquid dairy products refer to products that have been processed to be shelf-stable, meaning they can be safely stored and transported at room temperature without refrigeration usually for several months. The shelf stability of our ambient products is achieved through UHT sterilization. The dairy product is heated to 135–140°C for a few seconds to eliminate all microorganisms that could cause spoilage, followed by aseptic packaging to prevent re-contamination.

Our main ambient liquid dairy brands include *Altiplano*（澳特兰®）, *Xiajin*（夏进®）and *Saishang Muchang*（塞上牧场®）. We also offer ambient flavored milk. As of December 31, 2025, we offered over 400 SKUs of ambient dairy products. Our representative ambient dairy products are set forth below.

Altiplano（澳特兰®）series
MSRP: RMB14.0 to RMB22.0 per liter

Xiajin（夏进®）series
MSRP: RMB12.3 to RMB20.6 per liter

Saishang Muchang（塞上牧场®）series
MSRP: RMB15.0 to RMB20.0 per liter

Ambient flavored milk
MSRP: RMB10.4 to RMB15.0 per liter

Milk Powder Products

Our milk powder products serve as a complement to our core liquid dairy product portfolio. After sterilization, raw milk undergoes spray drying to dehydrate while preserving the milk protein and nutrients. In 2023, 2024 and 2025, revenue from sales of milk powder products was RMB78.8 million, RMB71.2 million and RMB86.6 million, respectively, accounting for 0.7%, 0.7% and 0.8% of our total revenue for the same periods, respectively.

We operate this segment through our core brands, mainly *Diequan* (蝶泉®), which target the mass market and ecological specialty niches. Our *Diequan* (蝶泉®) series emphasizes its origin in the plateau regions of Yunnan, utilizing pure sources from the headwaters of Erhai Lake (洱海) to position itself as a natural, high-quality protein choice.

Other Business

During the Track Record Period, we have also engaged in ancillary operating activities.

- *Sales of dairy-related products and ancillary products.* We sold certain dairy-related products to improve the utilization of our raw milk, such as cream and probiotics. We also sold certain food products, such as bread and eggs, to our institutional customers and to consumers through DTC channels as ancillary products to our sales of liquid dairy products.

- *Provision of products or service in the supply chain.* To facilitate cooperation with our customers and suppliers, we primarily sold certain food products, including by engaging in sporadic trading activities, or provided contract manufacturing service to our customers and suppliers in our supply chain.

- *Sales of recyclables.* We sold certain recyclables derived from our production and farming operations, primarily including cattle feces.

As we continued to focus on our core product offerings in liquid dairy products, revenue generated from other business decreased from RMB1,153.2 million in 2023 to RMB651.8 million in 2025, accounting for 10.5% and 5.8% of our total revenue in the respective periods.

Our Signature Product Series

***24-Hour Fresh Milk* Series (24小时™鲜牛乳系列)**

Representing our highest commitment to freshness, our *24-Hour Fresh Milk* (24小时™鲜牛乳) series is sold exclusively "on the day hitting the shelves." Sourced from high-quality raw milk that exceeds EU standards, the brand offers consumers a unique freshness experience with its exceptional freshness and nutritional value. The immunoglobulin level in the *24-Hour Fresh Milk* (24小时™鲜牛乳) series reaches 100–250mg per liter, which is well above industry average, according to the F&S Report, consistently satisfying superior nutritional demands for consumers. By continuously overcoming technical barriers and utilizing our advanced pasteurization technique, we have successfully launched a series of products, including *24-Hour Fresh Milk* (24小时™鲜牛乳), *24-Hour Gold Fresh Milk* (24小时™黄金鲜牛乳), *24-Hour Platinum Fresh Milk* (24小时™铂金鲜牛乳), *24-Hour Exclusive Jersey Milk* (24小时™娟姗鲜牛乳), and *24-Hour Organic Fresh Milk* (24小时™有机鲜牛乳).

***Zhaori Weipin* (朝日唯品®)**

We have established *Zhaori Weipin* (朝日唯品®) as our premium brand, centered on a circular farming ecological model that integrates soil health maintenance with dairy farming. This approach allows us to manage the ecosystem from organic fertilizer production to cultivation, ensuring that our raw milk is produced in a sustainable environment.

Our product portfolio under the *Zhaori Weipin* (朝日唯品®) brand is characterized primarily by minimal processing and a commitment to preserving the natural flavor profile of milk. Our organic products under *Zhaori Weipin* (朝日唯品®) has obtained organic certifications in China, Japan and the United States for its organic dairy products. By maintaining strict control over the organic integrity of our dairy farms and herds, we position our organic *Zhaori Weipin* (朝日唯品®) products as a benchmark for premium organic dairy products in the Chinese market.

Huorun（活潤®）

Our *Huorun*（活润®）yogurt is our key product in the functional dairy segment. Using our 3D encapsulation technology, *Huorun*（活润®）contains probiotics to promote digestive health. Capturing the market trend of light meals and meal replacements, it features large fruit chunks paired with popping boba cereal and fortified with dietary fiber, which allows consumers to enjoy great taste with prolonged satiety. By aligning precise ingredients with specific health-related outcomes, we have transitioned the series from a standard flavored yogurt to a functional product that meets the evolving demands for high-functionality nutrition.

OUR RAW MILK SOURCING

We have a robust raw milk supply chain that serves as the fundamental pillar of our "Fresh Cube Strategy." Our sourcing model is characterized by a combination of self-owned dairy farms, long-term strategic partner dairy farms, and procurement arrangement with large-scale commercial dairy farms to ensure a stable supply of premium raw milk. This integrated approach ensures consistent product quality and drives operational efficiency across the business. In 2025, we sourced a total of 661.8 thousand tonnes of raw milk from our self-owned dairy farms and our strategic partner dairy farms operated by our strategic investees, i.e., Modern Dairy and AustAsia, representing 58.4% of our total raw milk supply in 2025. We procured the balance of our raw milk supply through stable cooperation with third-party large-scale commercial dairy farms.

The quality of our raw milk exceeds both Chinese national standards and advanced international benchmarks. In 2025, our top-quality raw milk achieved an average milk protein content of 3.3% and a milk fat content of 3.8%, providing a superior nutritional foundation for our high-end milk and functional yogurt lines. The average somatic cell count and the total microbial count in the raw milk produced at our self-owned farms are both significantly lower than the maximum limits allowed under EU regulations. These exceptional safety indicators reflect the superior health of our herds and the efficacy of our standardized milking and cold-chain transport protocols, ensuring that we deliver the freshness promised to our consumers.

Geographically, we have strategically positioned our supply base to maximize product vitality and logistical efficiency. To guarantee freshness along our logistics system, we have established dairy farms near our processing facilities in Sichuan, Yunnan, Shandong, and Zhejiang. We have also established dairy farms within high-quality pasture regions, including Ningxia and Gansu. This dual-layer geographic strategy allows us to balance large-scale production efficiency with the rapid regional delivery required for our low-temperature products. Our entire sourcing process is underpinned by our digital "Fresh Source" platform, which utilizes intelligent tools to provide traceability from the farm to the processing plant, transitioning from traditional management to technology-driven monitoring.

The following chart sets forth the relevant information of our self-owned dairy farms and dairy production facilities in China as of December 31, 2025.

Dairy production facilities/Self-owned dairy farms & Numbers	Locations & Numbers				
17 dairy production facilities	Sichuan	Yunnan	Ningxia	Shandong	Hebei
	3	4	2	2	1
	Hunan	Zhejiang	Anhui	Jiangsu	Fujian
	1	1	1	1	1
12 self-owned dairy farms	Sichuan	Yunnan	Ningxia		
	2	4	3		
	Shandong	Zhejiang	Gansu		
	1	1	1		

Our Self-owned Dairy Farms

Our self-owned dairy farms are systematically managed under stringent protocols. As of December 31, 2025, we operated a total of 12 large-scale, standardized dairy farms across China, with an aggregated area of over 4.6 million square meters. Among these, all of them have been certified as student milk supply bases, 11 farms have obtained Good Agricultural Practice certification, four farms have achieved organic certification, and four farms have been recognized as demonstration farms under the National High-Quality Milk Project (國家優質乳工程). Through continuous investment in breeding technology, herd health, and digital management systems, we enhance milk yield, quality, and sustainability.

We have adopted rigorous dairy farm management practices. We have installed dairy farm management system in our dairy farms, allowing management personnel at all levels to access and analyze data, providing technical support and offering guidance and suggestions to the staff. The system includes an intelligent herd management system and a feeding monitoring system, enabling monitoring of dairy farm operations to improve management efficiency and achieve the mission of healthy dairy cows. Healthy cows produce higher yields of milk at a better quality, and thus our dairy farm management system and related cow welfare practices are key to our raw milk production. We produced 283.3 thousand tonnes, 331.0 thousand tonnes and 366.4 thousand tonnes in raw milk from our self-owned dairy farms in 2023, 2024 and 2025, respectively, accounting for 29.2%, 31.8% and 32.3% of the total raw milk we sourced in the same periods, respectively.

We use a herd management system to facilitate the monitoring of each cow, including its reproduction status, growth information, health indicators, breeding information, immunization records and medical history. We track the production of volume of each cow and its daily active and inactive time, and our system generate reports of these statuses to facilitate efficient management. Our dairy farms employ a feeding monitoring and management system to achieve precise feeding. With detailed information on feed formulations for cows at different stages, it utilizes modern information technology to monitor the entire feeding process, reminding operators about the type, sequence, and quantity of feed. By tracking the entire feeding process, we can optimize feed formulation execution and provide balanced nutrition for our cows.

As of December 31, 2025, we managed a dairy herd of over 50,000 cows, which are Holstein breed, predominantly, and specialty cattle breeds including A2, Jersey and Norwegian Red.

Strategic Partner Dairy Farms

To complement our own farming operations, we have established a robust raw milk supply network through strategic investments in industry-leading dairy farming groups, specifically Modern Dairy and AustAsia. As of December 31, 2025, we held 8.03% equity interests in Modern Dairy and 3.17% equity interests in AustAsia. These strategic partnerships provide a safeguard for our production demands by granting us priority access to premium raw milk. We procured 212.4 thousand tonnes, 244.4 thousand tonnes and 295.4 thousand tonnes in raw milk from our strategic partner dairy farms in 2023, 2024 and 2025, respectively, accounting for 21.9%, 23.5% and 26.1% of the total raw milk we sourced in the same periods, respectively.

Below set forth the salient terms of our typical agreement with our strategic dairy farm partners.

