
BUSINESS

OVERVIEW

Who We Are

We are a nutritional group in China with global perspective, specializing in goat/sheep milk powder and FSMPs. We provide high-nutrition, easily digestible, and low-allergen dietary solutions for consumers of all ages, with a particular focus on individuals with dietary sensitivities such as allergies, lactose intolerance, or impaired digestion. Our product portfolio spans goat/sheep milk infant formula, FSMPs, cow milk infant formula, and formula products for children and adults.

To fulfill our product value proposition of “high whey content, low allergenicity, and enhanced absorption,” we have integrated global resources across the industrial chain and established the Yeeper Institute of Low-Allergen Nutrition (宜品低敏營養研究院), dedicated to continuous process innovation and product portfolio optimization. Since 2018, we have been the exclusive goat milk formula partner of the China Space Foundation (中國航天基金會) for eight consecutive years, with our products meeting stringent aerospace-grade quality standards and earning market trust.

Our Market Position

According to the F&S Report, based on retail sales in 2024, (i) we ranked second in China’s goat and sheep milk powder market with a market share of 14.0%, (ii) we ranked second in China’s goat and sheep milk infant formula segment with a market share of 17.6%, and (iii) in China’s infant FSMP market, we rank second among local Chinese brands with a market share of 4.5%.

Industry Landscape and Growth Opportunities

As allergy-related health concerns become increasingly prevalent, consumer priorities in the milk powder sector have shifted toward low allergenicity, nutritional efficacy, and high digestibility. Goat and sheep milk powder and FSMPs, characterized by their low-allergen profiles, high nutritional value, and enhanced digestibility, have emerged as targeted solutions to meet these consumer needs, driving sustained market expansion.

Allergic diseases have been listed as the sixth most common chronic diseases globally, affecting approximately 25% of the world’s population. In China, infants and young children are a high-risk group for allergies. An epidemiological survey in Chinese cities shows that among infants aged 0-24 months, 40.9% of parents reported that their children had experienced allergic symptoms, and the prevalence of allergic diseases symptoms in infants aged 0-24 months was 12.3%. If allergic problems in infants and young children are not properly managed and resolved, they will have adverse effects on children’s growth and development as well as mental health, and increase the risk of chronic diseases such as obesity, metabolic syndrome and cardiovascular diseases. However, cow milk powder still dominates the current infant feeding market, and α s1-casein in infant formula cow milk powder is the main allergen. With the deepening of awareness about scientific feeding, the penetration rate of the infant formula goat/sheep milk powder market will steadily increase. The retail sales volume of Chinese infant formula goat/sheep milk powder reached 50,000 tons in 2024, accounting for only 6.3% of the total sales volume in the infant formula powder market.

As our understanding of consumer needs has increasingly deepened, we have identified a growing demand for more specialized nutritional formula solutions tailored to highly sensitive individuals, which are able to offer targeted nutritional interventions. These individuals include premature infants, individuals with moderate to severe food protein allergies or lactose intolerance, and patients recovering from surgery or suffering from metabolic disorders. By minimizing exposure to allergens and supporting gut barrier repair, FSMPs offer a more clinically appropriate nutritional solution for alleviating allergic symptoms.

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Demand for FSMPs in China is expected to grow substantially, with the overall market size projected to increase from RMB23.0 billion in 2024 to RMB53.0 billion in 2029, representing a CAGR of 18.2%. Among this, the market size for infant FSMPs is expected to expand from RMB13.2 billion in 2024 to RMB27.6 billion in 2029, representing a CAGR of 15.9%.

Brand and Product Features

Since establishment, we have been focusing on solving nutritional difficulties of people who are highly allergic to traditional dairy products. Based on our insight into consumers’ health needs, we provide targeted and systematic low-allergen nutritional solutions for allergic groups through a product portfolio combining goat/sheep milk powder and FSMP. To implement the product value proposition of “high whey content, low allergenicity, and enhanced absorption”, our full-range product matrix covers goat/sheep milk powder, FSMP and cow milk powder, building a comprehensive solution to alleviate allergies of different degrees.

Our entire line of goat/sheep milk infant formula products is characterized by a high proportion of whey protein, with all formulations of whey protein significantly exceeding the New National Standard promulgated in 2021. Higher whey protein content plays a critical role in reducing the risk of allergic reactions, improving nutrient absorption and digestion, and supporting healthy development in infants. To address the nutritional needs of more severely allergic populations, we initiated research and regulatory registration of FSMPs in 2016. Our FSMP products are specifically formulated to address a broad spectrum of medical conditions, including lactose intolerance, cow milk protein allergy, and prematurity or low birth weight in infants, as well as restricted dietary intake, malabsorption, and metabolic disorders in children and adults.

Integrated Supply Chain

To ensure the consistent delivery of nutritionally rich products, we have developed an integrated supply chain encompassing every stage of sourcing, production, and distribution. Our supply chain strategy is built around global coordination and end-to-end collaboration, allowing us to leverage complementary advantages across domestic and international operations. Internationally, we have strategically established a sourcing and processing network in Spain to secure access to scarce goat and sheep whey resources and ensure localized quality control. Domestically, we focus on efficient production and refined operational management to enhance cost efficiency and improve responsiveness to market demand. This integrated approach enables us to maintain both cost competitiveness and operational agility.

To ensure product quality at the source and secure a stable supply of high-whey-protein goat/sheep milk formula, we have established a comprehensive raw material sourcing network across both domestic and international markets. Domestically, we operate self-owned cow and goat farms in Heilongjiang and Shandong to control milk source. Internationally, we have built a procurement network for goat/sheep whey in Spain, one of the world’s largest producers and consumers of goat/sheep cheese, ensuring an independently controllable and reliable quality supply of core ingredients. With a closed-loop capability in full internal control, production and supply of the core ingredients of demineralized goat and sheep whey, we are able to consistently deliver products with whey protein content significantly exceeding the New National Standard, in response to rising market demand for premium, low-allergen nutritional solutions.

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To support efficient production and processing, we had a total of four domestic plants and five overseas plants as of December 31, 2025, equipped with advanced manufacturing capabilities and production efficiency. In response to the formulation registration policy in China, which limits each facility to a maximum of three registered formulas, we have adopted a multi-plant strategy to enable registration of a broader product matrix and more precise alignment with market needs. Six of our facilities are equipped with advanced dry-wet mix production capacity of the process. By combining the nutritional uniformity of the wet process (involving direct processing of liquid ingredients) with the operational flexibility of the dry process (involving dry powder blending), we are able to maximize the retention of active ingredients while enhancing production efficiency.

Sales Channel and Brand Marketing

Our major products are distributed through a nationwide network of maternal and infant stores, supported by an integrated multi-channel network combining deep offline coverage with targeted online engagement. As of December 31, 2025, our brands collectively reached approximately 65,000 offline retail locations across China. We have also established a fully digitalized distributor support system. Through scientifically designed network planning and refined partnership mechanisms, we empower our distributors across the value chain and foster mutually beneficial relationships.

In brand marketing, we position ourselves around the core concepts of “Yeeper Pure Goat/Sheep Milk Formula — Not a Single Drop of Cow Milk” and “Protecting Sensitive Infants — Yeeper Pure Goat/sheep Milk Formula,” with a strong focus on nutritional solutions for babies with heightened sensitivities. Through our emphasis on product professionalism, premium quality, and low allergenicity, we have built a trustworthy brand image of goat/sheep milk formula among consumers. Since 2018, we have served as the exclusive goat milk formula partner of the China Space Foundation for eight consecutive years. We have passed stringent quality control standards certification and won brand endorsement with an “aerospace-grade” quality.

STRENGTHS

Trusted Brand in the High-Growth Goat and Sheep Milk Powder and FSMP Markets

We are strategically focused on the fast-growing segments of goat and sheep milk powder and FSMPs, where we have established a strong market presence. Based on retail sales in 2024, we ranked second in China’s goat and sheep milk powder market with a market share of 14.0%, and second in the goat and sheep milk infant formula segment with a market share of 17.6%. In China’s infant medical food market for special medical purposes, we ranked second among local Chinese brands with a market share of 4.5%.

Allergic diseases have been listed as the sixth most common chronic diseases globally, affecting approximately 25% of the world’s population. An epidemiological survey in Chinese cities shows that among infants aged 0-24 months, 40.9% of parents reported that their children had experienced allergic symptoms, and the prevalence of allergic diseases symptoms in infants aged 0-24 months was 12.3%. However, the retail sales volume of Chinese infant formula goat/sheep milk powder accounted for only 6.3% of the total retail sales volume in the infant formula powder market in 2024. With the deepening of awareness about scientific feeding, the penetration rate of the infant formula goat/sheep milk powder market will steadily increase.

Large-molecule caseins contained in milk are more difficult to break down, and is a common allergen that causes food allergies in infants. For these groups, goat/sheep milk formula products with a high proportion of goat/sheep whey protein and significantly lower large-molecule caseins levels compared to cow milk offer a suitable alternative for consumers sensitive to cow milk.

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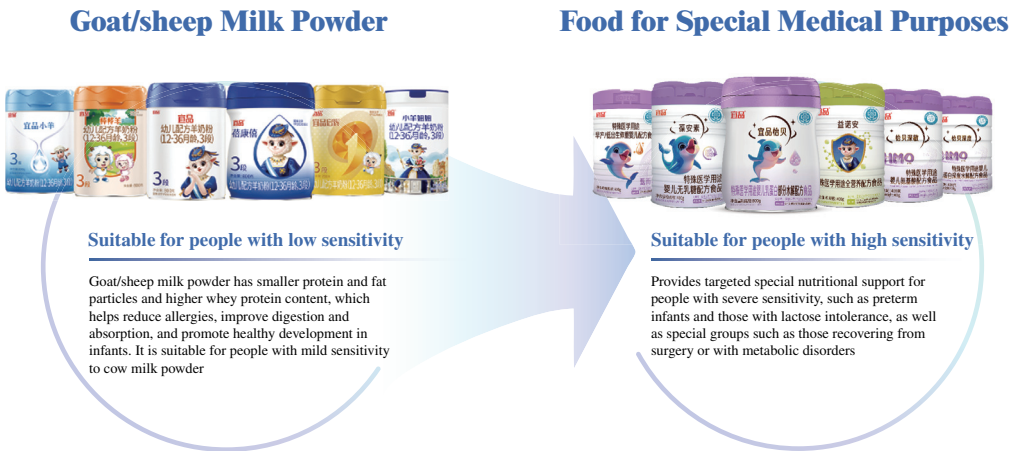
Comparison Dimension	Goat and sheep milk powder	Cow Milk Powder
Nutritional Composition	Higher whey protein content and higher lactoferrin content than cow milk powder;	Higher casein content compared to goat and sheep milk powder
Fat Structure	Smaller fat globules with thinner membranes	Larger fat globules with denser structure
Allergic related	Low α s1-casein content, suitable for the group with sensitive constitutions	High α s1-casein content, more likely to cause allergic reactions
Lactose Content	Lower than cow milk powder; more suitable for the group with lactose intolerance	Higher than goat and sheep milk powder; may cause discomfort for lactose-intolerant group

For individuals with more severe sensitivities such as premature infants, those with moderate to severe food protein allergies or lactose intolerance, or patients recovering from surgery or experiencing metabolic disorders, standard low-allergen formulas may be insufficient. For these groups, FSMPs utilize hydrolyzed protein technologies or amino acid-based formulations to reduce immunogenic stimulation from milk proteins, providing a more clinically appropriate and targeted nutritional solution.

Based on the retail sales in 2024, the combined retail market size of goat and sheep milk powder and FSMPs in China reached RMB48.0 billion in 2024 and is projected to grow at a CAGR of 12.1% to RMB84.8 billion by 2029. The CAGR of the medical food market for special medical purposes and the goat/sheep milk powder market are expected to reach 18.2% and 4.9% respectively from 2024 to 2029, both exceeding the overall CAGR of 1.9% for the milk powder market and the overall CAGR of 1.5% for the cow milk powder market.

Addressing Low-Allergen Nutritional Needs Through Innovative Product Development

We are one of the few nutritional technology companies in China that focus primarily on goat/sheep milk formula while also maintaining a presence in the FSMP sector. Guided by our core value proposition of “high whey content, low allergenicity, and enhanced absorption (高乳清、低致敏、易吸收),” we conduct systematic research on the nutritional needs of sensitive populations. Based on these insights, we have developed a full-spectrum nutritional solution that addresses a wide range, from mild (suitable for goat/sheep milk) to severe (suitable for FSMPs), offering a closed-loop product system for low-allergen nutrition across diverse use scenarios.



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We are committed to delivering trustworthy and value-driven products to consumers. To this end, we have refined every stage of our product development process, from formulation design and raw material supply chain to production techniques, through targeted improvements in product standards.



宜品®

**“High whey content, low allergenicity,
and enhanced absorption”
Setting a Yeepie standard that
exceeds industry standards**



**High whey protein content, easy to digest
and absorb, low allergen**

All products have whey protein content exceeding international requirements



**More suitable for sensitive babies, meeting
global market demand**

Focused on caring for sensitive babies



Advanced dry-wet mixing process

Effectively retains various nutrients, differentiated
from pure dry mixing methods

A key strength across our entire goat/sheep milk infant formula portfolio is the high proportion of whey protein. Leveraging our advanced formulation technology, we are able to precisely control the whey-to-casein ratio in our products. Accordingly, our formulations significantly exceed the requirements under the New National Standard, and our formulation adjustment technology was awarded the First Prize for Scientific and Technological Progress in China’s Dairy Industry in 2022. Higher whey protein content plays a critical role in reducing allergic reactions, improving nutrient absorption, and supporting healthy infant development. This advantage is particularly evident in our product lines: our flagship product for which we have submitted registration applications, “Yeepie Boneng (宜品铂能)”, adopts an approximately 100% pure goat/sheep whey formulation across all stages (Stage 1/2/3); “Yeepie Qihui (宜品启辉)” contains approximately 90%, 80%, and 70% whey protein in Stage 1, 2, and 3, respectively; and “Yeepie Qibo (宜品启铂)”, the core product, contains 80-90%, nearly 70-80% and approximately 70% whey protein for Stage 1, 2 and 3.

To address the nutritional needs of individuals with more severe sensitivities, we initiated research and registration of FSMPs in 2016. As of December 31, 2025, we had obtained regulatory approval for five FSMP products in China. Our FSMP products are designed to target various medical conditions, including cow milk protein allergy, lactose intolerance, and prematurity or low birth weight in infants, as well as restricted dietary intake, malabsorption, and metabolic disorders in children and adults. The key features of our selected FSMP products are summarized in the chart below.

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Yeeper Yibei Food for Special Medical Purposes for Infants (Partially Hydrolyzed Milk Protein)



Suitable for infants aged 0-12 months with a high risk of milk protein allergy

- Prevents the occurrence of allergies of newborns and reduces the incidence rate of digestive discomfort
- Processes whey protein powder into smaller lactoprotein molecules, peptides and amino acids, suitable for infants with a high risk of milk protein allergies.
- Added bifidobacterium animalis subsp. lactis Bb-12 and prebiotic FOS to balance intestinal flora
- Added five nucleotides, docosahexaenoic acid, arachidonic acid and choline to support growth and development.

Bao An Su Food for Special Medical Purposes for Infants (Lactose-Free)



Suitable for infants aged 0-12 months with lactose intolerance

- Avoids lactose intolerance and reduces intestinal strain of infants during diarrhea episodes
- Lactose-free, prevents secondary lactose intolerance
- Reasonable electrolytes ratio to replenish the electrolytes lost during diarrhea
- Five nucleotides to assist the repair of intestinal mucosa

Zhen Er Ai Food for Special Medical Purposes for Preterm/Low Birth Weight Infants



Suitable for preterm/low birth weight infants

- Helps preterm/low birth weight infants to achieve catch-up growth
- Higher energy density of 81kcal/100ml to support catch-up growth
- Preterm formula made from fresh cow milk, retaining active nutrients
- Medium-chain triglycerides (MCT) accounts for up to 40% of fat, offering rapid energy supply
- Rich in iron (1.71 mg/100ml) with an osmolality of 275 mosm/kg

In the early stages of our FSMP strategy, we deliberately focused on infant FSMPs to address strong underlying demand in this category and to fully capitalize on distribution synergies with our existing goat/sheep milk infant formula channels to drive rapid growth in the FSMP products for infants. At the same time, we are vigorously expanding the product layout of full-range medical food for special medical purposes, especially adult medical food for special medical purposes, to seize the market opportunities brought by the aging trend in China. As a result, our FSMP segment recorded a CAGR of 61.4% from the year ended December 31, 2023 to the year ended December 31, 2025, reaching RMB339.4 million in revenue for the year ended December 31, 2025. As of December 31, 2025, we had 15 FSMP products either in the registration process or under the preparation of registration and a total of 40 FSMP products in the research pipeline, laying a solid foundation for continued rapid growth in the future.

We have established an industry-academy-research integrated research and development system that closely aligns with our core product values of “high whey content, low allergenicity, and enhanced absorption.” By combining foundational nutritional science with supply chain strengths, we continuously drive innovation and ensure the efficient translation of research outcomes into commercially viable product formulations.

As of December 31, 2025, we had obtained regulatory approval for a total of 14 series of infant formula products, with 11 series of goat/sheep milk infant formula products registered, maintaining our industry position based on the number of registered goat/sheep milk infant formula products. Looking ahead, we plan to further expand our registration portfolio across both goat/sheep milk formula and FSMPs to meet a broad range of needs, from allergy prevention to clinical intervention, providing precise nutritional solutions for consumers with varying degrees of sensitivity.

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As of December 31, 2025, we had obtained 63 authorized patents and led or participated in the formulation of at least 12 industry and national standards, such as the testing method for human milk oligosaccharides in infant formula. We have taken part in the national “14th Five-Year Plan Key Research and Development Program” titled “Development and Industrial Demonstration of Medical Foods for Special Life Stages,” and have led multiple national, provincial, and municipal-level research projects. We have established collaboration with Jiangnan University, the Zhejiang Academy of Agricultural Sciences, and other institutions. And we have jointly established the Northeast Agricultural University – Yeeper Dairy Special Food Industry Technology Research Center to promote a closed-loop integration of academic research, industrial application, and technological transformation.

In 2024, we established the Yeeper Low-Allergen Nutrition Research Institute, led by Dr. Liu Yanwen as Chief Scientific Advisor. The institute brings together an interdisciplinary team of experts and is dedicated to building a research platform focused on allergy prevention and treatment in infants. Its core areas of work include molecular immunology analysis and clinical efficacy validation, serving as a key technological support for the development of FSMPs and high-whey formulations.

Globally Integrated Supply Chain with Access to Premium Resources and Strong Quality Barriers

We have established an integrated supply chain system covering core goat/sheep whey ingredients, goat/sheep raw milk sourcing and farming, cow farming, manufacturing, and procurement of raw and auxiliary materials, with stringent safety and quality control at each stage.

By building a globally connected and fully coordinated supply chain system, we have achieved seamless integration of domestic and international strengths. Our supply chain combines upstream sourcing and processing in Spain for scarce goat/sheep whey resources with domestic manufacturing and operations in China, supporting supply stability, cost efficiency and responsiveness to market demand.

In terms of goat/sheep whey ingredients, we have secured access to scarce resources through our forward-looking presence in Spain, especially for demineralized goat and sheep whey powder. The New National Standard specifies the required inclusion levels of demineralized whey powder in infant formula products. Liquid goat/sheep whey, the raw material for demineralized goat/sheep whey powder, is a by-product of cheese production and can be sourced reliably mainly in regions with large-scale goat/sheep cheese industries such as Spain. We established our presence there through the acquisition of a local whey processing facility in 2018 and Queserías Prado, a Spanish cheese manufacturer, in 2021, and have since built a procurement network across key cheese-producing regions in Spain and other parts of Europe.

As of December 31, 2025, our self-owned dairy farms were located in Heilongjiang Province and Shandong Province, supporting stable self-supply of goat and cow milk. According to the F&S Report, our farm in Bei'an was the largest Jersey cow farm in Heilongjiang Province in 2024, and our two goat farms in Laixi and Jimo of Shandong Province provided stable goat milk supply. As of December 31, 2024, we were the largest goat milk producer in Shandong Province.

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We had nine production facilities as of December 31, 2025, including four in China and five overseas, supporting production capacity, process quality and flexibility in product registration. Domestically, our Laixi facility in Qingdao is one of the largest goat/sheep milk formula production sites in China. Internationally, our footprint in Spain includes a whey powder plant, a cheese plant and an infant-formula-grade base powder plant. In addition, six of our facilities are equipped with hybrid dry-wet mix process technology, combining wet blending of liquid raw materials with dry blending of powder ingredients to support nutrient retention, production flexibility and efficiency.

We have established a comprehensive safety and quality control system under which our products are subject to over 900 inspection items from raw material intake to finished product release, with end-to-end traceability enabled through a QR code-based tracking system for our infant formula and domestically registered FSMPs. As of December 31, 2025, our in-house quality inspection centers were equipped with over 930 pieces of laboratory equipment and staffed by 175 quality control personnel. Our facilities and production management systems had obtained certifications under approximately 20 national and international standards, including GMP, ISO9001, ISO22000, HACCP, CNAS and FSSC 22000. In addition, our Bei'an facility was the first in China to receive GMP certification for FSMP manufacturing. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material production-related regulatory penalties and did not experience any material food safety incidents.

Trusted Allergy-Friendly Brand with Aerospace-Grade Quality Recognition

Since inception, we have focused on the nutritional needs of sensitive infants and built our brand around product quality, full-chain quality control and targeted nutritional solutions in the goat/sheep milk formula and FSMP sectors. Since 2016, we have established a trusted brand image through our original slogan, “Yeeper Pure Goat/Sheep Milk Formula – Not a Single Drop of Cow Milk,” earning widespread market trust for our commitment to purity and quality. As industry trends and consumer demands evolved, we updated our brand messaging to “Protecting Sensitive Infants – Yeeper Pure Goat/sheep Milk Formula,” reinforcing our position as a professional allergy-friendly brand.

Our product quality has been recognized by industry institutions and authorities. Since 2018, we have been the exclusive goat milk formula partner of the China Space Foundation for eight consecutive years. In 2019, we received the “World Dairy Innovation Awards – Best Allergy-Friendly Product (世界乳品創新獎-低敏獎),” and in 2023, we were named a “Model Enterprise for Scientific Innovation in China’s Dairy Industry.” In addition, our product also received multiple international and domestic awards, including Gold Awards for four consecutive years at the Monde Selection Quality Awards, Quality Gold Awards in 2022 and 2023 at the China Dairy Association’s Goat/Sheep Milk Infant Formula Quality Competition, and Grand Gold Awards for four consecutive years from 2016 to 2019 at the Monde Selection Quality Awards.

We maintain open and genuine communication with consumers through both online and offline channels, contributing to continuous growth in brand awareness and reputation. Offline, we focus on in-store activation across a wide network of mother-infant stores, while online we center our content on topics such as feeding for sensitive infants and nutritional solutions for special physical conditions. Collaborating with parenting influencers, pediatricians and nutritionists, we deliver consumer education and product awareness. As of the Latest Practicable Date, our brand had achieved approximately 454.2 million impressions, 89.0 million reads and 4.1 million engagements on Xiaohongshu, ranking first in category searches for “goat/sheep milk formula.” On Douyin and Weibo, our short videos had amassed 1.9 billion views and 28.6 million engagements. We have also cooperated with a well-known domestic TV cartoon channel, including sponsoring a well-known children’s variety program for seven consecutive years. We also created the “Pure Goat/Sheep Princess (純羊公主)” brand IP and collaborated with popular domestic animation IPs to co-develop branded content and merchandise.

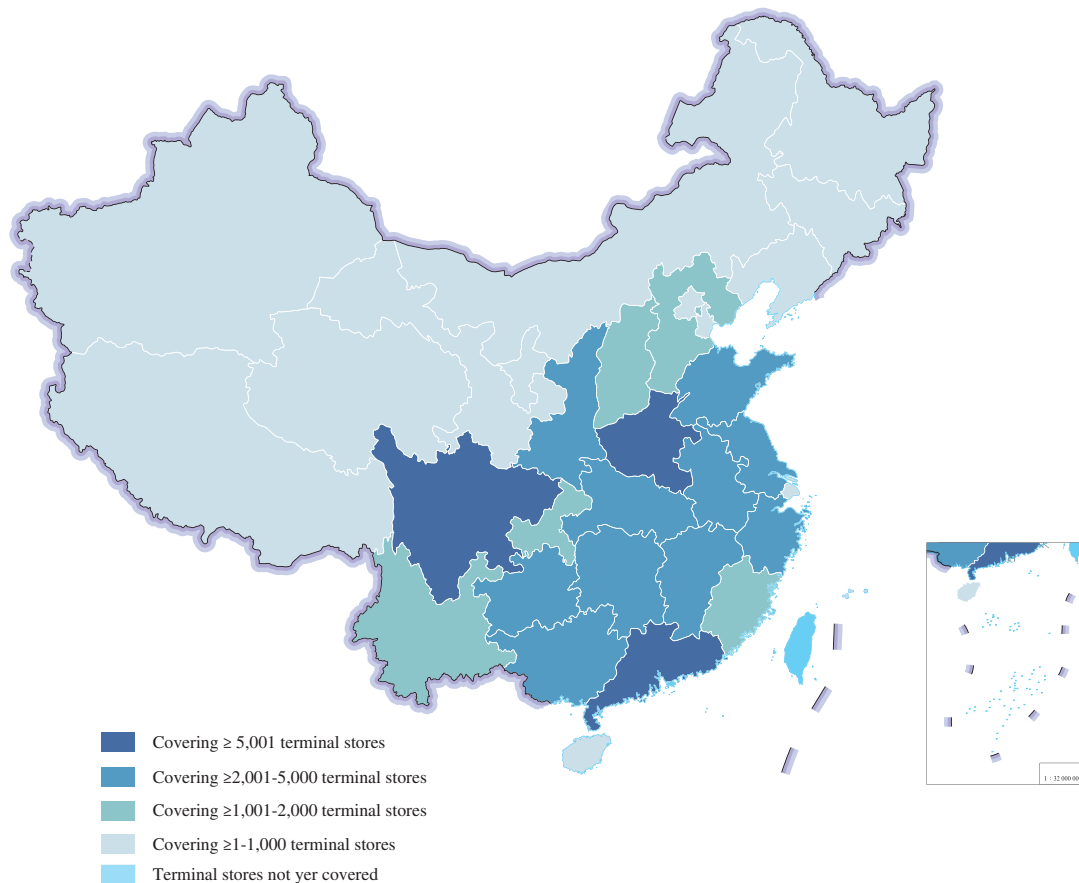
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In response to growing public attention on infant health and allergy prevention, we have actively contributed to public education by launching expert-led science communication campaigns tied to our product solutions. In June 2025, we jointly released the “2025 Yeeper Low-Allergen Nutrition White Paper (宜品2025低敏奶粉(營養)白皮書)” with Frost & Sullivan to support public and industry understanding of allergy-friendly dairy nutrition.

Extensive Nationwide Distribution Network and Distributor Support

We conduct in-depth market analysis across China based on multiple factors, including regional birth rates, consumer preferences, and brand influence, and strategically expand our distributor network to achieve targeted nationwide coverage. In lower-tier and emerging urban centers, we primarily work with local distributors to penetrate maternal and infant stores, while in first- and second-tier cities and provincial capitals, we adopt tailored approaches using either distributors or direct cooperation with chain retail stores. As of December 31, 2025, our products were available through distributor and national chain channels in 31 provinces/autonomous regions/municipalities in China, covering 333 prefecture-level cities and over 2,700 county-level regions, with approximately 65,000 terminal retail locations, including over 13,000 maternal-infant stores.

The map below illustrates our retail store coverage across provinces in China as of December 31, 2025.



Number of terminal stores we covered through distributors or direct partnerships as of December 31, 2025

Note: The map was prepared on the basis of data collected through our own system, through which we acquire information on terminal stores, such as their locations, once the product-level QR codes for our infant formula and domestically registered FSMPs are scanned.

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We cooperate with a wide range of maternal-infant retail channels and leverage their category education and consumer reach to accelerate product penetration across different market tiers. Since inception, we have sought to maintain long-term and stable relationships with distributors through a commercially sustainable channel partnership model. We support our distributors through network planning, a standardized cooperation framework and digital tools, including product traceability measures. These arrangements are designed to improve channel management efficiency, enhance transparency and mitigate credit and working capital risks. For further details, see “Business — Sales and Distribution Network — Distributors” and “Business — Quality Control.” Benefiting from this collaboration model, our distribution network has continued to expand in a healthy and orderly manner, supporting the sustained growth of our market share. We have also established an online sales network across major e-commerce platforms, including Tmall, JD.com and Douyin, through a combination of self-operated stores and authorized distributor storefronts, thereby achieving both breadth and depth in our e-commerce channel coverage.

Experienced Leadership Team Driving End-to-End Operational Excellence

Our management team covers all critical segments of the entire dairy value chain. The core members each bring over a decade of in-depth experience across key functions including research and development, innovation, lean manufacturing, supply chain management, and channel marketing.

Mr. Mu Shanbo, our Chairman, has around 30 years of experience in the dairy industry and possesses outstanding entrepreneurial and management capabilities. In 2007, Mr. Mu began his entrepreneurial journey. Mr. Mu’s achievements have received broad recognition. In 2018, he was awarded the Minister’s Prize (最佳長官獎) by the Ministry of Commerce of South Korea (韓國商務部) for his leadership in establishing our Korean factory and advancing cross-border dairy collaboration between enterprises from China and South Korea. In 2019, he was named a “Leading Figure in Revitalizing China’s Dairy Industry” (振興中國乳業領軍人物) by the Dairy Association of China. He was also recognized as the “Best Operator of the Year” at the NetEase Dairy Forum (網易乳製品峰會) in 2021, and in 2022, he was honored as an “Outstanding Contributor to China’s Dairy Industry” by the Dairy Association of China.

Mr. Zhang Zejun, our Vice general manager, brings over 30 years of extensive global experience in the dairy industry. Currently, Mr. Zhang oversees our nine domestic and overseas manufacturing facilities, demonstrating strong international perspective and cross-regional resource integration capabilities. Mr. Zhang is both a hands-on practitioner and an academic contributor in his field. He has served as a distinguished safety expert at the Heilongjiang Food Industry Association (黑龍江省食品工業協會), actively contributing to the development of industry standards. A research project under his leadership was awarded the Technology Progress Award (Second Class) by the China Dairy Industry Association and the Chinese National Committee of International Dairy Federation, reflecting his robust technical foundation and innovative capabilities. With a pragmatic and efficient management style, Mr. Zhang continues to drive product quality and operational efficiency across our Group.

Our research and development efforts are further supported by our Chief Scientific Advisor, Dr. Liu Yanwen, an interdisciplinary expert in infant and adult nutrition, medical foods, and functional foods. Dr. Liu holds a Ph.D. in Microbiology and Immunology from Indiana State University (USA), dual Master’s degrees in Computer Engineering and Statistics from the University of Illinois at Chicago, and a Bachelor’s degree in Clinical Medicine from Shandong First Medical University. He also serves as a Visiting Professor at East China University of Science and Technology. Currently, Dr. Liu focuses on translational research related to bioactive components such as proprietary probiotic strains, prebiotics, and functional peptides. His work provides critical scientific support for our technological advancements in low-allergen nutrition and foods for special medical purposes, strengthening our competitive edge in product innovation and formulation.

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STRATEGIES

Enhance Our Professional Brand Image of Goat/Sheep Milk Powder and Build a Scientific Understanding System for Low-Allergen Feeding

An epidemiological survey in Chinese cities shows that among infants aged 0-24 months, 40.9% of parents reported that their children had experienced allergic symptoms, and the prevalence of allergic diseases symptoms in infants aged 0-24 months was 12.3%. The low-allergen needs of a large portion of the allergic population remain underserved, indicating considerable market potential for pure goat/sheep milk powder. We plan to strengthen consumer education around pure goat/sheep milk powder as a “high whey content, low allergenicity, and enhanced absorption” option, deepen our professional brand image and further strengthen market recognition of our products.

Specifically, we plan to systematically promote the benefits of goat/sheep milk powder as a “high whey content, low allergenicity, and enhanced absorption” feeding solution. By collaborating with doctors and key opinion leaders (“KOLs”) in the relevant fields, we will educate consumers on the mechanisms, symptoms, and coping strategies of infant allergies, thereby deepening the penetration of goat/sheep milk powder in the market. We also aim to continue to leverage our status as the “Official Partner of China’s Aerospace Industry (中國航天事業合作夥伴)” by promoting our brand through activities built around aerospace IP, to reinforce the core values of safety and trustworthiness of our brand. With respect to omnichannel communication, we will utilize platforms such as WeChat, Douyin, Weibo, and Xiaohongshu to convey in depth the knowledge of low-allergen feeding and the unique benefits of our goat/sheep milk powder. Meanwhile, we plan to place advertisements in key airports and along major high-speed rail lines, ensuring frequent exposure to our target consumer base. In addition, we aim to continue sponsoring parenting and mother and baby vertical TV programs and variety shows, creating a multi-dimensional brand recognition.

