You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an **[REDACTED]** *in our H Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market* **[REDACTED]** *of our H Shares could decline and you may lose all or part of your* **[REDACTED]**. *The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive and evolving market and may lose our market share if we fail to compete successfully.

We operate in a highly competitive and evolving dairy products industry in China and face competition from established dairy companies with longer operating histories, broader product portfolios, stronger production capabilities, greater financial and marketing resources, higher brand recognition and larger customer bases. Maintaining or enhancing our competitive position requires continuous investment in significant production, research, managerial, financial and human resources.

We operate primarily within the buffalo dairy products segment of China's dairy products industry. According to Frost & Sullivan, in terms of retail sales value in China in 2025, we ranked No. 1 in China's buffalo liquid milk market, with a market share of 31.0%, and ranked No. 1 in China's ambient buffalo liquid milk market, with a market share of 31.8%. Despite our industry leading position, we face competition from other buffalo milk producers as well as from conventional dairy companies seeking to enter or expand in the dairy products industry.

Our business is subject to rapid changes in market conditions and the entry of new competitors. Increased competition may reduce our market share and profitability and require us to incur higher marketing, promotional and capital expenditures, which could adversely affect our results of operations and financial condition or lead to losses.

In addition, the dairy products industry is undergoing transformation driven by evolving consumer preferences, including increasing demand for premium, functional and health-oriented products. Market participants that adapt more quickly through product innovation and effective brand positioning may gain competitive advantages. If we fail to respond to such changes in a timely and effective manner, our ability to attract and retain customers may be impaired.

Furthermore, the dairy products industry in China is subject to cyclical fluctuations arising from macroeconomic conditions, demographic trends, market saturation, shifts in consumer behavior and competition from alternative products such as plant-based beverages. These factors may result in demand volatility or pricing pressure. If we are unable to effectively respond to such competitive and cyclical changes, our business, financial condition and results of operations may be materially and adversely affected.

Our business and financial results are sensitive to the market selling prices of dairy products.

Our operating results are significantly affected by the selling prices of dairy products, which are subject to continuous fluctuations driven by supply and demand dynamics and other factors beyond our control. Such factors include macroeconomic conditions, changes in consumer preferences and demand, competition within the dairy products industry, outbreaks of animal diseases affecting dairy livestock, government regulations and policy measures, including those relating to pricing, food safety and environmental protection, as well as advancements in dairy farming and processing technologies.

During the Track Record Period, the average selling prices of our major product categories remained relatively stable. However, we cannot assure you that our selling prices will remain at current levels. We seek to maintain a differentiated pricing strategy in the buffalo dairy products segment, with pricing reflecting product positioning, formulation and packaging. However, we may face increased competition, decreased consumer willingness to pay a premium for buffalo dairy products, weakening of our brand positioning, unforeseen adverse market changes or failure to respond effectively to changes in market dynamics, any of which may weaken our pricing power and compress our profit margins. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may fail to adapt to changes in consumer preferences and market trends, or to develop and successfully commercialize new products.

Our success depends on our ability to respond to evolving consumer preferences and market trends and offer products that appeal to consumers. However, demand for dairy products, including buffalo dairy products, may change due to factors beyond our control, such as changing dietary habits, nutritional preferences, health and wellness trends, demographic shifts, economic conditions, competitive dynamics and purchasing behavior.

Consumer acceptance of our products may also be affected by evolving perceptions regarding nutrition and health. Demand for and consumer acceptance of specialty dairy products, including buffalo dairy products, may be particularly sensitive to evolving perceptions regarding nutrition and health, including relative to conventional dairy products or non-dairy alternatives. In addition, increased competition from alternative products may reduce demand for certain of our products and place downward pressure on our selling prices.

We may not be able to identify or respond to such changes in a timely manner. The development and commercialization of new products also involve risks and uncertainties, including failure to meet market demand, limited consumer acceptance, operational challenges and cannibalization of existing products. There is no assurance that our investments in product development, marketing and promotion will generate expected returns. We may also fail to effectively capitalize on emerging sales channels and consumer engagement formats.

If we fail to adapt to changing consumer preferences and market trends, or if our competitors respond more effectively than we do, demand for our products may decline, requiring us to reduce selling prices or increase marketing expenses, which could materially and adversely affect our business, financial condition and results of operations.

Fluctuations in prices and instability in supply of direct materials could harm our financial condition and results of operations.

During the Track Record Period, our direct materials primarily included (i) raw materials mainly including buffalo raw milk, cow raw milk and dairy ingredients; and (ii) packaging materials. Our cost of direct materials amounted to RMB555.1 million, RMB664.0 million, RMB777.5 million, RMB171.9 million and RMB244.7 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, accounting for 79.5%, 75.7%, 69.7%, 74.5% and 70.9% of the cost of sales in the same periods.

The renewal of our supply contracts is subject to mutual consent and approval, and we cannot assure you that our direct material suppliers will continue their business relationship with us and deliver sufficient raw materials to us in a timely manner on commercially acceptable terms, or at all. Failure to maintain such relationships, especially with suppliers of key direct materials for which there are no commercially viable alternatives, could result in delays in production and/or increases in our cost of sales. If our agreements with these suppliers are terminated, interrupted, or otherwise adversely modified, there is no guarantee that we are or will be able to secure alternative sources of direct materials with comparable prices or amounts on terms favorable to us, or at all. Any loss of our major suppliers or non-performance by our suppliers of their contractual obligations in a timely manner, or at all, could result in delays to our production schedule and increase our cost of sales, thereby materially and adversely affecting our business operations, financial condition and results of operations.

We are also exposed to the risk of fluctuation in market prices of direct materials, which is driven by demand and supply dynamics, suppliers' business performance, government policies, overall economic conditions, weather conditions, animal diseases, pests and other acts of nature. We may not always be able to pass on short-term increases in our costs to our customers due to the pricing mechanisms in our sales contracts and competitive pricing pressures. If we are unable to effectively manage such price fluctuations or pass increased costs on to our customers, our profit margins could be materially and adversely affected.

We may not be able to effectively manage our sales and distribution network, which could materially and adversely affect our business, reputation and results of operations.