- *Term.* Our agreements with our strategic dairy farm partners are usually long-term, such as for five years or ten years.
- *Quantity.* We typically specify the range for demanded quantity of raw milk supplied to us each month in the agreement, which can be adjusted during a month through friendly negotiation. The annual quantity schedule can be adjusted annually upon mutual agreement in the fourth quarter of each year.
- *Quality.* Raw milk supplied must comply with national food safety standards, and additionally satisfy our specifications such as on fat content and protein content.
- *Inspection.* We sample every batch of raw milk supplied. Acceptance of delivery is only upon passing our examination of the sample.
- *Pricing and payment.* The unit price is fixed for the first year of the agreement, which can be adjusted annually upon negotiation, subject to adjustments based on market fluctuations. We usually settle the payment monthly.
- *Termination.* Either party may terminate for material breaches of contract.

Third-party Raw Milk Procurement

In addition, we meet our production demands by procuring raw milk from third-party suppliers of large-scale commercial dairy farms for stable supply. In 2025, we procured raw milk from 161 third-party dairy farms, primarily located in Hebei, Shandong, Shanxi, Ningxia, Yunnan and Sichuan. We procured 475.4 thousand tonnes, 466.4 thousand tonnes and 472.1 thousand tonnes in raw milk from third-party raw milk suppliers in 2023, 2024 and 2025, respectively.

Below set forth the salient terms of our typical agreement with our third-party raw milk suppliers.

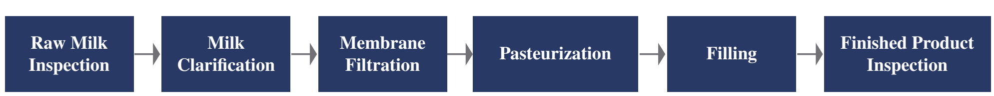
- *Term.* Our agreements with our third-party suppliers are usually between one to five years, subject to renewal.
- *Quantity.* We typically specify the total volume of procurement each month in the agreement. The annual quantity schedule can be adjusted annually upon mutual agreement in the fourth quarter of each year.
- *Quality.* Raw milk supplied must comply with national food safety standards, and additionally satisfy our specifications such as on fat content and protein content.
- *Logistics.* Our third-party suppliers are typically responsible for the logistics. Transportation and storage of the raw milk must follow our stringent conditions, such as temperature requirement.
- *Inspection.* We sample every batch of raw milk supplied. Acceptance of delivery is only upon passing our examination of the sample.
- *Pricing and settlement.* Unit price is usually negotiated for each year, subject to negotiated adjustments for material market fluctuations. We typically settle payment monthly.
- *Termination.* Either party may terminate for material breaches of contract.

OUR PRODUCTION

Our production capabilities are anchored in advanced processing facilities, stringent quality control systems, and digitalized supply chain integration, enabling us to deliver fresh, safe and innovative dairy products consistently and at scale.

Low-temperature Fresh Milk

The following flowchart illustrates the key production process of our low-temperature fresh milk.



After raw milk inspection, we utilize membrane filtration technology to adjust the content level of components such as protein. Pasteurization is the heating treatment that kills harmful microorganisms for low-temperature products. We then conduct ultra-clean filling to fill the product into containers under sterile procedure, after which we conduct finished product inspection.

Low-temperature Yogurt

The following flowchart illustrates the key production process of our low-temperature yogurt.

In addition to the production steps of low-temperature fresh milk, there is an additional step of fermentation for low-temperature yogurt, which is where pasteurized milk is inoculated with live bacterial cultures and held at a controlled temperature.

Ambient Liquid Dairy Products

The following flowchart illustrates the key production process of our ambient dairy products.

For ambient dairy products, the key difference compared with low-temperature products is that they undergo UHT sterilization after pasteurization, as UHT sterilization eliminates all microorganisms to enable long-term room-temperature storage of the products without spoilage. We conduct aseptic filling because ambient dairy products after UHT sterilization require absolute insulation from microorganisms, which can cause spoilage if even at a microscopic quantity.

Milk Powder Products

The following flowchart illustrates the key production process of our ambient dairy products.

After sterilization, the milk is first concentrated before spray drying, which is converting liquid milk into a dry, powdered form a controlled environment.

Production Capacity

As of December 31, 2025, we operated 17 production facilities across multiple regions in China with a gross floor area of approximately 409,170 square meters. The following table sets forth the maximum production capacity, actual production volume and utilization rate of our production facilities during the Track Record Period.

	For the year ended December 31,								
	2023			2024			2025		
	Maximum production capacity(1)	Actual production volume(2)	Utilization rate(3)	Maximum production capacity(1)	Actual production volume(2)	Utilization rate(3)	Maximum production capacity(1)	Actual production volume(2)	Utilization rate(3)
	(tonnes, except for percentages)								
Southwest China	434,130	383,559	88.4%	434,130	379,610	87.4%	440,890	370,632	84.1%
Northwest China	309,140	281,711	91.1%	309,140	281,459	91.0%	309,140	266,142	86.1%
North China	96,000	85,656	89.2%	96,000	90,637	94.4%	120,000	96,527	80.4%
East China	269,348	268,090	99.5%	340,000	300,157	88.3%	378,850	369,058	97.4%
Central China	72,000	70,149	97.4%	82,000	76,915	93.8%	100,000	92,143	92.1%
Total	**1,180,618**	**1,089,165**	**92.3%**	**1,261,270**	**1,128,778**	**89.5%**	**1,348,880**	**1,194,502**	**88.6%**

(1) The maximum production volume is calculated based on the following assumptions: (i) all production facilities are functioning at full capacity, and (ii) all production lines operate at a practicable high utilization level, with allowances for reasonable factors such as routine maintenance and public holidays.

(2) The actual production volume during a year is the total volume of the products produced during that year.

(3) The utilization rate during a year equals the actual production volume divided by the maximum production capacity during the same year.

Our Outsourced Production

In addition to our in-house production, we also enter into long-term cooperation with third-party manufacturers to satisfy our production demands primarily during peak sales seasons. We assess potential dairy partners through our own due diligence, including on-site inspections, based on production quality and safety certifications, regulatory compliance, and geographic proximity for freshness. During the Track Record Period, we engaged 11 different third-party manufacturers in total, all of whom were independent third parties.

We engaged third-party manufacturers to produce primarily our ambient products. We conduct batch testing for the final products under the same quality standard for our own production. During the Track Record Period, we did not encounter any material quality issues, disputes or delays in the delivery of products by the third-party manufacturers.

Production Capacity Expansion Plan

To ensure that our production capabilities remain aligned with operational demands and support our continued growth, we plan to expand our production capacities and upgrade our equipment. Specifically, we intend to enhance our pre-processing capacity, sterilization processes, filling lines, high-speed automated lines, aseptic plastic bottle lines, wastewater treatment facilities, energy-saving technologies, and production and warehouse facilities. For details, see "Future Plans and Use of **[REDACTED]**."

RESEARCH AND DEVELOPMENT

R&D is our key driver to constant product innovation. Our dedicated in-house research capabilities and sustained investment in R&D allow us to continually refine product formulations, introduce new offerings, and respond effectively to changing consumer preferences to ensure our continued competitiveness. Our R&D activities bridge scientific advancement with practical benefits, delivering measurable advantages such as superior nutritional quality, increased production efficiency, and optimized cost structures. In 2023, 2024 and 2025, our research and development expenses were RMB47.4 million, RMB49.1 million and RMB50.4 million, respectively.

We mainly rely on our in-house R&D team to drive our innovation. As of December 31, 2025, we had 147 R&D personnel with an average of approximately nine years of experience in the industry, with expertise covering multiple key disciplines such as food science engineering, microbiology, food quality and safety, and lactic acid bacteria fermentation technology. Of our R&D team, 27.9% held doctoral or master's degrees as of December 31, 2025. Our R&D efforts are grounded in our deep understanding of customer requirements and technological needs.

Our product development process begins by transforming market demands into preliminary concepts and formulas, which undergo internal taste evaluation before being refined based on feedback from the marketing department. Once a prototype is validated, we initiate pilot testing in coordination with the quality and production teams to confirm process compatibility and shelf-life stability. Following a successful cross-departmental review by R&D, marketing, production, and quality, we finalize all technical documentation to facilitate cost accounting and raw material procurement. We then execute at least three trial production batches to ensure consistency before the quality department authorizes the transition to full-scale mass production.

R&D Collaborations

Complementing our in-house R&D capabilities, we also execute strategic collaborations with leading research institutions and universities. we have advanced our research capabilities in frontier areas such as screening of probiotics and starter strains, milk component analysis, and dairy nutritional mechanisms products. For example, we collaborated with a renowned overseas research institution to study the effect of heat treatments on nutrients of liquid milk. These studies not only provide useful results that benefits our production capabilities, but also contribute to building trust with our customers and reinforcing our reputation as an industry leader. In our R&D collaboration agreements, both we and our R&D partners have the responsibility to keep the R&D results and technical secrets, business information and other confidential information shared in the course of collaboration strictly confidential. We typically retain exclusive ownership of the intellectual properties arising from the collaborative R&D. As of December 31, 2025, we had five patents that are co-owned by us and our R&D partners.

KEY TECHNOLOGIES

We utilize various advanced processing technologies to ensure the nutritional integrity, safety, and sensory quality of our products across both our low-temperature and ambient segments. For our top-quality low-temperature fresh milk products, we employ an advanced low-temperature pasteurization technique at 72°C to 75°C for 15 seconds. For our ambient products, we leverage UHT sterilization at temperatures between 135°C and 140°C coupled with aseptic filling, which ensures commercial sterility and a stable shelf life. In addition, the following key technologies allow us to deliver consistent quality and optimal consumer experiences across our product portfolio.

Membrane filtration technology. We implement advanced membrane filtration as a pre-treatment for our dairy production. Using a pressure-driven low-temperature physical filtering process, we are able to separate milk constituents based on particle size to naturally and physically enrich the proportion of certain content of nutrients such as protein and calcium. By configuring different membrane modules in a multi-stage filtration, we adjust milk components to develop differentiated products, including low-lactose, high-protein, and thicker varieties, and also functional products tailored for the needs of children, seniors, and other specialized consumer segments.

Strain library. To develop strains specifically optimized for the Chinese consumer's constitution, our R&D teams have conducted extensive field studies across regions including Sichuan, Yunnan, Xinjiang, and Inner Mongolia. By focusing on traditional fermented foods, ethnic diets, and regional intestinal micro-ecosystems, we have collected thousands of samples. Through rigorous directional isolation and screening, we have constructed a strain library containing over 2,000 strains of lactic acid bacteria, establishing a unique and comprehensive lactic acid bacteria resource library. By performing whole-genome sequencing and bioinformatics analysis on the strains in our collection, we can rapidly identify target strains with specific probiotic functions and differentiated metabolism, significantly enhancing our screening efficiency and precision. As of December 31, 2025, more than 10 of our strains have successfully transitioned from laboratory to empower several of our core product lines, completing a cycle from laboratory research to innovative application.

3D encapsulation technology. To preserve the functional benefits of probiotics, we developed 3D encapsulation technology, preventing probiotics from being killed by stomach acid. Our unique encapsulation protects probiotics from degradation during regular shelf life and significantly enhances their survival rate against gastric acid, ensuring they remain viable upon reaching the digestive system to deliver the nutritional benefits. Application of 3D encapsulation technology on our patented strains also significantly improves their functional benefits on consumers such as improving gastronomic health.

