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OVERVIEW

Who We Are

We are a leading buffalo dairy company in China, strategically focusing on the buffalo dairy products segment. Through years of dedicated development, we have grown into a national leader in the buffalo dairy products industry, with a diversified product portfolio and fully integrated supply chain operations. According to Frost & Sullivan, our core brand, Baifeilao (百菲酪), ranked No. 1 in China’s buffalo dairy products industry, in terms of retail sales value of buffalo liquid milk in China in 2025, with a market share of 30.1%.

We were among the first companies in China to achieve fully integrated operations across the entire value chain of buffalo dairy products from upstream breeding and dairy product development to advanced processing and omni-channel sales, according to Frost & Sullivan. We are also a pioneer in transforming buffalo dairy products from a regional specialty into a nationwide dairy category, according to the same source. From 2023 to 2025, our revenue grew at a CAGR of 22.7%, significantly outpacing the growth of market size of both the dairy products industry and the buffalo dairy products market in China, positioning us as a benchmark in China’s buffalo dairy products industry.

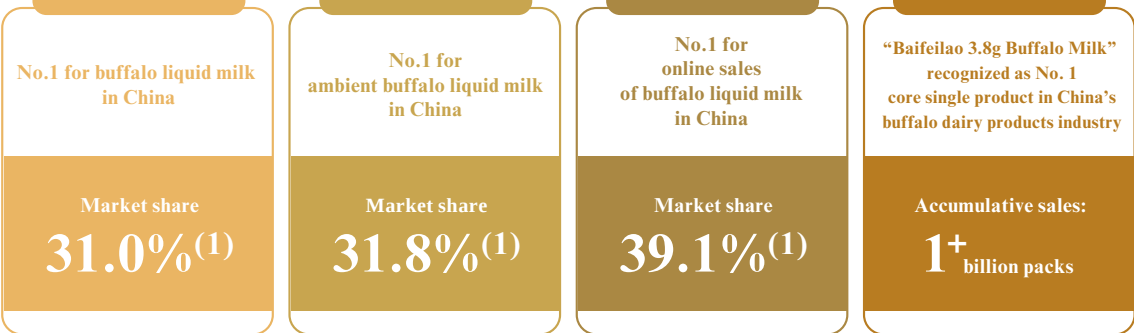
Buffalo milk, produced by dairy buffaloes, differs from conventional cow milk, which is typically sourced from Holstein dairy cows. Buffalo milk is a premium dairy source known for its thick and creamy taste and premium nutritional profile, generally containing higher levels of milk protein and certain other nutrients such as calcium, albeit with a lower yield. Buffalo dairy products are generally made with buffalo raw milk and Holstein cow milk in varying proportions to scientifically balance nutritional composition and enhance palatability, thereby better aligning with consumer preferences. Buffalo milk is used to produce a wide range of dairy products globally, such as pasteurized milk, yogurt, cream, cheese and condensed milk.

Leveraging deep consumer insights and dedicated R&D capabilities, we have captured growth opportunities in the buffalo dairy products market. We have built a differentiated brand portfolio led by Baifeilao (百菲酪) and complemented by Chunfei (醇菲) and Baixiaofei (百小菲), spanning five core categories: sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products, with buffalo dairy products as our primary products in each category. According to Frost & Sullivan, we ranked No.1 in China’s buffalo dairy products industry in 2025 in terms of retail sales value across various key metrics: (i) No.1 for buffalo liquid milk, with a market share of 31.0%; (ii) No. 1 for ambient buffalo liquid milk, with a market share of 31.8%; and (iii) No.1 for online sales of buffalo liquid milk, with a market share of 39.1%.

According to the consumer survey conducted by Frost & Sullivan in July 2026, Baifeilao ranked first among buffalo liquid milk brands in China in consumer awareness, purchase penetration and consumer satisfaction, demonstrating its strong brand recognition, purchase conversion and consumer loyalty.

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Our market leadership across key metrics⁽¹⁾



“Baifeilao” ranked among buffalo liquid milk brands in China⁽²⁾



Notes:

- (1) In terms of retail sales value in China in 2025, according to Frost & Sullivan.
- (2) In July 2026, Frost & Sullivan conducted an online questionnaire survey with 1,000 participants randomly selected across ten cities in China, covering first-tier, new first-tier and second-tier cities, to better understand the market from a consumer perspective.

Our Brands and Products

Since our establishment in 2017, we have focused on the development, production and sales of buffalo dairy products, building a brand matrix spanning multiple categories and price bands targeting different consumption scenarios and consumer groups. We are a nationwide distinctive dairy company recognized for our product quality, science-based formulations and continuous product innovation.

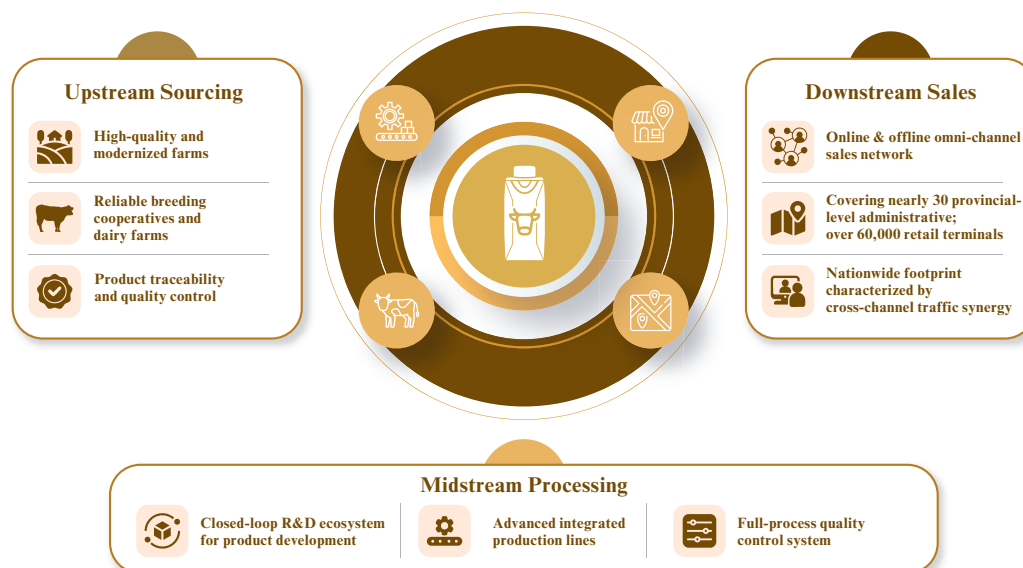
Our core brand, Baifeilao, maintains a comprehensive market presence with strong brand recognition among consumers. Our premium brand, Chunfei, targets the premium market with its flagship “4.3g Carat Dream Cap Buffalo Milk,” while our value-oriented brand Baixiaofei effectively achieves broad coverage of mass market.

Our flagship product, “Baifeilao 3.8g Buffalo Milk,” has recorded cumulative sales of over 1.0 billion packs since its launch. It was recognized as the No. 1 core single product in China’s buffalo dairy products industry in 2025, according to Frost & Sullivan. Building upon our core product categories, we continue to develop and roll out new products. For example, we launched “4.0g Buffalo Fresh Milk” in 2023, a new premium pasteurized milk series, introduced “4.3g Carat Dream Cap Buffalo Milk” in 2024, and rolled out the Shanyu (山予) Series of formulated dairy products with diverse flavor options in 2025. The science-based formulations are designed to meet consumers’ evolving preferences for both health and taste, further reinforcing our leading position in the industry.

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Our Ecosystem

We have built a full-value-chain ecosystem covering upstream sourcing, midstream processing and downstream sales. Supported by intelligent solutions including digital product traceability, supplier relationship management, enterprise resource planning and manufacturing execution systems, we have achieved efficient coordination and quality control across the entire value chain.



- Upstream Sourcing**
 - We anchor our growth in dairy source development, with a two-tier raw milk sourcing network comprising self-operated dairy farms in core regions and third-party partnerships across premium national dairy belts. Guangxi Zhuang Autonomous Region (“**Guangxi**”), the primary hub for China’s dairy buffalos, accounted for approximately 75%–85% of the nation’s annual total buffalo milk output in 2025, according to Frost & Sullivan. In Guangxi and Zhejiang, we operate modernized buffalo farms and maintain deep ties with third-party breeding cooperatives and dairy farms, securing a stable and localized raw milk supply network. We have also strategically expanded our sourcing footprint into Ningxia, further diversifying our raw milk supply source and strengthening supply stability.
 - As of the Latest Practicable Date, we operated four modernized farms, namely Maoling Dairy Buffalo Farm and Luwu Dairy Buffalo Farm in Guangxi, Rui’an Dairy Buffalo Farm in Zhejiang and Ningxia Saishang Baifei Holstein Dairy Cow Farm in Ningxia. In addition, we had four farms under construction or planned for operation, namely Huashan Dairy Buffalo Farm, Guigang Dairy Buffalo Farm and Baise Dairy Buffalo Farm in Guangxi, and Cangnan Dairy Buffalo Farm in Zhejiang. At our Luwu Dairy Buffalo Farm, through an integrated, digitalized farming platform, we deeply combine Internet-of-Things (“**IoT**”) sensors with artificial intelligence (“**AI**”) analytics to achieve standardized operation across the entire process of dairy buffalo breeding, feeding, disease prevention and milking, safeguarding the consistent quality of buffalo raw milk at the source.

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- **Midstream Processing**
 - **R&D:** Anchored by our enterprise technology center, we collaborate with top-tier academic research institutions to operate an industry-academia platform. This has endowed us with comprehensive R&D capabilities spanning buffalo breeding, ingredients research and processing technology innovation, enabling us to overcome critical technical bottlenecks in the commercialization of buffalo milk, such as taste profile optimization, structural stability and shelf-life extension. Furthermore, by seamlessly integrating consumer insights with fundamental research, we have established a closed-loop product development system that translates market demand and R&D breakthroughs into commercialized products, which are continuously refined through market feedback and product upgrades.
 - **Production:** As of the Latest Practicable Date, we strategically deployed three dairy production facilities in Guangxi, Zhejiang and Hunan. Equipped with advanced production lines such as ultra-high temperature (“UHT”) aseptic filling, and yogurt fermentation, these facilities allow us to produce both ambient and low-temperature dairy products.
 - **Quality control:** We have established a full-process quality management system covering raw material intake, production and processing, as well as finished-goods release and logistics. We have obtained internationally recognized quality and safety system certifications including ISO 9001, ISO 22000, HACCP and FSSC 22000. Raw milk is subject to rigorous multi-parameter testing upon arrival at our facilities, ensuring compliance with applicable national food safety standards. All batches sampled during the Track Record Period achieved a 100% pass rate, firmly upholding our food-safety baseline.
- **Downstream Sales**
 - We have built an integrated online and offline sales network that fully mobilizes both traditional and emerging channels. Offline, we achieve deep penetration of the mass market through our distributor and retailer network. Online, we extend our reach nationwide and strengthen brand presence in key cities through third-party e-commerce platforms and DTC channels. As of the Latest Practicable Date, we had over 1,100 distributors covering nearly 30 provinces, municipalities and autonomous regions across China, with over 60,000 retail terminals including snack bulk stores, supermarkets, convenience-store chains and premium membership stores. This broad and diversified distribution network creates synergies across channels and supports coordinated growth nationwide. We have also established a comprehensive consumer insight and service system that collects consumer feedback across all online and offline channels and feeds such insights into our product development and enhancement processes, supporting continuous product innovation and iteration.