We sell our dairy products through an omni-channel sales and distribution network across offline distributors, online distributors, retailers and DTC channels. While this network allows us to reach different consumer segments and retail scenarios, it also increases the complexity of managing distributor and retailer conduct, coordinating marketing strategies, brand positioning, inventory management and customer experience across channels.

While we have implemented a series of internal control procedures and contractual safeguards, we may fail to detect misconduct or non-compliance by our distributors and retailers in a timely manner, or at all. Misconduct and violations may occur in the form of unauthorized misrepresentation to our end customers, infringement of third-party intellectual property and other proprietary rights, bribery or other unlawful payments. Any such incidents could damage our brand and customer relationships and result in reduced sales.

Although we have established a dedicated market order management system, including clearly defined authorized territories and compliance monitoring, we cannot guarantee that our distributors, retailers or other third parties will adhere to our sales and marketing policies or maintain consistent downstream pricing and promotional practices. Any non-compliance may result in pricing discrepancies across channels, consumer confusion and brand value dilution.

In addition, overlap among our sales channels may result in channel cannibalization, reducing channel efficiency and creating conflicts with channel partners. If we fail to effectively manage our sales channels, timely monitor and replace underperforming sales channels, or successfully adapt to evolving e-commerce platform policies and consumer preferences, our sales performance, consumer loyalty, market reputation and long-term brand value may be materially and adversely affected.

If our distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be adversely affected.

Our revenue from sales to distributors accounted for 66.3%, 56.4%, 49.8%, 56.0% and 42.9% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2025

and 2026, respectively. We expect that distributorship will remain an important component of our sales network. The loss of our distributors, or reduced orders from them, could adversely affect our access to end customers and our sales volume and revenue. Moreover, our distributors may not be able to market and sell our products successfully or operate their own business effectively. For example, our distributors may not be able to maintain good relationships with the end customers or carry out marketing and sales activities in a satisfactory manner. In addition, if the sales volumes of our products to end customers are not desirable, our distributors may not place new orders with us, or they may reduce orders or request discounts on the purchase price, and eventually, they may not renew the distribution agreement with us. If our distributors fail to operate successfully, either as a result of their own reasons or with respect to our products, our ability to effectively sell our products could be negatively affected.

As we believe that distributorship is an important component of our sales and distribution network, any of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our business, results of operations and financial condition: (i) reduction, delay or cancelation of orders from one or more of our distributors; (ii) failure to renew agreements and maintain relationships with our existing distributors; (iii) failure to establish relationships with new distributors on favorable or even standard terms; and (iv) inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

Moreover, there can be no assurance that the expansion of our distributor network will continue to succeed or generate anticipated revenue. The costs associated with any consolidation or further expansion of our distributor network may outweigh the revenue generated from such efforts.

The continued appeal of our brands is important to our success. Any damage to our reputation or any of our brands may materially and adversely affect our business and results of operations.

Our dairy products are marketed under our own brands, and our success depends significantly on our ability to protect, promote and maintain the appeal of our brands in existing and new markets. Our reputation and brand image are important to our relationships with consumers, customers and suppliers. Any failure to promote our brands, protect our brand image, or properly manage and supervise our sales channels, including noncompliance with our sales policies or misuse of our brands by distributors or other sales partners, may weaken brand recognition and adversely affect our sales performance and profitability.

We cannot guarantee that our branding and marketing efforts will be effective or that our marketing strategies or product initiatives will achieve the desired impact. As consumer preferences, industry trends and marketing channels continue to evolve, we must continuously refine our product offerings and marketing approaches. Negative perceptions arising from consumer feedback, social media content, adverse or inaccurate media coverage, misinformation or negative public sentiment may damage our brand image and reduce consumer confidence.

In addition, reputational harm arising from product recalls, product defects, product-related litigation, defamation, libel or other allegations by competitors or third parties could adversely affect our results of operations and cash flows. Any impairment of our brand reputation may materially and adversely affect our business, financial condition and results of operations.

Furthermore, as buffalo milk remains a specialized and relatively nascent category within the broader dairy products industry in China, consumer awareness and understanding of its intrinsic characteristics continue to evolve, including its naturally distinct composition, richer flavor profile and higher nutritional density compared to conventional cow milk. Consumers who are unfamiliar with the characteristics of buffalo dairy products may form inaccurate perceptions regarding the products, which could give rise to negative public sentiment or misinformation regarding our products or brand. Any such adverse publicity, whether or not based on accurate information, could damage our brand image, erode

consumer trust and adversely affect our sales. While we endeavor to communicate the distinct value proposition of our buffalo dairy products through transparent and accurate marketing, there can be no assurance that such efforts will be sufficient to prevent or mitigate adverse public sentiment or misinformation.

Actual or perceived food safety issues or product contamination could harm our reputation, financial condition and results of operations.

We are exposed to the risk that the quality of raw materials supplied to us, including raw milk procured from third-party suppliers, may not consistently meet our standards or regulatory requirements. Any deterioration in raw material quality could directly affect the safety and quality of our finished products. Our dairy products are intended for human consumption, and any actual or perceived food safety issues, product contamination, quality deterioration, non-compliance with applicable food safety, storage or transportation requirements or adverse publicity, including such issues relating to third-party dairy products or the dairy products industry, regardless of whether our products are involved, may undermine consumer confidence in dairy products and adversely affect demand for our products, which could materially and adversely affect our reputation, financial condition and results of operations. Consumers are highly sensitive to food safety concerns and may react strongly to media coverage or regulatory disclosures. Food safety issues involving downstream products made by our corporate customers, regardless of whether our products are responsible, may also result in negative publicity or regulatory scrutiny. Furthermore, if our logistics providers or distributors fail to comply with regulatory standards or contractual obligations relating to hygiene, temperature control or delivery timelines, we may incur additional costs, lose revenue opportunities, or face reputational and regulatory consequences. In addition to negative publicity, customer complaints and loss of sales, if our products are found to be contaminated or otherwise not in compliance with applicable laws and regulations governing food safety, we may be subject to product liability claims, potential recalls and regulatory actions. For example, if we are found to have violated food safety related regulations, we could be subject to penalties including monetary fines, confiscation of illegal gains, income and foodstuffs from the manufacturing or business activities, and of utensils, equipment, raw materials and other articles used for illegal business activities, and/or the revocation of licenses needed to conduct our business.