Digitalization Technologies

We have established an integrated digital ecosystem that permeates our core operations to enhance efficiency, transparency, and engagement across three critical stages: upstream production management, midstream supply chain monitoring, and downstream consumer interaction.

At the production origin, we leverage digital technologies to modernize both dairy farm and factory operations. For our dairy farms, we employ a smart dairy farm management system to monitor key parameters such as individual cow health metrics, feed consumption, and environmental conditions within the barns. The data collected is analyzed using data science to optimize breeding programs, implement precision feeding schedules, and ultimately improve milk quality indicators like protein and fat content while simultaneously ensuring animal wellbeing. Within our production facilities, our digitalization capabilities are represented by our Manufacturing Execution System ("MES"), which enables precise monitoring and control of production lines. Automated inspection systems further enhance quality control, ensuring product consistency and safety.

The supply chain is where our digitalization capabilities deliver the most value through total transparency. The cornerstone of this effort is our independently developed "Fresh Source (鮮活源)" food safety management platform that provides end-to-end transparency, which was awarded first-prize in the Industry Technical Progress Award (行業技術進步一等獎) in 2025. This system ensures that our *24-Hour Fresh Milk* (24小时™鲜牛乳) series and other fresh offerings are supported by a supply chain that is fully visible, controllable, and traceable. Advanced logistics systems optimize cold chain routing and monitoring of transportation conditions. Furthermore, we utilize AI-driven predictive analytics for sales forecasting, which allows for more accurate production planning and inventory management. This is particularly vital for managing the short shelf-life of low-temperature products, minimizing waste, and ensuring optimal product freshness upon arrival at sales terminals.

On the consumer-facing front, digitalization transforms how we engage end consumers through DTC channels and fulfill demands. Our consumer engagement platform via WeChat mini-program, "Fresh Go (鮮活Go)," serves as an omni-channel hub. This platform digitizes traditional services like doorstep milk delivery, allowing subscribers to manage their accounts, pause services, or change products online with ease. It also integrates diverse sales channels, including leading e-commerce platforms, to create a seamless shopping experience. Beyond commerce, the traceability platform extends to the consumer by showing the delivery journey from the farm to the customers upon scanning a code, thereby building trust and reinforcing our commitment to quality and service.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any failures in our technology which caused material disruptions to our operations. We are, however, susceptible to risks relating to the failure of our digitalized systems and platforms. See "Risk Factors—Risk Relating to Our Business and Industry—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."

OUR SALES CHANNELS

During the Track Record Period, our sales channels primarily consisted of sales to retailers, institutional customers, end consumers through DTC channels, and distributors. 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,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in thousands, except for percentages)					
Retailers(1)	3,289,160	30.0	3,674,127	34.5	4,291,344	38.2
Institutional customer	1,306,223	11.9	1,577,385	14.8	1,830,487	16.3
DTC	992,124	9.0	973,885	9.1	1,041,650	9.3
Distributors	4,246,555	38.6	3,681,997	34.5	3,418,176	30.4
Other business(2)	1,153,232	10.5	758,029	7.1	651,801	5.8
Total	**10,987,294**	**100.0**	**10,665,423**	**100.0**	**11,233,458**	**100.0**

(1) Our retailers include franchisees, with revenue contribution of RMB2.6 million, RMB3.5 million and RMB6.7 million in 2023, 2024 and 2025, respectively, accounting for 0.02%, 0.03% and 0.06% of our total revenue in the same periods, respectively. The chain stores of Chongqing Hanhong were accounted for as our retailers for 2023. Following a partial disposal of Chongqing Hanhong in December 2023, Chongqing Hanhong and its affiliates were accounted for as eight and nine institutional customers for 2024 and 2025, respectively. The chain stores of Chongqing Hanhong were no longer our customers in 2024 and 2025. For details, see "—Our Sales Channels—Retailers."

(2) Our other business activities primarily consisted of (i) sales of dairy-related products and ancillary products, (ii) provision of products or services in the supply chain, and (iii) sales of recyclables.

Retailers

During the Track Record Period, we sold our dairy products to retailers, primarily including supermarkets, e-commerce platforms, and small retail stores. The following table sets forth the movement of retailers during the Track Record Period.

	As of/For the year ended December 31,		
	2023	**2024**	**2025**
Number of retailers at the beginning of the year	2,270	1,477	1,834
Number of new retailers	1,001	714	458
Number of exiting retailers	1,794	357	699
Number of retailers at the end of the year	1,477	1,834	1,593

In December 2023, to focus on our core businesses, in particular the development and operation of low-temperature dairy products, we completed a partial disposal of Chongqing Hanhong, whose principal business is operating chain stores specializing in freshly made beverages, including tea drinks. Following the disposal, these chain stores of Chongqing Hanhong ceased to be our customers, which contributed to 957 exiting retailers in 2023. Rather, Chongqing Hanhong and its affiliates were accounted for as eight and nine institutional customers in 2024 and 2025, respectively. The chain stores of Chongqing Hanhong were no longer our customers in 2024 and 2025. The number of retailers decreased from 1,834 as of December 31, 2024 to 1,593 as of December 31, 2025, primarily due to a decrease in the number of small retail shops.

We typically enter into standard agreements with supermarkets and e-commerce platforms. By partnering with these trusted retail channels, we ensure the visibility of our brand and accessibility of our products. The salient terms of our agreements with supermarkets and e-commerce platforms are set forth below.

- *Duration.* The term of our agreements is typically one year, subject to renewal or the execution of a new annual commercial agreement upon the expiration of the current term.

- *Pricing and ordering.* Prices are generally fixed for the duration of the agreement. Supermarkets and e-commerce platforms typically retain the right to cancel or modify orders at any time prior to shipment.

- *Payment terms.* We generally grant a credit period of up to 90 days starting from the date of product acceptance or the invoice date.

- *Product returns.* Supermarkets and e-commerce platforms have the right to return products that do not meet quality standards. We typically allow returns for products damaged in the logistics.

- *Termination.* Either party may terminate the agreement upon material breach by the other party, such as failure to deliver goods, quality issues, or non-payment. We may terminate the agreement with an advance notice.

Small retail stores typically transact with us by placing purchase orders. We typically deliver the products to the stores and sell in small batches. We typically settle payments upon delivery or require prepayment.

During the Track Record Period, we also sold our products to franchisees to leverage local partners who already understand their communities. The salient terms of our agreements with franchisees are set forth below.

- *Duration.* Our agreements with franchisee typically last for one year, which can be renewed upon mutual agreement.

- *Franchise fee.* We generally do not collect franchise fee.

- *Obligation.* For sale of dairy products, our franchisee can only sell our products. We allow our franchisees to sell a small amount of non-dairy products that is not under our brand in the store.

- *Branding.* We authorize our franchisees to use our brand name, trademarks, and associated logos in the operation of their stores. We have the right to manage and approve the store's design, daily operations, and the planning of all brand promotions.

- *Payment.* We typically require prepayment from our franchisees.

- *Pricing.* We have the right to determine the pricing of the products sold at the franchisee's store at any time.

- *Product return.* We generally do not allow product return from our franchisees.

- *Termination.* We can terminate the agreement when the franchisee breaches confidentiality obligations or materially breach our contract.

Management of retailers

As part of our management policies for retailers, we typically set a minimum discount price for our retailers. Promotional discounts usually require prior mutual consent. We recognize revenue when retailers accept our products upon delivery. We regularly monitor the inventory level of our retailers.

To ensure compliance with our management policies, we adopt additional management efforts on our retailers. We adopt a tiered management strategy for our offline retailers. For the key retail stores, we arrange daily visits to ensure retailers' compliance with our policies. For other retail stores, we arrange visits on a periodic basis. We also maintain regular monitoring of online retailers on e-commerce platforms to ensure compliance with our requirements, e.g., minimum discount price.

Institutional Customers

We supply dairy products directly to corporate entities and educational institutions, which typically distribute our products to their employees or to students as part of campus nutrition initiatives. We also supply our products to milk tea shops, bakeries, and coffee shops as ingredients for their products. These customers usually demand high-volume supply stability, rigorous food safety compliance, and efficient bulk delivery. As of December 31, 2023, 2024 and 2025, we had 2,655, 2,726 and 2,368 institutional customers, respectively.

The salient terms of our standard agreements with institutional customers are set forth below.

- *Duration.* The term of our agreements is typically one year, subject to renewal or the execution of a new annual commercial agreement upon the expiration of the current term.

- *Pricing.* We usually negotiate the unit price for each product with each institutional customer. We generally reserve the right to adjust prices, sales policies, and promotion strategies based on market fluctuations, provided that we provide the customer with prior written notice.

- *Payment.* We generally grant a credit period of up to 60 days to our institutional customers starting from the date of product acceptance or the invoice date.

- *Product quality and food safety.* We are required to provide dairy products that meet national standards. We assume full liability for relevant losses, food safety issues, or quality defects. The customer often retains the right to demand compensation resulting from quality failures.

- *Service and delivery.* We typically commit to a specific service response time. Products are delivered to designated locations, and the cost of such delivery is generally included in the contract price.

- *Termination.* Either party may terminate the agreement upon material breach by the other party, such as failure to deliver goods, quality issues, or non-payment.

DTC

We also operate DTC channels primarily through offline stores, home delivery subscription, and self-operated e-commerce stores.

Offline stores. We operate self-managed offline retail outlets, including our *24-Hour Fresh Milk* concept stores and other physical stores. These stores are typically located in residential or commercial areas to facilitate consumer access.

Home delivery subscription. Consumers can subscribe through "Fresh Go," our WeChat mini-program, with products delivered regularly by our sales personnel. Alternatively, consumers may place orders directly with our sales representatives offline. This allows us to build direct, long-term relationships with households while ensuring stable consumption frequency.

Self-operated e-commerce stores. We operate self-operated flagship stores on major e-commerce platforms, where consumers place orders online and products are delivered via courier. This channel extends our geographic reach and allows us to capture demand from consumers who prefer online shopping.

We directly operate our DTC channels, ensuring consistent product quality, brand experience and service standards across our DTC network.

Distributors

We also sell to distributors who further distribute our products to a wide range of retail terminals. Revenue generated from our distributors was RMB4,246.6 million, RMB3,682.0 million and RMB3,418.2 million in 2023, 2024 and 2025, respectively, accounting for 38.6%, 34.5% and 30.4% of our total revenue for the same periods, respectively. The following table sets forth the movement of our distributors during the Track Record Period.

	As of/For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	3,261	3,409	3,461
Number of new distributors	1,085	1,141	829
Number of exiting distributors	937	1,089	1,212
Number of distributors at the end of the year	3,409	3,461	3,078

The primary reasons for the termination of our cooperation with exiting distributors during the Track Record Period were our strategic shift towards sales to retailers, institutional customers, and DTC channels, 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 disputes with terminated distributors.