Strengthen Research and Development Innovation by Developing Products for Diverse Needs to Create a Second Growth Curve

We will continue to invest in the research and development of product formulas and production processes to enhance the competitiveness of our products. We will further deepen strategic cooperation with top domestic and foreign hospitals, colleges and universities as well as scientific research institutions, and jointly carry out basic research on gastrointestinal science with authoritative medical institutions to systematically guide the development of low-allergen formulas and provide scientific support for the advantages of our products.

We intend to focus on high-barrier and specialized segments, with a particular emphasis on the FSMPs market, to capture the opportunities arising from its rapid penetration in China. On the other hand, we plan to expand into the health consumption scenarios. By capitalizing on the current aging trend, we aim to launch goat/sheep milk-based functional composite formula powder that meet the demands of middle-aged and elderly people and FSMPs tailored to the silver-haired economy, while developing goat/sheep whey high-protein nutritional supplements that meet the demands of athletic individuals and silver-haired people, etc. For a detailed discussion of our future plans, please refer to the section “Future Plans and [REDACTED]” in this document.

Deepen Global Industry Chain Layout and Actively Explore Overseas Markets

We plan to further advance our global industry chain layout by strategically allocating production resources across Asia and Europe. Meanwhile, we plan to upgrade and expand dedicated goat/sheep milk powder infant formula production lines at our Spain facility to prepare for sales in overseas markets.

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We intend to conduct in-depth research on overseas markets, and plan to focus on markets in Southeast Asia and Africa, where population growth is rapid. Based on local market demand, we plan to match our product portfolio accordingly and accelerate market penetration through localized product formulation strategies. At the same time, we plan to advance product registration and market access approvals in the European and North American markets simultaneously. Riding the abovementioned business portfolio and Yeeper’s exclusive global supply chain, we are proactively tapping into overseas markets.

Further Enhance Product Competitiveness through Intelligent Manufacturing Industry Chain Upgrading

On the production side, we plan to further integrate upstream industry resources. We aim to invest in co-developing upstream dairy farm resources, continuously improving the self-sufficiency rate of raw milk and reinforcing our ability to control raw material quality at the source, thereby building a long-term safeguard mechanism for product safety and stability. In parallel, we intend to advance technology upgrades at both domestic and overseas production facilities, including the construction of deep-processing production lines for functional goat/sheep milk ingredients, to achieve the precise and intelligent manufacturing of new-generation, high value-added products. We will also focus on upgrading the automation equipment and digital quality inspection systems of our domestic production lines, enhancing operational efficiency through technological and equipment improvements.

Advance Strategic Digital Transformation to Build a Smart Dairy Ecosystem

We plan to continue upgrading and iterating existing digital management systems to optimize the connectivity between the entire supply chain and our business systems, achieving further integration and synergy. By establishing a fully digitalized management system covering the entire industry chain, from raw material procurement and production to channel sales, we aim to enable dynamic optimization of production planning and precise inventory control, empowering flexible manufacturing.

Meanwhile, we intend to develop a visualized digital guidance system that spans from the raw material stage to the consumer end, enhancing product traceability, enabling real-time collection of consumer feedback and supply chain data, and driving both product innovation and process re-engineering. We also plan to incorporate AI large-model technology to intelligently generate marketing strategies and new product development plans based on consumer demands data, thereby improving operational efficiency. These efforts are expected to form a closed loop of “data-decision-optimization (數據-決策-優化),” establishing us as a benchmark for digital transformation in the smart dairy industry.

OUR BUSINESS MODEL

We are a dairy enterprise in China’s goat/sheep milk infant formula and foods for special medical purposes (“FSMPs,” 特殊醫學用途配方食品) markets. We specialize in developing, manufacturing, and distributing low-allergen dairy products (低致敏乳製品) designed to meet the nutritional needs of sensitive populations, particularly infants, children, and health-conscious adults with dietary restrictions such as cow milk protein allergy, lactose intolerance, or digestive sensitivities. Our low-allergen dairy products are formulated using specific ingredients and processing techniques to reduce allergenic components such as α s1-casein, while ensuring high digestibility and nutritional adequacy. These products often incorporate hydrolyzed proteins, high whey protein content, or lactose-free formulations, and form the cornerstone of our differentiated, consumer-centric product strategy.

Our business model is designed to ensure security and control over the supply of critical raw materials, particularly in the upstream segment. This spans from dairy farming and raw milk collection to the processing of core ingredients and final product manufacturing. Our upstream control is exercised through a combination of (i) self-owned dairy cow and goat farms in

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Heilongjiang and Shandong, which supply a portion of our raw cow milk and goat milk requirements, and (ii) our strategically important production facility in Spain, which is dedicated to the processing and sourcing of goat and sheep whey. This upstream integration gives us rare access to traceable raw materials, particularly demineralized goat/sheep whey powder (脱鹽羊乳清粉), a critical component in our infant formula offerings. Notably, the raw material for demineralized goat/sheep whey powder, whey liquid from goat/sheep milk, is a derivative product of cheese production and can only be sourced reliably in regions with large-scale goat/sheep cheese industries, such as Spain. As one of the world’s largest goat/sheep whey powder production facilities, our Spanish facility has established a robust procurement network across key goat/sheep cheese-producing regions in Spain and other parts of Europe. As one of the earliest domestic enterprises to master D90-grade demineralized goat/sheep whey powder technology, we have applied for related patents. The application was deemed withdrawn due to failure to further demonstrate novelty within the required period, as we did not intend to further disclose the key details of know-how of such technology during the application. Despite this, as advised by our PRC Legal Advisers, we legally own the right to use our independently developed technology, regardless of patent grant, pursuant to the relevant PRC laws and regulations. Our core competitiveness lies in the know-how of such technology, including the industrial optimization of such process, parameter tuning adapted for the characteristics of goat/sheep milk, stable large-scale production capacity and stringent quality control system, leveraging our accumulated production technical expertise. We protect such technology through a multi-dimensional protection mechanism including strict trade secret management, clear confidentiality and liability clauses in toll-processing cooperation agreements, strict supplier selection and supervision, and standardized internal employee confidentiality constraints (including signing confidentiality agreements and conducting regular confidentiality training) to prevent its leakage or infringement. Our proprietary technological expertise encompasses the precise specification of raw material quality, the optimization of demineralization processes targeting a 90% mineral reduction rate (D90 grade), and stringent quality control protocols to ensure the final product’s key parameters, such as a mineral ash content of $\leq 1.5\%$, align with stringent infant-grade nutrition standards. This technology positions us to ensure both supply security and technical compliance.

Building on this foundation, our midstream capabilities are centered on proprietary formula development and differentiated production processes. We adopt a hybrid dry-wet mixing process (乾濕複合工藝) that combines the nutrient uniformity benefits of wet blending with the formulation flexibility and retention rate of heat-sensitive nutrients of dry mixing. This allows us to tailor formulations for specific age groups and health conditions while preserving nutrient bioavailability and stability. All production is conducted within our own facilities, located both in China and overseas, and configured to support full in-house control of processing, blending, drying, packaging, labeling, and coding. The capabilities of these midstream functions ensures consistency in product quality, cost containment, and rapid response to consumer demands.

Downstream, we manage a comprehensive brand ecosystem supported by a nationwide distribution network that enables deep penetration into China’s lower-tier and emerging urban centers. Our region-specific marketing strategy, paired with a well-established distributor management system, has allowed us to build a robust presence. Through precise channel segmentation, traceability via product-level QR codes, and loyalty-building tools such as membership programs, we optimize reach and conversion across physical and digital platforms.

OUR PRODUCT CATEGORIES

We offer a comprehensive range of dairy products tailored to meet the nutritional needs of various consumer groups across different age stages, health conditions, and dietary preferences. Our product portfolio spans both finished formula-based products and semi-finished dairy ingredients. These categories are designed to address the specific needs of infants, children, adults, and consumers with special dietary requirements.

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The following table sets forth the breakdown of our revenue by product categories during the Track Record Period.

	For the year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Goat/sheep milk infant formula	926,438	57.4	1,032,745	58.6	1,009,353	54.2
FSMPs	130,365	8.1	218,617	12.4	339,393	18.2
Cow milk infant formula	158,929	9.8	138,771	7.9	125,776	6.7
Adult & children milk powder	96,993	6.0	112,993	6.4	112,275	6.0
OEM and dairy product related materials	290,610	18.0	247,805	14.1	264,483	14.2
Others	10,923	0.7	11,298	0.6	12,275	0.7
Total	1,614,258	100.0	1,762,229	100.0	1,863,555	100.0

The following table sets forth the breakdown of our sales volume and average selling price (ASP) by product categories during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	<i>KG</i>	<i>RMB/KG</i>	<i>KG</i>	<i>RMB/KG</i>	<i>KG</i>	<i>RMB/KG</i>
Goat/sheep milk infant formula	6,267,797	147.8	6,760,503	152.8	6,484,188	155.7
FSMPs	269,315	484.1	556,841	392.6	887,347	382.5
Cow milk infant formula	1,678,568	94.7	1,454,671	95.4	1,219,662	103.1
Adult & children milk powder	1,430,692	67.8	1,698,534	66.5	1,606,487	69.9
OEM and dairy product related materials	9,988,429	29.1	10,153,302	24.4	8,758,965	30.2
Total	19,634,801		20,623,851		18,956,649	

The ASP of our goat/sheep milk infant formula increased slightly in line with our expansion in this product category, from RMB147.8 per kilogram for the year ended December 31, 2023 to RMB152.8 per kilogram for the year ended December 31, 2024, and RMB155.7 per kilogram for the year ended December 31, 2025.

For the year ended December 31, 2024, the ASP of our FSMP products decreased by 18.9% compared with the same period in 2023, from RMB484.1 per kilogram to RMB392.6 per kilogram, and remained relatively stable at RMB382.5 per kilogram in 2025. This decline trend was mainly due to the increased proportion of relatively lower-priced offerings in our sales mix, with relevant promotional campaigns to maintain our market share.

For the year ended December 31, 2025, the ASP of our cow milk infant formula increased to RMB103.1 per kilogram from RMB95.4 per kilogram for the year ended December 31, 2024. The increase mainly reflected a favorable product mix with a greater proportion of relatively higher-priced products such as Jersey milk powder, which drove up the overall average selling price during the period. The gradual decrease in sales volume of our cow milk infant formula during the Track Record Period was primarily attributable to the intense market competition and our overall business strategy to focus on goat/sheep milk infant formula and FSMPs.

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For the year ended December 31, 2025, the ASP of our adult & children milk powder increased to RMB69.9 per kilogram from RMB66.5 per kilogram for the year ended December 31, 2024. This increase was primarily driven by a favorable shift in our product sales mix toward relatively higher-priced products, which was supported by targeted marketing initiatives focused on these products. The growing contribution of these products, which carry relatively higher selling prices, effectively lifted the overall average selling price during the period.

The ASP for our OEM and dairy-related materials reflects normal fluctuations in product mix and global commodity markets. In 2024, the ASP decreased by 16.2%, resulted from a shift in sales mix toward other product categories. The increase of ASP in 2025 against 2024 was attributable to an increase in the sales volume and proportion of relatively higher-priced materials such as demineralized goat/sheep whey powder, demonstrating the dynamic nature of our product portfolio in response to market conditions.

Goat/Sheep Milk Infant Formula

Our goat/sheep milk infant formula is specifically developed to support infants with heightened sensitivity to conventional dairy products, offering an ideal nutritional alternative for babies with mild to moderate allergic tendencies or digestion-related issues. Goat/sheep milk is widely recognized for its superior digestibility and lower allergenic potential compared to cow milk, making it particularly suitable for infants with cow milk protein allergy or lactose intolerance.

The key physiological and biochemical differences that make goat/sheep milk more suitable for sensitive infants include significantly lower alpha-s1-casein content, which reduces the risk of immune overreaction. In addition, the fat globules in goat/sheep milk are smaller, allowing for easier digestion and absorption. These structural advantages help reduce the likelihood of allergic reactions and gastrointestinal discomfort.

A core differentiator of our goat/sheep milk powder lies in the high proportion of goat/sheep whey protein (羊乳清蛋白), which not only improves protein absorption and tolerance but also mimics the protein composition of human breast milk. All of our goat/sheep milk infant formula products are formulated to contain a significantly higher whey protein ratio than required under the New National Standard, underscoring our commitment to premium nutritional design and product functionality.

Our goat/sheep milk infant formula products are manufactured under strict quality and safety protocols, using advanced dry-wet mixing technology and traceable raw materials sourced from our supply chain, ensuring optimal safety for daily feeding.

The following table provides a portion of the selective product series of our goat/sheep milk infant formula brands and their key positioning during the Track Record Period:

Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Bekari Qibo (宜品蓓康僑啟鉅) 	An imported goat/sheep milk formula produced under stringent foreign and domestic quality standards with high whey protein ratio. The product has been awarded the “Best Hypoallergenic Formula” at the 13th World Dairy Innovation Awards, is made from pure Spanish goat/sheep milk, and contains optimized levels of structured triglycerides to reduce calcium soap formation and support nutrient absorption. The MSRP range of this product is RMB458/800g. Its target demographic is infants.	HAM plant	Livestock Products Business License (畜產物營業許可證), Business Registration Certificate for Food Manufacturing Industry (食品製造業營業登陸證), Registration Certificate for Infant Formula (嬰幼兒配方註冊證書) Registered in the PRC. No mandatory clinical trials required.	Demineralized whey powder, full-fat goat/sheep milk powder, 1,3-dioleoyl-2-palmitoyl glycerol, galacto-oligosaccharides, soybean oil, butterfat, olive oil, fructo-oligosaccharides, arachidonic acid oil powder (10%), docosahexaenoic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12

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Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Bekari (蓓康僖) 	A flagship hypoallergenic goat/sheep milk formula with high whey protein ratio. It is formulated to meet the daily nutritional needs of sensitive infants and is recognized in the industry for its stable quality. This product has received the Gold Award in the quality competition organized by the China Dairy Industry Association (中國乳製品工業協會), and contains pure goat/sheep milk containing natural A2 β-casein. The MSRP range of this product is RMB388/800g. Its target demographic is infants.	Fuyu Facility	Food Production License (食品生產許可證), Registration Certificate for Infant Formula Milk Powder (嬰幼兒配方奶粉註冊證書) Registered in the PRC. No mandatory clinical trials required.	Demineralized whey powder, edible blended vegetable oil, full-fat goat/sheep milk powder, galacto-oligosaccharides, olive oil, butterfat, fructo-oligosaccharides, arachidonic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12
Yeeper Xiaoyang (宜品小羊) 	A domestic goat/sheep milk formula with a high proportion of goat/sheep whey protein (羊乳清蛋白), designed to closely resemble the nutritional profile of human breast milk, thereby supporting digestibility, safety, and balanced nutrition with a high proportion of goat/sheep whey protein designed to closely resemble the nutritional profile of human breast milk. The MSRP range of this product is RMB418/800g. Its target demographic is infants.	Fuyu Facility	Food Production License, Registration Certificate for Infant Formula Milk Powder Registered in the PRC. No mandatory clinical trials required.	Demineralized whey powder, full-fat goat/sheep milk powder, 1,3-dioleoyl-2-palmitoyl glycerol, galacto-oligosaccharides, soybean oil, olive oil, fructo-oligosaccharides, arachidonic acid oil powder (10%), docosahexaenoic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12
Yeeper Yang (宜品羊) 	A pure sheep formula with high whey protein ratio, recognized for its easy digestion, high absorption, and low allergenicity. The MSRP range of this product is RMB438/800g. Its target demographic is infants.	Tieli Facility	Food Production License, Registration Certificate for Infant Formula Milk Powder Registered in the PRC. No mandatory clinical trials required.	Demineralized whey powder, full-fat sheep milk powder, 1,3-dioleoyl-2-palmitoyl glycerol, galacto-oligosaccharides, soybean oil, olive oil, butterfat, fructo-oligosaccharides, docosahexaenoic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12

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Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Qihui (宜品啟輝) 	A specialty sheep milk formula designed for infants with allergy risks or poor digestion and absorption. It contains up to 90% whey protein to support digestion and nutrient absorption, is made entirely from pure sheep A2 β-casein to reduce sensitivity. The MSRP range of this product is RMB368/800g. Its target demographic is infants.	Fuyu Facility	Food Production License, Registration Certificate for Infant Formula Milk Powder Registered in the PRC. No mandatory clinical trials required.	Demineralized whey powder, edible blended vegetable oil, galacto-oligosaccharides, butterfat, full-fat sheep milk powder, olive oil, fructo-oligosaccharides, arachidonic acid oil powder (10%), docosahexaenoic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12

All of our infant formulas are registered under the Measures for the Administration of Registration of Formulas of Infant Formula Milk Powder Products in the PRC, and are priced across the mass to ultra-premium spectrum depending on source material and brand tier.

FSMPs

FSMPs are scientifically formulated nutritional products developed to meet the specific dietary requirements of individuals with particular medical conditions, such as metabolic disorders, gastrointestinal dysfunction, malabsorption syndromes, or other disease-related nutritional deficiencies. In China, FSMPs are subject to rigorous regulatory oversight, including full-formula registration and, where applicable, clinical validation in accordance with the requirements of the State Administration for Market Regulation (“**SAMR**”). As a result, FSMPs are characterized by high technical thresholds and stringent entry barriers, with only a limited number of qualified manufacturers able to participate in this specialized market segment. Although we have obtained PRC registrations for five FSMPs in the PRC as of December 31, 2025, we currently have no specific plans to pursue the registrations for our imported FSMP products in the PRC. The imported FSMPs are sold to consumers in China via third-party cross-border e-commerce platforms under the “bonded import” model. Pursuant to applicable cross-border e-commerce regulations, FSMP imported under this model are not required to complete product registration in China. In addition, successful cases of similar imported FSMP products obtaining PRC registration are rare to the Latest Practicable Date. Our current focus remains on maintaining and expanding our existing portfolio of registered FSMP products that are fully compliant with PRC regulatory requirements.

We have established a dedicated FSMP product portfolio that addresses the diverse nutritional needs of both infant and adult patients across a range of medical conditions. Our FSMPs are developed in line with clinical dietary protocols and manufactured under pharmaceutical-grade conditions to ensure superior safety and efficacy. Our FSMP products cover a broad spectrum of indications including lactose intolerance, protein allergies, low birth weight and preterm conditions, and nutrition supplementation for individuals with restricted dietary intake.

The significant growth in our FSMP sales during the Track Record Period was primarily driven by a combination of rising market demand and our targeted commercial strategy. An increasing prevalence of allergies and heightened consumer awareness, coupled with growing recognition from healthcare professionals and retail channels, have expanded the consumer base for specialized nutritional products. Our “offline store referral + cross-border e-commerce platform ordering” model has addressed the increasing market needs by training our retail partner stores to provide professional consultations and direct customers to complete purchases on our cross-border e-commerce platform. Furthermore, our development of a comprehensive FSMPs product matrix enabled us to meet diverse nutritional needs and support sales growth.

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Conversely, the decrease in sales of our cow milk infant formula products was a result of strategic and market factors. The cow milk infant formula segment in China is a highly competitive market, dominated by established multinational and large domestic players. In response to these challenging market conditions and in alignment with our overarching group strategy, we proactively prioritized resource allocation towards our higher-growth and more differentiated product categories, namely the goat/sheep milk infant formula and FSMPs. This strategic shift in focus, while optimizing overall portfolio profitability, consequently led to a relative decrease in emphasis and resources for our cow milk infant formula offerings.

The following table provides an overview of selected FSMPs during the Track Record Period.

Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yibei Shenmin (怡貝深敏) 	Enriched with human milk oligosaccharides (“HMOs”), this hypoallergenic formula is designed to replicate the functional benefits of breast milk, supporting immune modulation and cognitive development in infants with allergic predispositions. The MSRP range of this product is RMB358/400g. Its target demographic is infants.	HAM plant	Livestock Products Business License, Business Registration Certificate for Food Manufacturing Industry. No registration required. Product manufacturing report has been filed pursuant to the Food Sanitation Act. No mandatory clinical trials required.	Edible blended vegetable oil, demineralized whey powder, cow milk powder, medium-chain triglycerides, 2'-fucosyllactose, bifidobacterium animalis subsp. lactis bb-12, docosahexaenoic acid oil, arachidonic acid oil
Yibei Shendu (怡貝深度) 	Similar to Yibei Shenmin, this formula targets infants with allergy risks, providing enhanced intestinal health, cognitive support, and immune modulation through HMO enrichment and small molecule protein peptides from deep hydrolysis. The MSRP range of this product is RMB368/400g. Its target demographic is infants.	HAM plant	Livestock Products Business License, Business Registration Certificate for Food Manufacturing Industry. No registration required. Product manufacturing report has been filed pursuant to the Food Sanitation Act. No mandatory clinical trials required.	Edible blended vegetable oil, demineralized whey powder, cow milk powder, medium-chain triglycerides, 2'-fucosyllactose, bifidobacterium animalis subsp. lactis bb-12, docosahexaenoic acid oil, arachidonic acid oil

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Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Yibei (宜品怡貝) 	A partially hydrolyzed protein formula designed for infants (0–12 months) at high risk of cow milk protein allergy. Enriched with probiotics, prebiotics, DHA/ARA, and other essential nutrients to promote gut health and immune function. The MSRP range of this product is RMB398/800g. Its target demographic is infants.	Bei'an Facility	Food Production License, Label of Formula Food for Special Medical Purposes (特殊醫學用途配方食品產品標籤). Registered in the PRC. No mandatory clinical trials required.	Lactose, edible blended vegetable oil, hydrolyzed whey protein powder, maltodextrin, solid corn syrup, anhydrous milk fat, fructo-oligosaccharides, retinyl acetate, cholecalciferol, docosahexaenoic acid oil, arachidonic acid oil, bifidobacterium animalis subsp. lactisbb-12
Bao An Su (葆安素) 	A lactose-free formula intended to reduce gastrointestinal strain during diarrhea episodes, featuring low osmolality and electrolyte balancing ingredients for optimal digestive comfort. The MSRP range of this product is RMB198/400g. Its target demographic is infants.	Bei'an Facility	Food Production License, Label of Formula Food for Special Medical Purposes. Registered in the PRC. No mandatory clinical trials required.	Maltodextrin, edible blended vegetable oil, whey protein powder, edible glucose, anhydrous milk fat, casein, retinyl acetate, cholecalciferol, docosahexaenoic acid oil, arachidonic acid oil
Zhen Er Ai (甄而藹) 	Tailored for preterm and low birth weight infants, providing high caloric density and essential nutrients such as iron to support catch-up growth and mitigate feeding intolerance risks. The MSRP range of this product is RMB238/400g. Its target demographic is infants.	Bei'an Facility	Food Production License, Label of Formula Food for Special Medical Purposes. Registered in the PRC. No mandatory clinical trials required.	Maltodextrin, demineralized whey powder, raw cow's milk, edible blended vegetable oil, whey protein powder, medium-chain triglycerides, retinyl acetate, cholecalciferol, docosahexaenoic acid oil, arachidonic acid oil
Yinuo An (益諾安) (goat/sheep milk) 	A nutritionally complete formula for individuals over 10 years of age with limited food intake or digestive issues. It uses goat/sheep milk to optimize amino acid absorption, and reduce lactose intolerance through lactose enzymatic removal. The MSRP range of this product is RMB498/400g. Its target demographic is children/adults/elders.	Bei'an Facility	Food Production License, Label of Formula Food for Special Medical Purposes. Registered in the PRC. No mandatory clinical trials required.	Skimmed goat/sheep milk powder, maltodextrin, solid corn syrup, soy protein isolate, white granulated sugar, soybean oil, medium-chain triglycerides, edible vegetable oil, retinyl acetate, cholecalciferol

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Cow Milk Infant Formula

Our cow milk infant formula line provides infant balanced, easily digestible formulas designed to support healthy development. These formulas are crafted to cater to the growing demand for safe and nutritious alternatives to traditional milk formulas, offering a well-rounded nutritional profile that supports optimal growth.

The following table provides a portion of the selective product series of our cow milk infant formula brands during the Track Record Period.

Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yizhen (益臻) 	A domestically produced Jersey milk-based formula designed to support gentle digestion and nutritional balance in infants with mild lactose sensitivity. The product has received the Gold Award from the China Dairy Industry Association (中國乳製品工業協會) and the Super Gold Award at the Monde Selection (世界食品品質評鑑大會) for four consecutive years. The MSRP range of this product is RMB328/800g. Its target demographic is infants.	Bei'an Facility	Food Production License, Registration Certificate for Infant Formula Milk Powder. Registered in the PRC. No mandatory clinical trials required.	Raw cow's milk, demineralized whey powder, edible blended vegetable oil, galacto-oligosaccharides, skimmed milk powder, whey protein powder, arachidonic acid oil powder (10%), olive oil, docosahexaenoic acid oil powder (10%), lactoferrin, mixed tocopherols concentrate, bifidobacterium animalis subsp. lactis bb-12
Organic (愛尼可) 	A domestically produced organic cow milk formula made from organic raw milk certified to stringent standards. The product has obtained full value chain organic certification for 14 consecutive years. The MSRP range of this product is RMB398/800g. Its target demographic is infants.	Bei'an Facility	Food Production License, Registration Certificate for Infant Formula Milk Powder. Registered in the PRC. No mandatory clinical trials required.	Raw cow's milk, demineralized whey powder, edible blended vegetable oil, fructo-oligosaccharides, galacto-oligosaccharides, arachidonic acid oil powder (20%), docosahexaenoic acid oil powder (20%), bifidobacterium animalis subsp. lactis bb-12
Euland (歐能多) 	An imported organic cow milk formula compliant with the European Union standards. The formula features a mild taste suitable for infants during the weaning stage (斷乳期), with an organic whey-to-casein ratio of 7:3. The MSRP range of this product is RMB398/800g. Its target demographic is infants.	HAM plant	Livestock Products Business License, Business Registration Certificate for Food Manufacturing Industry, Registration Certificate for Infant Formula. Registered in the PRC. No mandatory clinical trials required.	Raw cow's milk, demineralized whey powder, edible blended vegetable oil, fructo-oligosaccharides, galacto-oligosaccharides, arachidonic acid oil powder (10%), docosahexaenoic acid oil powder (10%), bifidobacterium animalis subsp. lactis bb-12

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Adult & Children Milk Powder

Our adult and children milk powder product portfolio, comprising approximately 80 product series, is specifically designed to meet the evolving nutritional needs of children aged 36 months and above, as well as adults with special dietary requirements. These products cater to children, adolescents, and adults, addressing various functional purposes such as supporting growth, immune function, bone health, and overall vitality.

- Children and Adolescents (36 months to 18 years): This subcategory is primarily focused on supporting children’s growth, particularly in height development, as well as promoting overall health during childhood and adolescence. These formulas provide key nutrients essential for healthy bone development, immune enhancement, and physical growth during these formative years.
- Adults: This subcategory targets adults with specific health concerns, including middle-aged adults and seniors, as well as pregnant women and postpartum mothers. The formulas address the nutritional needs of these groups, focusing on maintaining bone strength, supporting digestion, boosting immunity, and aiding in recovery during prenatal and postnatal stages.

The following table provides a portion of the selective product series of our adult and children milk powder products during the Track Record Period.

Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Zhen Gao Children’s Growth Milk Powder (宜品臻高兒童成長奶粉) 	A milk powder product aimed at providing balanced nutrition for children, supporting their growth and vitality during the crucial years of development. The MSRP range of this product is RMB328/800g. Its target demographic is children.	Bei’an Facility/ Fuyu Facility	Food Production License. No registration required. No mandatory clinical trials required.	Raw cow’s milk, full-fat milk powder, solid corn syrup, crystalline fructose, isomaltoligosaccharide, fructooligosaccharides, galactooligosaccharides, hydrolyzed whey protein powder, soy protein isolate, hydrolyzed egg yolk powder, colostrum basic protein powder, phosphatidylserine, mixed vegetable powder, mixed fruit powder, bifidobacterium animalis subsp. lactis bb-12

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Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Zhanggaogao Children's Nutritional Milk Powder (宜品長高高兒童營養奶粉) 	A formula designed to support height development in children, promoting healthy bone growth for those needing extra support in this area. The MSRP range of this product is RMB318/800g. Its target demographic is children.	Bei'an Facility	Food Production License. No registration required. No mandatory clinical trials required.	Raw cow's milk, full-fat milk powder, 1,3-dioleoyl-2-palmitoyl glycerol, isomaltoligosaccharide, crystalline fructose, fructooligosaccharides, galactooligosaccharides, hydrolyzed egg yolk powder, colostrum basic protein powder, phosphatidylserine, yeast β-glucan, lactoferrin, bifidobacterium animalis subsp. lactis bb-12, bifidobacterium animalis subsp. lactis hn019
Yeeper Bekari Quanyangshidai Growth Goat/Sheep Milk Powder for Children (蓓康僖全羊時代兒童成長羊奶粉) 	A goat/sheep milk powder product designed to support comprehensive growth and development in children during their critical growth phases. It emphasizes easy digestion and absorption, leveraging the natural advantages of goat/sheep milk, which has smaller fat globules and different proteins compared to cow's milk, making it gentler on young digestive systems. The MSRP range of this product is RMB368/800g. Its target demographic is children.	Bei'an Facility, HAM Facility	Food Production License, Livestock Products Business License, Business Registration Certificate for Food Manufacturing Industry. No registration required. No mandatory clinical trials required.	Full-fat goat/sheep milk powder, lactose, crystalline fructose, fructooligosaccharides, galactooligosaccharides, lutein, arachidonic acid, docosahexaenoic acid, N-acetylneuraminic acid, colostrum basic protein powder, mixed vegetable powder, mixed fruit powder, bifidobacterium animalis subsp. lactis bb-12

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Product Series	Product Description	Product line	Licenses and Registration	Main ingredients
Yeeper Zhen You Students' Nutritional Milk Powder (宜品臻優學生營養奶粉) 	A nutritional milk powder product tailored to meet the demands of school-aged children, focusing on sustaining energy levels and supporting daily academic and physical activities. It incorporates a blend of vitamins and minerals, including zinc for immune function and calcium for bone strength, aligned with the nutritional needs of growing students. The MSRP range of this product is RMB598/800g. Its target demographic is children.	Bei'an Facility	Food Production License. No registration required. No mandatory clinical trials required.	Raw cow's milk, full-fat milk powder, isomalt oligosaccharide, crystalline fructose, lactose, fructooligosaccharides, galactooligosaccharides, arachidonic acid, docosahexaenoic acid, lactose-n-neotetraose, N-acetylneuraminic acid, phosphatidylserine, bifidobacterium animalis subsp. lactis bb-12, bifidobacterium animalis subsp. lactis hn019
Yeeper Jian Zi Sheng Students' Nutritional Milk Powder (宜品尖子生學生營養奶粉) 	Formulated to aid cognitive functions such as memory and concentration, this milk powder product includes components like taurine and choline, which are associated with brain development and mental performance. It is designed as a nutritional support for students, helping them meet the challenges of their studies while contributing to their overall physical health during important developmental years. The MSRP range of this product is RMB598/800g. Its target demographic is children.	Bei'an Facility	Food Production License. No registration required. No mandatory clinical trials required.	Raw cow's milk, demineralized whey powder, skimmed milk powder, solid corn syrup, whey protein powder, crystalline fructose, edible blended vegetable oil, fructooligosaccharides, galactooligosaccharides, anhydrous milk fat, arachidonic acid, docosahexaenoic acid, mixed vegetable powder, mixed fruit powder, bifidobacterium animalis subsp. lactis bb-12, bifidobacterium animalis subsp. lactis hn019

OEM and Dairy Product Related Materials

This category primarily involves non-core semi-finished dairy ingredients and raw materials, including demineralized sheep whey powder, high-fat demineralized goat/sheep whey powder, full cream milk powder (“FCMP”), low-lactose FCMP, base powders (基粉), milk cream powders and encapsulated dairy lipids. We provide Original Equipment Manufacturing (“OEM”) services, where we supply raw materials and process them based on customer-specific formulations. Under this model, we charge for the raw materials as well as a processing fee, allowing us to tap into external markets while ensuring that our core manufacturing resources are fully optimized.

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Others

The “Others” category includes miscellaneous or daily supplementary revenues that are not directly tied to our core business operations. These primarily consist of revenue from the sale of raw cow milk, raw goat milk, and merchandise (such as toys, insulated cups, and workwear) purchased by our distributors for use as promotional materials or gifts to end customers in their sales and marketing activities. The purchases of merchandise are voluntary for distributors and not linked to distribution rights, quotas or other commercial terms. These are income arising in the ordinary course of business of our subsidiaries and fall within their registered business scope, and therefore are recognized as our revenue in accordance with IFRS 15. Starting from 2024, the promotional materials and gifts were gradually provided as marketing support and delivered with the main products, instead of being purchased separately by distributors. For the years ended December 31, 2023, 2024 and 2025, revenue generated from promotional materials and gifts was approximately RMB4.7 million, RMB0.3 million and RMB0.3 million, accounting for approximately 0.29%, 0.02% and 0.02%, respectively, of our total revenue.