Our R&D Capabilities

We attach great importance to in-house R&D and continuous innovation in buffalo dairy products. We are among the few dairy companies in China with full-value-chain R&D capabilities in buffalo dairy products. We conduct in-depth industry-academia collaboration with academic and research institutions including China Agricultural University, the Guangxi Buffalo Research Institute and the National Research Institute in Wenzhou. Our R&D system spans the entire value chain, encompassing dairy buffalo breeding, feeding management, dairy product formulation and processing technology innovation.

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We have successfully applied advanced technologies, including membrane-filtration technology, industry-leading steam infusion (“INF”) 0.09-second flash sterilization and UHT sterilization technologies in our dairy product production process. As of the Latest Practicable Date, we had a total of 35 granted patents, including 13 invention patents in China and three invention patents overseas, as well as ten patent applications pending approval in China. We also had 174 registered trademarks and four domain names in China as of the Latest Practicable Date. These proprietary technologies and intellectual property portfolio support product innovation and help enhance the flavor profile and nutrient retention of our dairy products.

Our Market Opportunity

As consumer health awareness rises and demand for specialty dairy products increases, the buffalo dairy products market is growing rapidly, significantly outpacing the broader dairy products industry and emerging as one of the fastest-growing segments. According to Frost & Sullivan, in terms of retail sales value, the size of China’s buffalo dairy products market reached RMB8.5 billion in 2025, with a CAGR of 8.9% from 2021 to 2025, and is expected to reach RMB15.3 billion by 2030, at an expected CAGR of 12.5% from 2025 to 2030.

China’s buffalo dairy products industry is still at a relatively early stage of development, with low market penetration and rapidly increasing consumer awareness. At the same time, leading brands benefit from meaningful first-mover advantages and strong brand recognition. According to Frost & Sullivan, in 2025, the penetration rate of buffalo liquid milk in China’s overall liquid milk market was only 2.4%, while buffalo liquid milk accounted for approximately 15% of the global liquid milk market, according to data published by the OECD-FAO. The relatively low penetration rate in China indicates potential for further development of the buffalo dairy products market. As consumption levels rise and new retail channels continue to evolve, buffalo milk, with its rich nutritional profile and distinctive taste, demonstrates substantial growth potential. As an industry leader, we are well positioned to capture the opportunities arising from the continued expansion of the buffalo dairy products market.

Our Financial Performance

During the Track Record Period, we achieved sustained and robust revenue growth, reinforcing our leading position in the buffalo dairy products market in China while demonstrating high business model resilience. Our revenue increased from RMB1,072.4 million in 2023 to RMB1,613.6 million in 2025, at a CAGR of 22.7% from 2023 to 2025. For the three months ended March 31, 2026, we recorded revenue of RMB492.5 million, representing an increase of 45.9% from RMB337.6 million for the corresponding period in 2025. Our revenue growth outpaced the overall growth of the buffalo dairy products market in China during the same periods. Our gross profit grew from RMB386.4 million in 2023 to RMB607.6 million in 2025, at a CAGR of 25.4% from 2023 to 2025. Our gross profit margin remained within a range of 36.0% to 39.9% during the Track Record Period, reflecting the premium positioning and differentiated pricing power of our buffalo dairy products.

OUR STRENGTHS

A Leader in Buffalo Dairy Products Industry in China with First-Mover Advantages

As one of the earliest companies in China to commercialize buffalo dairy products, we have been focusing on the buffalo dairy products segment since our inception, becoming the industry’s pioneer and front-runner while actively contributing to industry standard setting. We were among the first players to bring buffalo milk from a regional specialty product to the national market and are among the few buffalo dairy enterprises to have achieved scaled, branded operations in China.

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Leveraging a strong reputation built over years, the product series under our Baifeilao brand have achieved an industry-leading purchase penetration, according to the consumer survey conducted by Frost & Sullivan in July 2026, demonstrating strong brand appeal and customer loyalty. We have also received various international and domestic awards, including the Quality Gold Award at the 2022–2023 Liquid Milk Quality Competition awarded by the China Dairy Industry Association, the highest three-star award from the 2025 International Taste Institute, the 2025 Monde Selection award, the 2026 International ISEE award and the 2026 Forbes China Consumer Annual Value Brand, further enhancing our brand recognition and market influence.

We have strategically capitalized on market opportunities arising from consumption upgrading, premiumization and growing health consciousness in the dairy sector. By pursuing a differentiated growth strategy in a market historically dominated by traditional dairy conglomerates, we have built strong brand recognition, established barriers across the value chain and developed a nationwide sales network, supporting our sustained growth. From 2023 to 2025, our revenue grew at a CAGR of 22.7%, outperforming both the overall dairy products industry and the buffalo dairy products market. According to Frost & Sullivan, in 2025 we held a 31.0% market share, ranking No. 1, in China’s buffalo dairy products market, and a 31.8% market share in the ambient buffalo dairy products segment, in terms of retail sales value, underscoring our industry leadership.

Unique Geographic and Sourcing Advantages Securing Premium Raw Milk Supply

Our headquarters is located in Lingshan, Guangxi, the “Hometown of Dairy Buffalos in China.” Guangxi is home to China’s largest purebred buffalo breeding base and China’s only buffalo research institution, the Guangxi Buffalo Research Institute. Supported by a well-established industry ecosystem and favorable local policies, Guangxi ranks No. 1 nationwide in terms of dairy buffalo herd size, breeding-age cow population and raw milk output. Lingshan sits at the core area of this industry cluster and is the largest buffalo dairy production hub in Guangxi. These unique geographic advantages and policy support constitute a competitive barrier that is difficult to replicate.

Our raw milk is sourced from third-party breeding cooperatives, dairy farms and our self-operated dairy farms:

- **Standardized and modernized self-operated dairy farms:** As of the Latest Practicable Date, we operated four dairy farms to secure a high-quality and stable raw milk supply. In Lingshan, we have Luwu Dairy Buffalo Farm and Maoling Dairy Buffalo Farm. These two farms together represent one of the region’s largest and most modern standardized dairy buffalo farm operations, according to Frost & Sullivan. Luwu Dairy Buffalo Farm is equipped with digital farming capabilities for precision feeding and health monitoring, while Maoling Dairy Buffalo Farm has obtained both Good Agricultural Practice (“GAP”) certification and organic product certification. Maoling Dairy Buffalo Farm serves as a demonstration center for developing and promoting best practices in buffalo breeding and farm management, and was recognized as a demonstration farm under the National Key R&D Program project during China’s 14th Five-Year Plan period. Maoling Dairy Buffalo Farm also played a key role in the drafting of the Code of Practice for Lingshan Buffalo Breeding (T/GXAS7882024).
- **Reliable third-party milk-supply partnerships:** Through years of local cultivation and industry engagement, we have established trusted, long-term and stable relationships with third-party breeding cooperatives and dairy farms, forming a reliable sourcing network that cannot be easily replicated by industry newcomers through capital deployment alone. As of March 31, 2026, we had established cooperation with a total of 55 breeding cooperatives and third-party dairy farms, securing a stable raw milk supply for our nationwide expansion at scale.

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Nationwide Brand Equity Forged through Precise Omni-channel Marketing

We are a pioneer in transforming buffalo dairy products from a regional specialty into a nationally recognized dairy category. Leveraging deep consumer insights and our early adoption of digital retail channels, we have built a highly efficient business model that translates market demand into tech-driven product innovation, followed by precision marketing and customer retention. As a result, our core brand, Baifeilao, has become a household name across China, enjoying strong brand equity and customer loyalty.

Expanding nationwide through digital retail and omni-channel marketing: Unlike many traditional regional dairy companies that rely primarily on offline distribution networks, we are among the early participants in leveraging new media and e-commerce growth to achieve nationwide scale. As early as 2020, we entered into a strategic partnership with one of the leading e-commerce platforms in China, opening up an online express lane from production origin to consumers nationwide. We also capitalized on the rapid growth of livestreaming e-commerce and KOL content seeding, establishing a strong presence across leading livestreaming channels and popular social-commerce platforms, achieving rapid growth in both brand visibility and sales. As our brand continued to develop, we further deepened our precise and consistent omni-channel operations, allocating a total of RMB581.5 million in selling and distribution expenses from 2023 to 2025 and building an in-house livestreaming operation and structured influencer collaboration network across major content-driven e-commerce platforms. Through this strong online-offline synergy, Baifeilao ranked first in buffalo dairy products market in terms of retail sales value of buffalo liquid milk in China, with a market share of 30.1% in 2025, according to Frost & Sullivan.

Engaging younger generations with targeted brand ambassadors: To advance our premiumization strategy and deepen engagement with younger demographics, we partner with brand ambassadors whose public image aligns with the target customer base. Through these strategic partnerships, we promote our premium product portfolio, including our premium buffalo milk offerings. We further integrate marketing with experiential activities, such as source-to-farm tours, enabling consumers to better understand our products and production processes while effectively strengthening brand engagement and emotional connection among our customer base.

Driving regional expansion and offline penetration across various touchpoints: To capture new markets, we launched a high-profile advertising campaign on China’s high-speed rail network. Through integrated visual displays and in-train audio promotions, we have built a comprehensive brand showcase reaching millions of business and leisure travelers daily across the country. This campaign has expanded our brand footprint beyond Southern China into Eastern, Central, and Southwestern China, cementing Baifeilao’s reputation as a trusted, national brand. Additionally, during major festive seasons, we maximize offline sales conversions through prominent in-store displays, tasting events, and themed gift boxes across leading supermarkets and community stores nationwide. By delivering our signature smooth taste directly to consumers, we effectively convert seasonal festive demand into sustained retail sales.