Management of distributors

We have implemented selection standards and due diligence procedures before engaging distributors. We primarily consider factors including (1) the existing operating scale and capabilities of the distributors, including the brands that they have collaborated with; (2) the warehouse conditions of the distributors; (3) their credit profile and payment track record; (4) background search results; and (5) the resources that such distributors can devote to us. We also conduct regular evaluations of our distributors.

We have implemented systematic measures to monitor and manage our distributors, including:

- *Unauthorized cross-sales.* We have adopted rigorous measures against potential unauthorized cross-sales activities. Before engaging distributors, we consider whether they have any track record of cross-sales activities. We generally designate the specific channels and/or regions where our distributors may sell our products and prohibit cross-channel and/or regional sales. We may terminate our supply or even the collaborations if the distributors engage in unauthorized cross-channel and/or region sales, sell our products below our authorized range or engage in other unfair competition conducts against other distributors. We did not have any cannibalization issue during the Track Record Period.

- *Channel-stuffing.* We require prepayment from distributors, and we do not provide financial support to our distributors. In addition, dairy products naturally do not have a long shelf life, especially our low-temperature products, which inherently reduces the incentives for stock piling. In addition, we have started monitoring the inventory level of the distributors to oversee the channel-stuffing risk.

- *Sub-distribution.* Our distributors are not allowed to engage sub-distributors without our prior written consent.

Major terms of distribution agreements

We typically enter into distribution agreements with our distributors. The salient terms of our standard distribution arrangements are set forth below.

- *Term.* The term of our agreements with our distributors is generally one year.

- *Designated distribution area and channels.* Distributors are granted the right to sell specified products within a strictly defined administrative region, such as a specific city or district.

- *Pricing policy.* We reserve the right to unilaterally adjust supply prices at any time based on fluctuations in raw material costs, labor expenses, or general market conditions after giving written notice. Distributors must adhere to our suggested retail price or price range.

- *Payments.* We typically require distributors to make prepayment upon making a purchase order.

- *Logistics.* We are generally responsible for delivering our products to distributors' designated locations.

- *Product return.* We generally do not allow product return from our distributors except for product quality issues.

- *Penalties and termination.* We are entitled to impose a penalty or terminate the distribution agreement with the distributors who breach the distribution agreement, including unauthorized distribution outside their designated distribution area and violations of our pricing policy.

Independence of Sales Channels

During the Track Record Period, certain related parties of our Group were also our retailers or distributors. Such related parties purchased our products and services in the ordinary course of business primarily for their resale via online mobile applications or offline convenience stores. In 2023, 2024 and 2025, our revenue generated from such sales was RMB194.0 million, RMB273.8 million and RMB353.4 million, respectively, accounting for 1.8%, 2.6% and 3.1% of our total revenue in the same periods, respectively. All transactions with these customers are conducted at arm's length and are comparable to transactions we made with independent third parties. For details, see "X. Related Parties and Related-Party Transactions" in the Accountants' Report in Appendix I to this document.

In 2023, 2024 and 2025, we had 12, 14 and 31 customers, including retailers and distributors, which were or controlled by our former employees. Revenue generated from such customers accounted for less than 0.5% of our total revenue in each year during the Track Record Period. All transactions with these customers are conducted at arm's length and are comparable to transactions we made with independent third parties.

To the best of our knowledge, during the Track Record Period and as of the Latest Practicable Date, save as disclosed above, all of our retailers, institutional customers, and distributors were independent third parties and none of them were controlled by any of our employees, nor did any of them have any business, employment, family or financing relationships with any of our Directors, substantial shareholders, senior management and employees.

PRICING

We determine the pricing of our products by considering several factors, such as market positioning, the competitive landscape, procurement and production costs, consumer spending behavior, and the prices of comparable brands and products. Across all sales channels, we maintain a unified MSRP while also setting a minimum discount price for each channel. We may periodically offer discounts, participate in promotional events organized by third-party e-commerce platforms and retailers. We may proactively provide additional discounts during holidays or special promotions. For details of our pricing policies for each sales channel, see "—Our Sales Channels."

BRANDING AND MARKETING

Our branding and marketing strategy is centered on the "Fresh Cube Strategy," supported by our established brand reputation and marketing effectiveness. By integrating differentiated brand strategy, regionally tailored campaigns, online and offline consumer engagement, and cross-industry collaborations, we continuously strengthen consumer engagement and reinforce our position in the market.

Differentiated Brand Strategy

We employ a differentiated brand strategy across market segments, with over 20 major dairy brands as of the Latest Practicable Date. Our *24-Hour Fresh Milk* (24小时™鲜牛乳) series sets the national benchmark for freshness through its commitment of "sold only on the day hitting the shelves." *Zhaori Weipin* (朝日唯品®), our premium brand, holds organic certifications from China, Japan and the United States, representing the pinnacle of organic dairy quality in China. In the yogurt segment, *Huorun* (活潤®) offers functional probiotic yogurt as a healthy meal replacement using our proprietary probiotic strains and 3D encapsulation technology, while *Chuxin* (初心®) focuses on "clean-label," health-oriented products and leads the zero-sucrose yogurt sub-segment.

Regional Brand Equity and Market Penetration

Our regional model allows us to maintain strong local brand equity through regional brands such as *Xiajin* (夏进®) in Ningxia, *Xuelan* (雪兰®) in Kunming and *Nanshan* (南山®) in Hunan ensuring deep regional market penetration. We have maintained leading market share in low-temperature fresh milk in regions such as Sichuan, Yunnan and Zhejiang, with low-temperature fresh milk penetration in the Chengdu market approaching 60% in 2025, according to the F&S Report. At the same time, we capitalize on local trending events to execute targeted regional marketing campaigns. For example, our regional brand *Sanmu* (三牧®) developed themed initiatives in Liangshan, such as the "Jacaranda Art Festival" and "Torch Festival with *Liangshan Xue* (凉山雪®)," featuring *Liangshan Xue* (凉山雪®) as a region-specific product to reinforce market leadership. Meanwhile, leveraging the strong public interest in the 2025 Jiangsu Provincial City Football League, our regional brand *Shuangxi* (双喜®) served as the official sponsor of the Suzhou division, forging deep emotional connections with local fans and achieving broad, multi-dimensional brand exposure.

Consumer Engagement and Cross-industry Collaborations

We adopt marketing strategies to strengthen consumer perception of freshness. Offline, we create immersive experiences through distinctive consumption scenarios, exemplified by our *24-Hour Fresh Milk* concept stores. Online, we actively expand our presence across social media, content platforms and e-commerce channels. By collaborating with key influencers and launching targeted topic-based marketing campaigns, we effectively enhance our brand appeal among younger consumers. We continuously refresh our brand image and attract market attention through cross-industry collaborations with well-known IP holders and brands. For example, *Today's Fresh Milk Shop* (今日鲜奶铺™) launched a Chinese cultural heritage-themed marketing campaign in partnership with the Yongle Palace cultural IP and nationally recognized inheritors of intangible cultural heritage. This collaboration not only elevated the brand's cultural resonance but also demonstrated our ability to integrate traditional heritage into modern consumer engagement.

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

Food safety is our top priority. We operate in compliance with all relevant laws and regulations governing dairy production and sales. Our rigorous quality control is reinforced by a comprehensive quality management system. This integrated digital framework enables monitoring, complete traceability, and seamless management throughout every stage of our operations. Our commitment is validated by a full range of certifications, including ISO9001, ISO22000, BRC, HACCP, and GMP.

As of December 31, 2025, our food safety team had 502 professional members. They conduct rigorous internal audits and unannounced spot checks, while also performing covert inspections across our upstream supply chain and downstream market channels. We continuously cultivate our team's expertise, ensuring we can effectively prevent and control food safety risks across the entire chain.

Raw Milk Quality Control

We implement a comprehensive oversight mechanism for raw milk sourcing to ensure it meets our stringent internal standards, stricter than national standards. Our quality control begins at the source with the management and monitoring of key indicators of the dairy farms from which we sourced our raw milk. We adopted a diversified and controlled sourcing strategy to mitigate price volatility or regional supply disruptions and ensure a consistent, high-quality raw milk supply by maintaining a balanced portfolio between self-owned dairy farms and strategic partner dairy farms, as well as securing stable supply from third-party suppliers by entering into annual supply agreements with them. We sourced a total of 58.4% in raw milk supply from self-owned dairy farms and strategic partner dairy farms in 2025. Additionally, we utilize a digital quality control system that monitors the key production step, identifies issues and tracks rectification process. Quantitatively, it also tracks key safety and quality indicators of our raw milk, such as microbial and somatic cell counts, ensuring the quality of raw milk that enters our production stream.

Production Process and Finished Products Quality Control

During the production phase, we utilize advanced intelligent manufacturing systems to maintain precise control over processing parameters, such as 72°C–75°C 15-second pasteurization and UHT sterilization processes. Every stage of the production cycle is integrated into a digital traceability system, which allows us to monitor the product's journey from the manufacturing floor through the logistics network.

We also strategically structured our supply chain to ensure freshness and quality through complementary approaches. For example, we implemented a proximity-based layout by situating our production facilities within a tight radius generally around 150 kilometers from its supporting dairy farm. This geographic proximity drastically reduces transportation time from milking to processing, minimizing quality degradation and enabling faster, fresher product delivery.

Product Returns and Recalls

We recognize the critical importance of maintaining consumer trust through robust after-sale support and safety protocols. While we strive for zero product quality issues, we maintain established procedures for handling after-sale issues. In 2023, 2024 and 2025, our losses from product return were RMB9.1 million, RMB7.6 million and RMB8.5 million, respectively, representing 0.08%, 0.07% and 0.08% of our total revenue in the same periods, respectively.

During the Track Record Period and up to the Latest Practicable Date, there was no material product recalls, complaint, claim, litigation or investigation of adverse events concerning the quality and safety of our products. See "Risk Factors—Risks Relating to Our Business and Industry—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."

INVENTORY MANAGEMENT AND LOGISTICS

Inventory Management

During the Track Record Period, our inventories primarily consisted of raw materials, finished goods, and consumable biological assets, mainly consisting of bull calves. As of December 31, 2023, 2024 and 2025, our inventories were RMB711.5 million, RMB741.6 million and RMB717.3 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 34, 35 and 33 days, respectively. As a considerable share of our offering consists of low-temperature dairy products with short shelf life, we prioritize rapid inventory turnover and strictly managed storage environments. In addition, we have introduced a direct-to-warehouse delivery model to reduce handling time and maintain optimal stock levels of perishable items. We maintain "same-day arrival" zones to enhance our ability to meet fresh product commitments while minimizing shelf-life risks. Together, these steps reinforced our commitment to efficient inventory control, product freshness, and supply chain responsiveness.