OUR PRODUCTION

To support our diversified product portfolio, we operate a production system that encompasses both upstream farming and downstream processing capabilities. This system is designed to ensure stable supply of raw milk, efficient in-house manufacturing, and strong traceability across the entire production lifecycle. Our production activities are supported by certain government grants. As a percentage of our net profit, government grants accounted for 21.8%, 9.5%, and 12.5% for the years ended December 31, 2023, 2024 and 2025, respectively.

Our production footprint consists of two primary components (i) farming facilities, including our self-owned dairy farms located in Heilongjiang and Shandong provinces. These farms provide stable supply of goat and cow milk, which form the foundation of our core product lines; and (ii) manufacturing facilities, comprising nine production facilities in China and overseas, are responsible for the full processing cycle of our dairy products, from ingredient blending and wet processing to packaging and final product inspection. These facilities are equipped to produce our full range of finished products and semi-finished dairy ingredients.

Our Farming Facilities

We operate a farming model encompassing both dairy cow and goat farming, which forms the foundation of our milk-based product portfolio. As of December 31, 2025, we owned and operated one dairy cow farm and two goat farms in China.

Dairy cow farm in Bei'an, Heilongjiang

As of December 31, 2025, our Bei'an dairy cow farm in Heilongjiang Province had a total herd of over 4,000 dairy cows, comprising 2,302 milkable cows and 2,348 heifers and calves. By breed, our herd comprised 3,456 Jersey cows and 1,194 Holstein cows. In terms of A2 attributes and organic certification, all of our Holstein cows were A2 cows and had not obtained organic certification, while our Jersey cows included both A2 and non-A2 cows (among which 2,428 were A2 Jersey cows), and our Jersey cows had obtained organic certification under GB/T 19630-2019.

As of December 31, 2025, we had (i) a total of 1,499 A2 milkable cows, consisting of 886 A2 Jersey milkable cows and 613 A2 Holstein milkable cows, and (ii) 803 non-A2 milkable Jersey cows. Based on the number of milkable cows as of December 31, 2025, our Bei'an dairy cow farm's theoretical annual raw cow milk production capacity was estimated to be approximately 17,804 tons, comprising (i) approximately 5,809 tons of organic A2 Jersey raw milk, (ii) approximately 5,264 tons of organic non-A2 Jersey raw milk, and (iii) approximately 6,731 tons of A2 Holstein raw milk. Such theoretical annual production capacity estimates are calculated by multiplying the period-end number of milkable cows by the historical average daily milk yield and average lactation days per cow, and do not represent actual milk output for any period. For the years ended December

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31, 2023, 2024 and 2025, the actual annual production of our Bei'an dairy cow farm was approximately 8,219 tons, 13,755 tons and 16,240 tons, respectively. The annual production of raw cow milk were higher than our internal procurement amount, mainly because part of our milk production was used for calves feeding and external sales. Please refer to the subsection headed “—Suppliers and Procurement — Raw Materials Suppliers” below for the internal procurement amount.

The farm implements a structured feeding regime consisting of silage corn, alfalfa hay, and formulated concentrates, supported by a scientific herd management system. Milking operations are carried out in fully automated parlors, ensuring high efficiency and hygiene. Raw milk is stored in temperature-controlled tanks and delivered to nearby processing facilities within approximately 40 minutes of collection.

The total area of the sole dairy cow farm is approximately 230,000 square meters. The dairy cow farm utilizes management and monitoring software, enabling systematic collection, analysis, and reporting of production data. The sole dairy cow farm is equipped with a comprehensive monitoring system that covers different areas, providing real-time insights into various sectors. This technology ensures safety, enhances production efficiency, and guarantees the timely and accurate collection of data, contributing to streamlined herd management. It also has a veterinary management system that ensures the milk's quality by handling drug residue issues carefully and segregating milk for special processing when necessary.

Goat farm in Laixi, Shandong

Our Laixi goat farm in Laixi, Qingdao, Shandong Province serves as a key farming facility supporting our stable milk sourcing strategy. The site spans approximately 31,347 square meters, and is located adjacent to our Laixi production facility, enabling rapid cold-chain transfer of fresh goat milk and ensuring maximum retention of nutrient integrity. For the years ended December 31, 2023, 2024 and 2025, the actual annual production of our Laixi goat farm was approximately 89 tons, 1,205 tons and 1,073 tons, respectively. Set out below is the breakdown of the number of the different types of biological assets maintained by us in Laixi goat farm during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	<i>Heads</i>		
Milkable goats	775	2,829	2,348
Lambs, young goats and sheep.	3,483	784	1,438
Breeding goats and sheep	60	57	48
Total	4,318	3,670	3,834

We adopt an intensive farming model (集約化養殖模式) at this site, enclosing indoor housing to optimize animal welfare and milk yield. The farm is equipped with automated milking parlors designed for twice-daily collection. To maintain high hygiene and biosecurity standards, we implement rigorous milking procedures, including scheduled disinfection protocols, water quality testing, and veterinary health monitoring. All raw milk collected is subject to on-site initial quality screening before being swiftly transferred to the adjacent facility for further processing into our infant formula and FSMP products.

Aote (奧特) goat farm in Jimo, Shandong

Our Aote goat farm in Jimo, Qingdao, Shandong Province was acquired in 2021 and plays an important role in supporting our stable upstream milk sourcing strategy. Situated in a coastal area with a temperate climate and abundant local forage, the site provides favorable environmental

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conditions for animal welfare and contributes to improved milk yield and composition. For the years ended December 31, 2023, 2024 and 2025, the actual annual production of our Aote goat farm was approximately 180 tons, 1,130 tons and 1,254 tons, respectively.

Please find the breakdown of the number of the different types of biological assets maintained by us in Aote goat farm during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
	<i>Heads</i>		
Milkable goats	1,090	2,599	4,339
Lambs, young goats	3,517	1,446	615
Breeding goats	70	55	44
Total	4,677	4,100	4,998

The facility spans approximately 97,333 square meters and is equipped with advanced infrastructure, including RFID-based systems for real-time monitoring of animal movement, feeding behavior, and milking cycles. We implement customized feeding plans and reproductive-stage profiling to optimize nutritional intake and ensure consistent milk production throughout the year. The site is designed to accommodate future herd expansion and operational upgrades, ensuring scalability of our upstream milk supply for infant formula and FSMP production.

The total annual production of raw goat milk from farms in Laixi and Jimo were higher than our internal procurement amount, mainly because part of our milk production was used for lambs feeding and external sales. Please see the sub-section headed “— Suppliers and Procurement — Raw Materials Suppliers” below for the internal procurement amount.

Goat/Sheep farms underway

To meet rising demand for our goat/sheep milk-based products, we have two new dairy farms underway: one in Laixi (adjacent to our current farming facility) and another in Fuyu County, Heilongjiang Province. Each will be equipped with modern milking systems, quarantine infrastructure, and real-time digital monitoring platforms.

Construction of the new goat farm in Laixi began in February 2025. While most facilities are currently in place, some facilities, such as the parlars, are still under construction. Once fully operational, the farm is expected to contribute additional 1,255 tons to our annual production capacity for raw goat milk with a target herd size of 4,000 heads (including 1,600 milkable goats).

In addition, we entered into a joint investment agreement with the local government of Fuyu for the development of a sheep farm in Fuyu. Under such agreement, the local government provides the farm site through a leasing agreement and undertakes infrastructure investment and construction, while we, as the farm operator, undertakes the investment in equipment and biological assets. Basic constructions were completed at the end of 2025 and as of December 31, 2025, the farm housed 180 milkable sheep, 276 lambs and young sheep and 8 breeding sheep. However, trial operations only began in early 2026. Once fully operational, the farm is expected to contribute 808 tons to our annual production capacity for raw sheep milk with a target herd size of 5,000 heads (including 1,800 milkable sheep).

Our Manufacturing Facilities

As of December 31, 2025, we had nine manufacturing facilities, comprising four in China and five overseas. All of our production facilities are fully self-operated, and most are strategically located in close proximity to our raw milk sources and core consumer markets. These facilities enable us to uphold stringent quality control, enhance cost efficiency, and ensure timely, scalable delivery of our full product range, including infant formulas and FSMPs. During the Track Record Period, we implemented a series of capacity reallocation measures among our domestic facilities to optimize overall production efficiency, reduce costs, and better align capacity with product demand.

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Domestic Manufacturing Facilities

Bei'an Yeeper Nuka Plant (“Bei'an Facility”)

Located in Bei'an, Heilongjiang Province, the Bei'an Facility operates two fully automated spray-drying (噴霧乾燥) lines, which primarily processes raw milk from our adjacent dairy cow farm in Bei'an and focuses on the production of a wide range of dairy products, including infant formula, organic infant formula, whole milk powder, modified milk powder, FSMPs, high-fat demineralized whey powder, organic high-fat demineralized whey powder, and high-fat demineralized goat/sheep whey powder. The Bei'an Facility also benefits from state-of-the-art production technology, including advanced spray-drying towers and automated packaging systems.

Set out below is our spray-drying capacity, actual output, and utilization rate at the Bei'an Facility during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	13,500	13,500	13,500
Actual output (tons)	8,081	7,735	8,164
Utilization rate (%)	59.9	57.3	60.5

Following the commissioning of our new plant in Qingdao in the second half of 2022, we strategically transferred a portion of industrial product manufacturing from our Bei'an Facility to our Laixi Facility to capitalize on lower logistics costs to optimize our production logistics network. Specifically, in 2023, a planned demand for approximately 800 tons of industrial products was transferred to the Laixi Facility for production, resulting in a decline in the output of the Bei'an Facility in 2023. Utilization rates of our Bei'an Facility remained relatively stable during the Track Record Period.

Yeeper Heilongjiang Plant (“Fuyu Facility”)

Our Yeeper Heilongjiang Plant, located in Fuyu County, also known as “Fuyu Facility”, primarily focuses on the production of functional milk powders and nutritional base ingredients. As of December 31, 2025, the Fuyu Facility operates one spray-drying line. The Fuyu Facility specializes in shorter-batch, higher-value production runs, including customized nutritional blends and private-label formulations for international customers. It plays an important role in enhancing our formulation flexibility and supporting our export business. The facility is equipped with advanced, automated production lines and follows stringent GMP standards to ensure product quality and consistency.

Set out below is our spray-drying capacity, actual production output, and utilization rate at the Fuyu Facility during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	5,400	5,400	5,400
Actual output (tons)	4,075	3,971	4,140
Utilization rate (%)	75.5	73.5	76.7

Utilization rates of our Fuyu Facility remained relatively stable during the Track Record Period.

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Aubecca Nutritional Plant (“Tieli Facility”)

Aubecca Nutritional Plant, also known as the Tieli Facility, located in Tieli City, Yichun, Heilongjiang Province, mainly for the production of functional milk powder and basic nutritional ingredients. As of December 31, 2025, the Tieli Facility runs one spray-drying line. It is GMP-compliant for FSMP production and features specialized zones for low-bioburden blending and sterile packaging. Set out below is our spray-drying capacity, actual output, and utilization rate for the Tieli Facility during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	2,268	2,268	2,268
Actual output (tons)	967	616	451
Utilization rate (%)	42.6	27.2	19.9

Utilization decreased significantly from 42.6% in 2023 to 27.2% in 2024, primarily due to the transfer of infant formula production from our Tieli Facility to other facilities as part of our capacity optimization strategy. Utilization decreased further to 19.9% in 2025, primarily due to our strategic deployment plan to upgrade the production lines at our Tieli Facility for the manufacturing of more high-value-added raw materials such as encapsulated high-fat, extensively hydrolyzed protein powder and high-fat amino acid powder, which will be used in our FSMP products. The upgrading process is currently underway and is expected to be completed by the end of May 2026.

Yeeper Qingdao Plant (“Laixi Facility”)

Our Yeeper Qingdao Plant, located in Laixi, Qingdao, Shandong Province, also known as the Laixi Facility, is our largest integrated manufacturing facility by packaging capacity. The Laixi Facility specializes in the production of goat/sheep milk-based infant formulas and FSMPs. It is equipped with crystallization and granulation systems to enhance powder solubility and stability, and houses a central laboratory for sensory testing and accelerated shelf-life studies. Set out below is our spray-drying capacity, actual output, and utilization rate at the Laixi Facility during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	16,200	16,200	16,200
Actual output (tons)	5,261	6,987	5,963
Utilization rate (%)	32.5	43.1	36.8

Utilization increased from 32.5% in 2023 to 43.1% in 2024, mainly due to the ramp-up of operations following the plant’s commissioning in the second half of 2022, including the advance production of approximately 400 tons of base powder as semi-finished products for the HAM plant in 2024. However, utilization decreased to 36.8% in 2025 as some of our production lines were temporarily suspended for technical upgrades and renovations, involving fluidized bed system retrofitting and upgrades of packaging machines.

Overseas Manufacturing Facilities

South Korea Plants

We operate two manufacturing facilities in South Korea: the HAM plant and the Ohsung plant in Gwangyang. Both facilities are equipped with dedicated dry-blending lines. The HAM plant primarily serves as a manufacturing base for infant formula, adult milk powder and FSMPs. The Ohsung plant was newly constructed and had commenced trial production in 2025. It is designed to focus on the production of FSMPs.

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During the Track Record Period, while the majority of goods produced at our HAM plant were later sold in the PRC, a small portion goods were sold directly to customers in Korea and Hong Kong. This portion includes both milk powder products under our own label and those manufactured under OEM agreements. Goods produced at our Ohsung plant were sold in the PRC.

Both facilities are fully compliant with the regulatory requirements of the Ministry of Food and Drug Safety (“MFDS”) of South Korea. Regular internal audits and external inspections are conducted to ensure alignment with international food safety standards. Their modular and clean-room compliant layouts support customized formula development and multi-stage packaging configurations tailored to export client specifications.

Set out below is the capacity, actual output, and utilization rate of the HAM plant during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	5,000	5,000	5,000
Actual output (tons)	2,512	3,126	2,077
Utilization rate (%)	50.2	62.5	41.5

Utilization rate increased from 50.2% in 2023 to 62.5% in 2024, mainly due to increased production orders driven by the impact of the New National Standard. We launched and produced new products based on the New National Standard, which resulted in the product mix shift and upgrade, leading to a temporary concentration in early 2024. Utilization rate decreased to 41.5% in 2025, primarily because: (i) we allocated the production orders to our Ohsung plant that newly commenced operations in 2025; and (ii) we were gradually digesting the inventory accumulated in 2024.

Set out below is the capacity, actual output, and utilization rate of our Ohsung plant during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Design capacity (tons per year)	—	—	5,200
Actual output (tons)	—	—	286
Utilization rate (%)	—	—	5.5

Spanish Facilities

We have three manufacturing facilities in Spain, which play a critical role in supporting our global ingredient sourcing strategy and enhancing our regional market penetration. These facilities include: (i) goat/sheep whey powder plant in Monforte de Lemos, Lugo, Galicia, primarily supplying goat/sheep whey power to our PRC manufacturing facilities for internal use; (ii) cheese plant in Monforte de Lemos, Lugo, Galicia, which processes goat/sheep and cow milk into hard cheeses; and (iii) infant-formula-grade base powder plant in Talavera de la Reina, Toledo, which is acquired in October 2024 and currently undergoing a technical upgrade.

During the Track Record Period, while most goods (primarily whey powder) produced at our Spain facilities were later utilized in our own production lines in the PRC, the remaining goods, mainly consisting dairy products such as cheese and condensed milk, were primarily sold locally in Spain.

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Set out below is the production capacity, actual output, and utilization rate of our two Spanish facilities under operations during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Whey powder plant – drying capacity (tons per year)	6,300	6,300	6,300
Actual output (tons)	5,281	5,267	3,724
Utilization rate (%)	83.8	83.6	59.1
Cheese plant – processing capacity (tons per year).	1,500	1,500	1,500
Actual output (tons)	923	935	765
Utilization rate (%)	61.5	62.3	51.0

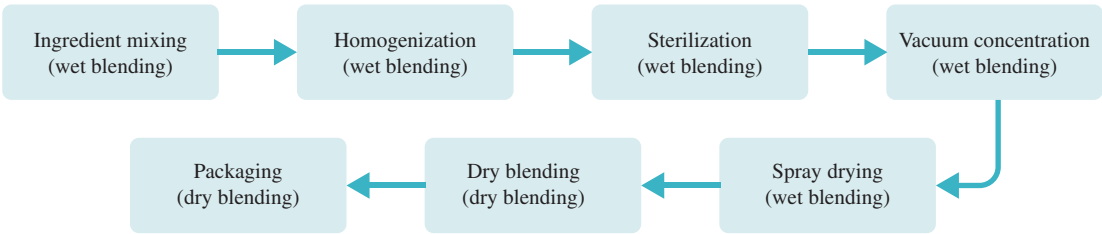
Utilization rate for whey powder plant remained relatively stable at 83.8% in 2023 and 83.6% in 2024 before declining to 59.1% in 2025. The decrease was primarily due to: (i) our proactive output control to align the production of whey powder to avoid raw material backlogs, reflecting our efforts on inventory management; and (ii) temporary suspension of operations for technical upgrades and renovations on certain equipment, including drying tower filter cartridge filtration system, cyclone separator, and rotary valve. Utilization rate for cheese plant remained relatively stable at 61.5% in 2023 and 62.3% in 2024 before declining to 51.0% in 2025. The decrease was primarily due to the ongoing adjustment of our product/semi-finished product mix in line with the local market condition.

Our Production Process

Dry-wet mix process

We primarily manufacture our infant formulas using a dry-wet mixing process (乾濕複合工藝), integrating the nutritional preservation benefits of wet blending (濕法) with the formulation flexibility and operational efficiency of dry blending (乾法). In general, liquid raw materials are first mixed, homogenized, sterilized, concentrated and spray-dried to form base powder, after which heat-sensitive ingredients such as probiotics and certain vitamins are added through dry blending before final packaging. This process is designed to support consistent nutrient distribution while preserving the effectiveness of sensitive ingredients.

Set out below is the key production stages, distinguishing between wet and dry processes.



Process design and product development synergy

We integrate our research and development, production and regulatory affairs functions from the early stages of product development so that formulation design, process design and regulatory requirements are considered together. New products typically undergo feasibility assessment, pilot-scale testing and repeated production and stability validation before final process parameters are embedded into our Manufacturing Execution System (“MES”) to support consistency and traceability in commercial production.

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Automation and quality management

Our manufacturing facilities are equipped with automation and digital control systems, including programmable logic controllers (“PLCs”), centralized Supervisory Control and Data Acquisition (“SCADA”) systems and batch execution tracking, to support real-time process monitoring and quality assurance. We maintain a Standard Operating Procedure (“SOP”) platform for each production site and use laboratory and inline analytical tools to monitor key nutritional and safety indicators. The production of our infant formula is traceable through a unique QR code on the packaging linking back to raw material inputs, batch records and processing parameters. We do not outsource any key stage of the production process for our finished products, which supports control over formulation integrity, food safety and traceability. We have also developed a proprietary post-spray crystallization step, selectively applied to FSMPs and low-lactose formulations, to improve solubility and rehydration performance.

Environmental protection and sustainability

We seek to reduce the environmental footprint of our production activities through measures including on-site wastewater treatment, efforts to reduce energy consumption, thermal energy recovery at selected facilities, tighter control of raw material wastage and ongoing upgrades to support rooftop solar panels and alternative energy integration. We also seek to improve logistics efficiency to reduce transportation-related emissions.

Our Equipment and Machinery

Our manufacturing facilities are equipped with a full suite of integrated production lines supporting both wet and dry processing. Each facility features modular setups tailored to specific product categories, including infant formula, FSMPs, and general-purpose dairy powders. Key equipment includes PLC-controlled vacuum mixers, high-pressure homogenizers, sterilizers, falling-film evaporators, vertical spray dryers (both single-stage and multi-stage), precision ribbon and cone mixers, and nitrogen-flushed packaging systems. Our equipment configuration supports scalable batch sizes and enables strict segregation of production runs involving allergen-sensitive or FSMP, ensuring both manufacturing flexibility and food safety compliance.

SALES AND DISTRIBUTION CHANNELS

Our sales model primarily comprises distribution partnerships, supplemented by direct sales. During the Track Record Period, the vast majority of our product sales were conducted through distribution partners.

Geographical Scope of Sales Coverage

The following table sets forth a breakdown of our revenue by geographical market based on our customers’ place of registration for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
The PRC	1,540,563	95.4	1,684,307	95.6	1,789,321	96.1
– Tier-one cities	59,282	3.6	85,029	4.9	108,389	5.8
– New tier-one cities	663,822	41.1	573,673	32.6	522,704	28.0
– Tier-two cities	254,457	15.8	268,493	15.2	255,764	13.7
– Tier-three and other cities . .	385,671	23.9	495,503	28.1	567,348	30.4
– Online sales ⁽¹⁾	177,331	11.0	261,609	14.8	335,116	18.0

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For the year ended December 31,						
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Others	73,695	4.6	77,922	4.4	74,234	3.9
– Spain	62,520	3.9	57,181	3.2	56,819	3.0
– Other countries/regions ⁽²⁾ . .	11,175	0.7	20,741	1.2	17,415	0.9
Total	1,614,258	100.0	1,762,229	100.0	1,863,555	100.0

Note:

- (1) Online sales primarily include sales through Weiyi Zhenxuan platform and other online channels.
(2) Other countries/regions primarily include Korea and Hong Kong.

For the years ended December 31, 2023, 2024 and 2025, the revenue of tier-three cities and other PRC cities showed a sustained and steady increase, accounted for 23.9%, 28.1%, and 33.3% of our total revenue for the years respectively.

We have long focused on the consumption potential of tier-three cities and other PRC cities, taking these regions as key expansion targets and continuously increasing resource input. We have boosted investment in channel expansion to expand product coverage in these markets. By formulated marketing plans aligned with local needs, we have been effectively stimulating local consumption potential and driving continuous growth in revenue scale and share.

Regarding our overseas market, our products sold in Spain mainly include condensed milk, and cheese products, which are sold locally by the Spanish subsidiaries. The minor revenue fluctuation in 2024 was attributable to normal market-driven variations in demand for our cheese and condensed milk products, consistent with ordinary business cycles in the region.

Set out below is a breakdown of our revenue by sales channel in absolute amounts and as a percentage of total revenue for the years indicated:

For the year ended December 31,						
	2023		2024		2025	
	RMB'000	%	RMB'000	% of	RMB'000	%
Direct sales	475,098	29.4	524,014	29.7	615,079	33.0
Distribution partnerships	1,139,160	70.6	1,238,215	70.3	1,248,476	67.0
Total	1,614,258	100.0	1,762,229	100.0	1,863,555	100.0

Set out below is a breakdown of our gross profit and gross profit margin by sales channel for the years indicated:

For the year ended December 31,						
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales	210,538	44.3	217,793	41.6	266,560	43.3
– Online direct sales	134,344	75.8	188,936	72.2	246,655	73.6
Distribution partnerships	594,650	52.2	661,088	53.4	678,068	54.3
Total	805,188	49.9	878,881	49.9	944,628	50.7

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Our distribution partnerships channel has consistently maintained a higher margin, ranging between approximately 52.2% and 54.3% during the Track Record Period. This performance is primarily driven by the sale of our higher-margin core products, such as infant formula, to distributors. The direct sales channel includes our OEM and dairy product related materials business, which traditionally operates at relatively low gross margins.

Direct Sales

Our direct sales primarily comprise (i) OEM services, under which we manufacture milk powder products based on customers’ own formulations, (ii) sales of dairy ingredients, raw materials and other dairy-based semi-finished products to institutional customers, and (iii) online direct sales to end consumers through e-commerce platforms. Our online direct sales are conducted primarily through Weiyi Zhenxuan, Tmall, JD.com, Douyin and our WeChat mini-programs. For the years ended December 31, 2023, 2024 and 2025, revenue generated from our direct sales amounted to RMB475.1 million, RMB524.0 million and RMB615.1 million, respectively, accounting for 29.4%, 29.7% and 33.0% of our total revenue from product sales for the same periods.

Under our OEM agreements, we generally manufacture specified trademarked products under customer authorization, while the relevant customer is typically granted exclusive sales rights within the agreed territory and we generally do not sell the relevant products through our own channels or distributors. Such agreements usually also provide for a minimum order quantity, such as 5 tons per production run for the same base powder, pricing to be determined at order confirmation on an ex-warehouse basis subject to agreed raw material price adjustment mechanisms, and payment terms requiring a 50% advance payment with the balance payable before shipment, together with customer responsibility for certain ancillary costs such as packaging material deposits, dedicated raw material security deposits and testing fees. We are generally responsible for ensuring product quality and regulatory compliance until delivery and for assisting with market quality issues, and the agreements are typically entered into for a fixed term, renewable by agreement, and terminable upon material breach if not remedied within the agreed cure period. We generally do not stipulate any express warranty period or product return policy in the OEM agreement and do not accept returns of customized food products.

The following table sets forth the breakdown of revenue generated from online direct sales by platform during the Track Record Period:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Weiyi Zhenxuan ^(Note 1)	126,327	71.2	177,088	67.8	247,241	73.9
WeChat mini-programs ^(Note 2)	2,040	1.2	29,199	11.2	29,595	8.8
Tmall	26,626	15.0	28,973	11.1	29,285	8.7
JD.com ^(Note 3)	8,119	4.6	13,211	5.0	15,461	4.6
Douyin	10,130	5.7	8,203	3.1	7,497	2.2
Others	4,089	2.3	4,935	1.8	5,972	1.8
Total	177,331	100.0	261,609	100.0	335,051	100.0

Notes:

- (1) A WeChat mini-program operated by Supplier F.
- (2) WeChat mini-programs operated by us.
- (3) Excluding those operating under a JD.com selfrun model.

Our revenue generated through Weiyi Zhenxuan increased significantly during the Track Record Period, primarily due to the increased revenue from our FSMPs amid the continued expansion of China’s FSMPs market, the retail sales value of which increased from RMB10.0 billion in 2020 to RMB23.0 billion in 2024, together with our “offline store referral + cross-border e-commerce platform ordering” model and the expansion of our FSMP product matrix.

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During the Track Record Period and up to the Latest Practicable Date, we sold imported FSMP products through cross-border e-commerce platforms under the bonded import model, with declaration supervision method code 1210. According to our PRC Legal Advisers, this model complies with applicable PRC laws and regulations and qualifies for exemption from product registration requirements under the relevant regulations such as the Circular on Improving the Regulation for Cross-border E-commerce Retail Import; this position was also confirmed by a response from the SAMR following an inquiry made by our PRC Legal Advisers. From a tax perspective, such imports are subject to customs duties, import value-added tax and consumption tax in accordance with the applicable tax policy for cross-border e-commerce retail imports. The current policy imposes a single transaction limit of RMB5,000 and an annual transaction limit of RMB26,000 per individual.

We have established internal control measures and policies to manage our direct sales through e-commerce platforms, including Weiyi Zhenxuan, and to mitigate the risk of illegal resale:

- *Pricing and promotion approval:* Product pricing is centrally determined by the group in accordance with the established “Sales Management Policy” and then uploaded to the respective e-commerce platforms. On a quarterly basis, the sales team formulates promotional or marketing plans for the upcoming quarter based on market feedback, competitor analysis, and customer input. These plans are reviewed by the finance department and submitted to the Vice President of Marketing for approval before being issued and published.
- *Customer identity verification and order management:* Customers on the Weiyi Zhenxuan platform are required to complete real-name authentication (linking ID information) after scanning a QR code from a partnered offline store before they can place orders and make payments. Order management is digitalized, covering the process from placement to fulfillment. We periodically obtain sales and settlement data from the backend of the e-commerce platforms for sampling reviews and local archiving. Sales orders and settlement records are regularly reconciled by our operational service provider, and we maintain local archives of this data.
- *Measures to prevent illegal resale:* The platform has implemented risk control mechanisms to monitor and flag user orders, including checks for abnormal purchase frequency, unusual order amounts, and screening of non-compliant delivery addresses to prevent activities like stockpiling and speculative resale.
- *Data coordination with platforms:* While we have not yet established direct data interfaces with the e-commerce platforms, we periodically obtain sales and settlement data from the platform backends for sampling reviews and local archiving.

The salient terms of our agreements with e-commerce platforms typically include:

- *Duration:* Agreements are typically set for a fixed term, with the possibility of renewal upon mutual consent and based on performance.
- *Commission and promotional costs:* In addition to transaction-based commissions, platforms may charge for optional marketing services such as advertising packages, keyword bidding, or other promotional tools. These costs may be prepaid, settled upon budget confirmation, or charged after performance.
- *Pricing policy:* Pricing structures sometimes include a suggested retail price (“SRP”). Sometimes, it is required that the price should be comparable to the market price. Compliance with these is monitored, especially during promotional events.

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- *Return and exchange:* Platforms usually specify policies for product returns and exchanges to protect consumers. These arrangements can differ based on product value and platform-specific rules.
- *Payment terms:* Settlement is based on completed orders, with payment timelines varying by platform policy, merchant performance, and product type.

We generate a portion of our revenue in the PRC through cross-border e-commerce platforms by selling products manufactured by our subsidiary in Korea. Revenue from such sales amounted to RMB127.7 million, RMB178.6 million, and RMB250.4 million for the years ended December 31, 2023, 2024, and 2025, respectively, representing approximately 7.9%, 10.1%, and 13.4% of our total revenue for the respective periods. The products sold primarily comprise of FSMPs, goat/sheep milk infant formula and cow milk infant formula, where FSMPs constituting the predominant portion, accounting for over 97% of the total revenue generated through cross-border e-commercial platform.

Our cross-border e-commerce platforms mainly include Weiyi Zhenxuan, as well as Douyin, JD.com, and Tmall. According to the relevant regulatory requirements, Weiyi Zhenxuan platform operates under the bonded import model. Our PRC Legal Advisers confirmed that the FSMPs imported under the bonded model for personal use by consumers are exempt from product-registration requirements in China, and therefore the sale of such unregistered imported FSMP products is permissible under current regulations. Products manufactured by our Spanish facility have not been sold in the PRC through cross-border e-commerce platforms as of the Latest Practicable Date.

Weiyi Zhenxuan Platform

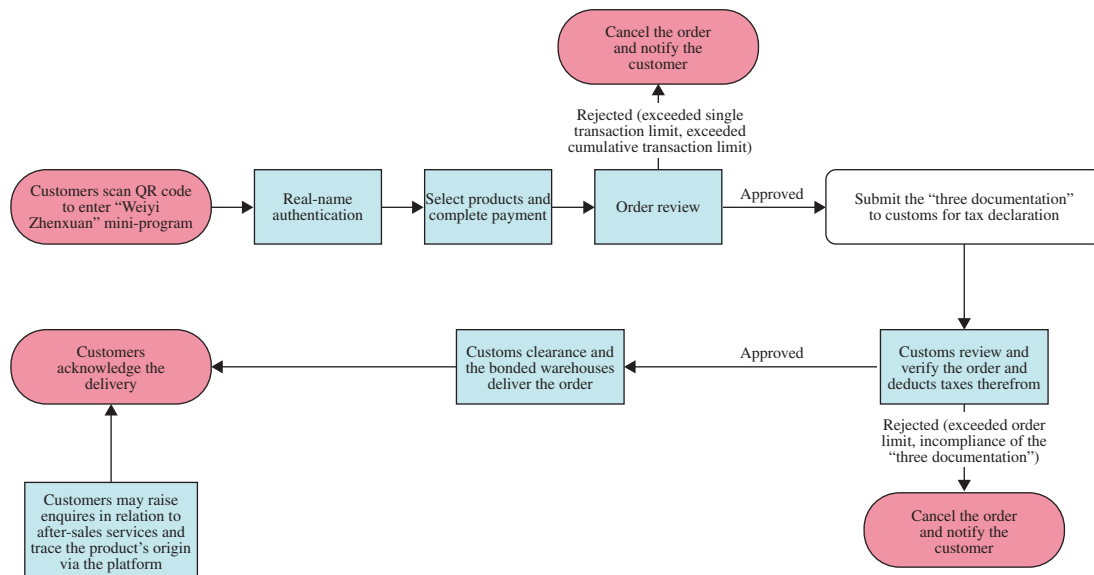
The Weiyi Zhenxuan platform is legally owned by Company X, which is responsible for technical development, platform maintenance and regulatory compliance, including the relevant cross-border e-commerce licenses, while Supplier F is responsible for commercial operation of the platform, including product promotion, order processing, customer service and logistics for FSMP sales through Weiyi Zhenxuan. Supplier F and Company X are independent entities with no shareholding or ownership relationship.