Furthermore, despite the quality control measures we have in place covering the entire value chain of our operations, including raw milk supply, auxiliary material procurement, supplier management, production process control, finished product inspection and sales, there can be no guarantee that contamination of these products will not occur during the transportation, production, distribution and sales processes due to reasons unknown to us or beyond our control. We cannot assure you that any contamination of our products, or similar events that negatively impact the safety of our product offering, will not occur in the future or that we will be able to timely detect and address such contamination. Any such incidents, if they occur, may materially and adversely affect our results of operations, brand and reputation.

We source a portion of raw milk from our self-operated dairy farms. Such raw milk supply may be affected by various factors including the health of our dairy cows.

In 2023, 2024 and 2025 and the three months ended March 31, 2026, the value of raw milk produced by our self-operated dairy farms amounted to approximately RMB12.1 million, RMB24.1 million, RMB108.9 million and RMB33.2 million, respectively, accounting for approximately 3.6%, 5.8%, 21.0% and 20.4%, respectively, of our total raw milk intake by value in the same periods. It is expected that our demand for raw milk will continue to grow in the future in line with our business expansion. As such, a major outbreak of any illness or disease at any of our dairy farms could have a significant adverse impact on our raw milk supply, which will in turn jeopardize our ability to produce our dairy products and sell our raw milk. The sources of diseases may include our employees, our feed supplies, visitors to our dairy farms, contaminated water and pathogens transmitted through the air.

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

Disruptions of operations at our dairy production facilities could materially and adversely affect our business.

Our business depends on the continuous and efficient operation of our dairy production facilities. Any damage or disruption of our dairy production facilities could interrupt production, delay product deliveries and adversely affect our ability to meet customer demand. Such disruptions may arise from various factors beyond our control, including utility supply disruptions, force majeure events, adverse weather conditions, disease outbreaks affecting our dairy farms or surrounding farms, environmental incidents, accidents or equipment failures, information technology system interruptions, changes in regulatory requirements, or opposition from or disputes with local communities. Any suspension, shutdown or reduction in production capacity resulting from these events could materially and adversely affect our operations.

We cannot assure you that the events and factors mentioned above will not occur and result in a material disruption to the operations of our dairy production facilities in the future. Any material disruption to our dairy production facilities could materially and adversely affect our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any failures that caused material disruptions to our operations. However, we cannot assure you that such events will not occur in the future.

If we are not able to maintain relationships with our retailer and DTC channels, our business, financial condition and results of operations could be adversely affected.

Our retailer channel has grown rapidly, with revenue from retailers amounted to RMB152.6 million, RMB324.8 million, RMB435.8 million, RMB78.7 million and RMB140.9 million, representing 14.2%, 22.8%, 27.0%, 23.3% and 28.6% of our total revenue in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively. Retailer channel includes cooperation with snack bulk stores and e-commerce platforms, which have been the key drivers of our retail growth. Changes in consumer preferences, shifts in the competitive dynamics of the snack bulk and e-commerce retail sector, or deterioration of our relationships with snack bulk stores and e-commerce platforms could adversely affect our performance in the retail channel.

Revenue from our DTC channels, including revenue from direct sales through our self-operated flagship stores on e-commerce and social commerce platforms, amounted to RMB208.5 million, RMB295.4 million, RMB374.6 million, RMB70.1 million and RMB140.6 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, representing 19.5%, 20.8%, 23.2%, 20.7% and 28.5% of our total revenue for the respective periods. We are subject to the business practices, technical environments and commercial policies of e-commerce and social commerce platforms, over which we have limited control. Any material changes to their rules, algorithms, commission structures, traffic allocation mechanisms or promotional requirements may adversely affect our product visibility, customer traffic, conversion rates, sales performance and margins. For example, if a platform were to downgrade our self-operated flagship stores or products in search rankings, restrict participation in major promotional campaigns or livestreaming activities, impose penalties or suspension for alleged non-compliance, or increase commission rates or advertising charges, our sales through DTC channels and profitability could be materially and adversely affected.

We may be unable to conduct our marketing activities effectively.

Our ability to build brand awareness, communicate cultural meaning, and drive product conversion depends heavily on the effectiveness of our marketing efforts. During the Track Record Period, our selling and distribution expenses amounted to RMB107.4 million, RMB193.5 million, RMB280.7 million, RMB52.2 million and RMB103.7 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

Our marketing strategy relies heavily on e-commerce and social commerce platforms, live-streaming activities, influencer collaborations and selected traditional media channels. If these channels become less effective, experience reduced consumer engagement, or fail to generate sufficient brand exposure and sales conversion, our ability to attract new customers and maintain customer loyalty may be adversely affected. See "Business — Branding and Marketing — Our Marketing Strategy."

The effectiveness of our marketing activities depends on a range of external and internal factors. These include changes in platform algorithms, fluctuations in digital advertising costs, creative fatigue among users, and increasing content saturation across social media channels. It may be difficult to isolate the impact of individual campaigns on consumer behavior or sales conversion.

Failure to effectively invest in and manage our research and development efforts could materially and adversely affect our competitiveness, operating performance and growth prospects.

Our future success depends in part on our ability to allocate appropriate resources to research and development ("**R&D**") and to translate such efforts into commercially viable dairy products with acceptable profit margins. We invest in R&D to enhance product formulations, improve production processes and develop key technologies aimed at maintaining product quality, safety and production efficiency. See "Business — Research and Development." During the Track Record Period, our research and development expenses amounted to RMB4.6 million, RMB8.2 million, RMB9.1 million, RMB1.1 million and RMB0.7 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, and we expect to continue making investments in R&D to remain competitive in the dairy products industry.

However, R&D and the commercialization of new products are inherently complex, time-consuming and subject to significant uncertainty. The success of our R&D initiatives depends on various factors, many of which are beyond our control, including technical feasibility, scalability of production, cost efficiency, regulatory approvals and compliance, consumer acceptance, competitive responses and the availability of suitable supply chain support. There can be no assurance that our R&D efforts will result in successful product launches, achieve market acceptance or generate sustainable returns.

In addition, efforts to develop new product categories or enter new markets require substantial R&D support and involve additional risks relating to market demand, competitive dynamics, regulatory requirements and operational execution. If our R&D initiatives fail to produce commercially sustainable outcomes, are delayed, exceed expected costs or fail to align with market trends, we may be unable to recover the related investments, which could materially and adversely affect our business, results of operations, financial condition and prospects.