We align our production for low-temperature fresh milk strictly with market demand, and we strive to ensure that products are dispatched on the same day they are produced. For our low-temperature yogurt products, we use a predictive model based on historical sales data to guide our production plan. We deploy a system that gives tiered warning based on storage time according to the product type, ensuring an effective and responsive inventory turnover.

We believe that it is crucial to maintain a well-distributed warehouse located across over 20 provinces, municipalities and autonomous regions in China where we sold our products network to ensure product freshness, shorten delivery lead times, and respond promptly to fluctuating regional demand. As of December 31, 2025, we maintained a total of 71 warehouses, primarily for storage of our raw materials and finished products.

Logistics

During the Track Record Period, we engaged a connected person and third-party logistics service providers for logistics of our products across different regions, supplemented to a lesser extent by our own delivery team. We procured cold-chain logistic services from a service provider that is ultimately controlled by Mr. Liu and Ms. Liu, and thus a connected person of our Group. Since 2017, we engaged the service provider to provide cold chain logistics services primarily for our low-temperature products. After the **[REDACTED]**, we expect to continue to procure logistics services from this party. See "Connected Transactions—Non-exempt Continuing Connected Transactions." When choosing our logistics partners, we consider factors such as their market reputation, operational reach, cold chain capabilities, past performance, and cost competitiveness. Our engagements take the form of annual framework agreements that define service expectations, delivery protocols, and liability terms. Since a large share of our products requires low-temperature handling, we require that our logistics partners maintain robust cold chain infrastructure and temperature monitoring throughout transit. Responsibility for any loss or damage during shipment generally rests with our logistics partners. We regularly assess their performance, and our metrics include on-time delivery, adherence to temperature requirements, available capacity, and overall service reliability.

CUSTOMER SUPPORT AND CUSTOMER SERVICES

We have a dedicated team of customer service personnel and maintain a customer service system to ensure a timely response to our customers' concerns. We prioritize rapid resolution through a localized after-sales network organized around our individual production facilities, allowing dedicated management of feedback and complaints. Our integrated technology platform offers tracking visibility and data-driven insights to prevent disruptions to our services. We aim to address every customer's concern immediately and, upon a determination of our responsibility, we initiate immediate refund process. We keep our customer informed throughout the process to ensure they are aware of the status of their complaint and the expected timeline for resolution.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of retailers, institutional customers, end consumers under DTC sales, and distributors. Revenue from our five largest customers for each year during the Track Record Period was RMB1,196.9 million, RMB1,338.1 million and RMB1,834.8 million in 2023, 2024 and 2025, respectively, accounting for 10.9%, 12.4% and 16.4% of our total revenue for the same periods, respectively. Revenue from our largest customer for each year during the Track Record Period was RMB427.5 million, RMB434.6 million and RMB649.7 million in 2023, 2024 and 2025, respectively, accounting for 3.9%, 4.1% and 5.8% of our total revenue for the same periods, respectively. For salient terms of our typical agreements with our customers, see "—Our Sales Channels."

The following tables set forth the details of our five largest customers in each period during the Track Record Period.

Customer	Revenue amount	Percentage of revenue contribution	Type of customer	Commencement of collaboration	Credit term	Products and/ or services provided by us
	(RMB in thousands)	*(%)*				
For the year ended December 31, 2023						
Customer A [(1)]	427,450	3.9	Retailer	2006	Up to 90 days	Dairy products
Customer B [(2)]	221,363	2.0	Retailer	2002	Up to 90 days	Dairy products
Customer C [(3)]	210,932	1.9	Retailer	2012	Up to 60 days	Dairy products
Customer D [(4)]	184,487	1.7	Others	2023	Up to 30 days	Sale of food products
Customer E [(5)]	152,712	1.4	Retailer	2018	Up to 90 days	Dairy products
Total	**1,196,944**	**10.9**				
For the year ended December 31, 2024						
Customer A	434,585	4.1	Retailer	2006	Up to 90 days	Dairy products
Customer E	313,696	2.9	Retailer	2018	Up to 90 days	Dairy products
Customer B	207,921	1.9	Retailer	2002	Up to 90 days	Dairy products
Customer C	195,442	1.8	Retailer	2012	Up to 60 days	Dairy products
Customer F [(6)]	186,436	1.7	Others	2022	Up to 60 days	Sale of food products
Total	**1,338,080**	**12.4**				
For the year ended December 31, 2025						
Customer A	649,668	5.8	Retailer	2006	Up to 90 days	Dairy products
Customer E	573,376	5.1	Retailer	2018	Up to 90 days	Dairy products
Customer F	255,692	2.3	Others	2022	Up to 60 days	Sale of food products
Customer B	191,968	1.7	Retailer	2002	Up to 90 days	Dairy products
Customer G [(7)]	164,076	1.5	Distributor	2021	Prepayment	Dairy products
Total	**1,834,780**	**16.4**				

(1) Customer A is a company incorporated in Guangdong Province, China with a registered capital of US$326.6 million, primarily engaged in operating online and offline retail business.

(2) Customer B is a company incorporated in Sichuan Province, China with a registered capital of RMB1.4 billion, primarily engaged in operating convenience store chain retail business.

(3) Customer C is a company incorporated in Fujian Province, China with a registered capital of RMB9.1 billion, primarily engaged in operating supermarket chain retail business.

(4) Customer D is a state-owned company incorporated in Beijing, China with a registered capital of RMB1.9 billion, primarily engaged in food product processing and sales, cold chain logistics, and import and export business.

(5) Customer E is a company with operations in China that primarily engaged in new retail, e-commerce, and the operation of fresh food supermarkets business.

(6) Customer F is a company incorporated in Sichuan Province, China with a registered capital of RMB20.0 million, primarily engaged in the wholesale and retail of prepackaged food, formula food, and agricultural products.

(7) Customer G is a company incorporated in Hunan Province, China with a registered capital of RMB5.0 million, primarily engaged in supply chain management, cold chain logistics, and food distribution services.

To the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

OUR SUPPLIERS

Our suppliers primarily include providers of raw milk, packaging materials, logistics services, forage and other food products. Purchases from our five largest suppliers for each year during the Track Record Period were RMB2,114.9 million, RMB2,050.5 million and RMB2,304.6 million in 2023, 2024 and 2025, respectively, accounting for 23.1%, 23.2% and 24.9% of our total purchases for the same periods, respectively. Purchases from our largest supplier for each year during the Track Record Period were RMB932.8 million, RMB845.9 million and RMB853.8 million in 2023, 2024 and 2025, respectively, accounting for 10.2%, 9.6% and 9.2% of our total purchases for the same periods, respectively.

For salient terms of our agreements with raw milk suppliers, see "—Our Raw Milk Sourcing." Below sets forth the salient terms of our agreements with other major suppliers.

- *Duration.* Our agreements typically last for one year.
- *Obligations.* We specify in the agreements the quantitative and qualitative requirements of the products or services procured. Failure to meet the requirements will typically lead to product return or compensation.
- *Pricing and payment.* We specify the pricing details in the agreement. Our suppliers generally grant us a credit term of up to 90 days.
- *Termination.* Either party typically may terminate upon material breach of the other.

The following tables set forth the details of our five largest suppliers by purchase amount during the Track Record Period.

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Credit term	Products and/or services purchased
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2023					
Liu entities [(1)]	932,789	10.2	2002	Up to 90 days	Logistics service, forage
Supplier A [(2)]	673,225	7.4	2014	Up to 45 days	Raw milk
Supplier B [(3)]	201,558	2.2	2017	Up to 90 days	Packaging material
Supplier C [(4)]	184,289	2.0	2023	Payment upon delivery	Procurement of food products
Supplier D [(5)]	122,992	1.3	2023	Payment upon delivery	Procurement of food products
Total	**2,114,853**	**23.1**			
For the year ended December 31, 2024					
Liu entities	845,925	9.6	2002	Up to 90 days	Logistics service, forage
Supplier A	668,030	7.6	2014	Up to 45 days	Raw milk
Supplier B	215,932	2.4	2017	Up to 90 days	Packaging material
Supplier E [(6)]	166,564	1.9	2023	Payment upon delivery	Procurement of food products
Supplier F [(7)]	154,058	1.7	2015	Up to 45 days	Raw milk
Total	**2,050,509**	**23.2**			

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Credit term	Products and/or services purchased
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2025					
Liu entities	853,763	9.2	2002	Up to 90 days	Logistics service, forage
Supplier A	800,812	8.7	2014	Up to 45 days	Raw milk
Supplier F	241,895	2.6	2015	Up to 45 days	Raw milk
Supplier B	233,761	2.5	2017	Up to 90 days	Packaging material
Supplier E	174,321	1.9	2023	Payment upon delivery	Procurement of food products
Total	**2,304,552**	**24.9**			

(1) Liu entities include all the corporate entities (excluding our Group) then controlled under PRC laws by our Controlling Shareholders, Mr. Liu and Ms. Liu, in the relevant year in 2023, 2024 or 2025, which primarily engaged in agriculture, animal husbandry, food production, logistics service and forage.

(2) Supplier A is a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange, primarily engaged in dairy farming, production and sale of raw milk.

(3) Supplier B is a company and all corporate entities controlled by its actual controllers. Such company is incorporated in Shandong Province, China with a registered capital of RMB420.0 million, primarily engaged in packaging services.

(4) Supplier C is a company incorporated in Shandong Province, China, wholly-owned by a company listed on the Shenzhen Stock Exchange, with a registered capital of RMB50.2 million, primarily engaged in food production and sales and cold chain warehousing and logistics services.

(5) Supplier D is a company incorporated in Sichuan Province, China with a registered capital of RMB20.0 million, primarily engaged in the wholesale and retail of prepackaged food, daily necessities, building materials, and office supplies, as well as information consulting services.

(6) Supplier E is a company incorporated in Sichuan Province, China with a registered capital of RMB100.0 million, primarily engaged in supply chain management, grain and agricultural product trading, import and export of food and agricultural products, sales of feed, building materials, and chemical products.

(7) Supplier F is a company incorporated in Singapore and listed on the Hong Kong Stock Exchange, primarily engaged in dairy farming, production and sale of raw milk to dairy product manufacturers.

To the best of our knowledge, except for Liu entities, all of our five largest suppliers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

Our Directors confirm that we had not experienced any material fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

OVERLAPPING OF MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers in certain years during 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.

Liu entities, primarily engaged in agriculture, animal husbandry, food production, logistics service and forage, acted as one of our customers during the Track Record Period. During the Track Record Period, we primarily procured logistics services and forage from Liu entities, and sold dairy products in the ordinary course of business to it. In 2023, 2024 and 2025, our revenue generated from Liu entities was RMB100.3 million, RMB129.1 million and RMB157.2 million, respectively, accounting for 0.9%, 1.2% and 1.4% of our total revenue in the same periods, respectively. In the same periods, our purchase amount from Liu entities was RMB932.8 million, RMB845.9 million and RMB853.8 million, respectively, accounting for 10.2%, 9.6% and 9.2% of our total purchase amount in the same periods, respectively.