The sales through the Weiyi Zhenxuan platform follow a structured “offline store referral + cross-border e-commerce platform ordering” model, which complies with PRC regulations, including the Notice on Improving the Supervision of Retail Imports via Cross-Border E-commerce (《關於完善跨境電子商務零售進口監管有關工作的通知》). The WeChat mini-program is not publicly accessible; instead, it is available through unique QR codes assigned to each partnered offline store, which direct customers to the mini-program, enable referral tracking and performance attribution at the store level, and, more importantly, preserve the commercial logic of the Weiyi Zhenxuan model by ensuring that purchases made through the platform are sourced through partnered offline store referrals rather than through unrestricted direct access. This helps avoid traffic diversion from the offline referral channel, protects the incentive of partnered offline stores to devote resources to customer education and promotion, and supports the continued operation of the offline referral network underlying this sales model. Despite the involvement of partnered offline stores, we have classified sales through this platform as online direct sales since the partnered offline stores merely provide customer acquisition and consulting services, which are considered as preliminary actions preceding the transaction. Their contributions stop at this stage, and they do not participate in any subsequent transactional stages. We have no direct cooperation with or management control over the partnered offline stores, all of which maintain direct cooperation arrangements with the Weiyi Zhenxuan platform.

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The following explanation describes how the Weiyi Zhenxuan platform operates and the key processes involved: (1) **offline promotion and referral**: Partnered offline stores display product samples and introduce the functions of our FSMPs and the advantages of the Weiyi Zhenxuan platform to customers. Customers are guided to enter the Weiyi Zhenxuan mini-program, and then scan a store-specific QR code; (2) **platform ordering and payment**: After scanning the QR code, customers proceed to complete real-name authentication by linking their ID, select products, and pay through WeChat Pay; (3) **customs clearance and fulfillment**: Once the order is received, Supplier F submits the necessary data to customs for clearance. After clearance, products are shipped from bonded warehouses, and customers can track shipments via the mini-program; and (4) **after-sales and traceability**: Customers can request returns or exchanges via the mini-program. Every product includes a traceability code to verify its origin and ensure compliance with regulatory requirements.

Customers placing orders through the Weiyi Zhenxuan mini-program are required to complete real-name authentication by linking their identity information before an order can be submitted. Based on the real-name purchaser information and transaction data recorded in the relevant backend system, the platform operator is able to monitor individual transaction amounts and cumulative purchase records under the Weiyi Zhenxuan channel for compliance with the prescribed single-transaction and annual transaction limits applicable to cross-border e-commerce retail imports. In practice, orders are subject to system-based review before proceeding to customs declaration and fulfillment, and orders that do not satisfy the relevant parameters, including those exceeding applicable transaction thresholds, will be rejected or otherwise prevented from proceeding through the normal order review and customs clearance process. We also periodically obtain and review backend sales and settlement data for record-keeping and compliance monitoring. The chart below demonstrates the transaction process of our sales through Weiyi Zhenxuan platform:



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Salient Terms of the Agreement with Supplier F

Under our agreement with Supplier F, Supplier F provides full-service operation for Weiyi Zhenxuan, including platform management, product promotion, inventory tracking and restocking coordination, customs clearance and tax declaration, shipment, customer service and traceability support, and is also responsible for ensuring compliance with applicable cross-border e-commerce regulations and FSMP standards in the course of such operation. We remain responsible for product quality, safety and compliance with the applicable regulatory standards for products sold through the platform. Product pricing is based on the customs-approved retail price and any change requires mutual agreement, while service fees are determined by reference to actual sales revenue, agreed after negotiation and settled monthly. For the years ended December 31, 2023, 2024, and 2025, the service fees for and the revenue generated through Weiyi Zhenxuan platform are as follows:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
E-commerce service fees ⁽¹⁾	82,800	121,269	167,190
Supply chain service fees ⁽²⁾	6,597	9,603	13,342
Total	89,397	130,872	180,532
Revenue generated	126,327	177,088	247,241
Cost ratio ⁽³⁾	70.8%	73.9%	73.0%

Notes:

- (1) E-commerce service fees, in respect of the cross-border e-commerce platform operation and promotion services for our FSMPs, represent an indirect expense in the sales process and are recognized under selling and distribution expenses in our financial statements.
- (2) Supply chain service fees, in respect of customs declaration, customs clearance and shipment, represent a direct and necessary cost incurred before the completion of cross-border sales and are recognized under cost of sales in our financial statements.
- (3) Cost ratio is derived by dividing the total service fees by the revenue generated through Weiyi Zhenxuan for illustrative purpose only.

During the Track Record Period, our revenue generated through Weiyi Zhenxuan was all derived from FSMP products. The cost ratio of Weiyi Zhenxuan has increased from 70.8% in 2023 to 73.9% in 2024 and remained relatively stable at 73.0% in 2025, reflecting our strategic allocation of marketing resources to the FSMPs, the revenue from which through this channel experienced the 40.2% and 39.6% growth in 2024 and 2025, respectively, as a result. The service fees incurred in our online direct sales channels were not uniform in nature and generally comprised different fee components depending on the platform model involved. In particular, with respect to Weiyi Zhenxuan, our fees primarily consisted of (i) e-commerce service fees for cross-border e-commerce platform operation and promotion services, which were recorded under selling and distribution expenses, and (ii) supply chain service fees for customs declaration, customs clearance and shipment, which were recorded under cost of sales. With respect to other e-commerce platforms, including Tmall, JD.com, Douyin, the relevant service fees generally comprised a combination of (i) platform commission and/or service fees, and platform promotion or traffic acquisition fees charged by the relevant platform operator, and (ii) e-commerce operation service fees for online store operation, marketing promotion and customer service charged by third-party operators. Certain of these fee items were directly linked to GMV or order volume, while certain promotion-related fees were performance-based and therefore not linearly linked to GMV. As a result, the cost ratios of different online channels or periods are not directly comparable on a simple one-to-one percentage-of-GMV basis.

For the years ended December 31, 2023, 2024, and 2025, the service fees for and the revenue generated through e-commerce platforms other than Weiyi Zhenxuan platform are as follows:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
E-commerce service fees ⁽¹⁾	33,117	45,030	41,398
Revenue generated	51,004	84,521	87,810
Cost ratio ⁽²⁾	64.9%	53.3%	47.1%

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Notes:

- (1) When we sell products through e-commerce platforms other than Weiyi Zhenxuan, only e-commerce fees are incurred and no cross-border supply chain service fees apply.
- (2) Cost ratio is calculated by dividing the total service fees by the corresponding total revenue generated, for illustrative purpose only.

The higher cost ratio of Weiyi Zhenxuan was primarily attributable to the broader and more integrated scope of services provided under that channel. Unlike Tmall, JD.com, Douyin and other e-commerce platforms, under which the relevant service providers generally provide standard online store operation, order processing, platform promotion and traffic acquisition services, the Weiyi Zhenxuan channel operated under an integrated cross-border model involving not only online platform operation and promotion, but also offline partner store development, offline referral management and related cross-border operational support, including customs declaration, customs clearance, bonded warehouse coordination and traceability-related support. These additional service components increased the overall channel cost and resulted in a higher cost ratio for Weiyi Zhenxuan. In addition, during the early expansion stage of our cross-border FSMP business, we placed greater emphasis on market penetration, offline referral network development and product promotion, which also contributed to the relatively high cost ratio of this channel during the Track Record Period. Leveraging this channel, our FSMPs business experienced rapid growth during the Track Record Period, with revenue generated from FSMPs increasing from RMB130.4 million in 2023 to RMB218.6 million in 2024 and further to RMB339.4 million in 2025, representing year-on-year growth of 67.7% and 55.2% respectively. According to F&S, the principal fee components charged by major PRC e-commerce platforms and related third-party operators generally vary depending on the platform type, sales model, service scope and traffic acquisition approach adopted, and the overall fee burden under integrated cross-border and referral-based models may be higher than that under standard online direct sales models. According to F&S, our fee arrangements for Weiyi Zhenxuan and other e-commerce platforms, as disclosed in the tables above, were generally consistent with prevailing market practice.

Distribution Partnerships

We adopt a distribution model as one of our core sales strategies, particularly for coverage in lower-tier cities. This model enables us to scale rapidly, penetrate local markets with limited in-house resources, and leverage the market insights and distribution capacity of experienced third-party partners. Our distributors purchase our products on a wholesale basis and sell them to downstream retailers or end-customers. We recognize revenue from such sales when control over the products has been transferred, which typically occurs upon delivery to the distributor. For the years ended December 31, 2023, 2024, and 2025, revenue generated from our distribution partnership amounted to RMB1,139.2 million, RMB1,238.2 million, and RMB1,248.6 million, respectively, accounting for 70.6%, 70.3%, and 67.0% of our total revenue from product sales for the same periods. During the Track Record Period, we did not rely on any single distributor for more than 10% of our total revenue in any given year.

The tables below set forth the details of our five largest distributors in each year during the Track Record Period (where the ultimate beneficial owners information is to the best of the Company’s knowledge and the registered capital is presented in aggregate for each distributor group):

For the year ended December 31, 2023

Distributor	Type of the major products procured	Sales amount		Ultimate beneficial owners	Registered capital	Settlement as of the Latest Practicable Date
		<i>% of total distribution sales</i>				
		<i>RMB'000</i>				
Customer A . .	Goat/sheep milk infant formula and cow milk infant formula	80,852.5	7.1	A Chinese individual who entered the maternal-infant industry in 2009	RMB2.0 million	100% settled

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Distributor	Type of the major products procured	Sales amount		Ultimate beneficial owners	Registered capital	Settlement as of the Latest Practicable Date
		<i>% of total distribution sales</i>				
		<i>RMB'000</i>				
Customer F . .	Goat/sheep milk infant formula	58,496.2	5.1	A Chinese individual who entered the maternal-infant industry in 2006 and owns a leading national maternal-infant chain	RMB29.5 million	100% settled
Customer B . .	Goat/sheep milk infant formula	57,720.2	5.1	A Chinese individual who entered the maternal-infant industry in 2013	RMB3.0 million	100% settled
Customer E . .	Goat/sheep milk infant formula and cow milk infant formula	44,318.8	3.9	A Chinese individual who entered the maternal-infant industry in 2005	RMB1.1 million	100% settled
Customer K . .	Goat/sheep milk infant formula	38,725.6	3.4	A Chinese individual who entered the maternal-infant industry in 2017	RMB2.0 million	100% settled
	Total	280,113.3	24.6			

For the year ended December 31, 2024

Distributor	Type of the major products procured	Sales amount		Ultimate beneficial owners	Registered capital	Settlement as of the Latest Practicable Date
		<i>% of total distribution sales</i>				
		<i>RMB'000</i>				
Customer F . .	Goat/sheep milk infant formula	59,688.6	4.8	A Chinese individual who entered the maternal-infant industry in 2006 and owns a leading national maternal-infant chain	RMB29.5 million	100% settled
Customer A . .	Goat/sheep milk infant formula and cow milk infant formula	58,110.3	4.7	A Chinese individual who entered the maternal-infant industry in 2009	RMB2.0 million	100% settled
Customer H . .	Goat/sheep milk infant formula, cow milk infant formula and adult & children milk powder	57,741.9	4.7	A Chinese individual who entered the maternal-infant industry in 2005	RMB10.0 million	100% settled
Customer I . .	Goat/sheep milk infant formula	34,570.8	2.8	A Chinese individual who entered the maternal-infant industry in 2015	RMB1.0 million	100% settled
Customer L . .	Goat/sheep milk infant formula and cow milk infant formula	28,819.2	2.3	A Chinese individual who entered the maternal-infant industry in 1998	RMB1.0 million	100% settled
	Total	238,930.7	19.3			

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For the year ended December 31, 2025

Distributor	Type of the major products procured	Sales amount		Ultimate beneficial owners	Registered capital	Settlement as of the Latest Practicable Date
		<i>% of total distribution sales</i>				
		<i>RMB'000</i>				
Customer F . .	Goat/sheep milk infant formula and FSMP	75,161.3	6.0	A Chinese individual who entered the maternal-infant industry in 2006 and owns a leading national maternal-infant chain	RMB29.5 million	100% settled
Customer H . .	Goat/sheep milk infant formula, cow milk infant formula and adult & children milk powder	66,030.9	5.3	A Chinese individual who entered the maternal-infant industry in 2005	RMB10.0 million	100% settled
Customer J . .	Goat/sheep milk infant formula and adult & children milk powder	34,511.7	2.8	A company listed on NASDAQ and HKEX that operates a leading e-commerce platform	RMB500.0 million	100% settled
Customer A . .	Goat/sheep milk infant formula, cow milk infant formula and adult & children milk powder	28,118.0	2.3	A Chinese individual who entered the maternal-infant industry in 2009	RMB2.0 million	100% settled
Customer M . .	FSMP	21,635.8	1.7	A Chinese individual who entered the milk powder industry in 2010 and owns a national goat/sheep dairy and health food chain	RMB10.0 million	100% settled
Total		225,457.7	18.1			

Customer E, one of our five largest distributors during the Track Record Period, is our connected person, which is controlled by an associate of a director of one of our subsidiaries. As of the Latest Practicable Date, except as disclosed above, to the best of our knowledge, all of our top five distributors for each year during the Track Record Period, including their respective ultimate beneficial owners, were independent third parties.

The following table sets forth a breakdown of our distributors by regions based on the place of registration:

	For the year ended December 31,					
	2023		2024		2025	
	Numbers of distributors	Sales amount	Numbers of distributors	Sales amount	Numbers of distributors	Sales amount
Chinese Mainland	1,619	1,136,987	2,031	1,235,173	2,340	1,245,743
Northeast China Region ⁽¹⁾	45	18,526	57	21,188	55	24,029
North China Region ⁽²⁾	128	68,128	157	81,510	186	95,445
East China Region ⁽³⁾	563	300,886	712	308,911	831	319,219
Central China Region ⁽⁴⁾	348	285,601	446	282,590	506	276,452
Southern China Region ⁽⁵⁾	205	161,660	228	177,409	257	181,192
Southwest China Region ⁽⁶⁾	228	207,970	271	244,193	297	239,393
Northwest China Region ⁽⁷⁾	102	94,216	160	119,372	208	110,013
Others⁽⁸⁾	1	2,173	1	3,042	1	2,733
Total	1,620	1,139,160	2,032	1,238,215	2,341	1,248,476

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Notes:

- (1) includes Heilongjiang, Jilin and Liaoning.
- (2) includes Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia.
- (3) includes Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong.
- (4) includes Henan, Hubei and Hunan.
- (5) includes Guangdong, Guangxi and Hainan.
- (6) includes Chongqing, Sichuan, Guizhou, Yunnan and Tibet.
- (7) includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.
- (8) represents our Korean distributor.

The increase in distributors during the Track Record Period mainly reflects more refined market segmentation, with limited immediate impact on overall sales amount amid prevailing market conditions. We have piloted a flatter distribution initiative in Eastern China and Central China, under which we replaced certain large multi-region distributors with more small distributors focusing on prefecture-level city coverage to deliver refined services, shorten the distribution chain and improve response speed. As a result, the number of distributors has risen significantly without a corresponding increase in overall sales amount during the Track Record Period in these two regions. Our nationwide distribution network is composed of a dynamic mix of large-scale regional distributors and a broad base of smaller local distributors. The geographical footprint of our top distributors during the Track Record Period, while significant, does not solely define our overall retail coverage. Our presence in provinces with high concentrations of terminal retail stores, such as Anhui in Eastern China, is primarily achieved through a cumulative network of numerous smaller and medium-sized distributors with established local market experience, rather than reliance on a single large customer in those regions. In contrast, in regions such as Hunan and Sichuan, we leverage the established networks of major distributors to secure market presence. In developing markets such as Chongqing and Xinjiang, we are steadily building coverage through a flexible combination of local distributors. This strategy ensures broad market penetration and adaptability to local market conditions.

Cannibalization risk management

Cannibalization occurs when distributors sell products into unauthorized regions or conduct unauthorized online sales, undermining overall sales performance or damaging brand positioning. We implement strategic measures to mitigate the cannibalization risk:

- *Clear product segmentation and positioning:* We ensure that each product line targets distinct customer segments. Our product portfolio is segmented based on consumer needs, such as infant formula, adult milk powder, specialty formulas, and organic offerings, with tailored marketing and sales strategies for each category. Further, we generally differentiate products and SKUs among different channels to reduce direct overlap and establish clear channel positioning; online channels mainly aim to enhance brand exposure and serve tier-one and tier-two city markets, while offline channels mainly target the sinking market. This segmentation prevents our products from competing against one another in the market.
- *Differentiated pricing strategy:* We adopt a tiered pricing strategy, where certain products are positioned at higher price points and value products are priced competitively for mass-market appeal. This approach creates a clear price differentiation, ensuring that consumers are drawn to the products that best suit their needs without causing internal competition for market share. Regular audits ensure that products within the same category do not conflict in terms of retail pricing.
- *Distributor performance monitoring:* We continuously track distributor performance through a combination of sales data, market feedback, and customer surveys. Under our routine management regime, our sales personnel conduct regular monitoring of channel performance, including spot checks at market terminals (including online channels and terminal stores), to identify potential cannibalization risks across different channels. Regular assessments help us identify areas where cannibalization

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risks might arise, particularly when distributors may divert sales efforts between overlapping product categories. Our sales management team works closely with distributors to ensure they understand the importance of managing product focus and target markets.

- *Geographical exclusivity and territory control:* Distributors are contractually assigned to and are required to operate exclusively within specific, non-overlapping geographic regions in terms of terminal stores in the PRC. We generally strictly prohibit the redundant coverage of the same product series within such designated area. This strict territorial allocation, which is explicitly stipulated in our distributor agreements and rigorously enforced, effectively prevents market overlap and minimizes the risk of cannibalization between distributors. According to our management policies, for initial irregularities, we generally remind the distributor via system messages or calls and/ or impose a reasonable monetary penalty. For further irregularities, we may impose penalties at multiple times of the standard amount and suspend the store’s purchasing rights until rectification is completed.
- *Brand loyalty and consumer education:* We invest heavily in consumer education to ensure that our customers understand the distinct benefits of each product within our portfolio. By fostering strong brand loyalty and educating consumers on the specific advantages of each product category, we reduce the risk of consumers confusing or substituting products within our brand. This helps maintain clear distinctions in the minds of consumers, further mitigating the potential risk of cannibalization.

These strategic frameworks are supported by concrete operational measures. All distributor partnerships are governed by explicit contractual terms that strictly prohibit commercial practices leading to cannibalization, such as disparaging other channel partners, predatory pricing, or unauthorized market encroachment. Technologically, we employ a QR code tracing system, applied pre-dispatch and monitored throughout the sales chain, with distributors required to scan the QR codes printed on the outer packaging of tins. During the Track Record Period, we have assigned QR codes to all of our infant formula and domestically registered FSMPs, and have encouraged our end-customers to scan the QR codes by offering incentives such as reward points and buy-and-get offers. As the QR codes for end-customers are under the tamper-evident seals and only accessible upon opening the tins, distributors would have to unseal the products for scanning such codes, making the opened products unsaleable and such practice impractical. This system enables sales analysis for identifying and addressing channel conflicts. A company-wide supervision mechanism is in place, which empowers all distributors and our sales personnel to report potential conflicts. The current QR code system may contain discrepancies due to inadequate execution by distributors. We conduct regular inventory checks to rectify such data and will further require strict compliance with scanning requirements to ensure traceable records. During the Track Record Period, we did not identify any material discrepancies between our sales records as maintained and the QR code system. For pricing, we provide recommended retail prices (RRPs) to distributors. These RRP are determined through a comprehensive assessment that integrates internal factors, such as production costs and target profit margins, with external market dynamics, including competitive landscape and the specific brand positioning of each product. In the event of breaches of our anti-cannibalization policies, such as unauthorized cross-regional sales, during the Track Record Period, standard contractual penalties were levied on the distributors involved, and they were required to undertake immediate corrective actions. All such instances were duly rectified. Meanwhile, we do not set minimum purchase quotas or targets for distributors. Our partnerships are focused on collaborative market development rather than volume-based commitments, which we believe fosters a more sustainable and aligned relationship.

Channel Stuffing Risk Management

Channel stuffing refers to the practice of pushing excessive inventory into the distribution channels, leading to inflated sales figures but unsustainable inventory levels, which can distort demand signals and strain distributor relationships. To protect our distribution channels from such practices, we have implemented a strict set of controls and protocols:

- *Payment-in-advance policy:* For most of our distributors, we follow a payment-in-advance policy, which effectively eliminates incentives for distributors to hold excess inventory, thereby largely preventing inventory buildup. Our trade and bills receivables turnover days were 12 days, 12 days and 11 days for the years ended December 31, 2023, 2024 and 2025, respectively.

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- *Safety stock limits and dynamic adjustments:* To prevent overstocking, we suggest safety stock levels for each distributor based on historical sales data and regional demand forecasts. Our team closely observe sales trends and adjusts these limits dynamically to accommodate fluctuations in demand.
- *Returns and reverse logistics policies:* Returns are generally only permitted in cases of confirmed product defects or logistical errors. During the Track Record Period, our distributor return rate remained at a consistently low level, standing at approximately 0.1%, 0.5% and 0.3% for 2023, 2024 and 2025, respectively.
- *Collaborative sales forecasting:* We work closely with our distributors to develop sales forecasts that reflect realistic market demand. By collaboratively forecasting sales and replenishment needs, we avoid pushing excessive inventory into the market. Our sales teams and distributors collaborate to adjust forecasts based on actual sales data, reducing the risk of overstocking products that are not selling as anticipated.
- *Sales and distribution monitoring:* Our regional sales management teams conduct regular visits to distribution points to review the pace of product flow to prevent channel stuffing risk. We also pay attention to distributors’ operating data and ensure compliance with our channel management policies.
- *Penalties for non-compliance:* We implement penalties for distributors who engage in channel stuffing practices. These penalties may include a reduction in future product shipments, suspension of distribution rights, or termination of the distributor agreement. This ensures that our distributors remain focused on maintaining a balanced inventory and are held accountable for the violation of contract terms.

With respect to distributor inventory management, we do not actively monitor the inventory turnover days of our products at the distributor level on a real-time basis. Our primary focus in the distribution channel is on sell-through to end-consumers and overall market development. We generally monitor our distributors’ inventory level through a QR code-based tracking system mainly for our infant formula and domestically registered FSMPs. As of December 31, 2023, 2024, 2025 and the Latest Practicable Date, the unsold inventories of our products held by the distributors we traced amounted to approximately RMB131.3 million, RMB151.3 million, RMB145.0 million and RMB119.3 million, respectively. To the best of our knowledge, the inventory level of our distributors during the Track Record Period have been consistent with our business development.

Management of sub-distributors

Generally, our distributors are directly engaged by us through standard distribution agreements. Our distributors may engage sub-distributors at their own discretion. However, we do not directly participate in the operations of any sub-distributors, nor do we enter into any tripartite agreements with them. According to Frost & Sullivan, it is a common industry practice for practitioners in our industry not to establish direct contractual relationships with sub-distributors. We have implemented the following measures to enable our distributors to better manage their sub-distributors:

- **Contractual Obligation:** Distributors bear contractually agreed responsibilities for the actions of their sub-distributors, including any unauthorized cross-territory sales or channel stuffing practices. In particular, cannibalization by a sub-distributor is treated as non-compliance by the relevant distributor under our anti-cannibalization policies.
- **Channel Monitoring:** We regularly monitor channel performance of distributors according to our policies, including conducting spot check at market terminals and verifying through our QR code tracing system whether sampled products are sold outside designated territories. We manage our distributors to avoid cannibalization and channel stuffing, and require distributors to duly manage their sub-distributors to avoid similar practices.
- **Guidelines and Training.** We provide our distributors with compliance guidelines, policies and training. Distributors are responsible for cascading such guidelines to their sub-distributors and ensuring adherence.

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Distributor selection and management

We carefully select distributors based on a set of criteria including their industry experience, financial health, warehousing and logistics capacity, coverage of retail outlets, and alignment with our brand strategies. A formal evaluation and approval process is required before engagement, typically involving assessment by regional sales managers and final approval by the central sales department. Distributors engaged in the sale of FSMPs must obtain a food-business license or complete the filing for the sale of pre-packaged foods only. Specific fully-nutritional formulas within FSMPs may be sold to consumers only through medical institutions or pharmaceutical retail enterprises. As of the Latest Practicable Date, we had no specific fully-nutritional formula products. Our Directors confirm that, during the Track Record Period, all distributors complied with the relevant requirements.

We execute standard distribution agreements with distributors prior to cooperation. The salient terms of our standard distribution agreements during the Track Record Period include the following:

- *Distribution area:* Exclusive or recommended geographic areas are designated to avoid regional overlap.
- *Pricing policy:* In some cases, purchase prices and SRPs are specified. We reserve the right to adjust ex-factory prices upon written notice, based on market conditions and other considerations. On the other hand, in other some cases, it is required that the actual retail prices must not be lower than the purchase prices.
- *Payment terms:* Full advance payment is generally required prior to product delivery. Credit terms are not generally extended to avoid overstocking risks.
- *Sales targets and rebates:* Sales targets may be set for performance-based rebates. Failure to meet targets may lead to a revision of cooperation terms upon renewal, potentially resulting in outcomes such as a reduction in collaboration or non-renewal of the agreement.
- *Inventory management:* Distributors are generally required to maintain safety stock within specified limits and report inventory balances monthly to ensure consistent supply and prevent stockouts or overstocking.
- *Product Returns:* Returns of products are not permitted, except (i) for quality-related issues, and (ii) upon termination of the distribution agreement to prevent channel disruption and price instability, where distributors may return the products to us. For products nearing expiration, distributors generally manage such inventory through coordinated promotional activities, employee internal sales, or point redemption programs, rather than through returns to the Company.
- *Marketing obligations:* Distributors generally must participate in promotional activities, adhere to brand guidelines, and undergo compliance training to ensure proper representation of our products.
- *Restrictions and anti-cannibalization:* Cross-regional sales and unauthorized online sales are prohibited. Violations may result in penalties, including forced repurchase and termination of the contract.
- *Termination:* We may unilaterally terminate cooperation for breaches including cannibalization, fraudulent behavior, or sustained underperformance, with a formal notice and compliance with contract exit terms.

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To ensure distributor compliance with agreed-upon terms, we have implemented a robust internal control framework, including a comprehensive traceability system for our products, which tracks products from production to the end-customer. Key measures involve creating unique customer codes in our ERP system and associating them with individual can and case codes during dispatch, enabling full supply chain visibility.

During the Track Record Period, instances of unauthorized market activities by distributors, such as sales outside designated territories (“**cross-regional sales**”), were identified. These activities constituted a breach of the anti-cannibalization and territory restrictions stipulated in the distribution agreements. In such cases, standard contractual penalties were levied on the distributors involved, and they were required to undertake immediate corrective actions, which were duly completed. These penalties were calculated in accordance with the terms of the distribution agreements, including the recovery of a deposit ranging from RMB20,000 to RMB50,000 and a fine of typically RMB3,000 per tin, also depending on the number of tins and product types involved and the breach records of relevant distributors. For the years ended December 31, 2023, 2024 and 2025, the number of distributors who breached the anti-cannibalization policies amounted to 48, 27 and 10, respectively. No material financial losses to us were resulted from these isolated incidents, which were effectively managed through our internal controls.

Distributors movements

The table below sets forth the movements of our distributors during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	1,288	1,620	2,032
Number of new distributors	399	457	333
Number of withdrawn distributors	67	45	24
Number of distributors at the end of the year	1,620	2,032	2,341

During the Track Record Period, we saw a sustained increase in the number of distributors, driven by our ongoing market expansion, optimization of the distribution network structure and deepened penetration into regional markets. As of December 31, 2025, the number of distributors increased to 2,341, compared with the number of 1,288 at the beginning of 2023. We phased out inactive or underperforming distributors, and additionally, we terminated and closed accounts of distributors involved in unauthorized market activities. Despite this reduction, the addition of over 1,000 new distributors during the Track Record Period indicates that while the churn rate was elevated, our distributor network continued to expand steadily. Meanwhile, we generally do not require our distributors to act as exclusive distributors, and many of them also engage in distribution of other milk powder brands or other product categories at the same time.

In the course of our operations, we transact with certain distributor groups where multiple legal entities are under common control (e.g., by the same individual, spouse or family). These groups, such as Customer A, E, F, and H, are consolidated for disclosure presentation purposes. Transactions with different entities within the same group are driven by legitimate commercial needs, including but not limited to geographical coverage, specific brand distribution arrangements, and operational considerations of the distributors themselves. These practices are common in the distribution industry and all transactions are conducted on an arm’s length basis.

During the Track Record Period, the shareholders or key personnel of a few of our distributors were our employees and former employees during their employment or after their employment relations were terminated with our company. For the years ended December 31, 2023, 2024, and 2025, we had 3, 3 and 1 such distributors, respectively, with aggregate sales of RMB33.0 million, RMB46.7 million and RMB0.6 million, representing approximately 2.0%, 2.7% and 0.03%

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of our total revenue for the respective year. Our Directors confirm that sales to these distributors were conducted on normal commercial terms and on an arm’s length basis. As of the Latest Practicable Date, to the best of our knowledge, we had ceased the business relationship with such distributors; and none of the principal shareholders and key personnel of these distributors was our employees or former employees. In addition, we have adopted the policy that our employees are not permitted to act as our distributors, and we require new hires to submit independence declarations and conduct background checks to identify any links between distributors and our employees.

During the Track Record Period, a small number of our connected persons and/or their relatives being shareholders or key personnel of certain distributors. For the years ended December 31, 2023, 2024, and 2025, we had 6, 6, and 5 such distributors, respectively, with aggregate sales of approximately RMB59.1 million, RMB29.5 million and RMB4.4 million, representing approximately 3.7%, 1.7% and 0.2% of our total revenue for the respective year. Among the aforementioned sales during the Track Record Period, the major portion was the sales to two entities, which are respectively controlled by an associate of a director of one of our subsidiaries and such associate’s spouse. Our transactions with these two entities (being our connected persons at the subsidiary level) will constitute our continuing connected transactions upon [REDACTED]. For more details, please refer to the section headed “Connected Transactions.” As of the Latest Practicable Date, to the best of our knowledge, save as disclosed above, we had ceased the business relationship with the connected persons distributors; and save as disclosed above, none of our distributors was our connected persons.

During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with these terminated distributors.

MARKETING AND PROMOTION

We employ an integrated marketing strategy combining consumer education, digital marketing and localized offline activation to enhance brand recognition, drive product demand and support our distributor network. Our marketing focuses on goat/sheep milk-based nutrition products and is tailored to target consumer groups including parents with young children and individuals with special dietary needs.

We maintain a strong presence across e-commerce and content platforms. We support online sales through in-platform advertising on Weiyi Zhenxuan, Tmall, JD.com and Douyin, and promote broader brand engagement through Xiaohongshu, Weibo and WeChat official accounts. Our content strategy includes short videos, expert-backed parenting advice and livestreaming campaigns. These campaigns are managed by our internal digital operations team together with third-party creative agencies, typically under one-year service contracts. To expand our reach in lower-tier cities, we coordinate with distributor partners on promotional activities such as seminars, health fairs, localized roadshows and retail site activations. We also provide standardized marketing toolkits, including points of sale displays, sample packs and localized advertising materials. Our brand visibility is also supported by out-of-home (“OOH”) advertising. We place targeted advertisements in high-traffic areas across 19 provinces, municipalities and autonomous regions, including LED screens in major airports in Sichuan, Anhui, Shaanxi, Jiangxi, Guangxi, Shandong, Heilongjiang, Fujian, Guizhou and Zhejiang. In the high-speed rail segment, our advertisements are featured across stations in Hunan, Guangdong and Hainan. We also utilize parcel locker media networks such as Hive Box (豐巢) in 11 provinces, including Zhejiang, Anhui, Jiangsu, Henan, Guangdong, Hunan, Shandong, Sichuan, Guangxi, Shaanxi and Guizhou.

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We manage our advertising and promotion budget through a data-driven KPI system tracking metrics such as return on advertising spend, click-through rates, conversion ratios and customer acquisition costs by channel. Budget allocation is adjusted based on seasonal demand, product life cycles and strategic product priorities.

Our in-house sales team supports distributor management, channel execution and direct sales operations. As of December 31, 2025, we employed over 650 full-time front-line sales personnel, most of whom were assigned to provincial or regional offices corresponding to our key distribution territories. Our sales personnel maintain distributor relationships, oversee pricing compliance, monitor shelf performance and assist with local promotional campaigns. In lower-tier markets, they also work with distributors on site visits, retail activations and store staff training. We operate a structured performance review mechanism with KPIs covering both revenue targets and qualitative objectives such as brand compliance and inventory rotation. Our digital commerce division also includes a specialized team dedicated to operating our online stores, responsible for store design, campaign planning, livestream coordination, customer service and logistics liaison. We maintain a centralized training system to promote consistency in product knowledge and channel execution across our sales personnel.

OUR CUSTOMERS

Major Customers

During the Track Record Period, our major customers generally comprised (i) large-scale regional distributors with established sales networks in provinces such as Hunan, Sichuan, Guangdong and Jiangxi, where such distributors are based, operate or conduct sales activities; (ii) e-commerce distributor with a focus on online channels; and (iii) manufacturers and food companies as well as OEM brand owners purchasing our OEM services and dairy ingredients for production of infant formula, functional nutrition products, or other dairy-based consumer goods.

Distributors are our major commercial partners who purchase products from us and resell them through their respective retail networks, especially in lower-tier cities and regional markets. They are regarded as our customers from both contractual and revenue recognition perspectives, as they purchase products directly from us under formal distribution agreements.