Forging a robust brand moat by strong consumer awareness and high purchase penetration: Driven by an exceptional product experience and sustained brand equity, Baifeilao has established strong brand recognition and customer loyalty. According to the consumer survey conducted by Frost & Sullivan in July 2026, Baifeilao ranked first among buffalo liquid milk brands in China in consumer awareness, purchase penetration and consumer satisfaction, demonstrating the strong brand recognition, purchase conversion and consumer loyalty. The strong brand recognition and emotional connection we have established among consumers have become a core entry barrier that is difficult to replicate.

Quality Control and Digital Efficiency Anchored by Fully Integrated Infrastructure

We operate a fully integrated, end-to-end buffalo dairy value chain. To ensure product safety and consistency, we have established a rigorous quality control system that spans the entire production cycle from raw materials intake, processing and finished products release to

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logistics and distribution. Our operational excellence is backed by six internationally recognized certifications: ISO 9001, ISO 22000, FSSC 22000, HACCP, ISO 14001 and ISO 45001. We implement a multi-layer quality assurance framework beginning at the farm and milk-station level, covering both self-produced raw milk from our self-operated dairy farms and externally procured raw milk from third-party suppliers, with real-time monitoring of critical control points on a 24/7 basis. Prior to release, finished goods are subject to comprehensive testing and sample retention procedures, establishing full forward and backward traceability within two hours throughout the production and distribution process. We deeply integrate digital and intelligent technologies across our value chain with key highlights set out below:

Farming: At our certain self-operated dairy farms, we deploy environmental sensors and AI monitoring systems to track dairy buffalo behavior and health metrics in real time. In particular, in our Luwu Dairy Buffalo Farm, we utilize advanced algorithms which enable early disease detection and precise diagnosis, while automated robotics manage customized feed formulation and feeding, safeguarding raw milk quality at the source.

Production: We operate three modernized dairy production facilities equipped with highly automated packaging lines driven by AI and digitalization to ensure high-quality processing of our raw milk intake. According to Frost & Sullivan, the application of intelligent control systems, visual-positioning systems and QR-code traceability systems in dairy processing facilities can help enhance production consistency and quality control, reduce reliance on manual operations and improve operational and energy efficiency. Supported by these systems, our facilities process both self-produced raw milk and externally procured raw milk under standardized quality control procedures, helping ensure consistent raw milk quality and product safety.

Warehousing and logistics: We have built an integrated intelligent warehousing-and-logistics system. Through our intelligent warehousing system and AI scheduling, we have shortened the outbound response time to 15 minutes. We also implemented digital coordination across the order fulfilment process, connecting customer order placement, production planning and finished goods dispatch. As of the Latest Practicable Date, the network connectivity of our production and warehousing equipment as well as the automated numerical control system used in key processes have reached a leading level in the industry.

Channels: Through digital management systems such as our product traceability system and customer order management system, we maintain full-lifecycle product tracking and real-time visibility into distributor inventory, allowing precise data support for market-operation decisions.

Supported by end-to-end digitalization and integrated operations, we have not only ensured the safety and consistency of product quality but also substantially improved our operating efficiency and risk-control capabilities, providing strong support for our nationwide development at scale.

A Nationwide Distribution and Retail Network Driving Market Penetration

We have established an integrated omni-channel sales network that seamlessly connects online and offline touchpoints, leveraging both traditional and emerging retail channels to expand our market reach.

Offline distribution and retail network: We primarily utilize a distributorship model to expand our geographic coverage, establishing a robust sales network with deep penetration into the mass market to drive our nationwide expansion. We maintain stable relationships with our key distributors, with those under cooperation for over three years accounting for more than 40% of our total distributors as of March 31, 2026. As of the Latest Practicable Date, we had over 1,100 distributors covering nearly 30 provincial-level administrative regions across China, with over 60,000 retail terminals including snack bulk stores, supermarkets, convenience-store chains and premium membership stores. During the Track Record Period,

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the distribution model contributed over 40% of our revenue and remained a key driver of our market expansion and increasing penetration.

Online new-retail network: We continue to strengthen our presence on major e-commerce platforms, rapidly responding to market demand through online self-operated storefronts and platform-based retail sales. Concurrently, we have capitalized on the rapid growth of new media traffic, utilizing highly effective livestreaming and influencer marketing campaigns to convert consumer engagement into sales growth. Furthermore, within the broader dairy category, our performance during major shopping festivals has shown steady growth, consistently ranking among the top ten transaction leaders on mainstream platforms during the “Double 11” and “618” promotional campaigns from 2023 to 2025 in terms of retail sales value.

A Seasoned Management Team with Deep Industry Insights and A Strategic Vision for Sustainable Growth

Our key management team possesses extensive industry experience and keen strategic vision. Our chairman, executive director and general manager, Mr. Wu Shouyun, has led our development since inception. Our key management team has, on average, more than eleven years of experience in the dairy and dairy-cattle farming industries, and has served with us for an average of around seven years. Their expertise spans key functions including production, R&D, marketing and supply chain management, supporting a professional and efficient management system.

Committed to sustainable growth, our management team made early investments in upstream dairy buffalo farming and established a first-mover advantage to become a nationwide industry leader. By proactively embracing the growth of e-commerce and livestreaming channels, our management team successfully expanded our brand nationwide through digital channels while steadily expanding our offline footprint, establishing an integrated, omni-channel sales network.

At the same time, we have cultivated a market-oriented corporate culture that emphasizes innovation, execution and continuous improvement. Our management team has accumulated substantial experience in dairy operations and value-chain integration, laying a solid foundation for our future growth, industry consolidation opportunities and the scalable development of our business while maintaining operational excellence and responsiveness to evolving market conditions.

OUR STRATEGIES

Going forward, we will remain focused on the buffalo dairy products segment, actively capitalizing on the market opportunities presented by consumption upgrading and industry growth. We will continue to strengthen our product competitiveness, brand influence and full-value-chain operating capabilities through the following initiatives:

Expand Raw Milk Supply Source and Optimize Supply Chain Infrastructure to Enhance Operational Efficiency

We plan to increase investment in our upstream raw milk sources and systematically optimize our nationwide production and logistics network. We also plan to source buffalo raw milk from major overseas buffalo milk-producing regions to further diversify and strengthen our buffalo raw milk supply. This will ensure our processing capacity aligns with raw milk supply and dairy products markets, reinforcing supply chain resilience and structural cost advantages.

Deepening smart-farm development: We will further advance the construction of smart dairy buffalo farms and scale up our dairy buffalo herd at our self-operated dairy farms. We will further integrate our farms with advanced environmental sensors, AI surveillance, and Total Mixed Ration automated feeding systems, facilities that are serving as industry benchmarks for digital farming. This initiative will consistently raise our buffalo raw milk

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self-supply, guarantee the raw material volume required for our nationwide expansion, and lower procurement costs. Concurrently, we will strategically deploy standardized farms near our core consuming markets.

Exploring innovative farm operating model: We plan to actively explore an innovative “government + enterprise + farmer” cooperation model, under which local governments support the development of farming infrastructure, while we participate in farm operation and management and provide technical and operational support to qualified farming operators. We will provide these operators with end-to-end technical and managerial support, and in return, secure exclusive sourcing rights for their raw milk supply. Through this model, we seek to strengthen our raw milk supply network, improve farming efficiency and promote the modernization and scale development of the buffalo dairy products industry.

Upgrading intelligent manufacturing and full-process quality control: We plan to advance the intelligent transformation of our production facilities in Guangxi, Zhejiang and Hunan, by introducing advanced aseptic-filling, steam infusion 0.09-second flash sterilization technology, UHT sterilization and low-temperature cold-filling equipment. In addition, we intend to further enhance our manufacturing execution systems and intelligent packaging system to achieve digital control of the production process and real-time rejection of quality defects, enhancing the supply capability, production efficiency and quality control of both ambient and low-temperature dairy products.

Improving the smart supply chain and logistics network: We plan to continue upgrading our intelligent warehouse management system to achieve fully automated warehouse management. For low-temperature dairy products, we will deploy a cold-chain logistics digital management-and-control system to achieve real-time temperature monitoring throughout transportation, supporting nationwide product distribution with longer-lasting freshness-preservation technology.

Product Upgrades and Portfolio Expansion through Sustained R&D Investment

Leveraging continued R&D investment and deep consumer insights, we plan to strengthen our leadership in core product categories and further expand our buffalo dairy product portfolio across diverse consumption scenarios and consumer demographics.

Continue to cultivate core categories and advance product premiumization and flavor innovation: We will further solidify the market position and brand recognition of our flagship products such as “Baifeilao 3.8g Buffalo Milk,” while pursuing ongoing product innovation. Within our sterilized milk portfolio, we plan to focus on high-nutrition and lactose-free formulations, enhance processing technologies and expand packaging configurations to include such as portable packs, family packs and food-service formats to better serve different consumption scenarios. In the low-temperature series, we plan to launch A2 and organic fresh buffalo dairy products and further enhance bioactive nutrient retention through advanced pasteurization and preservation technologies. In addition, we intend to refine our fermentation processes and develop proprietary strains to introduce a probiotic-fermented buffalo yogurt line, to explore opportunities in high-growth segments such as meal replacement, family nutrition and children’s nutrition. Within the formulated milk and milk-containing beverages, we will leverage the “Buffalo Milk+” concept by introducing additional flavor profiles and functional products and exploring combinations with fruits, grains, botanicals and other ingredients to address evolving consumer preferences.

Diversify product portfolio and capture B2B opportunities: We will continue to capitalize on the differentiated attributes of buffalo milk to explore adjacent product categories. We plan to expand our offerings of buffalo dairy solutions for applications such as baking, specialty coffee and tea beverages, providing professional and high-quality dairy solutions for foodservice clients. We also plan to explore additional product categories, such as cheese and buffalo milk-based desserts, to broaden our product portfolio and address emerging consumer demand.

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Deepen research collaborations and strengthen technology capabilities: We plan to continue to increase R&D investments in cutting-edge fields, including dairy buffalo breeding, buffalo milk nutritional profiling, proprietary probiotic strain development, and manufacturing process innovations. Through collaboration with institutions such as the Guangxi Buffalo Research Institute, we aim to accelerate technological breakthroughs in extended-shelf-life low-temperature milk and deep-processing technologies, solidifying the scientific foundation for our dairy product innovations.