Customer F, primarily engaged in sales of pre-packaged foods, acted as one of our suppliers in 2023, 2024 and 2025. One of our subsidiaries procured sugar from a subsidiary of Customer F in 2023, 2024 and 2025. In 2023, 2024 and 2025, our purchase amount from Customer F was RMB19.3 million, RMB17.9 million and RMB15.2 million, respectively, accounting for 0.2%, 0.2% and 0.2% of our total purchase amount in the same periods, respectively. In the same periods, our revenue generated from Customer F was RMB94.2 million, RMB186.4 million and RMB255.7 million, respectively, accounting for 0.9%, 1.7% and 2.3% of our total revenue in 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.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

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"). Such third-party payors primarily comprised sole proprietorship owners, designated entities within the group of the Relevant Customers, and legal representatives, family members and other related parties of the Relevant Customers. In 2023, 2024 and 2025, the number of the Relevant Customers was 3,963, 3,848 and 3,814, respectively. The amount of payment from the third-party payors to us was approximately RMB1,952.2 million, RMB1,765.5 million and RMB1,358.5 million in 2023, 2024 and 2025, respectively, representing approximately 17.8%, 16.6% and 12.1% of our total revenue under the Third-Party Payment Arrangements for the same periods, respectively. No single Relevant Customer had made material contribution to our revenue under the Third-Party Payment Arrangements during the Track Record Period. To the best knowledge of our Directors after making reasonable enquiries, the Third-Party Payment Arrangements were generally required to be made by certain Relevant Customers for the purposes of operational convenience and settlement flexibility.

During the Track Record Period and up to the Latest Practicable Date, we were not the subject of any investigations, enquiries, penalties or surcharges as a result of our involvement in the Third-Party Payment Arrangements. In addition, we had not encountered any material disputes or disagreements due to Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any money laundering issues, fabricated transactions, violation of tax laws or other illegal activities under the Third-Party Payment Arrangements.

The Relevant Customers accounting for substantially all payments under the Third-Party Payment Arrangements have provided written confirmations (the "Written Confirmations") in relation to the Third-Party Payment Arrangements. The Written Confirmations primarily specified that during the Track Record Period, (1) the designated third-party payors, including sole proprietorship owners, designated entities within the group of the Relevant Customers, legal representatives, family members, and other related parties of the Relevant Customers, are permitted to settle payments with us on behalf of the Relevant Customers for reasons of operational convenience and settlement flexibility; (2) all business dealings between the Relevant Customers and us, including the Third-Party Payment Arrangements, are based on genuine underlying transactions, and the Third-Party Payment Arrangements have obtained all necessary approvals, are settled with legally sourced funds, do not involve any fictitious arrangements, commercial bribery, money laundering or other illegal activities, or potential disputes with our Group related to the Third-Party Payment Arrangements, and do not affect the validity of the related payments; (3) there are no disputes or regulatory investigations regarding the Third-Party Payment Arrangements, the Relevant Customers will not seek any refund from our Company, and our Company's right to seek compensation in the event of any breach committed by the Relevant Customers or the third-party payors remains reserved, with the payment obligation of the Relevant Customers not discharged if we fail to receive or are required to refund any payment as a result of the Third-Party Payment Arrangements; and (4) save for the abovementioned business dealings, none of our Directors, senior management or shareholders has any other business dealings or relationships with any member of the Relevant Customers, the third-party payors, and their respective affiliates.

As advised by our PRC Legal Advisor, in light of the above, (1) as confirmed by our Company, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships, and therefore, our Third-Party Payment Arrangements during the Track Record Period were not in breach of mandatory requirements of the Civil Code of the PRC; (2) the Relevant Customers accounting for substantially all payments under the Third-Party Payment Arrangements have executed the Written Confirmations, and therefore, the risks were low for our Group to be found obligated to return funds to Relevant Customers or their designated third-party payors under the Third-Party Payment Arrangements; and (3) as confirmed by our Company, our Company has not been found to be involved in any money laundering activities, activities that could be related to money laundering or any relevant investigations. In addition, based on the credit reference report and our public search, no administrative penalties were imposed on our Company related to money laundering due to our Third-Party Payment Arrangements during the Track Record Period, and as such, the risk of the Third-Party Payment Arrangements being deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of proceeds or gains is low.

Rectifications and Enhanced Internal Control Measures

As of the Latest Practicable Date, we had taken steps to rectify and will cease all Third-Party Payment Arrangements prior to the **[REDACTED]**, except for (1) payments made by the owners of sole proprietorships; and (2) payments made by subsidiaries or other affiliated companies within the group of the Relevant Customers (the "Exception Scenarios"). As of the Latest Practicable Date, we had also implemented enhanced internal control measures in the following aspects:

- We require all customers to make payments using corporate bank accounts, and verify whether the bank account information of the remitters align with the contracting parties and customer records, except for the Exception Scenarios.

- We require provision of supporting documentation for the Exception Scenarios, including:

  (1) for payments made by the owners of sole proprietorships, we require provision of sales agreements clearly setting out the payment bank accounts. As part of our enhanced internal control measures, where an existing sales agreement with a sole proprietor fails to specify the designated payment bank account, we will re-execute such sales agreement or enter into a supplemental agreement to include such specification; and

  (2) for payments made by subsidiaries or other affiliated companies of our customers, we require provision of sales agreements clearly setting out such payors, or relevant documentation evidencing customer authorization for such payment arrangements.

- We have implemented a payment recognition and allocation system to match remitter information against our customer records and allocate funds to the corresponding customer accounts. Any mismatched funds will be routed to designated suspense account pending verification and returned to the original remitting accounts manually.

- We have implemented an internal documentation system for all the Third-Party Payment Arrangements. Our business personnel will coordinate with financial personnel to carry out regular checks, flag any unidentified payments and ensure any high-risk transactions to be addressed promptly. Our business personnel will coordinate with financial personnel to carry out regular checks, flag any unidentified payments and ensure any high-risk transactions to be addressed promptly, diligence with respect to all trading parties, including their business nature, business models and ownerships and proposed transactions, to identify potential risks of anti-money laundering.

Our Directors are of the view that the foregoing rectifications and internal control measures are sufficient and can substantially mitigate the risk we face in connection with the Third-Party Payment Arrangements. Our Directors consider that the rectification of the Third-Party Payment Arrangements did not have, nor will have, any material adverse effect on the Group, taking into account its relationship with its customers, liquidity, business operation and financial performance, as (1) the Relevant Customers who had cooperated with our rectification process covered substantially all of the payment made under the Third-Party Payment Arrangements, and (2) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us.

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 product segment. We compete primarily on the basis of factors such as: (1) brand recognition and consumer trust, (2) quality control of raw milk and products, (3) channel coverage and end-market reach, and (4) cold chain logistics and distribution capabilities. We believe that we are well-positioned to effectively compete on the basis of the factors listed above. See "—Our Competitive Strengths." However, the market in which we operate is highly competitive. See "Risk Factors—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."

EMPLOYEES

As of December 31, 2025, we had 8,274 full-time employees, all of whom are based in China. The following table sets forth a breakdown of our employees by function as of December 31, 2025.

Business Function	Number of employees	Percentage of total (%)
Production	3,882	46.9
Selling and distribution	2,732	33.0
General and administration	1,513	18.3
Research and development	147	1.8
Total	**8,274**	**100.0**

Our success rests with our ability to attract, retain and motivate qualified talents, with the belief that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit talents, with high standards and rigorous procedures and through various methods, including online recruitment, internal referrals, and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to various talent demands. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonus and promotion. In addition, we provide training programs to our employees, including corporate-wide and department-specific training to improve their professional knowledge and management skills and keep abreast with market developments.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, non-compete arrangements and grounds for termination. In addition, we generally enter into standard confidentiality agreements with our key employees. As required under PRC laws and regulations, we participate in and make contributions to social insurance, including pension, medical, maternity, work-related injury and unemployment and housing provident fund. During the Track Record Period, we did not make social insurance and housing provident fund contributions for certain employees in full compliance with applicable PRC laws and regulations. In addition, during the Track Record Period, we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees, primarily due to the preference of such employees to participate in local social insurance and housing fund schemes in their place of residency in which we did not establish any entity.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds or otherwise rectify any abovementioned non-compliant practice, we would make full contributions and take rectification measures as soon as possible within the specified period. In addition, UDL, one of our Controlling Shareholders, has made an undertaking that if the relevant government authorities require us to pay the shortfall of social insurance and/or housing provident funds or impose any penalties, UDL will bear the relevant costs or losses to ensure that we are fully indemnified against any costs or losses arising thereof. As of the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on the above and the written confirmation and the interview with the relevant social insurance and housing provident authority, assuming no material changes in the applicable laws, regulations, policies or enforcement practices, and in the absence of any whistleblowing, complaints or spot inspections, the likelihood of being required to make consolidated supplementary payments within the prescribed period in respect of historical underpayments of social insurance contributions and housing provident fund is considered to be remote. As such, we have not made provisions for the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period. See "Risk Factors—Failure to comply with social insurance and housing provident fund regulations could subject us to late payment fees, fines and other penalties."

We have established labor unions in accordance with the applicable PRC laws. We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Labor Dispatch

In addition to our full-time employees, we may implement labor dispatch 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, which provided labor dispatch services to us and our subsidiaries. We do not have employment relationships with dispatched workers under labor dispatch arrangements. During the Track Record Period, as advised by our PRC Legal Advisor, our Company and our PRC Major Subsidiaries did not receive any material administrative penalties from relevant PRC authorities regarding human resource and social insurance. 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).

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance as required by PRC laws and regulations. We also maintain food safety liability insurance, safety production liability insurance, property all risk insurance and cattle breeding insurance. We believe that our insurance coverage is adequate for our business and in line with industry standards and general market practice. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster could have a material adverse effect on our results of operations. For details, see "Risk Factors—Risks Relating to Our Business and Industry—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."

PROPERTIES

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

Leased Properties

As of December 31, 2025, our Company and our PRC Major Subsidiaries operated our businesses through 53 leased properties each with an area exceeding 100 square meters in China, with a total area of approximately 14,159.07 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as offices, self-operated milk stations and employee apartments. Our lease agreements in respect of the abovementioned 53 leased properties generally have the lease term of one to five years. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties, except one lessor, which is an affiliate of our Company, who leased an office building to us. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the local real estate administration department. 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, with an aggregate area of approximately 13,370.45 square meters, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. We will take all practicable and reasonable steps to ensure that such leases are registered. 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. 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. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. Therefore, we believe that the failure to register these lease agreements will not have any material adverse impact on our business or financial condition.