Revenue from our five largest customers in each year during the Track Record Period amounted to RMB291.8 million, RMB255.8 million, and RMB241.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 18.0%, 14.6%, and 13.0% of our total revenue for the same year. Revenue from our largest customers in each year during the Track Record Period amounted to RMB80.9 million, RMB59.7 million, and RMB75.2 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 5.0%, 3.4%, and 4.0% of our total revenue for the same year. During the Track Record Period, there was no overlap between our five largest customers and our five largest suppliers.

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

For the year ended December 31, 2023

Customer	Customer type	Customer's background	Revenue	% of our total revenue	Credit terms	Payment method	Years of relationship
			<i>RMB'000</i>				
Customer A	Distributor	Engaged in retail distribution of our milk powder products in Hunan	80,852.5	5.0	Prepayments	Bank transfer	7
Customer F	Distributor	Engaged in retail distribution of our milk powder products in provinces including Shandong, Shanxi, Hebei, Henan and Xinjiang Autonomous Region	58,496.2	3.6	Prepayments	Bank transfer	6
Customer B	Distributor	Engaged in retail distribution of our milk powder products in Sichuan, Chongqing and Tibet Autonomous Region	57,720.2	3.6	Prepayments	Bank transfer	4
Customer G	Direct sales customer	A company primarily engaged in the food manufacturing industry	50,377.9	3.1	30 days	Bank transfer	6
Customer E	Distributor	Engaged in retail distribution of our milk powder products in Jiangsu	44,318.8	2.7	Prepayments	Bank transfer	7
Total			291,765.6	18.0			

For the year ended December 31, 2024

Customer	Customer type	Customer's background	Revenue	% of our total revenue	Credit terms	Payment method	Years of relationship
			<i>RMB'000</i>				
Customer F	Distributor	Engaged in retail distribution of our milk powder products in provinces including Shandong, Shanxi, Hebei, Henan and Xinjiang Autonomous Region	59,688.6	3.4	Prepayments	Bank transfer	6
Customer A	Distributor	Engaged in retail distribution of our milk powder products in Hunan	58,110.3	3.3	Prepayments	Bank transfer	7

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Customer	Customer type	Customer's background	Revenue	% of our total revenue	Credit terms	Payment method	Years of relationship
			<i>RMB'000</i>				
Customer H	Distributor	Engaged in retail distribution in Hunan and online distribution	57,741.9	3.3	Prepayments	Bank transfer	4
Customer G	Direct sales customer	A company primarily engaged in the food manufacturing industry	45,644.5	2.6	30 days	Bank transfer	6
Customer I	Distributor	Engaged in retail distribution of our milk powder products in Sichuan and Tibet Autonomous Region	34,570.8	2.0	Prepayments	Bank transfer	2
Total			255,756.1	14.6			

For the year ended December 31, 2025

Customer	Customer type	Customer's background	Revenue	% of our total revenue	Credit terms	Payment method	Years of relationship
			<i>RMB'000</i>				
Customer F	Distributor	Engaged in retail distribution of our milk powder products in provinces including Shandong, Shanxi, Hebei, Henan and Xinjiang Autonomous Region	75,161.3	4.0	Prepayments	Bank transfer	6
Customer H	Distributor	Engaged in retail distribution in Hunan and online distribution	66,030.9	3.5	Prepayments	Bank transfer	4
Customer G	Direct sales customer	A company primarily engaged in the food manufacturing industry	37,016.3	2.0	30 days	Bank transfer	6
Customer J	E-commerce distributor	An e-commerce company affiliated with a major e-commerce platform	34,511.7	1.9	7 workdays	Bank transfer	5
Customer N	Direct sales customer	A company engaged in the sale of food products	29,150.1	1.6	Prepayments	Bank transfer	2
Total			241,870.3	13.0			

Customer E, one of our five largest customers during the Track Record Period, is our connected person, which is controlled by an associate of a director of one of our subsidiaries. As of the Latest Practicable Date, except as disclosed above, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period.

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Consumer Support

To ensure timely and direct consumer engagement, we operate multiple service channels, including our official website, a dedicated national 400 hotline, and professional consultation through our team of infant nutrition advisors (嬰幼兒營養顧問). These channels are designed to assist with inquiries related to product usage, preparation and storage guidelines, allergy risks, and suitability based on age group or specific dietary needs.

Our service hotline and consultation services are fully operated in-house by trained personnel, supported by a knowledge base system to ensure consistent and accurate responses. We track key service metrics such as response time, resolution efficiency, and customer satisfaction on an ongoing basis to identify areas for improvement and ensure service quality. We also operate a group-wide membership system accessible via our official website, hotline, and designated WeChat mini-program. Members may accumulate points through purchases, participation in promotional events, and referrals, which can be redeemed for gifts, vouchers or exclusive offers. Personalized features and curated content are continuously developed to enhance consumer engagement and loyalty.

Customer Complaint Handling

We have established a structured, transparent and time-bound complaint handling system that spans all sales channels and touchpoints. This system is managed under our centralized after-sales management team (售後管理專責小組), in coordination with the Quality Department (質量管理部), Supply Chain, and relevant production sites. All consumer complaints are logged into our centralized complaint management system, assigned a unique case ID, and categorized based on their nature and severity. Complaints are typically classified into: quality-related issues; logistics or service-related issues; and business procedures or usage and experience issues. We apply a unified after-sales policy across all distribution channels to ensure fairness and consistency. Purchases made through e-commerce platforms, maternal-child specialty stores, or authorized distributors are all covered under the same complaint resolution protocol. In addition, we maintain a traceable record for our product chain through our QR code system.

Third-Party Payment Arrangements

Background

During the Track Record Period, certain customers (the “**Relevant Customers**”) settled payments with us through accounts belonging to certain third parties (the “**Third-Party Payers**”) designated by such customers (the “**Third-Party Payment Arrangements**”). No Third-Party Payer shall have pricing discretion, rebate entitlement or ownership of the goods; such arrangements constitute a settlement method only and do not change the identity of the purchasing customer. The contract terms with the Relevant Customers are similar to those provided to customers who did not utilize the Third-Party Payment Arrangement in product pricing, credit terms, and return and exchange policies. We typically require Relevant Customers and their designated third-party payors to provide written delegation or supplemental confirmation — certifying that the designated third-party payors are authorized by the Relevant Customers to settle payments with us — prior to entering Third-Party Payment Arrangements.

For the years ended December 31, 2023, 2024 and 2025, the number of the Relevant Customers who settled payments through the Third-Party Payment Arrangements was 495, 542 and 500 respectively. The following table sets forth the breakdown of the number of Relevant Customers by types as of the dates indicated:

	For the year ended December 31,		
	2023	2024	2025
Limited liability company	271	306	275
Sole proprietorship	223	234	224
Individual	1	2	1
Total	495	542	500

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During the Track Record Period, the Relevant Customers were primarily distributors who we engaged in reaching out to the local maternal-child specialty stores channels, where stores are often family-run and operations are closely tied to local relationship networks. They occasionally settled payments through the Third-Party Payers primarily included family members, employees, sub-distributors, downstream customers, or other affiliated individuals connected to the Relevant Customers. Certain of our employees and former employees (during or after their employment with us) and our connected persons were shareholders or key personnel of certain Relevant Customers, and the aggregate amounts settled by which through Third-Party Payment Arrangements accounted for approximately 1.7%, 2.4% and nil of the total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. In addition, certain Third-Party Payers were our employees, former employees or connected persons, the aggregate amounts settled of which represented approximately 0.1%, 0.1% and 0.1% of the total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. The general method used for settling the Third-Party Payment Arrangements is bank transfer. To the best knowledge of our Directors and based on publicly available information and confirmations obtained, save as disclosed above, none of our employees or former employees (during or after their employment with us) or our connected persons were shareholders or key personnel of the Relevant Customers or Third-Party Payers involved in the Third-Party Payment Arrangements during the Track Record Period.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amounts settled through the Third-Party Payment Arrangements were RMB472.3 million, RMB348.3 million and RMB135.3 million, respectively, representing approximately 29.3%, 19.8% and 7.3% of the total revenue in the same periods, respectively. The relevant amount settled by each Relevant Customer through Third-Party Payment Arrangements did not individually make a material contribution to our revenue during the Track Record Period. During the Track Record Period, the number of Relevant Customers and their designated Third-Party Payers who executed written delegation or supplemental confirmation was 305, 338 and 260 for the years ended December 31, 2023, 2024 and 2025, respectively. The transaction amount covered by such written documentation was RMB414.3 million, RMB263.8 million and RMB98.0 million for the same periods, representing approximately 87.7%, 75.8% and 72.5% of the total transaction amount settled through Third-Party Payment Arrangements, respectively.

Reasons for Third-Party Payment Arrangements

According to the Frost & Sullivan, it is not uncommon in China’s infant-formula and nutrition distribution channels, particularly in distributor-led networks to settle payments through third-party payers. The Third-Party Payment Arrangements used by the Relevant Customers arise from practical and commercially sound reasons and facilitate channel operations without altering the buyer’s identity or our delivery practices:

- **Payment convenience and settlement efficiency.** Some customers designated their relatives, employees or business partners with readily available funds to make payments on their behalf. This ensured timely settlement and reduced inefficiencies caused by transfer limits, bank cut-off times or geographical constraints, thereby improving overall settlement efficiency.
- **Temporary funding flexibility.** Certain customers occasionally required short-term cash support from trusted relatives, employees or sub-distributors to complete advance payments prior to our delivery. This practice reflects the working-capital realities of family-run or small-scale distributors, enabling them to replenish inventory without delaying deliveries.
- **Lack of comprehensive financial system of certain of our customers.** Certain small-scale or sole-proprietor customers in county- and township-level markets are still in the process of establishing comprehensive financial and treasury systems. In such cases, they relied on family members or affiliated parties with available bank accounts or mobile transfer facilities to fulfill settlement obligations in a timely manner.

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During the Track Record Period and up to the Latest Practicable Date, we did not provide any discount, commission, rebate or other benefits to any Relevant Customer or any Third-Party Payer to facilitate or incentivize Third-Party Payment Arrangements, and such arrangements were not initiated or encouraged by us but were made at the request of customers for settlement convenience. During the Track Record Period, to the best of our knowledge, such relevant payments were based on valid contractual relationships. Furthermore, the pricing and payment terms offered to Relevant Customers were consistent with those provided to customers who did not use the Third-Party Payment Arrangements. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any investigations, enquiries, penalties, or surcharges arising from our Third-Party Payment Arrangements. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not encounter any refund requests, actual or pending disputes, or disagreements in respect of the Third-Party Payment Arrangements — including any material claims against us relating to such arrangements.

Analysis for Third-Party Payment Arrangements

As advised by our PRC Legal Advisers, having regard to the facts and information described above, (i) the Third-Party Payment Arrangements adopted during the Track Record Period did not contravene any mandatory requirements of applicable PRC laws or regulations; (ii) where the Relevant Customers and their designated Third-Party Payers executed the required written delegation or supplemental confirmation, the risk of us being found obligated to return funds to such Relevant Customers or their designated Third-Party Payers is low; (iii) the anti-money-laundering risk posed by the Third-Party Payment Arrangements is low on the basis that the payments were made to settle bona fide underlying sales with clear goods flows and tax invoices, that funds were transferred through regulated financial institutions, which are obligated to perform customer due-diligence and anti-money-laundering procedures under the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), and (iv) that there is no evidence suggesting any purpose of concealing or disguising the source or nature of proceeds or gains. On this basis, our PRC Legal Advisers are of the view that the Third-Party Payment Arrangements are unlikely to be deemed as constituting the crime of money laundering under Article 191 of the Criminal Law of the PRC (《中華人民共和國刑法》).

Our Directors confirm that, to the best of their knowledge and belief after having considered the factual circumstances of the Third-Party Payment Arrangements and the internal control measures implemented during the Track Record Period and up to the Latest Practicable Date, (i) the relevant payments were made to settle bona fide underlying transactions pursuant to valid contractual relationships, (ii) there were no instances identified of commercial bribery, money laundering or tax evasion in connection with such arrangements, and (iii) there were no existing or threatened material disputes or refund claims against us arising from such arrangements. Our Directors further confirm that we had not been subject to any penalties, administrative sanctions or investigations relating to money laundering or other financial-crime matters due to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Enhanced internal control measures of Third-Party Payment Arrangements

To safeguard our interests and rectify the risks associated with Third-Party Payment Arrangements, we have continuously undertaken the rectification of Third-Party Payment Arrangements during the Track Record Period, and comprehensively implemented a series of enhanced internal control measures since August 2025 that have been reviewed by our internal control consultant. Our enhancements include, among others:

- **Contract hardening and documentary framework:** our updated sales documentation to ensure all rights and obligations flow within the contract and settlement is affected strictly by contractual counterparties.
- **Checkpoints before shipment:** our finance and sales team jointly verify that each remittance matches the pre-filed account before goods are released; unmatched or abnormal receipts automatically trigger holds and escalation.

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- **Know-your-customer and ongoing monitoring:** strengthened onboarding KYC, periodic profile refresh for customers, and order-level reconciliation of funds flow to contract terms; deviations require prior approval and documented remedies.
- **Policy codification and staff accountability:** Our revised sales management policy specifies the limited scenarios under which a non-customer payer may be recognized, mandates written authorization and contract inclusion, and imposes step-by-step responsibilities on the sales and finance teams with audit trails; receipts from un-filed accounts are treated as invalid payments unless cured through prescribed procedures.
- **Anti-bribery and AML integration:** zero-tolerance policies, routine trainings, whistleblowing channels, and contract/legal reviews are embedded into daily workflows.

As of the Latest Practicable Date, we had settled and ceased all Third-Party Payment Arrangements. For future sales, we accept payments only from the customer’s own account or from a contractual party recognized in the sales documentation. To the best of our knowledge, none of the Relevant Customers ceased cooperation with us as a consequence of the termination of Third-Party Payment Arrangements as of the Latest Practicable Date and the impact of terminating the arrangement to us is limited.

The payment amounts settled via Third-Party Payment Arrangements (as a percentage of total revenue) gradually decreased during the Track Record Period. This decrease is attributable to the ongoing rectification efforts we have been implementing, which include the enhancement of our internal control framework, such as the formulation and implementation of relevant internal policies, continuous communication and training to ensure customer understanding and compliance with our internal control requirements, and the optimization of payment process monitoring. Throughout the rectification period, we maintained business growth and distributor expansion, with affected customers generally willing to cooperate. The settlement terms with Relevant Customers remained unchanged – generally requiring payment prior to delivery – and our operating cash flow stayed positive.

The Directors consider that the internal control measures implemented are adequate and effective. This view is based on the observed decline in third-party payment usage, continued business growth, positive customer cooperation, and sustained positive operating cash flow. The Joint Sponsors, having conducted independent due diligence that included review of relevant policies, interviews with management, and review of underlying transaction records, concur with the Directors’ assessment.

SUPPLIERS AND PROCUREMENT

We place strong emphasis on the quality and traceability of our inputs, as we believe the foundation of premium dairy nutrition lies in the quality of our raw materials. As of December 31, 2025, our procurement portfolio covered over 200 SKUs spanning the aforementioned categories, supporting our integrated supply chain and product quality standards.

Major Suppliers

Our major suppliers during the Track Record Period can be broadly categorized into: (i) Raw milk suppliers, providing sheep whey liquid, raw sheep/goat milk and raw cow’s milk for our infant formula and other dairy production; (ii) Dairy ingredient suppliers, supplying demineralized whey powder, whey protein powder, whey protein concentrate, oil, lactose and other functional nutritional fortifiers; (iii) Packaging materials and equipment suppliers, providing packaging materials, labeling, and fully automatic formula production lines and facilities; and (iv) Service providers, including e-commerce platforms for sales and media and advertising companies.

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We source certain key raw materials from overseas suppliers mainly in Spain, which include long-established dairy companies specializing in goat/sheep milk and goat/sheep whey.

Domestically, we procure from trusted suppliers of materials such as packaging materials, oil and functional nutritional fortifiers, as well as from equipment manufacturers for our production lines. Our self-owned dairy cow and goat farms in Heilongjiang and Shandong also provide a stable internal supply of raw milk. For further details regarding our procurement of raw materials, please refer to “— Raw Material Suppliers” below.

Purchases from our five largest suppliers in each year during the Track Record Period amounted to RMB283.5 million, RMB301.6 million and RMB347.3 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 23.8%, 26.0%, and 27.0% of our total purchases for the same year. Purchases from our largest suppliers in each year during the Track Record Period amounted to RMB89.4 million, RMB130.9 million and RMB180.5 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 7.5%, 11.3%, and 14.0% of our total purchases for the same year.

The following tables set forth the details of our five largest suppliers in each year during the Track Record Period:

For the year ended December 31, 2023

Supplier	Supply type	Supplier's background	Purchase amount	%	Credit terms	Payment method	Years of relationship
			RMB'000				
Supplier F	E-commerce platform	An e-commerce platform providing full-service package	89,397.1	7.5	Within 10 days	Bank transfer	3
Supplier A	Raw sheep milk and sheep and goat whey	A Spanish raw material supplier based in Asturias, Spain	80,541.6	6.8	Within 30 days	Bank transfer	6
Supplier D	Raw cow's milk and cows	A PRC-based cow's milk and cow supplier	47,977.1	4.0	On demand	Bank transfer	11
Supplier G	Demineralized cow whey powder, oil and fats	A PRC-based supplier delivering demineralized whey powder, oil and fats	43,173.8	3.6	Within 60 days	Bank transfer	13
Supplier H	Corn and fertilizer treatments	A PRC-based organization formed by farmers/rural producers	22,388.9	1.9	Within 200 days	Bank transfer	12
Total			283,478.5	23.8			

For the year ended December 31, 2024

Supplier	Supply type	Supplier's background	Purchase amount	%	Credit terms	Payment method	Years of relationship
			RMB'000				
Supplier F	E-commerce platform	An e-commerce platform providing full-service package	130,871.6	11.3	Within 10 days	Bank transfer	3
Supplier A	Raw sheep milk and sheep and goat whey	A Spanish raw material supplier based in Asturias, Spain	85,659.9	7.4	Within 30 days	Bank transfer and bill of exchange	6

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Supplier	Supply type	Supplier's background	Purchase amount <i>RMB'000</i>	%	Credit terms	Payment method	Years of relationship
Supplier G	Demineralized cow whey powder, oil and fats	A PRC-based supplier delivering demineralized whey powder, oil and fats	37,295.4	3.2	Within 60 days	Bank transfer	13
Supplier H	Corn and fertilizer treatments	A PRC-based organization formed by farmers/rural producers	24,900.7	2.1	Within 200 days	Bank transfer	12
Supplier I	Sweet or demineralized sheep & goat whey powder (D70/D90) and sheep & goat skimmed-milk powder	A supplier based in Melide, A Coruña, Spain	22,912.8	2.0	Within 30 days	Bank transfer	6
Total			301,640.4	26.0			

For the year ended December 31, 2025

Supplier	Supply type	Supplier's background	Purchase amount <i>RMB'000</i>	%	Credit terms	Payment method	Years of relationship
Supplier F	E-commerce platform	An e-commerce platform providing full-service package	180,532.7	14.0	Within 10 days	Bank transfer	3
Supplier A	Raw sheep milk and sheep and goat whey	A Spanish raw material supplier based in Asturias, Spain	58,975.7	4.6	Within 30 days	Bank transfer	6
Supplier J	Various raw materials including partially hydrolyzed whey protein powder, WPC70 (enriched with MFGM), a 0.5 % lutein premix, and dry-blend nutritional fortifiers	A PRC-based supplier for internationally sourced raw materials	42,040.5	3.3	Within 60 days	Bank transfer	12
Supplier G	Demineralized cow whey powder, oil and fats	A PRC-based supplier delivering demineralized whey powder, oil and fats	41,038.0	3.2	Within 60 days	Bank transfer	13
Supplier L	Raw cow milk	A Spanish raw milk and dairy products supplier	24,673.3	1.9	30 days	Bank transfer	5
Total			347,260.2	27.0			

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Supplier D, one of our five largest suppliers during the Track Record Period, is our connected person, which is controlled by Mr. Mu, our Controlling Shareholder. As of the Latest Practicable Date, except as disclosed above, none of our Directors, their close associates or any of our Shareholders which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period.

Transactions with Supplier D

During the Track Record Period, we engaged in transactions with Supplier D for (i) the procurement of organic raw cow’s milk, (ii) the procurement of cows, and (iii) the leasing of farming facilities.

In respect of the procurement of organic raw cow’s milk, the transaction amount was approximately RMB18.8 million for the year ended December 31, 2023. The pricing was determined by reference to the prevailing market price for comparable products on normal commercial terms, negotiated on arm’s length basis, taking into account factors such as supply stability, quality specifications, and ancillary services. Regarding the procurement of cows, the transaction amount was approximately RMB28.7 million and RMB2.7 million for the years ended December 31, 2023 and 2024, respectively. We purchased 1,380 head of cows from Supplier D in 2023 and 2024 in total. Such transactions formed part of a structured arrangement to resolve competitive conflicts in preparation of the [REDACTED], given that both us and Supplier D were engaged in dairy cow farming operations. Subsequently, Supplier D has terminated its dairy cow farming operations. The pricing was negotiated on an arm’s length basis, reflecting the specific commercial circumstances and objectives of the transaction. As for the leasing of farming facilities, the transaction amount was approximately RMB0.5 million, RMB0.5 million and RMB0.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. The price was determined on normal commercial terms, negotiated on arm’s length basis with reference to the market rates for comparable farming facilities in the relevant surrounding area as well as local market conditions. We historically leased the relevant farming facilities from Supplier D as a transitional arrangement for housing the cows procured therefrom, and such transitional arrangement has been ceased.

Based on the foregoing, the Directors are of the view that the pricing and terms of the transactions with Supplier D were on the whole fair and reasonable and in the interests of us. Our Directors confirms the material terms of these transactions were commensurate with their respective commercial substance. The organic raw cow’s milk purchased from Supplier D is used for the production of organic cow’s milk powder; while the purchased dairy cows and leasing of farming facilities are mainly used to increase the herd size of our own farms, to enhance the stability and sustainability of our raw material supply. Supplier D was not listed among our top five suppliers in the year ended December 31, 2024 and 2025, as Supplier D has ceased its dairy cow farming operations in 2024 subsequent to our procurement of cows from it. We have ceased all transactions with Supplier D and plan to fully settle the outstanding payable to Supplier D prior to the [REDACTED].

Customer and Supplier Overlapping

During the Track Record Period, one of our customers in 2023, 2024 and 2025, Customer Z (a PRC enterprise primarily engaged in nutritious food sales), was also one of our suppliers in 2024 and 2025. We mainly procured raw materials used in the production of cow milk powder such as cow whey powder and anhydrous milk fat from Customer Z and provided customized products such as high-oil goat whey powder to Customer Z during the Track Record Period. The revenue from sales to Customer Z in 2023, 2024 and 2025 was RMB16.6 million, RMB17.5 million and RMB2.6 million, respectively, accounting for 1.0%, 1.0% and 0.1% of our total revenue for the respective periods. The purchase amount attributable to procurement from Customer Z in 2023, 2024 and 2025 was nil, RMB19.5 million and RMB0.7 million, respectively, accounting for nil, 1.7% and 0.06% of our total purchase amount for the respective periods. The transactions that we entered into with Customer Z were on an arm’s-length, mutually independent basis under normal commercial terms.

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During the Track Record Period, Supplier L (a Spanish-based company principally engaged in the supply of raw milk, and the processing, production and sales of dairy products), one of our suppliers in 2023, 2024 and 2025, was also one of our customers in 2023, 2024 and 2025. We mainly procured raw cow milk from Supplier L and provided dairy products such as cheese to Supplier L during the Track Record Period. The revenue from sales to Supplier L in 2023, 2024 and 2025 was RMB6.3 million, RMB4.3 million, and RMB3.5 million, respectively, accounting for 0.4%, 0.3% and 0.2% of our total revenue for the respective years. The purchase amount attributable to procurement from Supplier L in 2023, 2024 and 2025 was RMB3.7 million, RMB4.4 million and RMB24.7 million, respectively, accounting for 0.3%, 0.4% and 1.9% of our total purchase amount for the respective years. The transactions that we entered into with Supplier L were on an arm’s-length, mutually independent basis under normal commercial terms.

Raw Material Suppliers

We procure a wide variety of raw materials and packaging supplies from a network of qualified domestic and international suppliers. These include: (i) dairy-based ingredients, such as sheep whey liquid, demineralized whey powder, raw sheep/goat milk, raw cow’s milk, milk protein concentrate, lactose, oil and other functional nutritional fortifiers; and (ii) packaging materials, including composite cans, paper cartons, foil seals, labels, and scoopers, which are sourced from qualified packaging suppliers to meet hygiene and traceability standards. For the years ended December 31, 2023, 2024 and 2025, raw materials accounted for approximately 67.0%, 66.1% and 67.3% of our cost of sales, respectively.

With respect to key dairy-based raw materials for each of our major product categories, (i) goat/sheep milk infant formula: sheep whey liquid, demineralized goat whey powder, raw sheep/goat milk, and oil; (ii) FSMPs: cow whey protein powder, partially hydrolyzed whey protein powder, oil and functional nutritional fortifiers; (iii) cow milk infant formula: raw cow milk, demineralized cow whey powder, whey protein concentrate, cow milk powder and oil; (iv) adult & children milk powder: raw cow milk, raw sheep/goat milk, cow milk powder and lactose; and (v) OEM and dairy product related materials: raw sheep/goat milk, raw cow milk, cow milk powder and lactose.

We maintain a diversified procurement strategy that balances internal production with external sourcing to ensure supply chain resilience and mitigate over-reliance on any single source. Especially, for our goat/sheep milk infant formula products, the demineralized goat/sheep whey powder serves as a key ingredient. However, the raw material for demineralized goat/sheep whey powder, whey liquid from goat/sheep milk, is a derivative product of cheese production and can only be sourced reliably in regions with large-scale goat/sheep cheese industries, such as Spain. Recognizing the scarcity of this ingredient, we strategically positioned our supply chain in Spain, one of the world’s largest producers and consumers of goat/sheep cheese. In 2018, we acquired a local whey processing facility. We have since established a robust procurement network across key goat/sheep cheese-producing regions in Spain and other parts of Europe. In addition, our self-owned dairy cow and goat farms in Heilongjiang and Shandong also provide a stable supply of raw milk.

The table below sets out the breakdown of our key raw materials by supply channel during the Track Record Period.

Raw material	Supply channel	For the year ended December 31,					
		2023		2024		2025	
		RMB'000	%	RMB'000	%	RMB'000	%
Sheep whey liquid	Internal supply	–	–	–	–	–	–
	Domestic external procurement	–	–	–	–	–	–
	Overseas external procurement	58,451	100%	59,158	100%	27,721	100%
	Total	58,451	100%	59,158	100%	27,721	100%
Demineralized goat whey powder	Internal supply	–	–	–	–	–	–
	Domestic external procurement	–	–	–	–	–	–
	Overseas external procurement	41,631	100%	17,478	100%	17,770	100%
	Total	41,631	100%	17,478	100%	17,770	100%

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Raw material	Supply channel	For the year ended December 31,					
		2023		2024		2025	
		RMB'000	%	RMB'000	%	RMB'000	%
Demineralized cow whey powder	Internal supply	–	–	–	–	–	–
	Domestic external procurement	50,212	74.1%	57,169	86.4%	27,782	73.1%
	Overseas external procurement	17,513	25.9%	8,994	13.6%	10,234	26.9%
	Total	67,724	100.0%	66,164	100.0%	38,016	100.0%
Raw sheep/goat milk	Internal supply	2,094	1.9%	16,677	18.9%	16,659	26.4%
	Domestic external procurement	15,368	13.8%	2,922	3.3%	3,853	6.1%
	Overseas external procurement	94,045	84.3%	68,704	77.8%	42,552	67.5%
	Total	111,507	100.0%	88,303	100.0%	63,064	100.0%
Raw cow milk	Internal supply	46,431	39.1%	66,784	67.8%	88,702	72.3%
	Domestic external procurement	35,968	30.3%	–	–	–	–
	Overseas external procurement	36,314	30.6%	31,732	32.2%	33,962	27.7%
	Total	118,713	100.0%	98,516	100.0%	122,664	100.0%

The following tables set out the supply and procurement-related information for our key raw materials for illustrative purpose:

Sheep whey liquid

Year	Supply channels	Purchase amount	Purchase volume	Unit cost	Main geographical sources
		RMB'000	Liter	RMB/liter	
For the year ended December 31, 2023	Domestic external procurement	–	–	–	–
	Overseas external procurement	58,451	36,945,915.0	1.6	Spain
For the year ended December 31, 2024	Domestic external procurement	–	–	–	–
	Overseas external procurement	59,158	41,388,085.0	1.4	Spain
For the year ended December 31, 2025	Domestic external procurement	–	–	–	–
	Overseas external procurement	27,721	28,527,573.4	1.0	Spain

Note:

- (1) The sheep whey liquid we procure is locally sourced through our Spanish facility, which we further process into demineralized sheep whey powder, serving as the key raw material for infant formula products. To ensure a flexible and secure supply of such core ingredients, particularly to meet peak season demand, we also engage in toll-processing arrangements where we provide selected sheep whey liquid to specialized partner for processing demineralized sheep whey powder under our specifications and quality control. For the years ended December 31, 2023, 2024, and 2025, approximately 26.7%, 31.2% and 18.5% of our demineralized sheep whey powder were sourced through the toll-processing arrangements, respectively.

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Demineralized goat whey powder

Year	Supply channels	Purchase amount	Purchase volume	Unit cost	Main geographical sources
		RMB'000	Tons of	RMB/kg	
For the year ended December 31, 2023	Domestic external procurement	–	–	–	–
	Overseas external procurement	41,631	927.8	44.9	Spain
For the year ended December 31, 2024	Domestic external procurement	–	–	–	–
	Overseas external procurement	17,478	504.9	34.6	Spain
For the year ended December 31, 2025	Domestic external procurement	–	–	–	–
	Overseas external procurement	17,770	476.0	37.3	Spain

Note:

- (1) The demineralized goat whey powder we procure is locally sourced through our Spanish facility, which will serve as the key raw material of infant formula products.

Demineralized cow whey powder

Year	Supply channels	Purchase amount	Purchase volume	Unit cost	Main geographical sources
		RMB'000	Tons of	RMB/kg	
For the year ended December 31, 2023	Domestic external procurement	50,212	3,584.8	14.0	Domestic
	Overseas external procurement	17,513	955.8	18.3	Switzerland, New Zealand and Italy
For the year ended December 31, 2024	Domestic external procurement	57,169	3,795.9	15.1	Domestic
	Overseas external procurement	8,994	836.8	10.7	Italy
For the year ended December 31, 2025	Domestic external procurement	27,782	1,987.0	14.0	Domestic
	Overseas external procurement	10,234	900.0	11.4	Italy

Raw sheep/goat milk

Year	Supply channels	Purchase amount	Purchase volume	Unit cost	Main geographical sources
		RMB'000	Tons of	RMB/kg	
For the year ended December 31, 2023	Internal supply	2,094	249.1	8.4	Domestic
	Domestic external procurement	15,368	2,483.4	6.2	Domestic
	Overseas external procurement	94,045	9,163.8	10.3	Spain

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Year	Supply channels	Purchase amount <i>RMB'000</i>	Purchase volume <i>Tons of</i>	Unit cost <i>RMB/kg</i>	Main geographical sources
For the year ended December 31, 2024	Internal supply	16,677	2,230.7	7.5	Domestic
	Domestic external procurement	2,922	374.7	7.8	Domestic
	Overseas external procurement	68,704	6,569.9	10.5	Spain
For the year ended December 31, 2025	Internal supply	16,659	2,128.0	7.8	Domestic
	Domestic external procurement	3,853	517.0	7.5	Domestic
	Overseas external procurement	42,552	4,349.0	9.8	Spain

Note:

- (1) The raw goat milk from internal supply is sourced from our own dairy farms.

Raw cow milk

Year	Supply channels	Purchase amount <i>RMB'000</i>	Purchase volume <i>Tons of</i>	Unit cost <i>RMB/kg</i>	Main geographical sources
For the year ended December 31, 2023	Internal supply	46,431	7,738.5	6.0	Domestic
	Domestic external procurement	35,968	6,334.6	5.7	Domestic
	Overseas external procurement	36,314	10,227.1	3.6	Spain
For the year ended December 31, 2024	Internal supply	66,784	11,130.7	6.0	Domestic
	Domestic external procurement	–	–	–	–
	Overseas external procurement	31,732	10,085.0	3.1	Spain
For the year ended December 31, 2025	Internal supply	88,702	14,784.0	6.0	Domestic
	Domestic external procurement	–	–	–	–
	Overseas external procurement	33,962	9,179.0	3.7	Spain

Note:

- (1) The raw cow milk from internal supply is sourced from our own dairy farm.