Develop our R&D capability: We plan to further expand our R&D team and establish robust consumer feedback and interactive product development mechanisms to improve the efficiency of product innovation and commercialization. We also plan to establish R&D centers in Hangzhou and Beijing and expand our professional R&D personnel to over 30 people by 2030. Through attracting talent with expertise in food science, microbiology and dairy engineering and implementing performance-based incentive schemes, we aim to further strengthen our innovation capabilities and support our long-term growth.

Strengthen Omni-Channel Distribution and Accelerate Nationwide Expansion

Placing consumer experience at the core, we plan to expand our channel reach, enhance penetration across existing sales channels and further increase our market share.

Improve our offline distribution network and deepen mass market penetration: We will continuously optimize our distributor network. While continuing to consolidate our presence in South China and East China, we plan to expand into other markets such as North China and Northeast China. Over the next five years, we aim to further expand our coverage by adding approximately 1,000 distributors and increasing the number of retail terminals to approximately 100,000. To support this growth, we will upgrade our distributor onboarding, evaluation and lifecycle management frameworks, while providing product training, marketing support and digital toolkits to strengthen execution capabilities at the retail level. We also plan to implement competitive incentive programs and dedicated regional support initiatives to attract high-quality distributors and foster long-term, mutually beneficial partnerships.

Expand leading-chain and customized B2B channels: We plan to establish dedicated direct-sales teams and deepen customized supply cooperations with snack bulk stores, e-commerce platforms, supermarkets, convenience-store chains and premium membership stores. We will also expand customized B2B direct dairy supply to coffee and tea-beverage chain brands and further develop opportunities in the school milk sector.

Develop online channels and enhance digital traffic conversion: We plan to continue to consolidate our sales leadership in the buffalo dairy products category across major e-commerce platforms. We will also scale our in-house livestreaming networks on content-driven platforms, while deepening collaborations with top-tier KOLs to enhance brand visibility, consumer engagement and sales growth.

Build a unified data platform to enhance omni-channel management: We plan to establish a comprehensive data platform integrating our supply chain operations and marketing functions to monitor distributor inventory levels, retail sell-through performance and online sales data in real time. We also intend to further optimize our product differentiation across online and offline channels, as well as channel management mechanisms to support pricing consistency and strengthen the synergies between online and offline sales networks.

Enhance Brand Equity and Strengthen Leadership in the Dairy Products Market

We regard brand building as a long-term core strategy. Based on the development stage of our brand portfolio and the positioning of our product series, we formulate differentiated brand development plans. We will continue to invest in brand building to further strengthen our market position and industry leadership.

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Execute integrated marketing initiatives to expand brand reach: We plan to implement integrated marketing campaigns across both online and offline channels. Offline, we will launch landmark pop-up stores in key cities, collaborate on co-branded exhibitions and organize source-to-farm tours to enhance consumer engagement and loyalty. Online, we will continue to strengthen brand awareness among younger consumer groups through short-form videos, social media engagement and digital content marketing. We will also reinforce our brand image of health, vitality and premium quality through collaborations with brand ambassadors, artists and athletes whose public profiles align with our target consumer groups.

Strengthen direct consumer engagement and customer loyalty: We plan to further develop our consumer engagement framework through proprietary digital ecosystems and personalized membership programs. These initiatives are expected to strengthen our direct connection with consumers, enhance our understanding of evolving consumer preferences and support stronger customer loyalty and emotional connection with Baifeilao.

Enforce end-to-end quality control to secure consumer trust: Through close cooperation with our upstream suppliers, we seek to maintain a stable supply of high-quality raw materials and ensure quality and safety at the source. We also plan to continue investing in automated production facilities, manufacturing execution systems and product traceability systems to further strengthen end-to-end quality control.

Lead industry standardization and regulatory development: We will continue to participate in the formulation and development of industry standards for the buffalo dairy products industry, driving industry standardization. We will also engage with major dairy associations and research institutions to share operational insights and promote technological upgrades and contribute to the continuous improvement of industry quality standards, further supporting the sustainable development of the buffalo dairy industry and reinforcing our industry leadership.

Practice ESG and Sustainable Development Principles to Support Responsible Growth and Long-term Value Creation

We seek to integrate ESG considerations into our business operations and decision-making processes, with a focus on food safety, rural revitalization, environmental management and corporate governance.

Uphold food safety as an important operational priority: We have established internal quality control measures and testing procedures for key stages of our operations. Going forward, we intend to continue investing in quality assurance, upgrading testing and inspection capabilities and enhancing our food safety emergency management framework, with a view to maintaining a high level of product quality and batch compliance.

Support rural revitalization and regional economic development: We will continue to leverage our role in the dairy buffalo industry and our cooperation with third-party breeding cooperatives and dairy farms in Lingshan, Guangxi and other areas. Through stable procurement arrangements, technical support and localized operating experience, we aim to support local farming communities, promote income growth and contribute to the sustainable development of specialty agriculture in the region.

Promote environmentally responsible operations and resource efficiency: We will continue to explore green production initiatives, energy-saving upgrades and water-resource recycling measures where commercially practicable. In our farming operations, we intend to further promote the resource utilization of farming by-products and explore farming models that combine crop cultivation with livestock farming, with a view to reducing the environmental impact of our operations and supporting our long-term sustainable development.

BUSINESS

OUR BRANDS AND PRODUCTS

Our Distinctive Brand Portfolio

We have established a diversified dairy product portfolio with major product categories including sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products. Supported by our integrated value chain spanning premium milk sourcing to advanced manufacturing, we have established a comprehensive portfolio across multiple product categories and price bands, anchored by our established brands in China. Our brands reflect both our origins in Lingshan, Guangxi, known as the “Hometown of Dairy Buffalos in China,” and our development into a nationwide distinctive dairy company recognized for our product quality, science-based formulations and continuous product innovation.

We are dedicated to the development and production of buffalo dairy products and have established strong market leadership in China’s buffalo dairy products market. Buffalo milk is a differentiated, premium dairy product that differs from conventional dairy milk produced by widely known dairy cattle such as black-and-white Holstein dairy cows. Buffalo milk is characterized by its high nutritional value, thick texture, fragrant aroma and rich, mellow taste, as well as its relatively low yield. Compared with conventional black-and-white Holstein dairy cows, dairy buffalos require more stringent farming conditions, are generally better adapted to hot and humid climates and typically require access to water for heat dissipation. In China, they are primarily raised in southern regions such as Guangxi, Guangdong and Yunnan, according to Frost & Sullivan.

Leveraging our in-depth consumer insights and dedicated R&D capabilities in buffalo dairy products, we have captured growth opportunities in the differentiated dairy products segment. We have launched products addressing consumer demand for high-protein, rich and mellow, and health-oriented dairy offerings. We craft our products based on buffalo raw milk and cow raw milk in scientific-based proportions, balancing the naturally rich and full-bodied characteristics of buffalo milk with a smoother and creamier taste profile for an optimal and enjoyable drinking experience. According to Frost & Sullivan, the proportion of buffalo milk in blended buffalo liquid milk products may vary depending on product positioning and target consumer preferences, and among pasteurized milk and sterilized milk products currently available in the market, buffalo milk content commonly ranges from approximately 10% to 50%. By balancing the proportion of buffalo raw milk and cow raw milk in our buffalo dairy products, we are able to offer products with various protein content levels while preserving the natural flavor and nutritional characteristics of buffalo milk.

As a result, we have successfully developed Baifeilao as our core brand and established a differentiated brand portfolio comprising Chunfei and Baixiaofei.

- **Baifeilao (百菲酪)**, our core brand, is one of the most widely recognized buffalo dairy brands in China, according to Frost & Sullivan. Under the Baifeilao brand, we offer a diversified product portfolio spanning sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products with products positioned across different consumption scenarios and price bands to address diverse consumer needs. With a steadfast focus on product quality and flavor, Baifeilao has earned widespread market recognition and a growing base of customers across the country.
- **Chunfei (醇菲)** is our dedicated brand for the premium buffalo dairy products segment. Launched to satisfy consumers’ rising demand for high-end quality, Chunfei has successfully established a premium brand image characterized by strictly selected buffalo raw milk, exceptional nutritional metrics and refined packaging design. Products under Chunfei generally contain no less than 4.0g of protein per 100ml.
- **Baixiaofei (百小菲)** is our value-oriented brand designed to capture a broader consumer base, specifically the mass market, ensuring widespread accessibility across different market segments. Complementing Baifeilao and Chunfei, Baixiaofei enables us to address diversified consumer preferences through differentiated product positioning, while reinforcing our overall brand matrix in the distinctive dairy products segment. We also plan to launch more buffalo dairy products under the Baixiaofei brand to further broaden its product offerings.

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Our Product Offerings

We offer a broad range of dairy products designed to address varied nutritional requirements, consumption scenarios and taste preferences. Leveraging our integrated value chain and locational advantages of being based in Lingshan, Guangxi, widely known as the “Hometown of Dairy Buffalos in China,” we have developed a diversified product portfolio comprising sterilized milk, formulated milk, pasteurized milk, milk-containing beverages, fermented dairy products and other products, with buffalo dairy products as our primary products in each category. By scientifically adjusting the proportion of buffalo raw milk and cow raw milk in our buffalo dairy products, we are able to preserve the natural flavor and nutritional characteristics of buffalo milk while delivering an optimal and enjoyable drinking experience. Among these products, sterilized milk, formulated milk and milk-containing beverages are ambient dairy products, pasteurized milk is a low-temperature dairy product, and fermented dairy products include both ambient and low-temperature dairy products.

The following table sets forth a breakdown of our revenue by product category, in absolute amount and as percentage of our total revenue, for the periods indicated:

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
(RMB in thousands, except for percentages)										
Sterilized milk	831,747	77.5	1,087,477	76.4	1,207,617	74.7	258,865	76.7	357,131	72.5
Formulated milk	221,449	20.7	302,298	21.3	333,332	20.7	66,060	19.6	101,441	20.6
Pasteurized milk	3,427	0.3	15,659	1.1	40,858	2.5	7,495	2.2	12,924	2.6
Milk-containing beverages.	12,715	1.2	13,607	1.0	15,342	1.0	3,139	0.9	2,444	0.5
Fermented dairy products	1,779	0.2	1,005	0.1	5,655	0.4	1,029	0.3	1,339	0.3
Other products ⁽¹⁾	1,261	0.1	994	0.1	10,802	0.7	1,056	0.3	17,268	3.5
Total	1,072,378	100.0	1,421,040	100.0	1,613,606	100.0	337,644	100.0	492,547	100.0

Note:

- (1) Primarily included Bird’s Nest Buffalo Milk and buffalo milk ice cream series.