As of December 31, 2025, for 14 leased properties of our Company and our PRC Major Subsidiaries, with an aggregate area of 2,420.29 square meters, the lessors had not provided valid building ownership certificates or other requisite title documents evidencing their right to lease the properties to us. As advised by our PRC Legal Advisor, if these lessors are not the owners of the buildings and they have not obtained consent or approval for sub-lease from the owners or their lessors, our leases could be terminated and we may be required to relocate. In the event that relocation becomes necessary, we believe we can promptly find suitable alternative buildings for relocation, considering the nature and respective size of use of these leased buildings. As of the Latest Practicable Date, no material administrative fine or penalty had been imposed on our Company by the relevant regulatory authorities with respect to the lessors' failure to obtain the building ownership certificates. Our Directors believe that the defects in our leased buildings will not, individually or in the aggregate, materially affect our business and results of operations, considering such leased buildings account for a small portion of our overall owned and leased buildings in terms of gross floor area.

Owned Properties

As of December 31, 2025, our Company and Major Subsidiaries owned the land use rights of 32 parcels in China, with an aggregate site area of approximately 775,881.25 square meters. All of these land parcels have been granted land use right certificates. As of the same date, our Company and Major Subsidiaries owned 99 buildings in China, with an aggregated area of 376,608.75 square meters. These land parcels and buildings are primarily used as offices and production plants.

As of December 31, 2025, our PRC Major Subsidiaries had not obtained the building ownership certificates for 25 of our owned properties, which are all based on our self-owned land in Ningxia Autonomous Region and Yunnan Province. These properties are used for purposes such as milk powder production wastewater treatment, staff dormitory, and office. As advised by our PRC Legal Advisor, we may face the risks of: (1) being requested to cease the use of the relevant buildings and (2) paying penalties for the violation of relevant laws and regulations, which, under the PRC Law. We have obtained written confirmation from the relevant competent governmental authorities that no material administrative action, fine or penalty had been imposed by the relevant regulatory authorities with respect to the failure to obtain the building ownership certificates. Our PRC Legal Advisor is of the view that the relevant government authorities are competent to provide such confirmation. During the Track Record Period, the net book value of the properties are relatively insignificant to our business. We believe that in the unlikely event that the facility is removed, we can find alternative venue in a timely manner. Based on the above, our PRC Legal Advisor is of the view that any failure to obtain such building ownership certificates will not have a material adverse effect on the **[REDACTED]**. Our Directors believe that the defects of the relevant properties would not materially and adversely affect our business, results of operations and financial condition, primarily because: (1) as confirmed by our PRC Legal Advisor, the failure to obtain such building ownership certificates would not have a material adverse effect on the **[REDACTED]**; (2) we have identified alternatives for these properties; and (3) revenue generated from these properties are not significant.

For the related risks and uncertainties, see "Risk Factors—Risks Relating to Our Business and Industry—Failure to protect our leasehold and property interests could adversely affect our business operations."

LICENSES, PERMITS AND APPROVALS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, except for a water abstraction license of one PRC Major Subsidiary, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid as of the Latest Practicable Date. The abovementioned water abstraction license expired in January 2026. As of the Latest Practicable Date, we had been permitted by the relevant competent authorities in principle to conduct the aforementioned water abstract activities, and we were in the process of application for the relevant license.

We update our licenses, permits, approvals and certificates from time to time to comply with relevant laws and regulations. The following table sets out a list of material licenses, permits and approvals currently held by our Company and our PRC Major Subsidiaries.

License/permit/approval	Number of licenses	Expiry date
Food production license (食品生產許可證)	11	June 3, 2026 to January 5, 2031
Food business license (食品經營許可證)	10	June 21, 2026 to October 7, 2029
Water abstract license (取水許可證)	4	January 24, 2026 to October 8, 2030
Raw milk purchase license (生鮮乳收購許可證)	13	April 14, 2026 to January 16, 2028
Raw milk transportation permit (生鮮乳准運證明)	11	January 21, 2027 to December 16, 2027
Record-filing for selling only pre-packaged food (僅銷售預包裝食品備案)	5	Long-term
Certificate for animal epidemic prevention conditions (動物防疫條件合格證)	4	April 25, 2026 to January 15, 2027
Pollutant discharge-related permits	24	June 25, 2028 to March 9, 2031

AWARDS AND RECOGNITIONS

During the Track Record Period, we received a number of awards and accolades in recognition of our brand and products. The following table sets out major awards and recognitions we received in recent years.

Year	Awards/Recognition	Awarding Authority
2026	Ningxia Hui Autonomous Region Quality Award (寧夏回族自治區質量獎)	Ningxia Hui Autonomous Region Market Supervision and Administration Office, Department of Human Resources and Social Security
2025	First Prize for Technological Progress (技術進步獎一等獎)	China Dairy Industry Association (中國乳製品工業協會)
2025	CGMA Global Management Accounting 2025 China Awards Best Digital Management Accounting Innovation (CGMA全球管理會計2025年度中國大獎最佳數字化管理會計創新)	Association of International Certified Professional Accountants (國際註冊專業會計師公會)
2025	International Design Awards, Honorable Mention (美國國際設計大獎)	Farmani Group
2025	2025 ESG Competitiveness Enterprise (2025年度ESG競爭力企業)	Southern Weekly
2025	2024-2025 Marketing Impact Case (2024-2025年度營響力案例)	The Economic Observer
2024	2024 Major Scientific and Technological Innovation Achievement in Dairy Industry (2024奶業重大科技創新成果)	China Dairy Industry Association
2024	Consumer Sector Blue Chip Corporate Award (大消費年度價值企業)	Forbes China
2024	China Excellent Management Company Gold Award Enterprise (中國卓越管理公司金獎企業)	Deloitte China; Bank of Singapore Limited; HKUST Business School; Harvard Business Review China

Year	Awards/Recognition	Awarding Authority
2024	31st China International Advertising Festival Great Wall Award Bronze Award（第三十一屆中國國際廣告節長城獎銅獎）	China Advertising Association
2024	TPM Excellence Award（TPM卓越獎）	Japan Institute of Plant Maintenance（日本設備維護協會）
2023	Golden Information Disclosure Award（金信披獎）	China Securities Journal（中國證券報）
2023	Golden Design Principle Best Practice Case – Outstanding Contribution Award（黃金設計原則最佳實踐案例傑出貢獻獎）	The Consumer Goods FORUM
2021	2021 Wow Food Awards Global Innovative Food Competition Best of Show（2021年Wow Food Awards全球創新食品評鑒大賽全場最佳大獎）	Wow Food Awards
2019	Second-Class National Award for Scientific and Technological Progress（國家科學技術進步獎二等獎）	State Council of the People's Republic of China（中華人民共和國國務院）

LEGAL PROCEEDINGS AND COMPLIANCE

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. As of the Latest Practicable Date, we were not involved in any litigation or arbitration proceedings or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations or financial condition.

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations of jurisdictions in which we operate, which, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

INTELLECTUAL PROPERTY

We believe that our intellectual property rights are critical to our operations. We have taken the following key measures to protect our intellectual property rights, including (1) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (2) timely registration, filing and application for the ownership of our intellectual properties, (3) closely monitor infringement incidents of our intellectual property rights by third parties and take protective measures promptly, and (4) stipulating and emphasizing the ownership and protection of intellectual properties in the our agreements with employees and business partners.

As of December 31, 2025, our Company and PRC Major Subsidiaries had 390 granted patents, including 72 invention patents, 109 design patents and 209 utility model patents, as well as 50 patent applications which were pending approval. As of the same date, we had 1,109 registered trademarks, 23 software copyrights and 18 domain names. See "Appendix VI—Statutory and General Information" for details.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material lawsuit or threatened action with respect to our intellectual property rights, nor had there been any material incident relating to our infringement of third parties' intellectual property rights.

DATA SECURITY AND PRIVACY

With the prior consent of our consumers, we collect and maintain certain consumer information during the ordinary course of business, strictly to the extent necessary for the sale and delivery of our products and the provision of related services. The information collected may include consumers' contact details, user IDs, transaction records, payment information, shipping addresses, and membership points. This data supports user registration, order processing, membership management, and other functions essential to delivering our products and services. To ensure the integrity of personal data and our compliance with relevant PRC laws and regulations, we have implemented user privacy and personal information protection policies, which are updated from time to time.

We have implemented technological measures and internal control policies to safeguard the personal data of our consumers and employees. Specifically, we employ encryption and backup techniques for data storage and transmission, perform regular audits to identify and mitigate potential security vulnerabilities and provide comprehensive training to our employees on data privacy and security protocols. Furthermore, we have established stringent access controls and authorization systems based on the type of data and the role and responsibilities of accessing personnel. These systems are designed to prevent unauthorized access and ensure compliance with domestic data protection standards. We also comply with applicable laws and regulations through the establishment of strict information protection policies and procedures covering all aspects of data collection, storage, use and sharing.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we were compliant with applicable PRC laws and regulations with respect to data security and personal data protection in all material respects. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have established and maintained a comprehensive risk management and internal control framework in our Company to monitor the ongoing compliance that govern our business operations and oversee the implementation of necessary measures. We have adopted internal rules and policies governing various aspects of our business operations and management, such as our sales practices, information system, legal compliance, financial reporting and human resources.

During the process of preparing for the **[REDACTED]**, we have engaged an internal control consultant to perform a review in connection with the internal control of our Company and our major operating subsidiaries in accordance with the Technical Bulletin - AATB1 "Assistance Options to New Applicants and Sponsors in connection with Due Diligence Obligations, including Internal Controls over Financial Reporting" issued by the HKICPA. The internal control consultant recommended rectification and improvement measures in the internal control system in relation to various processes, including financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, assets management, research and development, information technology general controls, compliance management, and other procedures of our operations based on its findings. Accordingly, we have adopted and commenced the implementation of rectification and improvement measures in response to these findings and recommendations, and the internal control consultant had no further recommendation in relation to the internal controls of these management process after its follow up review. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

We have appointed Rainbow Capital (HK) Limited as our external compliance advisor with effect from the date of the **[REDACTED]** to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the ordinary course of our business operations. Key operational risks faced by us include, among others, our ability to respond to technological changes, competition in the relevant industries, our ability to retain and grow our customer base and usage, our ability to enhance or upgrade our existing products and introduce new ones, our ability to maintain and expand our sales and distribution network, and our ability to successfully expand to and develop market recognition in various industry sectors. See "Risk Factors" for disclosures on various risks we face. In addition, we also face certain market risks, such as credit risk, liquidity risk, interest rate risk, foreign currency risk and other price risks. See "Financial Information—Qualitative and Quantitative Disclosure about Market Risks" for details. We have implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management—Board Committees—Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We attach great importance to environmental, social and governance ("ESG") management and integrates ESG principles into our entire business operations to create sustainable value for employees, customers, suppliers and other stakeholders.