We source exclusively from pre-approved suppliers who meet our quality, safety, and regulatory compliance requirements. Most of our international suppliers are long-standing industry participants with established reputations in food-grade dairy production. Our procurement of specialty nutritional components such as sheep whey liquid, demineralized goat whey powder, raw sheep milk and specialty oils often relies on suppliers based in Europe and Oceania. Other dairy-based ingredients, non-core ingredients and packaging materials are primarily sourced from a diversified base of domestic suppliers in China, providing abundant alternative sources to ensure supply flexibility and mitigate concentration risks. We adopt standardized procurement contracts across our major raw material categories, which typically cover volume, pricing, payment terms, quality requirements, delivery and inspection, and breach and remedies. Volume may be fixed or forecast-based depending on production planning, pricing may be negotiated per batch or under annual framework agreements with escalation or adjustment clauses, and payment terms typically range from 30 to 60 days after acceptance and invoicing. Such contracts also generally require supplier-side factory inspection reports, certificates of analysis (“COAs”) and compliance with our internal testing protocols, and set out delivery, inspection, acceptance and dispute resolution arrangements.

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We typically require suppliers to provide inspection reports and adhere to national standards and our internal benchmarks. Delivery is arranged by suppliers with clearly defined risk-transfer and inspection procedures upon arrival. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any shortages, material delivery delays or quality-related disputes that had a material adverse impact on our business operations.

Suppliers Management

To ensure the safety, stability, and efficiency of our supply chain, we have established a comprehensive supplier management framework covering supplier qualification, procurement control, ongoing monitoring, and full-process traceability. Our supplier management system incorporates the following key components:

- *Approved supplier system:* We maintain a rigorously controlled approved supplier list. All critical raw materials must be sourced from pre-qualified suppliers that hold food safety certifications recognized under the Global Food Safety Initiative (“GFSI”), such as FSSC 22000 or ISO 22000. We conduct initial audits, annual performance assessments, and requalification reviews to ensure continued compliance and reliability.
- *Full-chain traceability:* Each batch of incoming raw materials is assigned a unique identification code upon receipt and registered in our centralized ERP system. This enables real-time forward and backward traceability throughout our manufacturing, inventory, and distribution processes, supporting efficient recall management and quality assurance.
- *Multi-tier quality verification:* We implement stringent inbound quality control protocols. Each lot is subject to COA verification, supplemented by heavy metal and pesticide residue testing, microbiological assays, and sensory evaluations. Depending on the risk profile and regulatory requirements, testing is performed either in-house or by qualified third-party laboratories.
- *Compliance for imported ingredients:* For imported ingredients, we require full import documentation. This includes customs clearance records, health certificates, pesticide residue reports, and third-party laboratory results recognized under international standards.
- *Backward integration and strategic sourcing:* To reduce price volatility and mitigate supply risks for key ingredients such as demineralized goat/sheep whey powder and hydrolyzed proteins, we are pursuing backward integration initiatives. These include entering into long-term supply agreement with upstream suppliers and acquisitions of regional processing plants. We also work closely with our core raw materials and package materials suppliers to ensure long-term consistency in critical materials.

QUALITY CONTROL

We regard quality control as a critical pillar of our operations, underpinning both regulatory compliance and brand integrity. As manufacturers of infant formula and FSMP, our production activities are subject to comprehensive safety, nutritional, and labeling standards established by PRC and international authorities. We have established a comprehensive quality management system that covers raw material sourcing, in-process control, final product testing, and post-sale monitoring.

As of December 31, 2025, we had approximately 175 full-time quality control personnel across our facilities, most of whom hold formal certifications or relevant technical backgrounds in food safety and inspection, with an average of eight to nine years of industry experience. Our quality assurance operations are built on internationally recognized systems, including ISO 9001, ISO 22000, HACCP, and applicable national food safety standards for infant formula and FSMPs.

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From the procurement of raw and auxiliary materials to the final delivery of products, we established a comprehensive and strict quality management and quality control system for our entire production chain. We maintain a centralized Quality Management System (“QMS”) integrated into our ERP and Manufacturing Execution System (“MES”) platforms. Through this system, we manage cross-departmental documentation, implement automated batch controls, and ensure traceability across all production stages.

Raw Material and Packaging Quality Control

For all critical inputs such as dairy-based powders, vitamins, minerals, and packaging components, we define the internal control quality standards for each type of raw and auxiliary materials and implement multi-point inspections before release into production. For example, key raw and auxiliary materials such as milk powder, whey powder, whey protein powder, and oil, should not only meet their corresponding National Food Safety Standards, but also comply with the relevant requirements of National Food Safety Standards regarding microbial indicators. Food additives used in China, South Korea, and Spain shall be proven to be compliant by the respective market regulatory authorities and acquire licenses such as Chinese production license, EU Novel Food approval, and compliance with the standards and specifications of the Korean Food Additives Code. The inspections include COA validation, heavy metal and microbial testing, and visual organoleptic checks. Each batch of our infant formula is assigned a unique QR code that links to supplier information, delivery records, and analytical results, forming the backbone of our traceability protocol.

Upon arrival, all raw materials undergo a multi-stage verification and release procedure. Warehouse personnel conduct an initial inspection against purchase orders, collect supplier certificates of analysis (COAs) and import quarantine documents, and record details in a Material Receipt Notice. The materials are then placed in a quarantined “Under Inspection” status within our ERP system. Our quality control (QC) department subsequently performs sampling and testing against applicable PRC, EU, and Korean standards, as relevant. A formal report would be issued, reviewed, and approved. Only upon final approval by the QC Manager and relevant supervisors is the ERP status updated to “Released” for production use. Non-conforming materials are flagged in the system, and the procurement team coordinates returns or replacements with suppliers.

Imported ingredients, such as demineralized goat/sheep whey powder, milk powder and specialty fats, are accompanied by veterinary health certificates, customs clearance records, and third-party test reports. Supplier performance is reviewed on a rolling basis, with mandatory requalification audits. We have established multiple internal regulatory policies such as “Regulations on Supplier Development Management”, “Regulations on Supplier Access Management”, and “Regulations on Supplier Quality and Safety Assessment Management” to implement strict supplier evaluation and selection mechanisms. We conduct on-site inspections and evaluations of suppliers to ensure they possess corresponding production qualifications, a sound quality management system, and stable production capacity. For suppliers or manufacturers of key raw and auxiliary materials, on-site quality and safety audits shall be conducted in accordance with document requirements, covering aspects such as the suppliers’ production facilities and equipment, process flows, quality control measures, and personnel qualifications, to ensure that they organize production in line with relevant standards and specifications. Meanwhile, we entered into quality assurance agreements with suppliers to clarify the quality-related responsibilities and obligations of both parties, requiring suppliers to provide documents that comply with regulations and be responsible for their authenticity and validity. Product quality must meet corresponding standard requirements, and product packaging, labels, and instructions must also comply with relevant regulations.

Before purchasing raw and auxiliary materials for infant formula milk powder, we strictly verify the legal qualifications of suppliers, including their business scope covering raw and auxiliary materials for infant formula milk powder. For imported materials, the CIQ inspection and quarantine certificate are checked, and sample identification of raw and auxiliary materials are carried out in accordance with internal control standards before entering our production process. For our supplier management framework, please refer to “– Suppliers and Procurement.”

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Production Process Quality Control

Production-stage quality control is implemented at over 100 checkpoints across core manufacturing steps. In-line systems, including high-pressure homogenization monitoring, sterilization control, and spray drying thermal curves, are governed by digitally pre-programmed thresholds to ensure consistency and minimize human error. Upon completion of production, finished goods are transferred to the warehouse with a preliminary warehouse receipt. They remain in a “Hold” status until the QC department completes batch-by-batch sampling and testing. A Finished Product Inspection Report is generated, reviewed by the QC supervisor, and approved. Based on the approved report, the QC team executes the formal release in the ERP system, changing the product status to “Released” and making it available for shipment. This integrated process ensures that only products passing all quality checks enter the market.

Parameters such as protein–fat–carbohydrate ratios, water activity (target $\leq 3\%$), and foreign body detection (metal, plastic, or organic debris) are actively monitored. Production environments conform to Class D cleanroom standards, and all mixing, drying, and packaging operations are subject to real-time SCADA oversight. Final product evaluation covers nutritional, microbiological, and physical attributes. Our quality labs are equipped with UHPLC, GC-MS, laser dust particles counters, and rapid microbial detection systems to ensure accuracy and efficiency. For select product lines, we conduct accelerated shelf-life simulations to validate long-term stability.

Product Quality Assurance and Customer Feedback

We stand behind the quality of our products. Our distributor agreements explicitly outline our responsibilities for product replacement or return in the event of quality issues. To facilitate direct feedback from end-users, we maintain a dedicated 400-customer service hotline. Complaints or inquiries received are logged and systematically investigated by our customer service team in coordination with relevant internal departments to ensure timely resolution. We have not received any material complaints or experienced any material product recalls or product safety or liability related incidents during the Track Record Period.

INVENTORY AND LOGISTICS MANAGEMENT

Our inventory primarily comprises raw and auxiliary materials, packaging materials, semi-finished products and finished products. We manage inventory levels based on production planning, demand forecasts, order volume, and shelf-life constraints.

As of December 31, 2025, we operated two major self-managed warehouses located in Laixi, Shandong and Changsha, Hunan, both of which are primarily used for the storage of finished products prior to dispatch. In addition, we lease or co-locate multiple third-party logistics warehouses adjacent to our key manufacturing facilities in Tianjin, Qingdao and Bei'an to support raw material intake, in-process inventory, and regional distribution. These inventory nodes form a regionalized warehousing network designed to improve fulfillment efficiency and optimize delivery time to downstream distributors and retail channels.

We have implemented a three-tiered inspection mechanism for inbound raw materials based on batch age, remaining shelf life, and upcoming production plans. The raw materials are retested prior to production use to verify compliance with technical specifications, including microbiological safety, stability, and composition metrics. Monthly physical inventory checks are conducted and reconciled against ERP-generated stock reports. Spot checks are performed on high-turnover or high-value materials. We adopt the weighted average cost method for inventory costing.

To support scalability and delivery consistency, we outsource our transportation and warehousing services to independent third-party logistics providers from time to time. These providers are selected through a structured bidding and assessment process based on service quality, geographic coverage, pricing transparency, and historical performance. The engagement is governed by a master logistics framework agreement, which sets forth service-level expectations

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including timeliness, temperature control, damage liability, insurance coverage, and incident response. As of December 31, 2025, we maintained long-term partnerships with over ten qualified logistics service providers, covering full-truckload, less-than-truckload, and cold-chain transportation requirements. These providers handle both raw material inbound shipments and outbound finished product deliveries. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material transportation delays, cargo disputes, or logistics-related losses.

RESEARCH AND DEVELOPMENT

Our research and development activities mainly focus on various nutrition solutions, with the emphasis on digestive tolerance, reduced allergenicity, and nutritional functionality across different life cycles (不同生命周期的營養功能). As of December 31, 2025, we had a dedicated research and development team at our research and development center, including several PhDs and master’s degree holders. In addition, each of our manufacturing facilities is staffed with qualified technicians and production specialists with relevant research and development capabilities.

Our research and development center is comprised of a formulation laboratory, pilot-scale processing suite, physicochemical and microbiological testing units, and accelerated shelf-life testing chambers. Our in-house equipment suite includes membrane filtration systems, UV-Vis spectrophotometers, capillary electrophoresis units, and high-performance liquid chromatographs (“HPLC GC-MS”), enabling end-to-end formulation development and validation under near-commercial conditions.

Our research and development activities are organized around three pillars: (i) consumer-centric product development, (ii) enhancement of processing technologies, and (iii) regulatory-grade technical documentation for formula registration. We have developed a structured research and development protocol encompassing feasibility screening, pilot validation, sensory testing, digital process simulation, and registration dossier finalization.

Core Technologies

Our proprietary technological capabilities primarily focus on enhancing the digestibility, functionality, and nutritional suitability of goat/sheep milk for use in sensitive formulations. We have developed two core processing technologies, both completed in 2021 and now widely applied across our flagship goat/sheep milk infant formula and FSMP product lines.

- **High-whey-ratio base powder formulation (高乳清蛋白佔比配方技術)**

This proprietary formulation system enables a whey-to-casein protein ratio as high as 80:20, significantly exceeding the minimum regulatory standards under the 2021 PRC national requirements. By increasing the proportion of goat/sheep whey protein (羊乳清蛋白), the system improves protein digestibility and better mimics the amino acid profile of human breast milk. This technology is implemented in key products such as Yeeper Bekari Qibo and Yeeper Yang, which are targeted at infants with heightened sensitivity to conventional milk formulas. The elevated whey ratio contributes to improved nutrient absorption, reduced allergenicity, and enhanced gastrointestinal tolerance.

- **Demineralization of goat/sheep whey (羊乳清脫鹽技術)**

This proprietary process reduces the mineral content to meet the stringent nutritional and sensory requirements of infant formula and FSMP applications. The demineralized whey produced using this technique has high protein purity and improved palatability, making it suitable for formulas and special medical foods. The technology is applied both at our facility in Spain, which is the world’s largest dedicated goat/sheep whey processing site, and in our domestic production lines. It forms the foundation for our ingredient-grade demineralized goat/sheep whey powder used in both self-branded and OEM nutritional products.

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OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

We have developed a comprehensive safety production management system that includes specific policies, procedures, and guidelines to ensure compliance with PRC laws and regulations on occupational safety and health. The system is designed to manage all aspects of production safety, including hazard identification, risk assessments, emergency preparedness, and incident reporting. We continuously review and update our safety protocols to adapt to new regulations, industry best practices, and internal operational needs.

Safety Production Management System and Rules

The company’s safety production management system is aligned with national regulatory requirements, including the Work Safety Law of the People’s Republic of China (中華人民共和國安全生產法) and industry-specific standards. The primary objective of this system is to ensure a safe working environment for all employees, reduce workplace accidents, and safeguard public health.

Our safety management system consists of the following key components:

- Risk assessment and hazard identification:** We have established internal “food safety risk assessment and control procedure (食品安全風險評估控制程序)” to standardize risk assessment and reporting processes. Additionally, the hazard item list has been established and is regularly inspected and updated to ensure production risks have been effectively controlled.
- Employee training and awareness:** New employees are required to undergo both orientation and pre-job training and are permitted to work only after passing corresponding assessments. We also conduct regular production safety training sessions and provides periodic updates to production staff in response to changes in production lines or processes.
- Emergency response plans:** We have developed production emergency response plans to ensure efficient handling of urgent incidents.
- Monitoring and compliance:** Each production workshop has assigned safety officers who conduct full-day inspections to ensure that production operations comply with standards. Any violations are promptly addressed. Additionally, serious cases might lead to retraining, and the personnel cannot resume work unless after demonstrating compliance.

Food Safety

Our company adheres to stringent food safety standards and regulations to ensure that all of our products meet the required quality and safety standards. We are fully compliant with the Milk Quality Safety Supervision and Management Regulations (《乳品質量安全監督管理條例》), and we have obtained relevant certifications for Good Manufacturing Practices (“GMP”) and Hazard Analysis and Critical Control Points (“HACCP”) for our production activities involved in dairy product manufacturing subject to requirements under rules and regulations.

We hold the following certifications for our dairy production facilities.

Certificate Type	Certification Number	Major Scope	Certification Authority	Expiration Date
GMP	020GMP1500005	Production of FCMP, formulated milk powders, whey powders, specialty dairy products, and infant formula manufactured using a dry-wet mixing process	Beijing Zhongda Huayuan Certification Center (北京中大華遠認證中心有限公司)	September 2027

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Certificate Type	Certification Number	Major Scope	Certification Authority	Expiration Date
GMP	02026PJGmp00002R000	Production of FSMPs, including infant formula products for special medical purposes (lactose-free formula, preterm/low birth weight infant formula, partially hydrolyzed milk protein formula) and total nutrition formula products for special medical purposes	Beijing Zhongda Huayuan Certification Center (北京中大華遠認證中心有限公司)	October 2026
HACCP	020HACCP1500053	Production of FCMP, formulated milk powders, whey powders, specialty dairy products, infant formula manufactured using a dry-wet mixing process, and FSMPs, including lactose-free formula and formula for premature or low birth weight infants	Beijing Zhongda Huayuan Certification Center (北京中大華遠認證中心有限公司)	September 2026
GMP	001GMP2400005	Production and processing of modulation milk powders and infant formula manufactured using a dry-wet mixing process, packaged in iron-tin-plated and nitrogen-filled metal tanks (鐵鍍錫金屬罐充氮包裝)	China Quality Certification Center (中國質量認證中心有限公司)	July 2026
HACCP	001HACCP2400529	Production and processing of formulated milk powders and infant formula manufactured using a dry-wet mixing process, packaged under nitrogen	China Quality Certification Center (中國質量認證中心有限公司)	July 2027
GMP	020GMP1300005	Production of milk powder (whole milk powder, formulated milk powder, whey powder) and infant formula milk powder (dry-wet mixing process)	Beijing Zhongda Huayuan Certification Center (北京中大華遠認證中心有限公司)	March 2027
HACCP	020HACCP1300034	Production of milk powder (whole milk powder, formulated milk powder, whey powder) and infant formula powder (dry-wet mixing process)	Beijing Zhongda Huayuan Certification Center (北京中大華遠認證中心有限公司)	Feb 2029
GMP	001GMP2200009	Production of formulated milk powders, FCMP, whey powders, specialty dairy products (high-fat whey powders), and infant formula	China Quality Certification Center (中國質量認證中心有限公司)	September 2026
FSSC22000 .	CHN-1-0587-162729	Production of goat/sheep milk infant formula powder (dry-wet mixing process) and formulated milk powder	SGS-CSTC Standards Technical Services Co., Ltd. (通標標準技術服務有限公司)	August 21, 2027

TRANSFER PRICING

During the Track Record Period and up to the Latest Practicable Date, we have engaged in certain cross-border intra-group transactions, primarily involving the purchase and sale of raw materials, semi-finished products, and finished products, as well as the provision of support services among related entities, particularly among our operations in China, Spain, and Korea. These transactions are conducted in the ordinary course of business to support our global supply chain and

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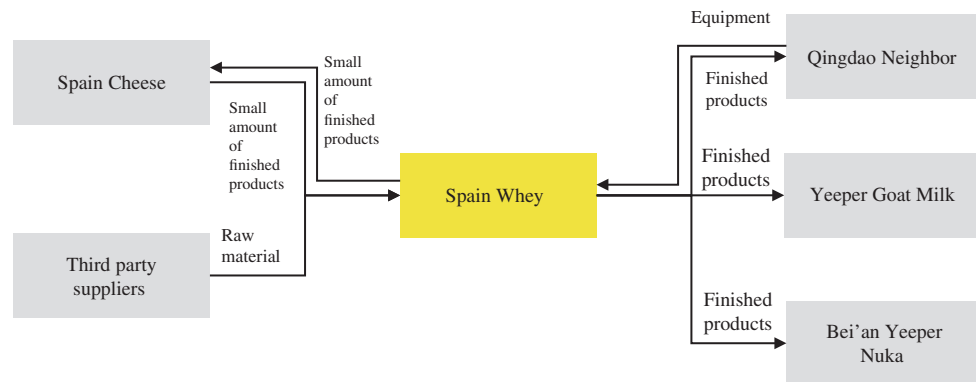
market expansion strategies. The main subsidiaries involved include Oviganic Iberica S.L. (“**Spain Whey**”), Queserías Prado S.L. (“**Spain Cheese**”), Biovinatur Iberica S.L. (“**Spain Trading**”), HAM Co., Ltd. (“**HAM**”), and Ohsung Co., Ltd. (“**Ohsung**”). The pricing policies for these transactions are determined based on arm’s length principles, with reference to market prices and negotiated terms between the parties.

Details of Cross-border Intra-Group Transactions

The following describes the nature and flow of major cross-border intra-group transactions during the Track Record Period:

(i) *Transactions Involving Spain Whey*

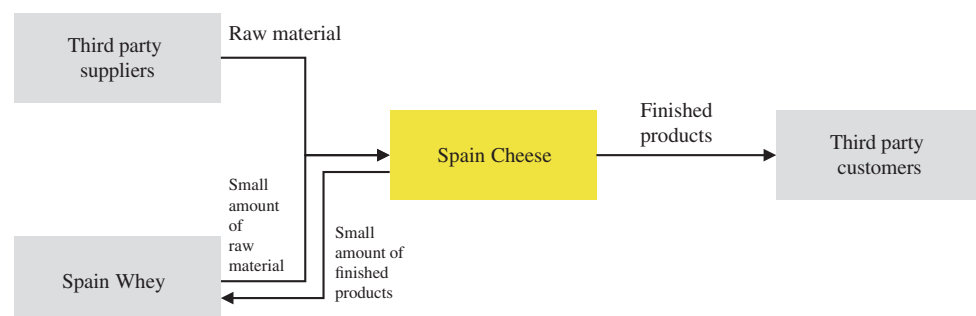
- Sales of semi-finished and finished products: Spain Whey sources raw materials (such as, goat milk) from third-party suppliers, processes them into semi-finished products (such as, whey powder), and sells these to related parties within our Group for further processing or distribution.
- Purchases of finished products and equipments: Spain Whey also procures certain products and equipments from related parties to support its daily operation.
- The transaction process is set out as follows:



The pricing of these transactions were determined by parties based on prevailing market price.

(ii) *Transactions Involving Spain Cheese*

- Sales of finished products: Spain Cheese primarily manufactures cheese products for sale to third-party customers in Europe. A minimal portion of its sales (such as, less than 0.1% of revenue) are made to Spain Whey.
- Purchases of finished products: Spain Cheese purchases minor quantities of raw material (such as sheep’s cream) from related party for further production.
- The transaction process is set out as follows:

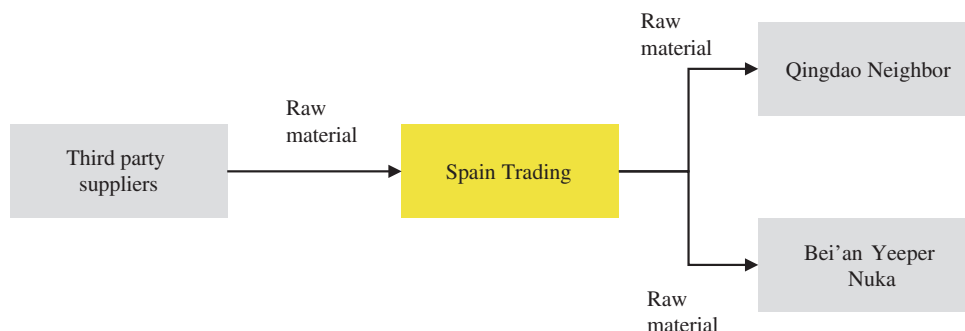


BUSINESS

The pricing of these transactions was determined by parties based on prevailing market price.

(iii) *Transactions Involving Spain Trading*

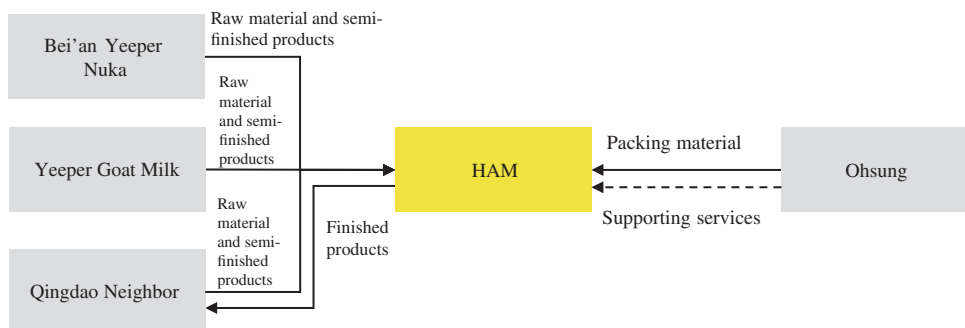
- Sales of semi-finished and finished products: Spain Trading acts as a distributor, sourcing dairy products (such as, goat milk-based items) from third-party suppliers in Europe and selling them to related parties in China for further processing and distribution.
- The transaction process is set out as follows:



The pricing of these transactions were determined by parties based on prevailing market price.

(iv) *Transactions Involving HAM*

- Sales of finished products: HAM purchases raw materials and semi-finished products (such as milk powder ingredients) from related parties, manufactures infant formula products, and sells them to related parties in China for subsequent distribution.
- Purchases of raw materials, semi-finished products and services: HAM procures raw materials, packaging materials, and support services (such as, leasing and testing services) from related parties.
- The transaction process is set out as follows:

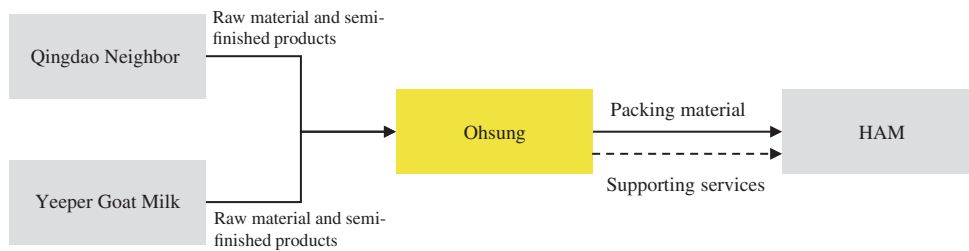


The pricing of transactions involving sale and purchase of goods was determined by parties based on prevailing market price. The relevant service fees were determined on a cost-plus basis, with a markup adjusted in line with market conditions.

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(v) *Transactions Involving Ohsung*

- Sales of finished products and rendering of services: Ohsung supplies packaging materials to related parties for use in their production processes, with pricing reflective of market conditions. Ohsung also provides leasing and testing services to them. Service charges are cost-plus based, aligned with industry standards.
- Purchases of raw materials: Ohsung acquires raw materials and semi-finished products from related parties.
- The transaction process is set out as follows:



The pricing of transactions involving sale and purchase of goods was determined by parties based on prevailing market price. The relevant service fees were determined on a cost-plus basis, with a markup adjusted in line with market conditions.

Review by Independent Tax Adviser

We have engaged Ernst & Young (the “**Tax Adviser**”) to conduct an independent review of our Group’s transfer pricing arrangements during the Track Record Period. The Tax Adviser assessed whether these arrangements complied with the arm’s length principle under the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and Tax Administrations on Transfer Pricing (2022 Edition) and relevant local regulations. The review focused on a functional analysis of each entity and a comparison of their profit levels with those of independent comparable companies.

The Tax Adviser employed the transactional net margin method (“**TNMM**”) and selected appropriate profit level indicators such as, full cost plus mark-up for manufacturers and operating profit margin for distributors, for benchmarking. The comparable companies were identified from publicly available databases, with adjustments for geographic and industry factors. The conclusions are as follows:

- Spain Whey: As a contract manufacturer bearing limited market risks, Spain Whey’s averaged full cost plus mark-up for the assessment period was 15.42%, which is above the interquartile range (4.26% to 13.90%) and falls within the full range (1.39% to 21.75%) of comparable European dairy producers. Thus, its transfer pricing arrangements are considered low-risk.
- Spain Cheese: Given that Spain Cheese primarily operates as an independent producer serving third-party customers, with intra-group transactions representing a negligible portion of its revenue (less than 0.1%), and considering the absence of tax rate differentials that might incentivize profit shifting, no further analysis was deemed necessary by the Tax Adviser.
- Spain Trading: As a distributor, Spain Trading achieved an average operating profit margin of 9.28% during the Track Record Period, which is within the interquartile range (1.38% to 12.60%) of comparable European dairy distributors. This indicates the transactions were in compliance with the arm’s length principle.

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- HAM: Functioning as a contract manufacturer, HAM’s full cost plus mark-up averaged 6.23% during the Track Record Period, positioning it within the interquartile range (2.27% to 10.57%) of comparable Asia-Pacific milk powder producers. The arrangements are compliant with the arm’s length principle.
- Ohsung: Ohsung’s averaged full cost plus mark-up for the assessment period was 5.19%, which falls within the interquartile range (2.27% to 10.57%) of comparable Asian dairy producers. Thus, its transfer pricing arrangements are considered low-risk and compliant with the arm’s length principle.

Based on the above, the Tax Adviser concluded that our transfer pricing arrangements during the Track Record Period and up to the Latest Practicable Date are in accordance with the arm’s length principle and do not present material adjustment risks.

LICENSES, PERMITS AND APPROVALS

We are required to obtain and maintain various licenses, permits, and approvals in order to legally conduct our business operations. Each license is tied to specific production lines and product types. Product sales and labeling must conform to the scope and specifications set out in the corresponding licenses. To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, we have obtained all required licenses, approvals and permits which are material for our business operations in the PRC and overseas. The following table sets out details of the material licenses and permits held by us in the PRC.

Licensee/ Certificate Holder	Certificate/License/Permit	Certificate number	Expiry Date/ Renewal Date	Issuing Authority
Bei'an Yeeper Nuka.	Infant formula milk powder (0-6 months, stage 1) (嬰兒配方奶粉(0-6月齡,1段))	Guoshi Zhuzi YP20230076,	February 2028, February 2028, June 2028	SAMR (國家市場監督管理局)
		Guoshi Zhuzi YP20230079,		
		Guoshi Zhuzi YP20230267		
	Follow-on formula milk powder (6-12 months, stage 2) (較大嬰兒配方奶粉(6-12月齡,2段))	Guoshi Zhuzi YP20230077,		
		Guoshi Zhuzi YP20230267,		
		Guoshi Zhuzi YP20230268		
	Toddler formula milk powder (12-36 months, stage 3) (幼兒配方奶粉(12-36月齡,3段))	Guoshi Zhuzi YP20230078,		
		Guoshi Zhuzi YP20230081,		
		Guoshi Zhuzi YP20230269		
Heilongjiang Yeeper Dairy Industry . .	Infant goat/sheep milk formula (0-6 months, stage 1)	Guoshi Zhuzi YP20220081,	October 2027, July 2028, August 2028	SAMR
		Guoshi Zhuzi YP20230350,		
		Guoshi Zhuzi YP20230421		
	Follow-on goat/sheep milk formula (6-12 months, stage 2)	Guoshi Zhuzi YP20220082,		
		Guoshi Zhuzi YP20230351,		
		Guoshi Zhuzi YP20230422		
	Toddler goat/sheep milk formula (12-36 months, stage 3)	Guoshi Zhuzi YP20220083,		
		Guoshi Zhuzi YP20230352,		
		Guoshi Zhuzi YP20230423		

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Licensee/ Certificate Holder	Certificate/License/Permit	Certificate number	Expiry Date/ Renewal Date	Issuing Authority
Aubecca Nutritional Plant	Infant goat/sheep milk formula (0-6 months, stage 1)	Guoshi Zhuzi YP20230334,	June 2028, July 2028, February 2029	SAMR
		Guoshi Zhuzi YP20230373,		
		Guoshi Zhuzi YP20240062		
	Follow-on goat/sheep milk formula (6-12 months, stage 2)	Guoshi Zhuzi YP20230335,		
		Guoshi Zhuzi YP20230374,		
		Guoshi Zhuzi YP20240063		
	Toddler goat/sheep milk formula (12-36 months, stage 3)	Guoshi Zhuzi YP20230336,		
		Guoshi Zhuzi YP20230375,		
		Guoshi Zhuzi YP20240064		
Yeeper Goat Milk . .	Infant goat/sheep milk formula (0-6 months, stage 1)	Guoshi Zhuzi YP20240100,	April 2029, September 2030	SAMR
		Guoshi Zhuzi YP20250043		
		Guoshi Zhuzi YP20240101,		
	Follow-on goat/sheep milk formula (6-12 months, stage 2)	Guoshi Zhuzi YP20250044		
		Guoshi Zhuzi YP20240102,		
		Guoshi Zhuzi YP20250045		
	Toddler goat/sheep milk formula (12-36 months, stage 3)	Guoshi Zhuzi YP20235100,		
		Guoshi Zhuzi YP20235064,		
		Guoshi Zhuzi YP20245011		
HAM	Infant goat/sheep milk formula (0-6 months, stage 1)	Guoshi Zhuzi YP20235047,	December 2028, November 2028, February 2029	SAMR
		Guoshi Zhuzi YP20235065,		
		Guoshi Zhuzi YP20245012		
	Follow-on goat/sheep milk formula (6-12 months, stage 2)	Guoshi Zhuzi YP20235048,		
		Guoshi Zhuzi YP20235066,		
		Guoshi Zhuzi YP20245013		
	Toddler goat/sheep milk formula (12-36 months, stage 3)	Guoshi Zhuzi TY20210002		
		Guoshi Zhuzi TY20210003		
		Guoshi Zhuzi TY20210003		
Bei'an Yeeper Nuka.	Infant lactose-free formula for special medical purposes (特殊醫學用途嬰兒無乳糖配方食品)	Guoshi Zhuzi TY20210002	April 2026	SAMR
	Formula for special medical purposes for preterm/low birth weight infants (特殊醫學用途早產/低出生體重嬰兒配方食品)	Guoshi Zhuzi TY20210003		

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License/ Certificate Holder	Certificate/License/Permit	Certificate number	Expiry Date/ Renewal Date	Issuing Authority
	Infant formula with partially hydrolyzed milk protein for special medical purposes) (特殊醫學用途嬰兒乳蛋白部分水解配方食品)	Guoshi Zhuzi TY20230059	November 2028	
	Special Medical Use Formula Food (Complete Nutrition) (特殊醫學用途全營養配方食品)	Guoshi Zhuzi TY20230051		
Yeeper Goat Milk . .	Special Medical Use Formula Food (Complete Nutrition)	Guoshi Zhuzi TY20250051	October 2030	SAMR
Bei'an Yeeper Nuka.	Food Production License (食品生產許可證)	SC10523118150120	January 2027	Bei'an Municipal Market Regulation Bureau (北安市市場監督管理局)
Heilongjiang Yeeper Dairy Industry . .	Food Production License	SC10523022703457	January 2027	Fuyu County Market Regulation Bureau (富裕縣市場監督管理局)
Aubecca Nutritional Plant	Food Production License	SC10523078101249	March 2027	Heilongjiang Provincial Market Regulation Bureau
Yeeper Goat Milk . .	Food Production License	SC10537028502446	January 2027	Shandong Provincial Market Regulation Bureau (山東省市場監督管理局), Qingdao Administrative Service Bureau (青島市行政審批服務局)

All our overseas factories have obtained the corresponding licenses and permits in accordance with local regulations. For the factories in Spain, we have obtained the production license, workshop operation license, ISO 9001 certification, Halal certification, and ISO 14000 certification. The table below sets forth our material licenses and permits obtained in Spain:

License/Certificate Holder	Certificate/License/Permit Name	Certificate Number	Expiry Date	Issuing Authority
Oviganic.	Situación Censal (Tax Registration Status)	CSV PUKHNRXHBYEQZB6F	N/A	Agencia Tributaria (Tax Agency)

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License/Certificate Holder	Certificate/License/Permit Name	Certificate Number	Expiry Date	Issuing Authority
	Censo de Operador español (Eori, Spanish Operator Register)	ESB14590046	N/A	Agencia Tributaria (Tax Agency)
	Registration Information of Overseas Manufacturers of Imported Food	15.01133/LU	March 5, 2028	GACC (General Administration of Customs of the People’s Republic of China)
	Certificado de actividades inscritas (Certificate of Registered Activities)	15.01133/LU	N/A	Ministerio de Derechos Sociales, Consumo y Agenda 2030
Queserías Prado . . .	Tax Registration Status	CSV 2MJTXHKN96SYYVLG	N/A	Agencia Tributaria (Tax Agency)
	Registration Information of Overseas Manufacturers of Imported Food	15.00004/LU	August 31, 2028	GACC (General Administration of Customs of the People’s Republic of China)
Biovinatur	Tax Registration Status	NKQ6TKSAT6YFZSTN	N/A	Agencia Tributaria (Tax Agency)

For the factories in South Korea, we have obtained the business license, livestock product business license, food manufacturing business registration certificate, customs management number for resident enterprises, logistics and warehousing business registration certificate, application certificate for the use of radioactive isotopes, and confirmation certificate for laboratory waste disposal plan. The table below sets forth our material licenses and permits obtained in Korea.