Investments and maintenance of our self-operated dairy farms may not be successful and could adversely affect our business growth.

Our self-operated dairy farms are an important part of our operations, to support stable supply, strong quality control and sustainable development. As of the Latest Practicable Date, we operated four modernized dairy farms in China, located in Guangxi, Ningxia and Zhejiang. However, any expansion or upgrades may be delayed or become more costly due to funding constraints, regulatory approvals, site selection difficulties, or shortages of dairy cows, feed, and equipment. Further, dairy farm operations require significant

allocation of human and other resources. Despite our efforts, such investments, maintenance, and upgrades may not be successful or generate positive cash flows or returns within a short period. Additionally, these investments may become obsolete due to changes in technology, industry standards, or farming practices, further impacting their effectiveness. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

We are subject to risks associated with animal welfare.

We are subject to risks associated with animal welfare. We maintain animal health and welfare management measures, including vaccination programs, biosecurity controls, environmental management and reproductive management, and conduct regular health monitoring of our livestock. However, we cannot assure you that these measures will always be effective in preventing disease outbreaks, injuries, animal welfare incidents or other events that may adversely affect our livestock population, raw milk production, reputation, financial condition and results of operations. See "Business — Environment, Social and Governance — Social — Animal Welfare and Herd Health."

We cannot assure you that we will be able to effectively manage our future expansion and growth.

Our future growth depends on our ability to expand our production capacity and geographic coverage, and requires managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management systems and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects.

We incur and expect to incur additional costs in relation to our expansion and expect that there will continue to be a time lag before we are able to generate revenue from new dairy production facilities. Due to the fixed costs associated with new dairy production facilities, this time lag affects, and we expect will continue to affect, our results of operation, financial conditions, net current liabilities position and cash flows.

In addition, as we expand our business into new regions, we may encounter regulatory, personnel, technique and other difficulties that may increase our expenses or may be unable to find suitable locations for our dairy production facilities, which could delay our expansion plans or impair our ability to become profitable in these regions.

Our expansion plans include the continued construction and upgrading of smart dairy buffalo farms and dairy production facilities, the planned acquisition of approximately 6,000 head of high-quality dairy buffalos, and the expansion of our distributor network and retail terminal coverage across China. There can be no assurance that such plans will be executed on schedule, within budget or generate the anticipated returns.

Counterfeit or imitation products bearing our brand names or resembling our products may damage our brand reputation and adversely affect our business.

We have established a differentiated brand portfolio. Our core brand, Baifeilao, maintains a comprehensive market presence with strong brand recognition among consumers. Our premium sub-brand, Chunfei, targets the premium market with its flagship "4.3g Carat Dream Cap Buffalo Milk," while our value-oriented brand Baixiaofei effectively achieves broad coverage of the mass market. Our products, which are positioned in the buffalo dairy products segment and command price premium over conventional dairy products, may attract counterfeiters or imitators seeking to benefit from our brand recognition and consumer trust.

We require our distributors to comply with our brand protection requirements under our distribution agreements and have implemented channel management measures to safeguard market order and brand integrity. However, we cannot guarantee that counterfeit or

imitation products bearing our trademarks, brand names or trade dress, or products that otherwise seek to imitate our packaging, will not appear in the market. Such products may be of inferior quality and may not meet applicable food safety standards. If consumers purchase counterfeit or imitation products believing them to be our genuine products, any resulting negative consumer experience or food safety incident could be mistakenly attributed to us, which could damage our brand reputation, erode consumer trust and adversely affect our sales performance. In addition, combating counterfeiting and brand infringement involves significant management attention and costs, and there can be no assurance that our enforcement efforts will be effective. Any proliferation of counterfeit or imitation products could materially and adversely affect our business, financial condition and results of operations.

Our business depends on the integrity of cold-chain logistics for our low-temperature dairy products, and any failure to maintain adequate cold-chain conditions could result in product quality issues, recalls and reputational damage.

A significant and growing portion of our revenue is derived from low-temperature dairy products, including pasteurized milk and fermented dairy products, which require strict cold-chain storage and transportation conditions throughout the supply chain. Our cold storage facilities maintain temperatures of 2-6°C for low-temperature dairy products, and are equipped with automated temperature monitoring and recording systems. For our pasteurized products, we maintain strict cold-chain controls throughout the production, storage and distribution process, with transport vehicles fitted with GPS and temperature sensors that provide real-time tracking to ensure product freshness during delivery.

We primarily engage third-party logistics service providers to support product delivery across our sales network, and our logistics arrangements are designed to maintain cold-chain integrity, particularly for low-temperature dairy products. Logistics service providers are selected based on their operational capabilities, service coverage, cold-chain facilities, historical performance and pricing. Under our logistics service agreements, logistics providers generally assume responsibility for loss of or damage to products during transportation in accordance with contractual terms.

However, we have limited control over the day-to-day operations of third-party logistics providers. Any failure by our logistics providers to maintain the required temperature conditions during transportation, whether due to inadequate refrigeration equipment, improper loading or handling, vehicle breakdowns or other operational failures, may compromise product freshness and safety, potentially leading to bacterial contamination, product degradation or spoilage. Any resulting product quality issues could give rise to consumer complaints, product recalls, regulatory investigations, damage to our brand reputation and potential civil liability. In addition, as we continue to expand our low-temperature dairy product business, our reliance on cold-chain logistics will increase, and any material disruption to or inadequacy in our cold-chain logistics network could materially and adversely affect our business, financial condition and results of operations.

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

We have historically benefited from and expect to continue to benefit from government policies that favor China's dairy products industry in the forms of preferential tax treatment and government subsidies. For example, certain of our PRC subsidiaries are entitled to an exemption from enterprise income tax on income derived from livestock breeding and primary processing of agricultural products, and are also entitled to a preferential enterprise income tax rate of 15% under the Western Region Development policy, as opposed to the standard rate of 25%. Moreover, in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, our government grants amounted to RMB1.2 million, RMB3.8 million, RMB12.9 million, RMB3.3 million and RMB0.8 million, respectively. We cannot assure you that we will continue receiving such preferential tax treatments or other forms of government support in the future, and if these government policies change, our results of operations could be adversely affected.