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

	Year Ended December 31,						Three Months Ended March 31,	
	2023		2024		2025		2026	
	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP	Sales Volume	ASP
	(Sales volumes in tonnes, with ASP in RMB/tonne)							
Sterilized milk	52,692	15,785	73,371	14,822	82,393	14,657	24,547	14,549
Formulated milk	21,442	10,328	29,073	10,398	31,752	10,498	9,652	10,510
Pasteurized milk	260	13,183	1,144	13,686	2,787	14,659	814	15,878
Milk-containing beverages	1,544	8,235	1,656	8,215	1,985	7,730	320	7,646
Fermented dairy products	132	13,523	77	13,048	465	12,160	112	11,908
Other products ⁽¹⁾	214	5,892	43	22,992	288	37,451	230	75,236
Total	76,283	14,058	105,365	13,487	119,670	13,484	35,675	13,807

Note:

- (1) Primarily included Bird’s Nest Buffalo Milk and buffalo milk ice cream series.

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Sterilized Milk (滅菌乳)

Our sterilized milk products, form the core of our business and are a key driver of revenue growth. Mainly positioned as a high-quality dairy offering with the natural nutritional advantages of buffalo milk, this product line is designed to meet consumers’ everyday dairy needs while offering differentiated nutritional value.

We have developed a tiered product portfolio with protein content ranging from 3.8g to 4.3g per 100ml to address the preferences of different consumer segments. Building on this foundation, we have further expanded into functional and premium products, including A2 β -casein buffalo milk (A2 β -酪蛋白水牛純牛奶), selenium-enriched buffalo milk (富硒水牛純牛奶) and carat buffalo milk (克拉水牛純牛奶), a pioneering product that blends the nutritional richness of buffalo milk with the refined flavor profile associated with Jersey cow milk, thereby extending our offerings across diverse consumption scenarios and price bands and catering to a broad range of consumer nutritional needs.

Representative Products

As of March 31, 2026, we offered 25 variants of sterilized milk products. Our representative sterilized milk products are set forth below:

Product	MSRP	Key features
<p>3.8g Buffalo Milk</p> 	RMB4.9-5.0 per pack (200ml)	Each 100ml contains 3.8g of high-quality milk protein.
<p>4.0g Buffalo Milk</p> 	RMB5.8-6.0 per pack (200ml)	Each 100ml contains 4.0g of high quality milk protein and 130mg of naturally occurring calcium.
<p>4.0g Organic Dream Cap Buffalo Milk</p> 	RMB6.4-7.0 per pack (200ml)	Each 100ml contains 4.0g of organic, naturally occurring high-quality protein and 130mg of organic, naturally occurring calcium.

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Product	MSRP	Key features
<p>4.2g A2β Dream Cap Buffalo Milk</p> 	RMB6.9-7.0 per pack (250ml)	Each 100ml contains natural A2 β -casein, 4.2g of high-quality milk protein and 130mg of naturally occurring calcium.
<p>4.3g Carat Dream Cap Buffalo Milk</p> 	RMB7.9-10.0 per pack (250ml)	Each 100ml contains natural A2 β -casein, 4.3g of high-quality milk protein and 130mg of naturally occurring calcium.

Product Features

The key highlights of our sterilized milk products include:

- High-quality Ingredients, Nutritional Value and Taste Profile.** Our sterilized milk products are made with high-quality cow raw milk and buffalo raw milk, which are naturally rich in protein, milk fat and calcium, contributing to their strong nutritional value and rich, smooth and naturally sweet taste. Our flagship products, including 3.8g Buffalo Milk, 4.0g Buffalo Milk and 4.3g Carat Dream Cap Buffalo Milk, provide 3.8g to 4.3g of natural protein per 100ml, significantly higher than that of standard cow milk. Leveraging specialized herd management, we have also developed differentiated offerings, such as A2 β -Casein buffalo milk and selenium-enriched buffalo milk, to meet consumer demand for premium dairy products with distinctive nutritional attributes.
- Production Technology and Process Control.** We use advanced UHT sterilization and aseptic filling technologies to produce our sterilized milk products. This production process ensures commercial sterility, increases product shelf life without the need for preservatives, helps preserve the natural flavor and nutritional characteristics of buffalo milk, and enables us to distribute our products nationwide.

Formulated Milk (調製乳)

Our formulated milk products are made primarily from buffalo raw milk and cow raw milk, with added functional ingredients and distinctive local flavors to broaden their consumption scenarios. Buffalo milk is naturally rich in essential minerals such as calcium, phosphorus, magnesium, iron and zinc, as well as various vitamins. According to national standards for food safety, milk with a calcium content exceeding 120mg/100 ml is classified as a “high-calcium milk.” Therefore, leveraging the naturally high mineral content of buffalo milk, we developed products such as Buffalo High-Calcium Milk series to address demand for nutrient-enriched dairy offerings. In addition, drawing on Guangxi’s subtropical fruit resources, we have introduced distinctive fruit-flavored products, including mango buffalo milk, lychee-rose buffalo milk and mango pomelo sago buffalo milk (楊枝甘露水牛奶), offering differentiated flavor profiles and rich sensory experience and appealing to a wider range of consumer preferences.

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Representative Products

As of March 31, 2026, we offered 18 variants of formulated milk products. Our representative formulated milk products are set forth below:

Product	MSRP	Key features
Buffalo High-Calcium Milk 	RMB4.8-5.0 per pack (200ml)	Each pack contains 240mg calcium to support daily bone health.
Traditional Brown Sugar Buffalo Milk 	RMB3.9-4.0 per pack (200ml)	Each 100ml contains 3.1g of protein and is made with buffalo milk, cow milk and traditional brown sugar derived from sugarcane, giving it a brown sugar flavor.
Flavored Buffalo Milk Series 	RMB3.5-3.8 per pack (200ml)	This series contains fruit-flavored buffalo dairy products that combines buffalo milk and cow milk with regional subtropical fruit flavors, including mango, coca fruit, lychee and rose, strawberry, and guava, with 3.0g of natural milk protein per 100ml.
PET Bottled Formulated Buffalo Milk 	RMB5.8-6.0 per bottle (268ml)	PET-bottled flavored buffalo dairy products combine buffalo milk and cow milk with regional flavors, including red dates and goji berries, mango pomelo sago, and chocolate.

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Product Features

The key highlights of our formulated milk products include:

- **Targeted Nutritional Fortification.** We use buffalo raw milk and cow raw milk as the principal ingredients, and scientifically blend them with functional and flavor ingredients such as milk calcium, traditional nourishing ingredients, regional subtropical fruit juices and purées, thereby developing a series of fruit-flavored buffalo milk products that make full use of Guangxi’s abundant subtropical fruit and vegetable resources.
- **Premium Wellness and Nourishment.** Our formulated milk products are developed to meet diversified consumer preferences for nutrition, wellness and taste. We incorporate high-quality milk calcium to address targeted nutritional needs, including children’s growth and the bone health needs of middle-aged and elderly consumers. We also develop wellness-oriented products by combining buffalo milk with nourishing ingredients, and taste-oriented products such as fruit-flavored buffalo milk and buffalo milk latte to appeal to consumers seeking a convenient, enjoyable and differentiated daily drink.
- **Formulation and Processing Expertise.** We apply scientific formulation and controlled production processes to integrate buffalo milk with functional nutrients, nourishing ingredients, fruit juices and purées, and coffee-based ingredients in a balanced manner. This enables us to maintain the nutritional and sensory characteristics of buffalo milk while developing formulated milk products with differentiated functions, richer flavor profiles and broader consumption scenarios.

Pasteurized Milk (巴氏殺菌乳)

Our pasteurized milk products represent our entry into the premium low-temperature dairy products segment, addressing consumer demand for freshness and nutrition. By applying industry-leading steam infusion 0.09-second flash sterilization technology together with low-temperature aseptic cold-filling, our “Buffalo Fresh Milk” series preserves the natural nutritional content and authentic flavor of buffalo milk while ensuring product safety, offering a high-quality fresh dairy option.

Representative Products

As of March 31, 2026, we offered 16 variants of pasteurized milk products, with different packaging sizes catering to diverse consumption scenarios. Our representative pasteurized milk products are set forth below:

Product	MSRP	Key features
<p>4.0g Buffalo Fresh Milk</p> 	<p>RMB12.9-13.0 per bottle (208ml); RMB16.9-17.0 per bottle (408ml); RMB29.9-30 per bottle (758ml)</p>	<p>The pasteurized buffalo milk requires refrigerated storage and contains 4.0g of protein per 100ml.</p>
<p>3.6g Buffalo Fresh Milk</p> 	<p>RMB8.9-9.0 per bottle (208ml); RMB14.9-15.0 per bottle (408ml); RMB26.9-27 per bottle (758ml)</p>	<p>The pasteurized buffalo milk requires refrigerated storage and contains 3.6g of protein per 100ml.</p>

BUSINESS

Product Features

The key highlights of our pasteurized milk products include:

- **Targeted Nutritional Enrichment.** We use buffalo raw milk and cow raw milk as the main ingredients, which are rich in natural protein, calcium and other nutrients. They contain higher levels of amino acids than ordinary cow milk, giving the products a richer, smoother texture and a naturally sweet taste.
- **Technology-Defined Freshness.** By combining INF 0.09-second ultra-instant sterilization technology with low-temperature aseptic cold-filling, we extend the shelf life to 19 days while preserving more active nutrients and delivering a fresher taste, enabling nationwide distribution.

Milk-containing Beverages (含乳飲料)

Capturing the premiumization and crossover trends in the modern beverage market, we utilize our high-quality buffalo milk resources to create innovative ready-to-drink dairy-based beverages.

Combining advanced processing with creative formulations, we have launched products such as Buffalo Sweet Milk Beverage and Buffalo Yogurt Beverage, addressing a range of consumption occasions.

Representative Products

As of March 31, 2026, we offered three variants of milk-containing beverages. Our representative milk-containing beverages are set forth below:

Product	MSRP	Key features
<p>Buffalo Yogurt Beverage</p> 	RMB2.0-3.0 per pack (200ml)	A milk-containing beverage specially added with buffalo milk and cow milk, fermented with probiotics, and containing 1.2g of protein per 100ml.
<p>Buffalo Sweet Milk Beverage</p> 	RMB2.5-3.0 per pack (200ml)	Buffalo Sweet Milk Beverage is a sweetened beverage made with buffalo milk and cow milk, which contains 1.2g of protein per 100ml.