ESG Governance

We have established a three-tier management structure comprising the "Board of Directors—Strategy and Development Committee—ESG Working Group." As the highest decision-making and leadership body, the Board of Directors is responsible for reviewing and approving the ESG strategic plan, relevant policies, and disclosure reports. The Strategy and Development Committee is responsible for overseeing ESG-related research and providing guidance. The ESG Working Group is responsible for the specific implementation of ESG initiatives. We attach great importance to the expectations of stakeholders, continuously strengthens the construction of communication channels among stakeholders, incorporates these expectations into our ESG strategy.

Material ESG Topics and Risk Management

We regard the assessment of material ESG issues and risk management as core components of our sustainable development efforts. In accordance with current ESG disclosure rules, industry commonalities, and our operating practices, we systematically identify ESG issues and potential risks that are material to our business and relevant to stakeholders. With reference to stakeholder expectations, we conduct quantitative scoring and prioritization based on double materiality (financial and impact). Based on this assessment, we have identified Quality Management, Nutrition and Health, and Customer Service as the highest-priority material ESG issues. As of December 31, 2025, we had not experienced any material ESG-related risk incidents, and there were no ESG related risks (including climate related risks) that have or are expected to have any significant impact on our business, strategy or financial performance.

Environment

Environmental Management

In compliance with relevant national laws and regulations, we have adopted internal policies including the *Environmental Protection Management System* and the *Measures for the Investigation of Responsibility for Safety and Environmental Protection* and established a three-tier environmental governance structure comprising decision-making, management and execution levels to standardize environmental risk management and clarify responsibilities at each level. As of December 31, 2025, 13 of our factories obtained ISO 14001 environmental management system certification.

Wastewater Management

We comply with the Water Pollution Prevention and Control Law of the People's Republic of China and other relevant requirements and implements water pollution prevention and control by improving the monitoring system, standardizing wastewater treatment procedures and strengthening discharge control. We strictly adhere to the principle of non-discharge of wastewater. The domestic sewage and production wastewater generated during the production and operation process are uniformly connected to our Company's sewage treatment plant for centralized treatment. After meeting the treatment standards, they are discharged into the industrial park sewage treatment plant.

Waste Gas Management

We comply with Air Pollution Prevention and Control Law and ensure 100% compliant discharge of air pollutants generated in production and operation, including nitrogen oxides (NO_x), sulfur dioxide (SO_2) and particulate matter (PM). We reduced the concentration and volume of nitrogen oxide emissions through low-nitrogen retrofitting of natural gas boilers and effectively controlled particulate emissions from boiler flue gas by installing baghouse dust removal facilities for biomass boilers.

Indicator	Unit	2023	2024	2025
Nitrogen oxides (NO_x)	tonnes	28.11	26.06	19.77
Sulfur oxides (SO_x)	tonnes	9.09	7.53	6.99
Particulate Matter (PM, Smoke and Dust)	tonnes	3.97	3.80	2.13

Waste Management

We comply with relevant laws, regulations and standards on waste management, have adopted the *Hazardous Waste Management System*, and implement waste management by standardizing classified storage procedures and strengthening disposal control. We continue to carry out packaging light weighting improvement, packaging material recycling and other work to reduce packaging related waste. We achieve 100% compliant disposal of hazardous waste and general waste. Based on 2025, we aim to achieve a 5% reduction in hazardous waste and 3% reduction in general waste the intensity of per tonne of product by 2030. The total amount of hazardous waste generated from 2023 to 2025 was 66.27 tonnes, 79.61 tonnes, and 109.63 tonnes respectively. The total amount of harmless waste generated from 2023 to 2025 was 329,522.32 tonnes, 277,761.18 tonnes, and 477,591.30 tonnes, respectively.

Water Resources Management

We follow the principles of conservation first and protection first, optimizes production processes and water-saving technologies, and strengthens water resources management by improving water use efficiency, promoting water recycling and implementing rain-sewage separation retrofitting. Based on 2025, we aim to achieve a 5% reduction in water intensity per tonne of product by 2030.

Energy Management

We uphold the principles of resource conservation and environmental protection, improving energy efficiency through enhanced energy management and energy-saving technologies, and promote the application of clean energy and energy recycling to optimize our energy mix and achieve reductions in both carbon emission intensity and energy consumption. Based on 2025, we aim to achieve a 5% reduction in total energy consumption intensity per tonne of product by 2030. In 2025, our total energy consumption was 64,200.28 tonnes of coal equivalent, with direct energy consumption of 25,986.89 tonnes of coal equivalent and indirect energy consumption of 38,213.39 tonnes of coal equivalent.

Climate Change

We support national policies for carbon peaking and carbon neutrality, have launched our "Zero-Carbon Dairy Industry" action plan and established a climate management system with a focus on carbon reduction, and implement measures to improve production efficiency and decarbonize the supply chain. Based on 2025, we aim to achieve a 10% reduction in GHG emission (Scope 1 + Scope 2) intensity per tonne of product by 2030. 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.

Our climate opportunities mainly cover five dimensions: resource efficiency, energy use, market, products and services, and resilience. These dimensions cover cost reduction and income increase through water-saving technological transformation, lightweight packaging and by-product recycling; layout of renewable energy, participation in green electricity trading, promotion of energy-saving equipment to reduce electricity and carbon performance costs and obtain green benefits; and launch low-carbon certified products, respond to the demand of green supply chain, and expand ESG customer base to obtain green premium and expand market share. Build digital supply chain traceability services to improve customer loyalty, distribute milk sources in multiple regions, strengthen cold chain disaster prevention facilities, assess supply chain climate risks to stabilize the supply chain and reduce extreme weather losses, and the relevant financial impact covers the medium to long term.

Impact Category		**Mitigation Measures**
Physical Risks	Acute Physical Risks: Business operations span multiple climate zones, exposing dairy farm and logistics to extreme weather events such as typhoons and floods.	Establish an elastic network, strengthen core assets, and conduct emergency drills
	Chronic Physical Risks: Regional water scarcity and rising temperatures lead to increased long-term operating costs and fluctuations in milk supply	Promote regional energy conservation and water recycling, and deploy climate-adaptive agriculture in upstream areas
Transition Risks	Policy and Legal: Stricter regulations and complex legislation lead to rising compliance costs	One-time investment per "highest standard" principle, with a dedicated team for dynamic policy monitoring
	Market: Regional ESG awareness varies, creating diverse market demands	Develop green products for specific markets and formulate ESG norms per regional requirements

Indicator	Unit	2023	2024	2025
Scope 1 GHG emissions	tonnes of CO_2 equivalent	280,846.83	365,259.48	433,358.61
Scope 2 GHG emissions	tonnes of CO_2 equivalent	97,843.29	126,794.36	143,495.09
Total Scope 1 + Scope 2 GHG emissions	tonnes of CO_2 equivalent	378,690.12	492,053.84	576,853.70
Production facilities	tonnes of CO_2 equivalent	124,320.09	130,549.09	141,626.81
Husbandry	tonnes of CO_2 equivalent	254,370.03	361,504.75	435,226.89
Scope 1 + Scope 2 GHG emission intensity	tonnes of CO_2 equivalent per RMB million revenue	34.47	46.14	51.32
Scope 3 GHG emissions[1]	tonnes of CO_2 equivalent	1,068,477.26	1,083,386.77	1,183,570.29

(1) Greenhouse gas emissions accounting for Scope 3, the included categories are Category 1 Purchased goods and services, Category 6 Business travel, Category 9 Downstream transportation and distribution, and Category 12 End-of-life treatment of sold products.

Social

Employment

We strictly comply with the Labor Law of the People's Republic of China and other relevant national laws and regulations. Internally, guided by the Employee Handbook, we uphold the principles of equal employment and anti-discrimination, and protect the legitimate rights and interests of employees. As of December 31, 2025, we had 8,274 employees. The workforce composition were 52.1% male and 47.9% female. By age, 21.6% were under 30, 68.8% were aged 31 to 50, and 9.6% were above 50. Overall, the gender and age of our employees is well-balanced, providing a solid talent foundation for the continued stable development of us. We adhere to the employment philosophy of diversity, equity, and inclusion, and prohibit the use of child labor and forced labor. We have established implementation standards for equal pay for equal work, implemented workplace protection for female employees, supported their career development, and established equal promotion channels. We establish open internal communication and appeal channels to ensure timely communication and resolution of employee feedback.

Health and Safety

We strictly comply with the Work Safety Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases and other relevant laws, regulations and policies. We have formulated internal policies such as the "*Safety Production Management System*" and the "*Occupational Health Management System*" to improve our Company's safety management system. We sign annual safety production responsibility statements with a 100% coverage rate. In 2025, 71% of our entities obtained ISO 45001 occupational health and safety management system certification. We have established a dual prevention system of "risk classification control" and "hazard identification and rectification" at the entity level to continuously strengthen the institutional foundation of health and safety management. During the Track Record Period, we recorded one work-related casualty during a production safety liability accident caused by improper operation by our personnel. As advised by our PRC Legal Advisor, relevant competent authorities have classified the accident as a general safety accident, and the relevant penalties has been paid in full. As of the Latest Practicable Date, in response, we organized safety education and warning campaigns for all employees to strengthen risk management and control across the entire production process, and established safety checklists for key areas, critical locations, and essential procedures on our dairy farms. By conducting daily safety inspections, we strengthened on-site safety control and standardized equipment operation procedures to mitigate future risks.

Development and Training

We recruit talent through multiple channels, have established a career development mechanism and a structured training system. We have built a hierarchical and categorized training system and provide targeted training to strengthen our talent pipeline. Meanwhile, we have established an internal development mechanism and clear career paths to support employee career growth. In 2025, the average training duration for our employees was 20.99 hours.

Product Responsibility

We comply with the Food Safety Law of the People's Republic of China, the Regulations on the Implementation of the Food Safety Law of the People's Republic of China, the Regulations on the Administration of Dairy Product Quality and Safety and other laws and regulations, and has adopted internal policies including the *Ten Red Lines of Food Safety Standards* and the *3+3 Food Safety Risk Control System* to implement quality assurance and risk management, and clarify food safety responsibilities at all levels. As of December 31, 2025, the coverage rate of relevant certifications reached 100%. Among them, 17 entities obtained ISO 9001 and HACCP certification, 7 obtained ISO 22000 certification, 14 obtained GMP certification, 6 obtained FSSC 22000 certification, and 1 obtained BRC certification. For customer service and nutrition, see "—Our Products" and "—Our Customers."

We have adopted the *Food Recall Management Measures* and established a non-conforming product recall and emergency response mechanism to enable rapid identification and controlled recall of products when necessary. In 2025, We did not record any voluntary or involuntary product recall due to product quality issues. We have established a security management system covering the full data life cycle to safeguard our information assets and consumers' personal information.

Supply Chain Management

We have established a full-cycle management system for supplier onboarding, cooperation and termination, and set up quality and ESG assessment standards to manage the compliance and sustainability of the supply chain from the source.