Our insurance coverage may not be sufficient to cover all of our potential losses.

We maintain insurance coverage in accordance with the mandatory requirements under PRC laws and regulations and consistent with prevailing industry practice, according to Frost & Sullivan. However, these insurance policies have limits on the total amount of indemnification and do not cover all potential losses. As a result, we may be required to use our own resources to cover financial and other losses, damages and liabilities, including those caused by fire, bad weather, disease, civil strife, strikes, natural disasters, terrorist incidents, industrial accidents or other causes. Also, we do not maintain any third-party product liability insurance or occupier's liability insurance. As a result, any product liability claims may subject us to liabilities to compensate the claimants if we are held liable. Losses incurred or payments that we may be required to make may have a material adverse effect on our business, results of operations and financial condition, to the extent that such losses or payments are not insured or the insured amount is not adequate. See "Business — Insurance."

Our ability to meet working capital requirements or obtain additional financing may be limited, which could delay or prevent the implementation of our growth strategies.

We have, to date, financed our working capital and capital expenditure needs primarily by managing our operating cash inflow. We may, in the future, require additional cash resources as we continue to expand our business operations and dairy production facilities and implement other growth strategies. We cannot assure you that we will not experience working capital deficiencies or net cash outflows in the future. If our own financial resources are insufficient to satisfy our working capital requirements, we may seek to obtain additional credit facilities or sell additional private or public equity or debt securities. Our ability to raise additional capital will depend on the financial success of our business, the successful implementation of our key strategic initiatives, economic and financial market conditions and other factors. There is no assurance that we will be successful in raising the required capital at favorable terms within required time period, or at all. If we are unsuccessful in meeting our working capital requirements or obtaining additional financing, we may not be able to continue our business operations and advance our development programs, which could impact our overall growth prospects.

Our operating cash flows may fluctuate and we may experience net cash used in operating activities in the future.

Our operating cash flows are affected by a number of factors, including our profitability, working capital requirements, inventory levels, trade receivables, contract liabilities and the timing of payments to suppliers and collections from customers. As our business continues to expand, we may need to grant relatively longer credit terms to certain customers, maintain higher inventory levels and increase expenditures to support our operations and growth. As a result, increases in our revenue may not necessarily result in corresponding increases in operating cash flows.

In addition, our operating cash flows may fluctuate from period to period due to seasonal factors, changes in customer payment patterns and other factors beyond our control. Accordingly, we may experience net cash used in operating activities in certain periods in the future.

If we are unable to generate sufficient operating cash flows to meet our working capital requirements, capital expenditure needs or other liquidity requirements, we may need to rely on additional debt or equity financing. There can be no assurance that such financing will be available on commercially acceptable terms, or at all. Any deterioration in our operating cash flow position could materially and adversely affect our business, financial condition and results of operations.

We are subject to inventory obsolescence risk.

Our inventories were RMB64.8 million, RMB110.8 million, RMB169.9 million and RMB148.4 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. For the same periods, our inventory turnover days were 46.8 days, 36.5 days, 46.0 days and 41.5 days, respectively. We may not be able to maintain proper inventory levels, especially as we further expand our business. We from time to time may adjust our inventory levels based on our internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business, financial condition and results of operations may be materially and adversely affected.

The fair value of our biological assets is subject to estimates and assumptions, and any significant deviation may materially affect our financial condition and results of operations.

During the Track Record Period, our biological assets consisted of milkable cows and buffalos, heifers, calves, breeding bulls and young male cattle, primarily held to produce raw milk for production of our dairy products. As of March 31, 2026, we had a total herd size of 7,965 heads of cows and buffalos, and the fair value of our biological assets totaled RMB19.2 million, RMB77.0 million, RMB100.6 million and RMB110.7 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

We have engaged an independent firm of qualified professional valuers not connected with us and experienced in the valuation of biological assets to assist us in determining the fair values of our biological assets. The market approach is adopted to value our calves, heifers, breeding bulls and young male cattle, while the income approach is adopted to value our milkable cows and buffalos. See "Financial Information — Valuation of Biological Assets."

In valuing our biological assets, the independent valuer has relied on a number of assumptions and inputs, which may be altered to various extent. These include observable inputs such as the number and age profile and significant unobservable inputs such as estimated local market selling prices of and incremental costs for heifers at different ages, estimated feed costs per kg and average prices of raw milk, herd structure, as well as discount rates. Actual results may differ materially from those assumed in the valuation process.

In addition, the value of our biological assets may be adversely affected by factors beyond our control, including fluctuations in raw milk and livestock market prices, increases in feed and breeding costs, outbreaks of animal diseases, adverse weather conditions, natural disasters and changes in government policies and regulatory requirements. Any significant adverse changes in these factors could result in downward adjustments to the fair value of our biological assets, which may materially and adversely affect our financial condition and results of operations.

Furthermore, under IFRS, our historical results of operations, particularly our gross profit and net profit, can be affected by gains or losses arising on initial recognition of agriculture produce at fair value less cost to sell at the point of harvest. During the Track Record Period, our agricultural produce consisted of raw milk produced by our self-operated dairy herd at our self-operated dairy farms, which was subsequently consumed internally in our production process to manufacture our dairy products. Accordingly, fluctuations in the market price of raw milk, changes in herd size, milk yield and other assumptions may result in gains or losses arising on initial recognition of agriculture produce at fair value less cost to sell at the point of harvest. Such gains or losses may cause our gross profit, net profit and results of operations to fluctuate significantly from period to period and may not accurately reflect the underlying performance of our business.

We may be required to record significant impairment charges on our assets, which could materially and adversely affect our financial condition and results of operations.

We have made significant investments in property, plant and equipment, right-of-use assets and other long-term assets in connection with the construction and upgrading of our

dairy production facilities and dairy farms. We have also made strategic investments, including the acquisition of our Ningxia dairy cattle farming operations in September 2024. The carrying values of our assets are subject to periodic assessment for impairment, and any impairment charges we are required to recognize could materially reduce our profitability and net asset value.