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Product Features

The key highlights of our milk-containing beverages include:

- Premium Buffalo Milk-Based Differentiation.** Buffalo milk is specially added to enhance the taste, aroma and nutritional appeal of our milk-containing beverages. With its naturally rich, creamy and smooth texture, buffalo milk helps create a fuller and more indulgent drinking experience compared with conventional ready-to-drink milk-containing beverages. This unique ingredient profile allows us to differentiate our products in terms of taste, product positioning and consumer appeal, while meeting growing consumer demand for convenient beverages that combine enjoyable flavors with nutritional benefits.
- Formulation and Processing Expertise.** We use targeted formulation and processing techniques to develop different types of buffalo milk-containing beverages. Our Buffalo Yogurt Beverage is produced through fermentation with selected probiotic strains, while our Buffalo Sweet Milk Beverage is produced through controlled blending and formulation to achieve a balanced creamy and sweet taste. These processes support consistent product quality, stable flavor and a differentiated buffalo milk-based beverage portfolio.

Fermented Dairy Products (發酵乳產品)

Our fermented dairy products use buffalo raw milk and cow raw milk as principal ingredients and leverage the naturally higher fat and protein content of buffalo milk to deliver a richer texture and enhanced nutritional profile, addressing growing consumer demand for gut health and premium yogurt products. In particular, our “Buffalo Yogurt” series benefits from the structural properties of buffalo milk, offering a thicker texture and more layered flavor profile compared to conventional yogurt. By combining buffalo raw milk and cow milk with selected probiotic strains, we enhance both flavor complexity and functional attributes. In response to increasing health-conscious consumption trends, we have further expanded this category with Zero-sucrose Buffalo Yogurt and Passion Fruit Yogurt, balancing taste and health considerations.

Representative Products

As of March 31, 2026, we offered eight variants of fermented dairy products. Our representative fermented dairy products are set forth below:

Product	MSRP	Key features
Buffalo Yogurt Series 	RMB6.0-7.5 per bag (168g)	The buffalo yogurt series includes original, zero-sucrose, passion fruit and pineapple varieties. This series is made from buffalo raw milk and cow raw milk, with various probiotics added, and contains 3.1g of protein per 100ml.

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Product	MSRP	Key features
<p>Xiaolao (小酪) Yogurt</p> 	RMB2.7-3.0 per bottle (180g)	Xiaolao Yogurt is produced using a double-strain fermentation process, and contains 2.4g of protein per 100ml.

Product Features

The key highlights of our fermented dairy products include:

- Health-Oriented Formulations.** Responding to the growing demand for low-calories and wellness-focused options, our portfolio includes zero-sucrose formulations that balance functional gut-health support with a clean, natural taste.
- Specialized Fermentation Technology.** We use selected probiotic cultures and controlled fermentation processes to produce our fermented dairy products. Xiaolao Yogurt is produced using a double-strain fermentation process, while our Buffalo Yogurt Series is developed to achieve a rich, smooth and creamy texture. Through fermentation process control and the natural characteristics of buffalo milk, we are able to deliver consistent product quality, distinctive texture and a differentiated fermented dairy product portfolio.

Other Products

As part of our strategic expansion, we have leveraged the unique nutritional and sensory attributes of buffalo milk to develop a range of premium value-added dairy products, including canned Bird’s Nest Buffalo Milk and buffalo milk ice cream series.

Our Bird’s Nest Buffalo Milk product combines the rich and creamy profile of buffalo milk with edible bird’s nest, a premium ingredient traditionally valued by consumers in China, catering to growing consumer demand for premium, differentiated dairy-based products.

In addition, our buffalo milk ice cream series capitalizes on growing consumer demand for indulgent, high-quality frozen desserts. Buffalo milk, with its naturally higher butterfat content, typically about 5.5%-9.0% compared to 3.5%-4.2% in Holstein cow raw milk, richer texture, and superior creaminess, provides an ideal base for crafting ice cream that is exceptionally smooth, dense, and flavorful.

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Representative Products

As of March 31, 2026, we offered nine variants of other products. Our representative other products are set forth below:

Product	MSRP	Key features
<p>Bird’s Nest Buffalo Milk</p> 	RMB15.0-16.2 per bottle (150g)	A ready-to-drink buffalo-milk based product blended with high-quality edible bird’s nest. Each bottle contains not less than 500mg of edible dry bird’s nest, together with 4.0g of milk protein per 100ml.
<p>Buffalo Milk Ice Cream Series</p> 	RMB6.0-10.0 each (60g/75g)	With buffalo milk added, the buffalo milk ice cream series is offered in original, chocolate, durian, lychee rose, gardenia oolong, and double bobo flavors.

RAW MILK SOURCING AND PRODUCTION

Securing a stable, high-quality and traceable supply of raw milk, including buffalo raw milk, is fundamental to our business. Our raw milk sourcing model combines third-party breeding cooperatives and dairy farms with our self-operated dairy farms, allowing us to balance sourcing flexibility and local supply integration with quality control and scalability.

Our headquarters is located in Lingshan, Guangxi. Guangxi hosts the largest purebred buffalo dairy farm in China and the Guangxi Buffalo Research Institute, the only dedicated buffalo research institution in China. According to Frost & Sullivan, Guangxi leads nationwide in dairy buffalo stock, breeding female buffalo population and buffalo milk output. According to the Ministry of Agriculture and Rural Affairs and the Department of Agriculture and Rural Affairs of Guangxi Zhuang Autonomous Region, “Lingshan Dairy Buffalo” and “Lingshan Dairy Buffalo Fresh Milk” have obtained national agricultural product geographical indication protection and national famous, special, high-quality and new agricultural product certification, respectively. These factors collectively provide us with strong location-specific advantages and competitive barriers in buffalo raw milk sourcing.

Our Diversified Sourcing Model

We have adopted a diversified raw milk sourcing model under which we source raw milk from third-party suppliers, including third-party breeding cooperatives and dairy farms, and supplement such external sourcing with raw milk produced at our self-operated dairy farms. This model supports supply stability, traceability and quality control while providing us with flexibility to scale production.

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The following table sets forth, for the periods indicated, (i) the cost of raw milk we procured from third-party suppliers; and (ii) the gains arising from the initial recognition of self-produced raw milk as agricultural produce at fair value less costs to sell at the point of harvest:

	Year Ended December 31,						Three Months Ended March 31,	
	2023		2024		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>								
Procured buffalo raw milk . . .	186,286	55.0	185,037	44.9	213,132	41.0	68,007	41.9
Procured cow raw milk	140,135	41.4	202,912	49.3	197,226	38.0	61,251	37.7
Self-produced buffalo raw milk	12,148	3.6	20,732	5.0	19,163	3.7	5,179	3.2
Self-produced cow raw milk . . .	—	—	3,348	0.8	89,768	17.3	28,011	17.2
Total	338,569	100.0	412,029	100.0	519,289	100.0	162,448	100.0

Our Self-Operated Dairy Farms

Geographically, we have strategically developed a differentiated raw milk supply and production network to support product freshness, logistics efficiency and supply stability. Our dairy buffalo farms are located primarily in Guangxi and Zhejiang, while our Holstein dairy cow farm is located in Ningxia, enabling us to secure distinct sources of raw milk for different product categories.

As of March 31, 2026, we had eight self-operated dairy farms and farms under construction that we plan to operate upon completion, comprising four farms in operation and four farms planned for operation.

The following table sets forth the details of our self-operated dairy farms as of the Latest Practicable Date:

Farm	Type	Location	Status	Approximate Site Area (mu)
Maoling Dairy Buffalo Farm	Buffalos	Lingshan, Guangxi	Operating	84.2
Luwu Dairy Buffalo Farm	Buffalos	Lingshan, Guangxi	Operating	145.2
Huashan Dairy Buffalo Farm	Buffalos	Lingshan, Guangxi	Planned for operation	128.8
Guigang Dairy Buffalo Farm	Buffalos	Guigang, Guangxi	Planned for operation	262.0
Baise Dairy Buffalo Farm	Buffalos	Baise, Guangxi	Planned for operation	32.7
Rui'an Dairy Buffalo Farm	Buffalos	Rui'an, Zhejiang	Operating	18.9
Cangnan Dairy Buffalo Farm	Buffalos	Cangnan, Zhejiang	Planned for operation	419.12
Saishang Baifei Holstein Dairy Cow Farm	Holstein cows	Lingwu, Ningxia	Operating	808.5 ⁽¹⁾

Note:

- (1) The 399.9 mu pasture of Saishang Baifei Holstein Dairy Cow Farm has not been put into operation.

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Our largest dairy buffalo farms in Lingshan are located close to our dairy production facilities, which helps shorten the transportation distance from farms to dairy production facilities for buffalo raw milk, improve processing efficiency and reduce pressure on cold-chain logistics. In Guangxi, we use carefully formulated feed incorporating local agricultural resources such as sugarcane and pineapple for our dairy buffalos, as part of our efforts to enhance feed quality and support the distinctive flavor profile of our buffalo milk. Among our Guangxi-based farms, Luwu Dairy Buffalo Farm is a national-level digital farm, enabling visualization and intelligent management across the entire breeding chain. Our dairy buffalo farms in Zhejiang further supplement our buffalo milk supply and enhance our regional supply coverage.

In Ningxia, we operate a Holstein dairy cow farm to support our supply of cow raw milk for our products. Ningxia Saishang Baifei Holstein Dairy Cow Farm is located in the core area of Ningxia’s golden milk source belt, within the Dairy Cattle Breeding Park in Ningxia. The region benefits from favorable natural conditions, high-quality forage resources and a well-established animal husbandry foundation, providing suitable conditions for Holstein dairy cow breeding and the production of high-quality cow raw milk.

Through this differentiated geographical layout, comprising dairy buffalo farms in Guangxi and Zhejiang and our Holstein dairy cow farm in Ningxia, we are able to enhance raw milk supply stability, improve production and processing efficiency, and strengthen the flexibility and resilience of our overall supply chain.

While external procurement forms the majority of our raw milk supply currently, our growing self-operated dairy farms serve a critical strategic function as our quality anchor, innovative hub and a platform for future growth. We are actively expanding the proportion of self-produced milk, both buffalo raw milk and cow raw milk, to enhance supply stability and support the development of higher-value products.

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The following map sets forth information on our dairy farms that are self-operated and planned for operation and dairy production facilities in China as of the Latest Practicable Date:



Baifei Dairy Buffalo Farms in Guangxi

Our Luwu and Maoling dairy buffalo farms together represent one of the region’s largest and most modern standardized dairy buffalo farm operations, according to Frost & Sullivan.