License/Certificate Holder	Certificate/License/Permit Name	Certificate Number	Expiry Date	Issuing Authority
HAM	Livestock Product Processing Business (Dairy Processing) License	2016-0502019	N/A	Governor of Jeollanam-do (South Jeolla Province)
	Factory Registration Ledger	2016-2	N/A	Yeosu Regional Office of Oceans and Fisheries
	HACCP-Applied Dairy Processing Plant Confirmation	2017-1	N/A	Governor of Jeollanam-do (South Jeolla Province)
	ISO22000:2018 Food Safety Management Systems Manufacture of Powdered Milk	GIS-3297-FC	July 3, 2026	GCERTI
	HALAL CERTIFICATE 5 HALAL Certificates – including Namlac Infant Formula 1, etc.	KMFHC25-454-01	September 16, 2026	KOREA MUSLIM FEDERATION

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License/Certificate Holder	Certificate/License/Permit Name	Certificate Number	Expiry Date	Issuing Authority
Ohsung	HALAL CERTIFICATE 2 HALAL Certificates – including PFL Stage 1 Infant Formula, etc.	KMFHC25-454-02	September 16, 2026	KOREA MUSLIM FEDERATION
	HALAL CERTIFICATE 3 HALAL Certificates – including Heycare Infant Formula 1, etc.	KMFHC25-454-03	September 16, 2026	KOREA MUSLIM FEDERATION
	HALAL CERTIFICATE 3 HALAL Certificates – including Gain For Growth Infant Formula 1, etc.	KMFHC25-454-04	September 16, 2026	KOREA MUSLIM FEDERATION
	HALAL CERTIFICATE 3 HALAL Certificates – including WELAIT Infant Formula 1, etc.	KMFHC25-454-05	September 16, 2026	KOREA MUSLIM FEDERATION
	HALAL CERTIFICATE 3 HALAL Certificates – including WELAIT 1 Infant Milk Formula, etc.	KMFHC25-454-06	September 16, 2026	KOREA MUSLIM FEDERATION
	CERTIFICATE OF HACCP ACCREDITATION Infant milk formula, Mixed milk powder	2021-5-0790	October 5, 2026	Korea Agency of HACCP Accreditation and Services
	CERTIFICATE OF HACCP APPLIED ESTABLISHMENT Other processed products	2024-5-0485	September 25, 2027	Korea Agency of HACCP Accreditation and Services
	CERTIFICATE OF HACCP APPLIED ESTABLISHMENT Processed milk containing product HACCP system	2024-5-0484	September 25, 2027	Korea Agency of HACCP Accreditation and Services
	certification formula milk powder, infant formula milk powder, and older infant and young children formula milk powder by dry-mixing process	F07HACCP1900059	February 14, 2028	Intertek (CNAS accredited, No. CNAS C058-M)
	Livestock Product Processing Business (Dairy Processing) License	2023-0718012	N/A	Governor of Jeollanam-do (South Jeolla Province)

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License/Certificate Holder	Certificate/License/Permit Name	Certificate Number	Expiry Date	Issuing Authority
	Livestock product processing business (Food Business Registration)	2024-0785009	N/A	Mayor of Gwangyang city
	Logistics and warehousing business	2019-10	N/A	Director of Yeosu Regional Office of Oceans and Fisheries
	GMP system certification Production of Formula Milk Powder by Dry-mixing Process	F07GMP2400001	August 5, 2026	Intertek (CNAS accredited, No. CNAS C058-M)
	CERTIFICATE OF HACCP ACCREDITATION Infant milk formula, Mixed milk powder	2024-5-0283	June 26, 2027	Korea Agency of HACCP Accreditation and Services
	HACCP system certification Production of Formula Milk Powder by Dry-mixing Process	F07HACCP2400065	August 5, 2027	Intertek (CNAS accredited, No. CNAS C058-M)

According to the requirements in the Administrative Measures for the Registration of Special Medical Purpose Formula Foods (特殊醫學用途配方食品註冊管理辦法) and GB 29922 General Principles for Special Medical Purpose Formula Foods, only specific total nutrient formula foods are required to conduct clinical trials. Since there are no specific total nutrient formula foods among our existing products, there are no mandatory requirements for clinical trials. As of the Latest Practicable Date, we have five FSMP products that need to obtain National Medical Products Administration’s (國家藥品監督管理局) (“NMPA”) approval, and all of these five products have obtained. The full names of the five products are as follows: Yeeper Yibei Special Medical Purpose Partially Hydrolyzed Protein Food, Yinuo’an Special Medical Purpose Total Nutrient Formula Food, Xiaoquanshan Special Medical Purpose Total Nutrient Formula Food, Bao’ansu Special Medical Infant Lactose-Free Formula Food, and Zhen’er’ai Special Medical Purpose Premature/Low Birth Weight Infant Formula Food. We continually monitor our compliance with relevant laws and regulatory requirements to ensure that all necessary approvals, licenses, and permits are properly obtained and maintained. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining, renewing, or complying with the terms of the above licenses and certificates. Based on our operating history and the current status of our certifications, we do not expect to face any material difficulties in renewing these licenses and certificates upon expiration, nor do we anticipate that any issues arising from the regulatory status of these permits would have a material adverse effect on our business operations or financial condition.

PROPERTIES

Our corporate headquarters is located in Qingdao, Shandong Province, China. As of December 31, 2025, we did not own any single property with a book value accounting for 15% or more of our total assets. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirement under section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

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Owned Properties

As of December 31, 2025, we owned a total of six parcels of land in China for production, warehousing, and management purposes, with a combined site area of over 238,802.6 sq.m. These include properties located in Laixi (Shandong Province), Bei'an (Heilongjiang Province), and Fuyu (Heilongjiang Province), Tieli (Heilongjiang Province), among others.

We also owned production, storage, and administrative land in Spain and South Korea. In Spain, our subsidiaries have manufacturing and processing facilities across several regions, while in South Korea, we have five building assets.

In Spain, we own several properties used for our operations. These include: (i) a whey powder plant in plots of land in Monforte de Lemos with a total site area of approximately 48,895 m²; (ii) a cheese plant in adjoining plots of land in Monforte de Lemos with a total site area of approximately 1,000 m²; and (iii) a plant in Talavera de la Reina acquired with a site area of approximately 8,678 m².

As of December 31, 2025, we owned property ownership certificate for buildings with an aggregate floor area of approximately 87,054.90 sq.m. in China, which were primarily for production, warehousing and office use. To the best of our knowledge, there have been no third-party challenges or claims relating to our ownership of these properties as of the Latest Practicable Date.

Overview of Properties without Property Ownership Certificates

As of December 31, 2025, certain factory buildings at our facilities in Bei'an, Tieli, and Fuyu have not obtained property ownership certificates due to the failure to complete the required construction planning procedures at the time of construction. These buildings serve various functions mainly including storage, administrative offices, and auxiliary production functions. The lack of property ownership certificates for these buildings primarily resulted from insufficient compliance awareness and historical legacy issues before we acquired such facilities. However, we have obtained confirmation letters from relevant government authorities stating that these buildings will not be subject to demolition and these facilities can continue operations provided certain conditions are met, such as maintaining their current use and ensuring structural safety. Accordingly, our Directors believe that these properties without property ownership certificates will not be forcibly removed based on reasonable assurance, and the probability of material operational disruption resulting from the removal of these structures is low. Furthermore, based on the due diligence performed, the Joint Sponsors have not identified any material evidences indicating that there is any material safety issues for facilities in Bei'an, Tieli, and Fuyu.

Bei'an Facility

At the Bei'an Facility, certain factory buildings lack property ownership certificates because construction work planning permits were not obtained at the time of construction. The affected buildings mainly relate to non-core areas, including storage facilities for raw materials, packaging materials, hazardous chemicals and finished product samples, as well as auxiliary production areas such as wastewater treatment rooms, ice machine rooms, gatehouses, the small-packaging workshop and the demineralization workshop. These buildings do not form part of the core milk powder production line, and the output of the demineralization workshop can be substituted through external sourcing or production transfer to our other qualified facilities. The non-compliance primarily resulted from a misunderstanding of regulatory policies at the time of construction, which caused the relevant permit application window to be missed. We have obtained government confirmation that these buildings will not be subject to demolition. In the unlikely event demolition or relocation is required, the affected buildings are mainly non-core and would not interfere with our core production processes.

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Tieli Facility

At the Tieli Facility, certain buildings lack property ownership certificates because construction planning permits were not obtained, including warehouses for raw materials, semi-finished products, finished goods and other materials, an office building, laundry room, sewage treatment room, and certain production areas such as the dry mixing workshops and large packaging production workshop. These buildings were mainly constructed before our acquisition of the facility, and the relevant non-compliance primarily stemmed from historical construction decisions made by the previous owners, resulting in the applicable permit application window being missed. We have obtained government confirmation that these buildings will not be subject to demolition. In the unlikely event demolition or relocation is required, the affected buildings relate mainly to storage, auxiliary and replaceable production functions and would not directly interfere with the core production process.

Fuyu Facility

At the Fuyu Facility, certain buildings lack property ownership certificates because construction work planning permits were not obtained, including storage areas for raw materials, semi-finished products and finished goods, and auxiliary production facilities such as boiler rooms, water treatment rooms, power distribution rooms and pump rooms. These buildings were mainly constructed before our acquisition of the facility, and the relevant non-compliance primarily arose from historical construction decisions made by the previous owners, which caused the applicable permit application window to be missed. We have obtained government confirmation that these buildings will not be subject to demolition. In the unlikely event demolition or relocation is required, the affected buildings relate mainly to storage and auxiliary functions and would not directly interfere with the core production process.

Inventory and Revenue Impact

Set out below is the breakdown of the amount and nature of inventory stored at these facilities without property ownership certificates during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	<i>RMB million</i>		
Raw materials	38.9	37.4	32.5
Work in progress	33.4	35.1	27.7
Finished goods	4.9	0.0	2.5
Others	3.4	1.7	1.4
Total	80.6	74.2	64.1

During the Track Record Period, the revenue contributions from these facilities were approximately RMB125.3 million, RMB126.4 million and RMB128.4 million accounted for approximately 8%, 7%, and 7% of our total revenue for the years ended December 31, 2023, 2024 and 2025. The revenue contributions from these facilities are presented on a [REDACTED] basis based on the relative value-added contribution of the relevant facilities, reflecting an estimate of the revenue generated by products associated with these facilities during the Track Record Period.

Regulatory Context and Measures Taken

According to the Urban and Rural Planning Law of the People’s Republic of China (《中華人民共和國城鄉規劃法》) (2019 revision), the competent authorities have the authority to order the cessation of construction if the appropriate permits have not been obtained. If the violation can be corrected, the authorities may issue a correction notice and impose a fine ranging from 5% to 10% of the construction cost. If the violation cannot be rectified, the authorities may order the

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demolition of the structures within a specified period. If demolition cannot be carried out, the authorities may confiscate the physical structure or any unlawful income derived from it, and impose a fine of up to 10% of the construction cost.

We have implemented comprehensive internal control measures to monitor and mitigate operational risks with this regard, according to which all future constructions and purchases of new facilities will undergo a strict compliance investigation to verify whether it aligns with local territorial spatial planning and other policy requirements, ensuring that all requisite approvals and permits will be obtained prior to its commencement. We have engaged an internal control consultant to review the adequacy and effectiveness of such remedial measures. Our Directors and the Joint Sponsors, after performing a comprehensive review of the current measures adopted and through discussions with our internal control consultant, believed that our enhanced internal control measures are adequate and effective.

Furthermore, we confirm that all four of our facilities in China are qualified to produce milk powder and infant formula. These qualifications have been granted following approval from the State Administration for Market Regulation. Additionally, we have received approval for production interchange under formula registration, which means that we are permitted to transfer production capacity across our facilities. Should any of these facilities be required to decommission certain buildings, we have the flexibility to transfer production capacity to our other qualified facilities, ensuring production continuity. Our Laixi Facility has all necessary construction work planning permits and property ownership certificates, with sufficient production capacity to be allocated. Additionally, any storage needs can be addressed through nearby leasing options in the respective industrial areas. Therefore, we believe that even if these buildings were to face demolition, which is unlikely to incur, it would not have a material impact on our operations or financial performance.

Confirmation from Regulatory Authorities

We have obtained confirmation letters from both the local Natural Resources Bureau and Housing and Urban-Rural Development Bureau in respect of the Bei'an, Tieli and Fuyu facilities, confirming that the relevant buildings are not subject to demolition or other administrative measures, provided certain conditions are met, including maintaining their current use and ensuring structural safety. Our directors have confirmed that we are able to satisfy all the conditions set out in the relevant government authorities' confirmations to avoid demolition and other administrative measures of our facilities.

According to our PRC Legal Advisers, the Natural Resources Bureau and the Housing and Urban-rural Development Bureau of Bei'an, Fuyu, and Tieli are the competent authorities endowed with corresponding administrative powers in accordance with the relevant PRC laws and regulations.

Specifically, the Natural Resources Bureau of the three administrative regions have derived their powers directly from the Plan for Deepening the Reform of Party and State Institutions by the Central Committee of the Communist Party of China (《中共中央深化黨和國家機構改革方案》), which provides that the functions and responsibilities of the former land and resources departments and the urban-rural planning authorities have now been integrated into the Natural Resources Department. Moreover, the relevant provisions of the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》) and the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) have provided that the urban and rural planning authorities of local people's governments at or above the county level are responsible for urban and rural planning and land administration within their respective administrative regions, and they have the authority to conduct supervision, inspection, and administrative penalties for violations of relevant laws and regulations. Accordingly, our PRC Legal Advisers are of the view that, since the Natural Resources Bureaus of the three regions, as functional departments of the local governments, have inherited the powers and responsibilities of the former planning and land authorities, they could be deemed as the competent authorities for urban and rural planning and land administration within the three regions.

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The Housing and Urban-rural Development Bureaus of the three regions, on the other hand, have derived their powers from the relevant provisions of the Construction Law of the People’s Republic of China (《中華人民共和國建築法》) and the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》), which provides that the housing and urban-rural development authorities of the local governments at or above the county level in the location where the construction project is situated are responsible for the issuance and administration of construction permits for construction projects. They also have the authority to investigate and penalize unauthorized construction activities conducted without a construction permit.

Relocation Contingency Planning

Although we assess the risk of demolition to be low and any potential associated impact to be manageable, in the unlikely event and for illustration purpose only that any of the relevant buildings require relocation, we have estimated the maximum potential exposure to us, including relocation costs and associated costs such as inventory transportation and warehouse rental during the reconstruction period. The estimated relocation costs are RMB19.0 million for the Bei’an Facility, RMB4.8 million for the Tieli Facility and RMB4.1 million for the Fuyu Facility. Set out below is the breakdown of such estimated relocation costs during the Track Record Period.

	<u>Bei’an Facility</u>	<u>Tieli Facility</u>	<u>Fuyu Facility</u>
	<i>RMB’000</i>		
Expenses for removal of existing stored inventory	227.5	21.9	134.4
Expenses for building demolition	886.0	311.7	1,626.1
Expenses on building reconstruction	17,571.1	4,111.6	1,247.4
Expenses for re-relocation of inventory	362.5	21.9	36.2
Warehouse rental fee	–	20.0	212.0
Others (mainly including employee salaries arising from production being affected by building demolition)	–	304.0	836.0
Total	<u>19,047.1</u>	<u>4,791.1</u>	<u>4,092.1</u>

Conclusion

Based on written confirmation letters from government authorities and our comprehensive mitigation measures, we assess the risk of demolition as low and any potential impact as manageable. The impact of the relocation on our operations and financial performance will be closely monitored, and we are able to mitigate potential operational disruptions through the transfer of production capacity to our other qualified facilities.

Leased Properties

As of December 31, 2025, we leased six parcels of land use rights with an aggregate site area of approximately 645,155.5 sq.m. in the PRC, which are primarily used for dairy farming and organic feed cultivation. The lease terms vary, with the longest lease term extending through 2051, while certain leases are renewed on an annual basis depending on operational needs. As of the Latest Practicable Date, we lease a total of 11 properties that either occupied over 1,000 sq.m. or served as our primary business premise, with an aggregate floor area of approximately 17,193.35 sq.m., in the PRC. These properties are primarily used for production support, warehousing, and administrative functions.

As of December 31, 2025, our Korean subsidiaries have entered into the following lease agreements.

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- HAM Co., Ltd. leases 6,927 square meters of state-owned land and buildings located in the Gwangyang Bay Area Free Economic Zone from Yeosu Gwangyang Port Authority and operates production facilities for manufacturing products thereon. Of this area, the manufacturing facilities occupy 2,293.045 square meters, with the remaining area used for warehouses and office facilities. The lease term is ten years, but upon renewal, the lease term may be extended to 50 years in accordance with the Special Act on Designation and Operation of Free Economic Zones.
- Ohsung Co., Ltd. leases 86,315.8 square meters of state-owned land located in the Gwangyang Bay Area Free Economic Zone from Yeosu Gwangyang Port Authority and owns newly constructed factories, warehouses, and research facilities thereon. The Ohsung plant occupies a land area of approximately 86,315 square meters and comprises five buildings with a total gross floor area of 16,113.8 square meters, including factory buildings, office buildings, warehouses, and a research institute building. The lease term is 50 years and is renewable, allowing for a total lease period of up to 100 years.

Tieli Facility: risk of lease agreement invalidity

Adjacent to the Tieli Facility, there is a parcel of land covering 2,346.84 square meters, located to the southwest of the factory. This land was used to construct a steel structure storage shed (518.65 square meters) and a waste disposal facility (39 square meters) for biomass fuel storage, collectively referred to as the “Coal Storage Shed Land (儲煤棚用地)”. The land is an industrial land sublet to us by a third party. The above-mentioned individual failed to provide the subletting authorization document and the villagers’ democratic decision-making procedure document of the local collective economic organization.

As advised by our PRC Legal Advisers, according to the Land Administration Law of the PRC (《中華人民共和國土地管理法》), the assignment and lease of collectively-operated development land shall be subject to the consent of over two-thirds of the members or over two-thirds of villagers’ representatives at the village council of the members of the collective economic organization; and if it is used by a third party without approval, the competent department will order it to make corrections within a time limit, confiscate the illegal gains and impose a fine. Due to the lack of the aforementioned documents, we are unable to determine whether the lessor has the right to sublet the land, and there is a risk that the lease agreement may be regarded as invalid.

According to the above legal provisions, the legal responsibility for the above-mentioned defective lease resulting from failure to performance relevant democratic processes mainly lies with the lessor. Therefore, our PRC Legal Advisers believe that the risk of the Tieli Facility being subject to administrative penalties as a sub-lessee is low. Meanwhile, even if the lease is cancelled, as the biomass fuel storage and waste disposal facilities are not a core part of our core production process, we do not expect it to have a material impact on our operations. In addition, the Tieli Facility has identified alternative land within the factory area to replace these facilities, so as to ensure continuous operation without major disruptions.

Based on the above circumstances and the opinions of our PRC Legal Advisers, our Directors believe that this issue will not have a material impact on our business or financial performance.

Lease Registration for Non-Commercial Properties

We have not completed the required lease registration for certain non-commercial properties with a total gross floor area of approximately 13,000 square meters located in Qingdao, Shandong Province and Bei’an, Heilongjiang Province as of the Latest Practicable Date. As advised by our PRC Legal Advisers, while the Urban Real Estate Management Law of the People’s Republic of China (《中華人民共和國城市房地產管理法》) and related regulations clearly address lease registration for residential and commercial properties, they do not provide detailed provisions for non-commercial properties. As a result, local housing authorities responsible for implementing

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lease registration at the municipal and county levels currently demonstrate regional differences in their practices for non-commercial properties. For instance, while certain local authorities, such as those in Changsha, has put up in place formal registration channels, there is currently no registration procedure available for non-commercial properties such as self-built factory buildings in Qingdao and Bei'an, rendering us unable to complete the relevant lease registrations.

According to our PRC Legal Advisers, these local authorities have derived their power to provide confirmations on such issues from the Administrative Measures for Commodity Housing Leasing (《商品房屋租賃管理辦法》), which explicitly states that the construction (real estate) authorities of local governments at or above the county level are responsible for the supervision and management of property leasing within their respective administrative regions.

The non-registered leased properties primarily serve as warehouses for the storage of raw materials, packaging materials, and finished products, and also encompass office spaces, and packaging processing areas. Notably, these properties are not part of our core production facilities, and are easily replaceable meaning the lack of lease registration does not impact our core operations or our ability to fulfil customer orders. Additionally, we have entered into valid written lease agreements with all lessors for these properties, and the failure to complete the registration does not affect the validity of these agreements, as advised by our PRC Legal Advisers.

We do not anticipate that the failure to complete the lease registration will result in forced relocation or a suspension of operations, as the non-registered properties are not essential to our core production activities. Furthermore, we have not received any notices from the authorities indicating that relocation is required. In the unlikely event that relocation becomes necessary, we have assessed that the associated costs would be immaterial relative to our operational scale. Relocation would primarily affect ancillary warehouse and office spaces, and would not disrupt production. The estimated cost of such relocation, including transportation costs, decoration costs and rent, is approximately RMB1.1 million.

We are monitoring and will be fully committed to adhering to any new regulations regarding non-commercial property lease registrations once they are enacted. Even if our registration cannot be completed by the required deadline after the new regulations come into effect, we will select a third-party logistics provider or relocate to other registered properties to avoid any material adverse impact on our business operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in various legal proceedings in the ordinary course of our business. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any material pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

Compliance

We operate in a highly regulated industry, particularly in the production and sale of infant formula and FSMPs, both of which are categorized as special dietary foods under the PRC legal framework. Our operations are governed by a comprehensive regulatory system covering the full product lifecycle, from research and development, formulation registration, and manufacturing to distribution, labeling, and after-sales services. The primary regulatory authorities overseeing our operations include the SAMR, the National Health Commission (“NHC”), and the General Administration of Customs.

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Our activities are subject to key national regulations such as the Food Safety Law of the PRC, the Administrative Measures for the Registration of Infant Formula Recipes, and the Administrative Measures for the Registration of Foods for Special Medical Purposes. Specifically, our infant formula products require individual recipe registration and approval by SAMR before they can be produced and sold, with certifications typically valid for five years. FSMPs, due to their clinical nature, face even more stringent regulatory requirements, including the need for clinical trials or supporting medical literature. The approval process for these products typically takes one to two years.

During the production stage, we are subject to unscheduled on-site inspections focused on compliance with Good Manufacturing Practices (“GMP”), ingredient traceability, and process safety protocols. In the distribution stage, the SAMR and local regulators oversee labeling, advertising, and shelf inspections. For imported materials or exports, we also adhere to the relevant regulations of the General Administration of Customs and the competent regulatory authorities in overseas jurisdictions.

As part of our commitment to remaining compliant with evolving regulations, we are closely monitoring the latest regulatory developments. Notably, the National Food Safety Standard for Infant Formula Foods for Special Medical Purposes (GB 25596-2025) was issued by the National Health Commission and SAMR on March 16, 2025, and will come into effect on March 16, 2027. Manufacturers must align their production processes with the updated technical requirements specified in this new standard. Products manufactured under the previous standard (GB 25596-2010) can still be sold until their shelf life expires. To ensure a smooth transition and avoid stock shortages, we plan to complete necessary formula adjustments, re-registrations, minor production-line modifications, and label updates by the end of 2026.

In addition, the draft National Food Safety Standard for Foods for Special Medical Purposes (GB 29922-2024) was released for public comment on January 19, 2024, with the comment period ending on February 29, 2024. If adopted in its current form, this revised standard would require us to update the formulation of our FSMP and complete a re-registration under the new requirements.

Throughout the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material incidents of non-compliance. We confirm that we have adhered to all relevant laws and regulations in the PRC applicable to our operations. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had complied, in all material respects, with the relevant laws and regulations in the PRC and overseas applicable to the Group’s business operations. They believe that there have been no material non-compliance incidents, and the company has made necessary corrections promptly where required.

EMPLOYEES

As of December 31, 2025, we had approximately 1,764 employees; in addition to our PRC-based workforce, we employed a total of 110 overseas personnel across two countries, namely Spain and South Korea. These employees were primarily engaged in production, quality control, and local administration functions at our overseas manufacturing facilities and offices. The following two tables set forth a breakdown of our employees by geographical location and function as of December 31, 2025.

Geographic Locations	Number of Employees
China	1,654
South Korea	21
Spain	89
Total	1,764

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Department/Function	Number of Employees
Sales	655
Production	589
HR, Administration, Logistics, and Others	119
Quality Control	180
Supply Chain	102
Finance	62
Brand and PR	42
Senior Management	15
Total.	1,764

We place strong emphasis on recruiting, training, and retaining talent across all business functions. Our recruitment practices aim to attract individuals with strong academic backgrounds and relevant industry experience. As of the Latest Practicable Date, most of our managerial-level employees had more than five to eight years of industry experience and held at least a bachelor’s degree. Regional sales managers typically had over five years of experience, while provincial and national sales heads had eight to ten years or more.

Our employee compensation package includes base salary, performance bonuses, statutory social security and housing funds, subsidies, and welfare programs such as paid leave, health insurance, and team-building events. Factory and farm-based employees typically receive base salary plus output- or performance-linked pay. We also maintain project-based incentive schemes and are exploring future equity incentive plans to enhance long-term employee retention. We have not experienced any material labor disputes, strikes, or staffing shortages during the Track Record Period and up to the Latest Practicable Date. All employees sign labor contracts.

Social Security and Housing Fund

As of the Latest Practicable Date, we had not made full contributions to social security and housing funds for certain of our employees, and in some cases, we did not make such contributions for a small number of employees, primarily because (i) the applicable laws and regulations governing social insurance and housing provident funds are intricate and vary by region, and (ii) reluctance among certain employees to bear their legally required share of contributions. In addition, we have engaged third-party human resources agencies to make social security and housing fund contributions on behalf of certain employees, primarily because our employees working in different cities across China prefer to contribute in their respective places of residence in order to access local welfare benefits. In consideration of the geographically dispersed social insurance and housing provident fund contribution locations preferred by these employees and the limited number of employees involved, we chose not to establish dedicated local accounts for such contributions. These arrangements, however, are not in full compliance with the relevant PRC laws and regulations.

We have obtained confirmations from the relevant competent social security and housing fund authorities, confirming that no penalties or legal actions have been taken against us in relation to contribution shortfalls during the Track Record Period. In addition, through interviews, on-site communications, telephone consultations with, or obtaining confirmation letters from the relevant competent authorities (covering all of our PRC employees as of December 31, 2025), it has been confirmed that regulatory enforcement is generally triggered only by employee complaints, and no proactive rectification requests have been issued.

According to our PRC Legal Advisers, under the Social Insurance Law of the PRC 《中華人民共和國社會保險法》 (as amended in 2018): (i) if an employer fails to complete contribution registration, the competent authority may order rectification within a prescribed period; if the employer fails to rectify within such period, a fine of not less than one time but not more than three times the amount of the social insurance contributions payable may be imposed; and (ii) if an employer fails to make contributions in full and on time, the competent authority may order

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payment or make-up payments within a prescribed period and, from the date of default, impose a late-payment surcharge at 0.05% per day; if payment is still not made within such period, a fine of not less than one time but not more than three times the amount in arrears may be imposed. Pursuant to the Regulations on the Administration of the Housing Provident Fund (《住房公積金管理條例》) (as amended in 2019): (i) if an employer fails to complete contribution registration, the competent authority may order registration within a prescribed period; if the employer fails to do so within such period, a fine of RMB10,000 to RMB50,000 may be imposed; and (ii) if an employer fails to make contributions in full, the competent authority may order payment within a prescribed period and, if payment is still not made, may apply to a PRC people's court for compulsory enforcement.

We have received written confirmation from the relevant local government authorities, such as the Beian Municipal Human Resources and Social Security Bureau (北安市人力資源和社會保障局), the Bei'an Branch of Heilongjiang Provincial Housing Provident Fund Management Center (黑龍江省住房公積金管理中心北安分中心), the Fuyu County Social Insurance Center (富裕縣社會保險事業中心), the Fuyu Management Department of Qiqihar City Housing Provident Fund Management Center (齊齊哈爾市住房公積金管理中心富裕管理部), the Tieli City Social Insurance Bureau (鐵力市社會保險事業中心), and the Tielie Management Department of Yichun City Housing Provident Fund Management Center (伊春市住房公積金管理中心鐵力管理部), confirming that no significant complaints, claims, or legal actions have been taken against us regarding the underpayment or non-payment of social security and housing fund contributions. Additionally, through onsite visits to the social security and housing fund authorities and interviews with competent authorities, including Laixi Human Resources and Social Security Bureau (萊西市人力資源和社會保障局), Human Resources and Social Security Bureau of Qingdao West Coast New Area (青島西海岸新區人力資源和社會保障局), Human Resources and Social Security Bureau of Jimo District, Qingdao City (青島市即墨區人力資源和社會保障局), Civil Affairs and Social Security Bureau of Hunan Xiangjiang New Area (湖南湘江新區民政和社會保障局) and Changsha Yuelu District Housing Provident Fund Management Center (長沙市岳麓區住房公積金管理中心), it has been confirmed that these authorities typically do not take proactive measures to enforce payments or impose penalties for contribution shortfalls in the absence of formal employee complaints.

Our PRC Legal Advisers are of the view that the relevant local authorities responsible for the supervision and administration of social insurance and housing provident funds within the relevant administrative regions are duly authorized competent authorities under applicable laws and regulations, and that the confirmation letters issued by such authorities and the statements made by the interviewed personnel have corresponding legal effect.

Specifically, pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the social insurance administrative departments of the local governments at or above the county level, which encompass local human resources and social security bureaus and social insurance service centers, are responsible for the administration of social insurance within their respective administrative regions. Further, in accordance with the Plan for Deepening the Reform of Party and State Institutions issued by the Central Committee of the Communist Party of China (《中共中央深化黨和國家機構改革方案》), many regions have assigned the collection of social insurance premiums to tax authorities. Pursuant to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), housing provident fund management centers are responsible for the operation and administration of housing provident funds.

As for the authority of interviewed representatives, our PRC Legal Advisers are of the opinion that given that such interviewed personnel, as incumbent public officials of the relevant competent authorities, were interviewed at the premises of such authorities and expressed opinions on regulatory matters within the scope of their respective duties, the statements made by them could be deemed as a representation of the regulatory position and stance adopted by the relevant authorities and carries weight.