The assessment of whether impairment indicators exist and the measurement of any impairment loss require management to make significant judgments and estimates, including assumptions about future cash flows, discount rates, useful lives and market conditions. These assumptions are inherently uncertain and may differ from actual outcomes. In particular, the value of our production and farming assets depends on the continued growth of our revenue, the sustained consumer demand for buffalo dairy products and the successful execution of our business strategies. If our business performance falls short of expectations, if market conditions deteriorate, or if any of our key assets fail to generate the anticipated economic benefits, we may be required to recognize impairment charges that could be material.

Furthermore, if the fair value of our biological assets, primarily our dairy buffalos and dairy cattle, declines significantly, we may be required to recognize impairment losses beyond the fair value adjustments we already record in our results of operations. Any significant impairment charges could materially and adversely affect our financial condition, results of operations and the carrying value of our assets as reported in our financial statements.

Any failure to protect our intellectual property rights, or infringement or misappropriation claims brought against us by third parties, could harm our business, competitive position and reputation.

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

Conversely, our competitors and other third parties may hold or obtain trademarks, patents, copyrights or other proprietary rights that could prevent, limit or interfere with our ability to produce, use, develop, sell or market our products. Our competitors and other third parties may, whether rightly or wrongly, bring legal claims against us for infringing their patents, copyrights, trademarks or other intellectual property rights. The intellectual property laws in China, which govern the validity, enforceability and scope of protection of intellectual property rights, continue to evolve, and litigation is becoming a more common means of resolving commercial disputes. Given the increasing competition in our market, we are exposed to heightened litigation risk. Defending intellectual property claims is costly and can impose a significant burden on our management and resources, and there is no guarantee that we will obtain a favorable outcome in all cases. Successful infringement or licensing claims made against us may result in significant monetary liabilities, impact the sale of related inventory, and materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Any of the foregoing could materially and adversely affect our business, financial position, results of operations and reputation.

Failure to comply with laws and regulations may subject us to fines or penalties or incur costs that could materially and adversely affect the success of our business.

We are subject to a range of laws and regulations imposed by the PRC government concerning food safety, environmental protection, public health, fire safety, property and

labor. Failure to comply with applicable laws and regulations could expose us to costs or liabilities, including monetary damages, fines, disruptions to our production capabilities, suspension of business operations, an impact on our financial performance, as well as adverse publicity, which could materially and adversely affect our business, financial condition and results of operations.

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

Furthermore, the regulatory standard governing safety standards for dairy products continues to evolve. We currently comply with the applicable requirements under existing food safety standards and have obtained quality and safety management certifications. However, should regulatory authorities introduce and bring into force and implement new standards, we may need to adjust certain aspects of our production processes or incur additional compliance costs to meet such new requirements. We believe that our existing compliance infrastructure and quality management systems provide a reasonable foundation for adapting to potential regulatory developments, although there can be no assurance that such adjustments will not result in additional costs or require modifications to our operations.

We are subject to evolving laws, regulations and government policies regarding cybersecurity, data security and personal information protection. Actual or alleged failure to comply with such laws, regulations and government policies could adversely affect our business and reputation.

During the course of our business operations, we may need to store, transmit and process certain data of our customers. We are exposed to risks inherent in handling data and in ensuring data security, including but not limited to (i) cybersecurity threats, such as hacking, phishing, malware, and ransomware attacks; (ii) unauthorized access or data breaches caused by system vulnerabilities; (iii) system errors arising from the growing complexity of managing large-scale operations; (iv) digital data loss or corruption due to system failures, power outages, or natural disasters; and (v) inadequate system updates or poor implementation of new technologies.

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

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

We require various approvals, licenses and permits to operate our business and the loss of or failure to obtain or renew any or all of these approvals, licenses and permits could adversely affect our business and results of operations.

In accordance with the laws and regulations of the PRC, we are required to maintain various approvals, licenses and permits in order to operate our business. For example, food

production license, food business license, pollutant discharge permit, raw milk purchase license, animal epidemic prevention condition compliance certificate, breeding livestock and poultry production and operation license, and national industrial product production license. We may obtain these approvals, licenses and permits only upon satisfactory compliance with the applicable laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities and are valid only for a fixed period of time subject to renewal and accreditation. There can be no assurance that we will be able to renew all the licenses when they expire. If we cannot obtain and maintain all licenses required to operate our business, our business could be interrupted, or the continued operations of our business may be subject to fines and penalties.

We may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business.

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

We may not be able to retain or secure key qualified personnel, key senior management or other personnel for our operations.

We depend on certain key qualified personnel, key senior management and other employees in our business. See "Directors and Senior Management." The expertise, industry experience and contributions of our senior management are important to our success. There can be no assurance that such persons will continue to provide services to us or will honor the agreed upon terms and conditions of their employment contracts. Any loss of key personnel or failure to recruit and retain key personnel for our future operations and development may have a material adverse effect on our business, results of operations and financial condition.

We may incur extra costs to improve the awareness of environmental, social and governance ("ESG") risks among our employees and suppliers.

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

Our labor costs may increase in the future and we may experience labor shortage or labor disputes.

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

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

We are not in full compliance with social insurance and housing provident fund regulations.

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

During the Track Record Period, we did not make such contributions in full compliance with applicable requirements for certain employees, primarily because certain employees were reluctant to make full contributions due to their personal considerations. See "Business — Employees." If the relevant authorities require rectification or supplementary contributions, we will take appropriate remedial measures within the prescribed period. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties from the relevant governmental authorities in this regard. As advised by our PRC Legal Advisor, based on the above and the compliance letters from and the interview with the relevant competent social insurance and housing provident fund authority, assuming no material changes in the applicable laws, regulations, policies or enforcement practices, and in the absence of any whistleblowing, and complaints by our employees that prompt competent authorities to order comprehensive rectification or spot inspections, the likelihood of being required to make consolidated supplementary payments within the prescribed period in respect of historical underpayments of social insurance contributions and housing provident fund is considered to be remote. As such, we have not made provisions for the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period. However, we cannot assure you that the competent government authorities will not require us to make supplementary contributions or impose late payment fees or fines on us. In addition, if any whistleblowing, employee complaints or regulatory inspections result in further investigations of historical practices, we may be required to incur additional costs and expenses.

We are subject to potential adverse effect in respect of our existing properties owned and leased.