Luwu Dairy Buffalo Farm is a technology-enabled digital farm that integrates precision feeding, health monitoring, milking management, environmental control and quality traceability. It uses smart barn systems for automated cooling, ventilation and air filtration, digital feeding equipment for customized feed formulation and herd-level management, and digital milking systems with electronic metering, online raw milk quality testing and real-time data collection. Smart collars and animal identification devices monitor activity, estrus, rumination and feed intake, while disease-monitoring algorithms and digital reproduction tools support early disease warning, diagnosis and breeding efficiency. The farm also applies automated manure treatment systems and integrated farm management software to consolidate operational data, helping safeguard raw milk quality at the source.

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Maoling Dairy Buffalo Farm has obtained GAP certification and organic product certification, and played a key role in drafting the local industry standard, namely the Code of Practice for Lingshan Buffalo Breeding (T/GXAS788—2024). Maoling Dairy Buffalo Farm was also recognized as a demonstration base under the National Key R&D Program project during the 14th Five-Year Plan period.

Together, our farming network in Guangxi serves as a demonstration center for developing and refining best practices in buffalo breeding and farm management.



Baifei Dairy Buffalo Farms in Guangxi

Rui'an Dairy Buffalo Farm in Zhejiang

This farm is our first dairy buffalo farm expansion beyond Guangxi, further strengthening our buffalo milk supply capabilities and enhancing our regional supply coverage. It is located near our dairy production facilities in Zhejiang, enabling buffalo raw milk produced at the farm to be transported to our dairy production facilities and processed efficiently and promptly.

Saishang Baifei Holstein Dairy Cow Farm in Ningxia

This is our self-operated dairy farm in Ningxia for cow raw milk supply, diversifying our supply base and providing access to high quality cow milk for our production.

Herd Management

We maintain detailed records for each animal from birth, tracking lineage, health status and performance. During the Track Record Period, the number of buffalos in our herd was 1,058, 1,288, 1,659 and 1,547 heads as of December 31, 2023, 2024 and 2025 and March 31, 2026, while our total herd size was 1,058, 4,449, 7,146 and 7,965 heads as of the same dates, respectively. The increase in our total herd size from 2023 onwards was primarily due to the inclusion of Ningxia Saishang Baifei Holstein Dairy Cow Farm following its acquisition, which mainly raises Holstein dairy cows. As of March 31, 2026, the table below sets forth the composition of our herd:

	As of December 31,						As of March 31,	
	2023		2024		2025		2026	
	Head	Value	Head	Value	Head	Value	Head	Value
<i>(RMB in thousands, except for Heads)</i>								
Milkable cows/buffalos . . .	701	16,458	3,309	72,329	3,623	66,671	3,833	70,061
Heifers and calves	277	2,065	919	3,597	3,187	31,714	3,888	39,439
Breeding bulls and young male cattle	80	709	221	1,060	336	2,181	244	1,236
Total	1,058	19,232	4,449	76,986	7,146	100,566	7,965	110,736

See “Financial Information — Material Accounting Policies and Critical Estimates and Judgements — Fair value of biological assets” for the basis of herd evaluation.

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Smart Farm Digitalization

We have deployed an integrated digital farming platform that combines IoT sensors, AI analytics and automated control systems to manage our dairy operations with precision.

- **Real-Time Health Monitoring:** Environmental sensors and AI-powered monitoring systems continuously collect data on each animal’s behavior, activity levels, feeding patterns and health indicators. AI algorithms analyze this data to construct health assessment models for early warning and precise diagnosis of potential diseases, allowing for timely intervention and reducing mortality rates.
- **Intelligent Feeding Management:** Our AI-driven feeding systems analyze nutritional requirements based on each animal’s growth stage, health status and milk production levels. The system guides automated feeding robots to deliver customized feed rations, optimizing nutrient intake while minimizing waste. This precision feeding approach has contributed to improved milk yield and consistent milk quality.
- **Comprehensive Herd Management:** Each animal is individually identified and tracked through integrated electronic tagging, with lifecycle records covering health, vaccination and performance. Regular physical verification is conducted by farm managers and finance personnel to ensure data accuracy.

We adhere to internationally recognized animal welfare standards, including the “Five Freedoms” principles. Our veterinary team, led by a chief veterinarian and supported by specialist staff, implements comprehensive animal health and welfare management measures, including vaccination programs, biosecurity controls, environmental management and reproductive management. Regular health monitoring is conducted, with animals showing signs of illness promptly isolated and treated.

External Procurement from Third-party Breeding Cooperatives and Dairy Farms

To meet the majority of our current production demand and supplement the raw milk produced at our self-operated dairy farms, we procure both cow raw milk and buffalo raw milk from a deeply rooted local procurement network of carefully selected third-party partners. As of March 31, 2026, we had established cooperation with 55 third-party raw milk suppliers comprising third-party dairy farms and breeding cooperatives. This arrangement enables us to aggregate raw milk resources, improve procurement efficiency and strengthen traceability and quality control at the source.

Over the years, we have cultivated deep, mutually beneficial relationships with these procurement partners by providing technical guidance and stable offtake arrangements, while securing reliable access to high-quality local raw milk. Such relationships require time, trust, technical support, stable offtake arrangements and localized operational experience. This deeply integrated local network of procurement partners strengthens the stability of our externally procured raw milk, particularly our buffalo raw milk supply, and contributes to the resilience of our overall raw milk supply model, creating a significant entry barrier for new entrants to secure comparable access to high-quality buffalo raw milk in the short term solely through capital investment.

Supplier Management

We maintain rigorous quality control over externally sourced raw milk. Suppliers are required to furnish relevant documentation, including quarantine certificates and employee health certificates, and to submit to our supervision and inspection of ranch milk hygiene, veterinary drug use and feed use. Each batch of raw milk delivered is inspected against the agreed contractual quality standards, and we reserve the right to reject any raw milk that fails to meet those standards without liability to pay compensation to the supplier.

Set forth below are the salient terms of the typical agreement with our third-party raw milk suppliers:

- **Term.** Our raw milk supply agreements typically have a fixed term of one year and can be renewed by mutual agreement.

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- **Quantity.** Suppliers provide raw milk based on our procurement requirements or milk demand plan. The agreements typically specify delivery arrangements.
- **Quality.** Suppliers are required to provide raw milk that complies with applicable relevant provisions under national food safety standards, as well as our contractual specifications, including requirements relating to physical and chemical indicators (protein, fat content, etc.), microbiological indicators, and safety indicators.
- **Logistics.** Suppliers are generally responsible for arranging transportation of raw milk to our designated processing facilities using qualified milk transport vehicles. Transportation and storage must comply with applicable hygiene, disinfection, refrigeration and contamination-prevention requirements.
- **Inspection and Acceptance.** We inspect and test raw milk supplied by our suppliers on a batch-by-batch basis against the agreed quality standards. We reserve the right to reject raw milk that does not meet the agreed requirements. Our inspection records and weighing records generally form the basis for acceptance and settlement.
- **Pricing and Settlement.** The purchase price is generally determined by reference to prevailing market conditions and may be subject to adjustment based on quality indicators or other agreed factors. Settlement is typically conducted on a monthly basis, following reconciliation of delivery quantity, inspection results and other supporting records.
- **Termination and Default.** If a supplier fails to deliver raw milk on time, delivers insufficient quantities, or supplies raw milk that does not meet the agreed quality standards, the supplier is generally required to compensate us for resulting losses. We can also terminate the agreement in the event of repeated or material breaches.

Production

Dairy Production Facilities

We strategically deployed three dairy production facilities in Guangxi, Zhejiang and Hunan as of the Latest Practicable Date, with a total site area of approximately 175,824 square meters. Our facilities are equipped with advanced, internationally sourced aseptic filling lines and our Guangxi facility has been recognized as “Guangxi’s Digital Workshops” by Guangxi Zhuang Autonomous Region Department of Industry and Information Technology.

The following table sets forth the details of our dairy production facilities as of the Latest Practicable Date:

Facility	Location	Primary Products	Approximate Site Area (square meters)
Guangxi Facility	Lingshan, Guangxi	Sterilized milk, formulated milk, fermented dairy products and pasteurized milk	54,275
Zhejiang Facility	Cangnan, Zhejiang	Sterilized milk, formulated milk and milk-containing beverages	88,108
Hunan Facility ⁽¹⁾	Changsha, Hunan	Pasteurized milk, formulated milk and milk-containing beverages	33,441

Note:

- (1) Hunan facility is planned for operation. The facility has not yet officially commenced production.

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Production Capacity

Our capacity utilization reflects our sales-driven production model, under which production volumes are determined primarily by sales demand, with moderate inventory adjustments. We classify our production lines into three categories based on product type and production process: (i) sterilized milk, formulated milk, milk-containing beverages and other products, which are primarily produced on our ambient dairy production lines; (ii) pasteurized milk, which is produced on our low-temperature dairy products production lines; and (iii) fermented dairy products, which are produced on our fermented dairy products production lines.

The following table sets forth the maximum production capacity, actual production volume and utilization rate of our dairy production facilities for sterilized milk, pasteurized milk, formulated dairy products, milk-containing beverages, fermented dairy products and other products during the Track Record Period:

	Year Ended December 31,				Three Months Ended March 31,						
	2023		2024		2025		2026				
	Maximum Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Maximum Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Maximum Production Capacity ⁽¹⁾	Actual Production Volume ⁽²⁾	Utilization Rate ⁽³⁾		
<i>(Tonnes in thousands, except for percentage)</i>											
Sterilized milk, formulated milk, milk-containing beverages and other products	107.6	77.0	71.6%	137.5	106.5	77.5%	151.8	116.9	77.0%	34.6	91.3%
Pasteurized milk	3.3	0.3	9.1%	5.1	1.2	23.5%	4.4 ⁽⁴⁾	2.9	65.9%	1.1	0.8
Fermented dairy products	1.3	0.1	7.7%	1.3	0.1	7.7%	1.3	0.5	38.5%	0.3	0.1
											33.3%

Notes:

- (1) The maximum production capacity for the year/period is calculated based on the assumption that all production lines are operated at a maximum achievable annual production capacity in practice under normal operating conditions, with allowances for reasonable factors such as routine maintenance, equipment upgrades, public holidays, and seasonal demand fluctuations. According to Frost & Sullivan, our capacity calculation method, including the assumptions used therein, is in line with the standard of the relevant industry in China.
- (2) The actual production volume for a given year or period represents the total quantity of products manufactured during that year or period.
- (3) The utilization rate for a given year or period is calculated as the actual production volume divided by the maximum production capacity for the same year or period. The utilization rate of our pasteurized milk production lines increased from 9.1% in 2023 to 23.5% in 2024 and 65.9% in 2025, and further to 72.7% for the three months ended March 31, 2026. The utilization rate of our fermented dairy products production lines remained at 7.7% in each of 2023 and 2024, before increasing to 38.5% in 2025. The relatively low utilization rates of our pasteurized milk and fermented dairy products production lines in 2023 and 2024 were mainly because we only commenced expansion into the low-temperature dairy products and fermented dairy products segments in 2023. In June 2023, we commissioned a new pasteurized milk production line and, during the same year, increased our marketing and promotional efforts for pasteurized milk and fermented dairy products. As sales of these products gradually increased, our production volumes increased correspondingly under our sales-driven production approach, resulting in a general improvement in utilization rates. The utilization rate of our ambient dairy production lines reached 91.3% for the three months ended March 31, 2026, primarily attributable to increased consumer demand during the Chinese New Year holiday. As we adopt a sales-driven production approach, the higher market demand for our ambient dairy products during the period resulted in a corresponding increase in production volume, thereby driving the higher utilization rate of our ambient dairy production lines.
- (4) The maximum production capacity of our low-temperature dairy products production lines decreased in 2025, primarily because we dismantled one PE bottle filling production line for low-temperature dairy products during the year to optimize our product line and improve commercial efficiency.