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According to the Notice on Implementing Policies to Support the Private Economy (國務院辦公廳發布的關於實施進一步支持和服務民營經濟發展的若干措施的通知) issued by the State Council (國務院) in November 2018, and subsequent measures, local authorities should not initiate active collection efforts for historical shortfalls in social insurance or housing fund payments. This directive aims to ease the financial burden on enterprises, particularly small and medium-sized businesses, and prevent forced collection of arrears.

With specific reference to the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議個案適用法律問題的解釋(二)) (the “**Interpretation II**”) issued on July 31, 2025, agreements or employee undertakings to waive social insurance contributions are invalid. Our Directors confirm that while we historically obtained such waivers strictly upon certain employees’ voluntary requests, we had no intention to evade statutory obligations, and kept such documents solely for internal records. In light of (i) the absence of major outstanding complaints, reports, or labor disputes related to social insurance against our Group up to the Latest Practicable Date; and (ii) our PRC Legal Advisers’ opinion that the Interpretation II does not expand our penalty exposure or repeal the social insurance laws and regulations currently in force of the PRC, our Directors believe that its implementation is not expected to have a material adverse impact on the Group’s business operations and financial position.

During the Track Record Period, we did not receive any notices from the relevant PRC authorities initiating enforcement actions or systematic collection campaigns in respect of the historical shortfalls in social security or housing fund contributions, nor were we subject to any administrative penalties in relation to such contributions. We are also not aware of any material employee complaints or significant labor disputes concerning social security or housing fund matters. If the relevant authorities, in accordance with applicable laws and regulations, require us to pay outstanding social security and/or housing fund contributions or to take corrective measures, we will fulfill the payment obligations or implement the required measures as soon as practicable.

The total shortfall amount of social insurance fund and housing provident fund for these employees would be approximately RMB14.4 million, RMB15.0 million and RMB16.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. We incurred such shortfalls primarily because (i) the applicable laws and regulations governing social insurance and housing provident funds are intricate and vary by region, (ii) reluctance among certain employees to bear their legally required share of contributions, and (iii) certain of our employees working in different cities across China prefer to contribute in their respective places of residence in order to access local welfare benefits. Our Directors believe that the circumstance described above would not have a material adverse effect on our business and results of operations, considering that (i) we have obtained written confirmations issued by relevant local social insurance and housing provident funds authorities that no administrative penalty was imposed on us during the Track Record Period; (ii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC regulatory authorities requiring us to pay material shortfalls with respect to social insurance and housing provident funds. Furthermore, as advised by our PRC Legal Advisers, based on the current regulatory policies and the prevailing regulatory environment of the relevant authorities in the absence of any employee complaints or reports, the risk of us being materially penalized by the relevant competent authorities during the Track Record Period is remote. Based on the foregoing, we did not make provision for the shortfall in social insurance and housing provident fund contribution. If the relevant authorities determine that our social insurance contributions are insufficient, we may be required to pay the outstanding contributions within a stipulated period, with late fees at a rate of 0.05% per day of the outstanding amount. The cumulative maximum potential late fees during the Track Record Period, calculated as of December 31, 2025, was RMB12.9 million. Our Directors have assessed the potential impact of the shortfall in social insurance and housing provident fund contributions and related penalties. Based on the estimated maximum liability, we believe that the outstanding contributions and any penalties will not have a material adverse effect on the Group’s business operations.

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We have put in place an internal control framework to strengthen routine management of employee social insurance and housing provident fund contributions to the extent practicable under the relevant laws and regulations. This mainly includes: (i) providing training to our employees on regulatory requirements for employee benefit contributions; (ii) communicating with employees to improve the contribution base; and (iii) conducting regular monitoring of ongoing regulatory updates regarding social security and housing provident funds and overseeing the implementation of any necessary measures. We have adopted proactive measures since July 2025 and is steadily advancing rectification towards the full and timely payment of social security and housing provident fund for all applicable employees. The social security and housing provident fund are typically paid on a monthly basis. For February 2026, we have reached approximately 46.1% of the required full and timely contributions for social security and housing provident fund in terms of payment amount. We expect to complete full rectification in January 2027 to ensure compliance with the requirements of the regulatory authorities.

Labor Dispatch

During the Track Record Period, three of our subsidiaries had exceeded the statutory limit on the proportion of labor dispatched workers, with the proportion of dispatched workers exceeding 10% of the total workforce. This was primarily due to the following reasons: (i) as the headcount for certain sales and marketing staff is expected to fluctuate, the use of dispatch workers provided staffing flexibility and helped manage the costs associated with frequent recruitment and administration for direct hires; and (ii) for certain sales and marketing staff based across regions who preferred to enroll in social insurance in their places of residence (where we often lack local entities), we entered into labor dispatch arrangements with them, enabling them to access local social security benefits via local third-party human resource agencies. The numbers of dispatched workers exceeding the statutory limit were 135, 122 and nil as of December 31, 2023, 2024 and 2025. We have since taken corrective actions to reduce the proportion of dispatched workers to a level conforms to statutory proportion by transferring the labor relationships of dispatched workers to the subsidiaries directly. As of the Latest Practicable Date, we had complied with the statutory limit on the proportion of labor dispatched workers according to the relevant PRC laws and regulations.

According to the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) (2012 revision) and the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), labor dispatch agencies and employers must adhere to strict regulations. In the event of non-compliance, administrative penalties may be imposed, including fines ranging from RMB5,000 to RMB10,000 per worker if corrections are not made within the designated period. According to our PRC Legal Advisers, no administrative penalties would be imposed in this case, since we have completed the rectification. Thus, our business operations and financial performance will not be materially and adversely affected by this case. Under the relevant laws, administrative penalties arises only if a correction notice is issued, and the company fails to comply within the specified time frame. However, during the Track Record Period and up to the Latest Practicable Date, (i) we have not received any correction notice from the labor authorities, and (ii) we have already taken corrective actions and brought the proportion of dispatched workers fully within the statutory limits.

INSURANCE

We maintain a range of insurance policies designed to mitigate key operational and business risks associated with our production activities, assets, personnel, and transportation. As of the Latest Practicable Date, we had not experienced any material claims, lapses in coverage, or disputes with our insurance providers.

We primarily carry property insurance over our production equipment, facilities, and inventories, which covers risks such as fire, natural disasters, and other accidental damage. Our property policies generally apply to our major production plants, including those located in Heilongjiang, and other key operational sites. We also maintain mandatory motor vehicle insurance, including both third-party liability and commercial vehicle damage insurance, for company-owned

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vehicles used for transportation and logistics across our operations in provinces such as Heilongjiang. In addition, we provide group accident insurance and personal accident coverage for employees at several of our subsidiaries, including those in Heilongjiang and Jiangxi. These policies cover accidental injury and death arising from work-related or daily life incidents, with coverage amounts varying by region and role. We also maintain public liability insurance, covering third-party liability risks that may arise in connection with our operations. We do not carry product liability insurance or business interruption insurance, and do not require our domestic logistic partners to obtain transportation insurance. According to F&S, this practice is consistent with industry norms. To support long-term risk management, certain facilities also hold extended-term property policies, such as the five-year policy held by Yeeper (Qingdao) Goat Milk Products Co., Ltd., valid through 2027.

INTELLECTUAL PROPERTY

We rely on a combination of registered trademarks, patents, copyrights, and domain names to protect our proprietary formulations, product branding, and other valuable intangible assets. As of December 31, 2025, we owned more than 800 registered trademarks, 63 registered patents, 28 registered copyrights, and three registered domain names in China. Our registered trademarks primarily cover product names, brand identities and marketing slogans across our infant formula, FSMPs and other dairy product lines, while our patents relate to nutritional compositions, production processes, and packaging design innovations. Our registered copyrights include formula documentation, visual packaging elements, and proprietary content used in product education and promotion.

The intellectual property portfolio of our Spanish subsidiaries primarily comprises registered trademarks, trade names, and domain names. As of December 31, 2025, we held multiple trademark registrations. Key registrations include: Oviganic Ibérica, an international trademark registered at WIPO valid until June 12, 2030 and a U.S. trademark valid until December 6, 2030; Biovinatur Ibérica, an European Union trademark valid until February 23, 2032; Queserías Prado S.L., a Spanish trademark registered on April 12, 2018, a pending EUIPO application for a new logo filed on April 30, 2025, and a China trademark registered on January 28, 2024; and Other Queserías Prado-owned marks, including *Castillo del Puente* (two registrations in Spain). We have also registered our subsidiary names in the Spanish Trade Register and maintain active domain names including oviganic.com, queseriasprado.com, and biovinatur.com.

As of December 31, 2025, our Korean subsidiaries collectively owned a total of 17 trademarks duly registered with the Korean Intellectual Property Office. These trademarks cover product names, brand identifiers, and related marks used in connection with our dairy product manufacturing and export business in South Korea. All trademarks are supported by valid registration certificates, and no circumstances indicating infringement of third-party rights had been identified.

The material intellectual property rights, including material patents related to research and development and production, are all held within PRC. Overseas factories only serve as a processing link and do not hold any material intellectual property rights to our operations. For further details, please refer to “Appendix VI Statutory and General Information — B. Further Information About the Business — 2. Intellectual Property” in this document. During the Track Record Period and up to the Latest Practicable Date, we had no material disputes, litigation or claims regarding intellectual property rights.

ENVIRONMENTAL, HEALTH AND SAFETY MATTERS

We embed ESG principles across procurement, farming, manufacturing, logistics and market operations to support long-term, resilient growth in nutrition for sensitive populations. Our ESG work prioritizes product quality and food safety, sustainable supply chain management, consumer well-being, energy and water stewardship, environmental protection and community engagement.

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ESG Governance Framework

Our ESG governance framework is designed to ensure effective oversight and accountability for ESG-related matters. Our Board of Directors assumes overall responsibility for ESG strategy and supervision. An ESG Work Group, comprising supply chain management, operations, human resources, marketing, legal and other core functions, has been established to execute ESG initiatives, monitor compliance, and report progress to senior management. This framework is supported by internal guidelines covering environmental risk controls, labor and human rights practices, and social engagement. The ESG Work Group is also responsible for compiling ESG disclosures and coordinating with external advisors to ensure compliance with applicable standards and regulations.

ESG Legal Compliance

We comply with applicable environmental, occupational health and safety, food safety, and labor laws and regulations in our operating jurisdictions. During the Track Record Period and up to the Latest Practicable Date, we did not incur material penalties for breaches of environmental or workplace safety laws.

Greenhouse Gas Emissions and Climate Risk Management

We recognize the environmental impact of dairy production and are committed to reducing our greenhouse gas (“GHG”) emissions. We closely monitor the potential impacts of climate change on the macroeconomy and our operational activities, viewing it as a key management issue closely linked to the Group’s business, strategy, and resource allocation. The national “carbon peak and carbon neutrality” targets have been set, and in compliance with regulatory frameworks, we continuously identify and manage climate-related risks and opportunities, specifically in dairy production and farm operations. Following our assessment, we have identified the following primary risks and impacts from climate change:

- **Physical Risks:** Extreme weather events and climate anomalies may affect pasture and raw milk supply, animal health, and production yields. Disruptions may also impact stable operations at production bases and logistics facilities.
- **Transition Risks:** As regulations on energy consumption, emissions, and packaging, and due to fluctuations in energy and raw material prices, we face the risk of increased compliance and operational costs. Simultaneously, expectations from customers and partners for energy-saving, emissions reduction, resource efficiency, and compliance management continue to rise.

The following table sets forth our GHG emissions data during the Track Record Period:

Emission Type	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1 Emissions	tons CO2	25,351.0	31,030.2	25,212.6
Scope 2 Emissions	tons CO2	11,539.6	13,708.7	13,843.7
Scope 3 Emissions	tons CO2	26.7	23.5	21.4
GHG removals	tons CO2	11.0	11.0	99.2
Total GHG Emissions . .	tons CO2	36,906.3	44,751.4	38,978.5
Emission Intensity	tons CO2e/RMB million revenue	22.9	25.4	20.8

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Energy management and GHG emissions are core to our strategy for addressing climate change. We aim to control energy consumption and emissions intensity relative to business volume, taking a target-driven approach for continuous improvement.

- **Scope 1 (Direct Emissions):** Includes emissions from refrigerants used in air conditioning systems at office buildings and emissions from fuel combustion in company vehicles. For production bases and farms, it also includes emissions from fuel combustion, refrigerant usage and leakage, vehicle emissions, and greenhouse gas emissions from husbandry activities.
- **Scope 2 (Indirect Emissions):** Refers to indirect emissions from purchased electricity at our production bases, farms, and office areas.
- **Scope 3 (Other Indirect Emissions):** Refers to other indirect emissions arising from activities along the value chain, including transportation of raw materials and finished products, packaging materials and waste disposal.

We have established management targets in relation to the reduction of GHG emissions and has incorporated emission reduction initiatives into its daily operational management. We seek to reduce GHG emissions through measures such as improving energy efficiency, implementing energy-saving upgrades, optimising production processes, and progressively adopting renewable energy. We will continue to refine its emission-reduction targets based on its operational conditions. We strive to continuously reduce energy consumption and GHG emissions density on a comparable basis. We aim to reduce GHG emissions intensity by 5% from 2025 to 2035.

In terms of emission-reduction measures, we established the Energy Management Specification (YRRY/T32001) (《能源管理規範 (YRRY/T32001)》) and installed distributed photovoltaic power systems with a total capacity of approximately 1.6MW, operating under a “self-consumption with surplus electricity fed into the grid” model. With respect to reducing food waste, we calculate on a batch-by-batch basis, the raw material utilization rate in milk powder and whey processing and compiles statistics on process losses. The relevant data are recorded in the Material Balance Sheet (《物料平衡表》) in the production batch record centre. Expired or scrapped raw materials and finished goods are identified and tracked by the warehousing department in the ERP system, and the data can be exported in real time. There is currently no mechanism for the reuse of discarded raw milk or whey, while material loss rates on the production lines are regularly monitored. As for packaging material management, the procurement department compiles annual statistics on the quantities of packaging materials purchased, such as cartons, paper bags, plastic bags, plastic caps, and scoops. The production department records and consolidates actual consumption through production material requisition forms.

Energy and Resource Efficiency

We have established comprehensive procedures to reduce energy consumption in our operations and minimize environmental impact. This includes continuous optimization of resource use and energy efficiency across all stages of production, from farming to manufacturing. In line with the “Energy Conservation Law of the People’s Republic of China” and other relevant regulations, we have developed a management system that covers everything from goal-setting and process control to maintaining detailed records, tailored to the specific needs of dairy production and the operation of goat/sheep and cow farms.

We have also established management targets in relation to energy and resource consumption. Through measures such as optimising production scheduling, strengthening equipment management, promoting energy-efficient equipment and enhancing water recycling and reuse, the Group seeks to reduce energy and resource consumption per unit of product.

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In addition, we have established targets for the reduction of other wastes, including packaging material waste, food waste and raw material loss. The Group seeks to improve material utilisation efficiency through measures such as optimising the use and recovery of packaging materials, improving production and packaging processes and strengthening operational management, with a view to promoting the reduction and resource utilisation of wastes. We aim to reduce energy consumption density and other waste by both 5% from 2025 to 2035.

In terms of office operations, we promote energy efficiency by optimizing air conditioning use and maximizing natural light. We prioritize purchasing energy-efficient certified equipment and encourage employees to adopt habits that reduce energy use, such as setting office devices to standby mode when not in use. We also focus on reducing resource consumption in our logistics and supply chain management. By utilizing intelligent inventory management, we minimize packaging waste and optimize packaging specifications and transportation strategies. This includes improving loading efficiency and planning routes to reduce fuel consumption and overall environmental impact. Through these integrated initiatives, we continue to enhance our operational sustainability, striving for more efficient resource usage and a smaller environmental footprint across all areas of our business.

The following table sets forth our energy and resources consumption during the Track Record Period:

Resource Type	Unit	Year ended December 31,		
		2023	2024	2025
Electricity	MWh	11,539.6	13,708.7	13,843.7
Consumption				
Electricity intensity	cubic meters	7.1	7.8	7.4
Fuel (gasoline/ diesel)	liters	207,282.0	295,682.2	220,690.5
Fuel intensity	liters/RMB million	128.4	167.8	117.9
	revenue			
Water consumption	cubic meters	608,718.2	760,795.1	580,360.8
Water intensity	m ³ /RMB million	377.1	431.7	310.1
	revenue			

Solid Waste Management

We classify solid waste as non-hazardous and hazardous, manage storage and transfer in compliance with law, and use licensed service providers with full tracking and transfer manifests.

Non-hazardous waste, includes domestic waste, packaging and other recoverables, is sorted at source using clearly labeled containers. The procurement department compiles annual statistics on the quantities of major packaging materials such as cartons, paper bags, plastic bags, caps and scoops, which are recorded and tracked in the ERP system. Trained personnel oversee collection and record-keeping; domestic waste is stored at fixed points and removed by municipal or qualified contractors, while recoverables are identified, tallied and reused or sold. At certain sites, biomass ash and livestock manure are utilized for agricultural purposes in compliance with local requirements, with supporting ledgers retained.

Hazardous waste, includes lab effluent, spent mineral oil (and oil drums), chemical reagent bottles and spent activated carbon, is kept in designated storage areas with impermeable flooring, weather protection and clear signage. Hazardous waste is handled by qualified and licensed environmental service providers with full traceability through the local environmental bureau platform. We apply the hazardous-waste transfer manifest system and engage licensed transporters and treatment facilities, maintaining full traceability through registers and periodic inspections.

During the Track Record Period, hazardous waste generated was 3.5 tons, 4.4 tons and 6.9 tons, respectively, in 2023, 2024 and 2025, while non-hazardous waste generated was 176.6 tons, 257.9 tons and 250.1 tons, respectively, in 2023, 2024 and 2025. We continue to improve recovery and reuse rates where safe for products and animal health, and to strengthen standardized procedures, staff training, on-site inspections and ledger controls to ensure compliant, traceable handling across all sites.

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Farming Operations on the Environment

Our agricultural operations, particularly livestock breeding, generate environmental impacts, including greenhouse gas emissions, odour, ammonia and other air emissions, as well as manure treatment and resource consumption. We face related risks, including increasingly stringent environmental regulations, fluctuations in feed raw material supply and prices, and potential pollution and community impacts. We have implemented environmental management policies and measures to monitor emissions, improve resource utilisation and manage environmental risks.

Animal Welfare and Livestock Management

We place great emphasis on animal welfare in our dairy goat and sheep farms, and dairy cow farms, and we have implemented standardized livestock management practices to ensure that animals are raised in a healthy, safe, and humane environment. We established a series of policies and management measures relating to animal welfare and livestock management, including: (i) Policies and management measures. We have established the Animal Stress-Free Management Regulations (《動物無應激管理制度》) and provides regular training on animal handling and transportation. Growth-promoting hormones are strictly prohibited, and antibiotics are used only under veterinary supervision for treatment purposes. We enforce strict withdrawal periods, maintains medication records, and conducts routine veterinary inspections and immunizations to ensure animal health and safety. (ii) Animal welfare and rearing environment. To ensure animals are raised in a healthy and humane environment, we provide clean drinking water, proper feed formulation, ventilation, and temperature control to minimize heat stress. Our farms are equipped with fans and dry bedding, and stocking density is managed to reduce stress and disease risk. These measures help maintain good living conditions and promote animal welfare across the farms.

Workforce and Social Performance

As of December 31, 2025, we had approximately 1,764 employees. The workforce composition was 54% male and 46% female. By age, 20% were under 30, 67% were aged 31 to 50, and 13% were above 50. By position level, 83% were general employees, 16% were middle management, and 1% were senior management. Overall, the gender, age, and functional distribution of our employees is well-balanced, providing a solid talent foundation for the continued stable development of us.

We are committed to maintaining a fair, transparent, and legally compliant employment environment that safeguards the legal rights of our employees. Our recruitment process emphasizes fairness and equal opportunity, and we have established transparent hiring and performance management mechanisms. All formal employees are legally contracted, and we place high importance on compliance throughout the recruitment process. Our talent acquisition strategy prioritizes fairness and open competition. We employ a variety of recruitment channels, including professional head-hunters, online job platforms, internal referrals, and internal job rotations. This ensures that we attract and hire top talent, infusing the company with fresh ideas and fostering innovation.

We take great care in ensuring compliance and transparency throughout the hiring process, with a focus on preventing discrimination in recruitment, promotions, and daily management. Our commitment to diversity and inclusion is embodied in our recruitment policy, which explicitly encourages the hiring of disabled individuals and minority ethnic groups. Additionally, we actively run programs to support vulnerable groups, helping them improve their professional skills and employment capabilities.

We maintain a strong focus on creating a work environment that is free from discrimination based on gender, age, ethnicity, nationality, religion, or any other factor. Our company culture prioritizes diversity, equality, and inclusivity, which are woven into all aspects of our talent management and operational practices. We place a strong emphasis on employee health and safety. Our employees benefit from protective equipment, comprehensive safety training, reasonable work schedules, and regular safety inspections. During the Track Record Period, no major labor disputes or occupational safety incidents were reported.

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Employee Training and Digital Empowerment

We place a strong emphasis on the development of our employees and franchisees, continuously improving our digital training system to enhance professional skills and organizational competitiveness. Each year, all departments prepare a training plan for the following year, which is consolidated and monitored by the Human Resources and Administration Department to ensure the system’s effectiveness and compliance with training standards.

For the year ended December 31, 2024, we organized a total of 2,245 training sessions, with 46,796 employee participations and a total of 4,441 hours of training. For the year ended December 31, 2025, we organized a total of 2,724 training sessions, with 57,908 employee participations and a total of 4,458 hours of training. This has effectively improved the professional skills and job competence of our entire workforce.

Relying on a robust digital training system and a comprehensive talent development approach, we will continue to enhance organizational resilience and talent effectiveness, establishing a benchmark for sustainable development and industry talent cultivation.

Supply Chain Management

We operate a transparent, compliant and resilient supply chain governance system. Supplier admission requires rigorous assessment by food safety, quality control and procurement teams, including checks of official credit platforms and local environmental enforcement disclosures; we prioritize reputable, legally compliant suppliers with adequate capacity and sound records, and conduct periodic reviews of existing suppliers.

Business Ethics and Anti-corruption

We place the highest importance on business ethics and compliance, adhering to the principles of fairness, justice, and transparency in all our operations. Integrity and self-discipline are the cornerstone of our relationships with suppliers, distributors, and other business partners. We have established a robust integrity and compliance management system, strictly following the applicable laws and regulations in China and the regions where we operate.

We remain committed to high standards of compliance and business ethics and regard proactive ESG risk management as an important foundation for sustainable development. We adopt a zero-tolerance approach to corruption, bribery, extortion, fraud and money laundering, and strictly comply with applicable laws and regulations, including the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》), the Company Law of the People’s Republic of China (《中華人民共和國公司法》), and the Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), embedding integrity and compliance requirements into our corporate governance, culture and daily operations.

We have implemented the Employee Handbook (《員工手冊》), which clearly state the anti-corruption and integrity standards all employees must follow in their daily work. For high-risk areas such as procurement and financial approvals, we have established specific control processes.

We have established an *Integrity Agreement* system and internal investigation and oversight mechanisms, requiring employees to sign integrity agreements before engaging with third parties, suppliers and business partners, and clearly prohibiting commercial bribery, kickbacks and private gain. At the same time, a dedicated team is responsible for investigating corruption, misconduct and misappropriation of assets, while also handling external whistleblowing reports and supplier complaints to maintain a transparent and fair business environment.

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Operation in Spain-based Factories

Our Spain-based factories comply with applicable ESG-related requirements in the region.

Governance: Our Spain-based factories operate under established quality and safety management systems, including ISO 9001 and ISO 14001 certifications, HACCP and IFS food safety systems, and raw-material traceability mechanisms.

Environmental: Our Spain-based factories have obtained ISO 14001 environmental management certification, comply with Spain’s Royal Decree 1055/2022 on Packaging and Packaging Waste and Law 7/2022 on Waste and Contaminated Soils, and maintain emission permits and waste-classification systems. Photovoltaic projects are under development or operation to promote renewable-energy use.

Social: Our Spain-based factories comply with Spain’s Estatuto delos Trabajadores (Labour Law), providing mandatory social security, health insurance, and safety training. Equality and anti-discrimination policies are implemented, and employee communication mechanisms are in place in accordance with local requirements.

Community Investment

We collaborate with public-interest organizations to promote healthy lifestyles and equitable development opportunities in our communities. Guided by the values of “organic ecology, respect for nature, and care for people (有機生態, 敬天愛人)”, we focus on societal needs and use our industry expertise to support a wide range of philanthropic projects, including educational support, disaster relief, and care for vulnerable groups.

We actively participate in community initiatives through donations and other forms of support to contribute to social well-being and community development. We believe that social responsibility is an integral part of our sustainable development.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various operational, compliance and strategic risks inherent in our business, including those relating to raw materials procurement, production processes, quality control, logistics and distribution, inventory management, and market performance. To address these risks, we have adopted a comprehensive risk management and internal control system designed to monitor and mitigate material risks that could adversely affect our operations, financial condition or reputation.

Our internal control framework is underpinned by documented policies and standard operating procedures that govern key business functions. These include procurement protocols to manage supplier quality and cost fluctuations, production monitoring procedures to track batch consistency and sanitation standards, logistics coordination measures to ensure delivery timeliness, and inventory systems for tracking stock turnover, shelf-life risks and obsolescence. In addition, we have established performance monitoring mechanisms that assess channel sell-through and flag abnormal sales trends for follow-up action.

To ensure risk identification and prompt remediation, we conduct regular internal audits and compliance reviews across functional units. Our audit and risk personnel are responsible for conducting risk assessments and issuing recommendations for improvement. Identified issues are typically addressed through corrective action plans and system updates, which are implemented within two weeks of issue detection in most cases.

In preparation for and following the [REDACTED], we are enhancing our corporate governance structure and compliance monitoring systems to align with the standards expected of a publicly listed company. This includes strengthening segregation of duties, refining reporting lines, upgrading our digital risk monitoring systems, and expanding documentation and retention protocols across key business units.

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According to the internal control review conducted by our internal control consultant, our internal control system was assessed to be effective and compliant in all material respects with applicable laws, regulations and the Listing Rules requirements during the Track Record Period and up to the Latest Practicable Date.

DATA PRIVACY POLICY

We collect and process certain personal information from consumers, employees, job applicants, and business contacts in the ordinary course of our operations. As for personal information of consumer, we collect and process for purposes such as product delivery, after-sales support, digital marketing, and customer relationship management. The scope of data collected adheres to the “minimum necessary” principle, and typically includes names, phone numbers, delivery addresses, device and order data, and in limited cases, user behavior through loyalty and QR code-based point redemption systems.

For our digital membership and customer systems, our data infrastructure is supported by Alibaba Cloud’s secure image and snapshot services, with no physical backups or offline replications performed locally. User authorization is obtained prior to data collection through customized consent interfaces. Access is limited to authorized personnel, and a data classification and grading safety management system is applied based on sensitivity levels.

During the handling of consumers’ personal information associated with our business operations, we have not engaged in any cross-border transmission of personal information or important data from the PRC to overseas jurisdictions. All personal data is stored and processed domestically within secure environments governed by our internal information security controls.

We have adopted internal policies and governance mechanisms to ensure compliance with applicable PRC laws and regulations on cybersecurity, data security and personal information protection, including the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Data Security Law of the PRC (《中華人民共和國數據安全法》), the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and the Regulations on the Management of Network Data Security (《網絡數據安全管理條例》).

To this end, we have implemented dedicated policies such as our Data Security Management System, Safety Management System for Personal Information Protection, Incident Response Procedures as well as Data Storage and Deletion Rules, to conduct assessment on the effect of personal information protection. We provide our employees with induction trainings on required office and informatization knowledges and skills, as well as data security and personal information protection, who are required to sign information security and confidentiality agreement. Meanwhile, we develop privacy policies tailored to applications used by distinct user groups. We legally process data after obtaining informed consent from users or based on other lawful grounds.

As of the Latest Practicable Date, we had not been classified as a critical information infrastructure operator under the Cybersecurity Review Measures (《網絡安全審查辦法》), nor had we received any request to initiate a cybersecurity review. According to our PRC Legal Advisers, since a listing in Hong Kong does not constitute an overseas listing for purposes of Article 7 of the Cybersecurity Review Measures, we are not required to apply for cybersecurity review solely on that basis. However, given the regulatory framework’s discretionary scope, we cannot rule out the possibility that future reviews may be initiated should national security concerns arise in connection with our data processing activities.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data breach, unauthorized access, or information security incident involving personal data. We remain committed to enhancing data protection capabilities and complying with evolving data governance requirements. Based on the review of our policies, procedures, technical measures, internet applications, personal information protect impact assessment and relevant records, Beijing DHH Law Firm, as our PRC legal adviser on cybersecurity

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and data compliance issues, is of the view that: (i) we had complied in all material respects with applicable PRC laws, regulations and standards concerning cybersecurity, data security and personal information protection during the Track Record Period and up to the Latest Practicable Date; and (ii) no material violations, penalties, or material data security/personal information incidents that could adversely affect our operations or regulatory compliance status have been identified during the Track Record Period and up to the Latest Practicable Date.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic led to temporary regional disruptions in our supply chain and logistics. Unlike companies reliant on third-party manufacturing, we leveraged our in-house production facilities to ensure the continuity of operations and mitigate the risks. No production facilities were locked down during the Track Record Period. During the early stages of the COVID-19 pandemic, regional disruptions in our supply chain occurred, which temporarily affected the movement of goods to retail stores. Despite these logistical challenges, our digital sales channels remained resilient, allowing us to sustain sales momentum even in areas affected by physical disruptions. We also collaborated with specialized logistics partners, allowing us to mitigate the impact on sales. In sum, the combination of online platforms and government intervention helped mitigate the overall impact on our business.

Moreover, our production and distribution processes were supported by government policies ensuring the smooth transportation of essential goods. These policies facilitated the movement of raw milk from farms to processing facilities, ensuring the continuity of our operations. For instance, we were issued a priority pass for essential goods transportation by the Department of Commerce of Heilongjiang Province, which entitled our vehicles to preferential passage at all traffic checkpoints in line with the applicable pandemic prevention and control requirements. Throughout the COVID-19 pandemic, we fully complied with the relevant health and safety regulations in all material respects to ensure workplace safety and operational stability. Meanwhile, the COVID-19 pandemic had no material impact on our transportation costs, as the ratio of transportation costs to revenue remained stable at approximately 2.6% in both 2022 and 2023. As a result, the overall impact on our business operations and financial performance was not material.

AWARDS AND RECOGNITIONS

We have received a number of awards and recognition in respect of our products, technology, and innovation, significant ones of which are set forth below. It reflects our continuous dedication to excellence in quality, sustainability, and corporate responsibility, as recognized by esteemed industry associations and government bodies.

Year	Award of recognition	Accrediting/Issuing institution/authority
2025	Second Prize for Technological Progress under the “Breakthrough in Whey Protein Formula Innovation: Development and Application of Easy-to-Digest Organic Infant Formula” Project (“乳清蛋白配方創新突破：易消化有機嬰幼兒配方奶粉的開發與應用”項目技術進步二等獎)	China Dairy Industry Association (中國乳製品工業協會)
2024	First Prize of the Guangdong Province Science and Technology Progress Award (廣東省科技進步獎一等獎)	People’s Government of Guangdong Province (廣東省人民政府)

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Year	Award of recognition	Accrediting/Issuing institution/authority
2023	2023 Gold Award of Quality in the Mainstream Brands’ Infant Formula Milk Powder Quality Competition (2023年度主流品牌嬰幼兒配方乳粉質量大賽質量金獎), Second Prize for Technological Progress of 2023 China Dairy Industry Science and Technology Award (2023年度中國乳業科技系列獎項技術進步二等獎), Leading Enterprise in Technological Innovation of China Dairy Industry (中國乳業科技創新典範企業)	China Dairy Industry Association
2023	Top 500 Charitable and Philanthropic Enterprises of China Manufacturing Industry by Private Enterprises in 2023 (2023中國製造業民營企業慈善公益500強)	Center for Shared Prosperity and Human Resources Development Research of Beijing Institute of Technology (北京理工大學共同富裕與人力資源開發研究中心); The Organizing Committee of the Conference for the Release of the Top 500 Charitable and Philanthropic Enterprises of China Research Results (中國企業慈善公益500強研究成果發佈大會組委會); Market Observer (《企業家》雜誌社); Global Charity (《環球慈善》雜誌社)
2022	2022 Qingdao Annual High-Quality Development Model Enterprise (2022青島年度企業高質量發展典型案例)	Publicity Department of the CPC Qingdao Municipal Committee (青島市委宣傳部), Qingdao Federation of Enterprises (青島市企業聯合會), Qingdao Entrepreneurs Association (青島市企業家協會), Qingdao Daily Newspaper Group (青島日報社), Qingdao Radio and Television Station (青島市廣播電視台), Qingdao Publishing Group (青島出版集團)