As of the Latest Practicable Date, we had two buildings for which we had not obtained the relevant title certificates, with a total gross floor area of approximately 1,535.0 square meters. These properties were mainly used for storage purposes during the Track Record Period. See "Business — Properties — Owned Properties." During the Track Record Period and as of the Latest Practicable Date, we had not received any notice from the relevant authorities regarding such matters nor been subject to any penalties in connection with such properties. However, pursuant to the relevant PRC regulations, failure in obtaining such certificates could result in potential penalties and demolitions. In addition, we did not obtain property ownership certificates for four leased buildings and had not completed lease registration for three leased buildings, with an aggregate area of approximately 467.0 square meters and 574.8 square meters, respectively. Pursuant to the applicable PRC laws and regulations, leases of properties without property ownership certificates may be subject to the risk of demolition or the relevant lease agreements being held invalid, and we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. See "Business — Properties — Leased Properties."

We may need to relocate our facilities and other assets due to failure to obtain title certificates for our owned or leased properties, or failure to register property leasing agreements. We may also experience disputes or disagreements with landowners or lessors regarding the terms of the lease or the permitted use of certain premises, which can affect our ability to access and operate our sites. Furthermore, landowners or lessors may choose not to renew leasing agreements with us or grant access to us. Any such circumstances could result in business disruption, relocation costs, increased rental or operating expenses and management attention being diverted to securing alternative premises. If we are unable to secure alternatives in a timely manner on commercially reasonable terms, or if our rights in respect of our owned properties cannot be effectively enforced, our business operations may be materially and adversely affected.

We are subject to various risks relating to third-party payment arrangements.

During the Track Record Period, certain of our customers (individually or collectively, the "**Relevant Customers**") settled payments with us through third-party payers or accounts that did not belong to the contracting parties under the corresponding sales agreements, purchase orders or other transaction documents (the "**Third-Party Payment Arrangements**"). In 2023, 2024 and 2025 and the three months ended March 31, 2026, the number of Relevant Customers was nil, 13, 19 and 12, respectively, and the total amounts settled with Relevant Customers pursuant to the Third-Party Payment Arrangements were nil, RMB1.7 million, RMB6.1 million and RMB0.3 million, respectively, representing nil, 0.1%, 0.4% and 0.07% of our total revenue for the corresponding periods. With effect from May 1, 2026, we ceased all Third-Party Payment Arrangements and required all customers to settle payments directly through bank accounts held by the contracting parties under the relevant agreements, purchase orders or other transaction documents. See "Business — Third-Party Payment."

We are subject to risks related to such Third-Party Payment Arrangements, including: (i) potential claims from third-party payers for the return of funds, as they were not contractually obligated to us, and possible claims from liquidators of third-party payers; and (ii) potential money laundering risks, as we have limited knowledge about the source and purpose of the funds used by the third-party payers. In the event of any claims or legal actions, whether civil or criminal, initiated against us by third-party payers or their liquidators regarding Third-Party Payments Arrangements, or for violation or non-compliance with laws and regulations, we would need to allocate significant financial and managerial resources to defend ourselves. We may need to return the payments for the products we sold which could adversely affect our business, financial condition and results of operations.

We face risks associated with fraud, bribery or other misconduct of our current or former shareholders, employees, business partners and their employees and other related personnel.

Our business operations and reputation are significantly influenced by the conduct of our current or former shareholders, employees, business partners, their employees and other related personnel. Despite our efforts to implement internal control policies, including anti-bribery and anti-corruption measures, and provide relevant training to our employees, we may not always be able to prevent or detect misconduct by these parties. Such misconduct could include fraudulent activities, kickbacks, bribery, non-compliance with laws and regulations, unethical business practices, or other actions inconsistent with our corporate policies and values.

Any illegal, fraudulent or corrupt activities by our current or former shareholders, employees, distributors, suppliers or other business partners could subject us to administrative penalties, legal liabilities, and significant reputational damage. This could lead to loss of customers, decreased market share, difficulties in attracting and retaining business partners, and diversion of management attention and resources to address such issues. Even if we are successful in defending ourselves against any resulting investigations or legal actions, we could incur substantial costs and reputational harm. Our failure to detect and prevent misconduct could materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. In addition, natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts, as well as the outbreak of a widespread health epidemic could pose significant risks to the regions where we or our business partners conduct business operations, including R&D, manufacturing and commercialization activities. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, financial condition, results of operations and prospects. Additionally, acts of war and terrorism may also damage the facilities of our business partners, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**"), together with relevant interpretative guidelines thereof, which became effective on March 31, 2023. The Overseas Listing Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas listing of securities of PRC domestic companies and had regulated both direct and indirect overseas listing of PRC domestic companies' securities by adopting a filing based regulatory regime. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to [**REDACTED**] securities in overseas markets, are required to apply for the filing procedure with the CSRC within three working days after submitting the [**REDACTED**] to the overseas supervisory authorities and reporting relevant information.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our future financing activities. We may not be able to comply with such additional requirements in a timely manner or at all. In addition, we may be subject to adjustments by the CSRC or other PRC regulatory authorities for failure to seek CSRC filing or other government authorization for this [**REDACTED**], and these regulatory authorities may impose fines and penalties on us, affect our operating

activities in the PRC, affect our ability to pay dividends, delay or affect the repatriation of the [**REDACTED**] from the [**REDACTED**] into the PRC or take other actions to affect our financing activities, which could have a material adverse effect on our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

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

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If a Hong Kong Special Administrative Region resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income issued by the State Administration of Taxation effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above mentioned tax benefits are not subject to the above-mentioned provisions.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》), dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC EIT at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業 所得税有關問題的通知》) issued by SAT, such tax rate has been reduced to 10%, subject to a further reduction under a special arrangement or an applicable treaty between the PRC and the jurisdiction of the residence of the relevant non-PRC resident enterprise.

The interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. In addition, the interpretation and application of applicable PRC tax laws and rules by the PRC's tax authorities are still evolving, including the taxation of capital gains by non-PRC resident enterprises, individual income tax on dividends to non-PRC resident individual holders of our H Shares and on gains realized on the sale or other disposition of our H Shares. The PRC's tax laws, rules and regulations may also change. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your H Shares.

Regulations on currency exchange in the PRC may limit our ability to utilize revenues generated in Renminbi to fund business activities outside the PRC, or to pay dividends in

foreign currencies. Under current PRC foreign exchange regulations, payments of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, the conversion of Renminbi into foreign currencies and remittance of the foreign currencies outside the PRC for capital account items, such as direct investments, loans, and investments in securities, requires prior approval from or registration with SAFE or its local branches. There is no assurance that SAFE or other relevant PRC governmental authorities will not impose any restriction on the remittance of dividends or other payments by us to our shareholders. In addition, there is no assurance that new regulations or policies will not be promulgated in the future that would further restrict or eliminate our ability to pay dividends or make other payments in foreign currencies. Any limitation on the ability to pay dividends or make other kinds of payments to shareholders could materially and adversely affect the value of your [**REDACTED**].

It may be difficult to effect service of process, enforce foreign judgments or bring original actions against us, our Directors and senior management.

The legal framework to which our Company is subject is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. The majority of our Directors and senior management reside in Chinese Mainland. Judgments rendered by Hong Kong courts may be recognized and enforced in Chinese Mainland if the requirements set forth by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Nonetheless, it may be difficult for you to effect service of process within Hong Kong upon us or these persons, or to bring an action in Hong Kong against us or against these individuals in the event that you believe that your rights have been infringed under the applicable securities laws or otherwise. In addition, it may be difficult for you to bring an original action against us or our resident officers and directors in Chinese Mainland in a court of Chinese Mainland based on the liability provisions of non-Chinese Mainland securities laws. Even if you are successful in bringing an action of this kind, the laws of the regions where we operate may render it difficult for you to enforce a judgment against our assets or the assets of our Directors and officers.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [**REDACTED**] of our Shares on the Stock Exchange, the holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese Mainland and Hong Kong.

As we are quoted on the NEEQ and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in continuously complying with all sets of listing rules in the two jurisdictions.

Our Shares have been quoted on the NEEQ since June 28, 2024, and the characteristics of the NEEQ and our Shares market may differ.

Our Shares had been quoted on the NEEQ since June 28, 2024. With different trading characteristics, the Stock Exchange and the NEEQ have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of the NEEQ may not be comparable to that of the Stock

Exchange. Due to the different characteristics of the Stock Exchange and the NEEQ, the historical prices of the NEEQ may not be indicative of the performance of our Shares. You should therefore not place undue reliance on our prior trading history on the NEEQ when evaluating an [**REDACTED**] in our Shares.

No public market currently exists for our H Shares. An active [REDACTED] market for our H Shares may not develop and the market [REDACTED] and [REDACTED] of our H Shares may be volatile.

No public market currently exists for our H Shares. The initial [**REDACTED**] for our H Shares to the public will be the result of negotiations between our Company and the [**REDACTED**] (on behalf of the [**REDACTED**]), and the [**REDACTED**] may differ significantly from the market [**REDACTED**] of the Shares following the [**REDACTED**]. We have applied to the Hong Kong Stock Exchange for the [**REDACTED**] of, and permission to [**REDACTED**], the H Shares. A [**REDACTED**] on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, or if it does develop, that it will be sustained following the [**REDACTED**], or that the market [**REDACTED**] of the Shares will rise following the [**REDACTED**].

Future sales or perceived sales or conversion of substantial amounts of our H Shares in the public market, such as conversion of our Unlisted Shares into H Shares, could have material and adverse effect on the prevailing market [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholdings.

Prior to the [**REDACTED**], there has not been a public market for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing market [**REDACTED**] of our H Shares.

Only a limited number of the H Shares currently outstanding will be available for sale or [**REDACTED**] immediately after the [**REDACTED**] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales or conversions of substantial amounts of our H Shares in the public market or the perception that these sales or conversions may occur could significantly reduce the prevailing market [**REDACTED**] of our H Shares and our ability to raise additional capital in the future. Any such decline in the market [**REDACTED**] of our H Shares could also adversely affect our ability to raise additional capital through equity [**REDACTED**] or otherwise in the future and may result in dilution of your shareholdings.

Purchasers of our H Shares in the [REDACTED] may experience immediate dilution and may experience further dilution if we [REDACTED] additional Shares in the future.

The [**REDACTED**] of our H Shares in the [**REDACTED**] may be higher than the net tangible book value per H Share immediately prior to the [**REDACTED**]. As a result, purchasers of our H Shares in the [**REDACTED**] may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may [**REDACTED**] additional Shares or securities convertible into Shares. Purchasers of our H Shares may experience further dilution in the net tangible book value per Share if we [**REDACTED**] additional Shares or securities in the future.

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

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Company will be owned as to [**REDACTED**]% by our Controlling Shareholders. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market

[**REDACTED**] of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the [**REDACTED**]. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

There can be no assurances that we will declare and distribute any amount of dividends.

We cannot guarantee when, if or in what form and amount dividends will be declared or paid on our Shares following the [**REDACTED**]. A decision to declare or pay any dividend and the amount of dividends is subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. In addition, as a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The calculation of our operating subsidiaries' profit under applicable accounting standards differs in certain aspects from the calculation under IFRS.

Accordingly, we may not have sufficient or any profit to enable us to make dividend distributions to our Shareholders in the future, even if our IFRS financial statements indicate that our operations have been profitable.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favorable return to our Shareholders. See "Future Plans and Use of [**REDACTED**]." However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [**REDACTED**] from this [**REDACTED**].

Certain facts, forecast and other statistics in this document obtained from publicly available official government sources have not been independently verified and may not be reliable.

Certain facts, forecasts, and other statistics included in this document are derived from various publicly available official government sources. While our Directors believe these sources to be appropriate and have taken reasonable care in obtaining and reproducing the information, we cannot guarantee the accuracy, quality, or reliability of the underlying source materials. This data has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], any of the [**REDACTED**], the [**REDACTED**], or any other parties involved in the [**REDACTED**] and no representation is given as to their accuracy.

Additionally, we cannot assure our [**REDACTED**] that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, prospective [**REDACTED**] are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this document.

Forward-looking information contained in this document is subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions.

You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section.

Subject to the requirements of the Listing Rules, we have no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events, or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not place any reliance on any information contained in press articles or other media regarding the [REDACTED].

Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**].

We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us.

To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim any responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information.