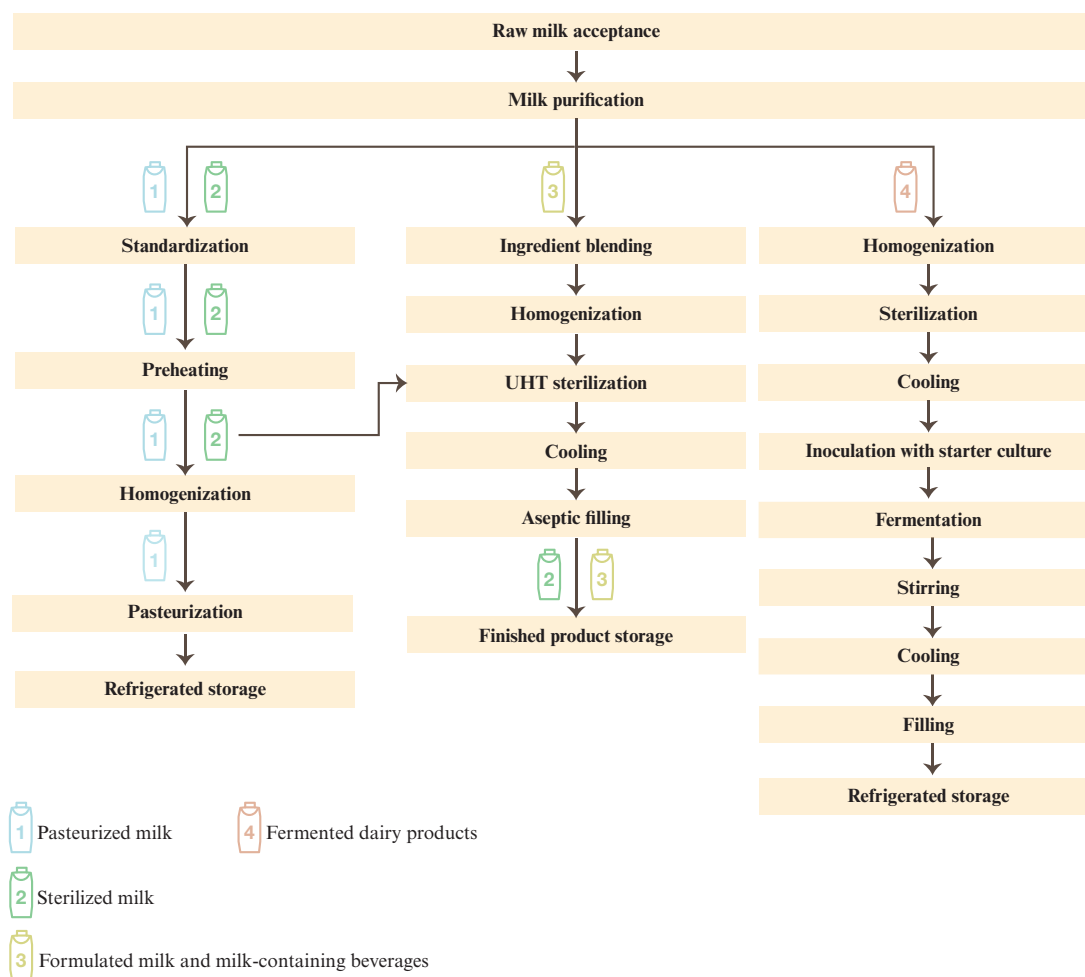
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To ensure that our production capabilities remain aligned with operational demands and support our continued growth, we plan to further invest in property, plant and equipment. In particular, we plan to apply a portion of our [REDACTED] to the construction and expansion of fixed dairy production facilities, production lines, as well as upgrades related to our production infrastructure and equipment. These investments are expected to enhance our production capacity, automation level and operational efficiency, and support the development of modernized and intelligent production and farming facilities. See “Future Plans and Use of [REDACTED].”

Production Processes

We employ industry-leading manufacturing processes tailored to each product category. All processes are strictly controlled through our quality management system, with key control points monitored in real-time. Temperature, time, and cleanliness parameters at each stage are strictly controlled to guarantee that final products meet national standards and consumer health requirements. Each process flow is also designed to ensure compliance with microbiological standards.

The following chart illustrates the key production flows of our main products:



All four production flows share a common starting sequence of raw milk acceptance and milk purification. Pasteurized milk follows a comparatively straightforward process: after these shared steps, the milk is standardized, homogenized, pasteurized, cooled and filled, and then placed into refrigerated storage. Formulated milk and milk-containing beverages follow the shared upstream steps and then proceed through ingredient blending, homogenization, UHT sterilization, cooling, and aseptic filling before finished product storage. Sterilized milk

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is also aseptically processed, but its flow emphasizes standardization, preheating, UHT sterilization, cooling, and aseptic packaging before the finished product stage. The process for producing stirred fermented dairy products begins with the addition of a starter culture, followed by fermentation, stirring, cooling, filling, and refrigeration.

Digitalization and Smart Manufacturing

We have made ongoing investments in the digitalization of our production and logistics operations, leveraging data analytics and automation to enhance operational efficiency, quality control and product traceability.

- **Smart Manufacturing.** We have achieved the transformation and upgrading of traditional production model through the acquisition of advanced production equipment and digital empowerment, establishing intelligent factories and intelligent production lines, and introducing product traceability systems, customer relationship management systems, supply chain management and resource planning management systems, and manufacturing execution systems, thereby realizing the automation and digitalization of production processes. We have obtained ISO9001 Quality Management System Certification, ISO22000 Food Safety Management System Certification, FSSC22000 Food Safety Management System Certification, and Hazard Analysis and Critical Control Points (HACCP) System Certification, among others. We have a team of experienced food safety quality management and control personnel, established strict quality inspection standards, and implemented full-process traceability supervision covering pre-production, in-production, and post-production stages.
- **Smart Packaging Line.** We operate an AI-enabled automated packaging line comprising multiple integrated modules that support end-to-end packaging and palletizing operations. Key features include robotic case-packing, AI-based visual recognition, intelligent energy management systems that adjust consumption based on workload, and QR-code-based traceability enabling product tracking across the production and delivery process.
- **Cold Chain Management.** We maintain strict cold chain controls throughout the production, storage and distribution of our pasteurized milk products. Cold storage facilities are equipped with automated temperature monitoring and recording systems, and transport vehicles are fitted with GPS and temperature sensors to provide real-time tracking and ensure product freshness during delivery.
- **Equipment Maintenance and Reliability.** We operate a structured equipment maintenance framework to support production continuity and product quality, encompassing scheduled preventive maintenance based on operating hours, routine operator inspections, periodic comprehensive servicing and parts replacement, and established contingency procedures for equipment failures, including backup power and redundancy measures.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any failures in our facilities which caused material disruptions to our operations. We are, however, susceptible to risks relating to the failure of our digitalized systems and platforms.

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RESEARCH AND DEVELOPMENT

Innovation is deeply embedded in our corporate DNA and a critical driver of our success in the buffalo dairy products market. We are committed to advancing the science of buffalo milk from breeding and farming to processing and functional nutrition to create products that offer superior taste, nutrition and quality. Our R&D efforts are guided by a deep understanding of the unique properties of buffalo milk and the evolving needs of consumers who seek authentic, high-value dairy experience. In particular, our R&D initiatives are also focused on enhancing the sensory attributes of our products, including taste, aroma and texture, with a view to delivering a richer, smoother and more enjoyable consumer experience.

Our R&D Capabilities and Collaborations

Our R&D activities are anchored by our enterprise technology center, which serves as the central platform for product and process innovation. The center is equipped with pilot-scale dairy production facilities, comprehensive testing laboratories (covering physical, chemical, microbiological, and heavy metal analysis) and product development capabilities, enabling efficient transition from research concepts to market-ready products. These capabilities also allow us to conduct formulation optimization, sensory evaluation and process refinement to improve product taste, flavor stability, texture and overall palatability.

We also maintain strategic collaborations with leading research institutions, including China Agricultural University, one of China’s most prestigious agricultural research institutions, with which we have established a Buffalo Joint Research Center focusing on buffalo breeding, nutritional profiling, processing technologies and product development. We also collaborate with the Guangxi Buffalo Research Institute, the only institution in Chinese Mainland dedicated exclusively to buffalo research, on areas such as milk processing technologies, feed optimization and product development. In addition, we work with a National Research Institute located in Wenzhou on targeted projects, including functional dairy products for children and digestive health formulations. These collaborations support the continuous development of our R&D pipeline and technical capabilities. Under our R&D collaboration arrangements, all parties are subject to confidentiality obligations, and we typically retain ownership of the intellectual property arising from collaborative research.

Our Key Technologies

We are proud of our key technologies, developed in-house, which allow us to provide high-quality dairy products to our customers. Below is an overview of our main technological achievements.

- **Buffalo Milk Deep Processing Technology.** This technology utilizes fresh, high-quality buffalo raw milk as the primary raw material, combined with advanced Tetra Brik[®] aseptic filling production techniques. The resulting products retain the natural sweetness and rich aroma of buffalo milk while delivering high-quality milk protein. We have developed a series of buffalo dairy products with varying protein content levels (ranging from 3.8g to 4.3g per 100ml) to meet diverse consumer preferences. This technology is supported by our patents and is applied in the production of our sterilized milk products.
- **Buffalo Breeding and Farming Management Technology.** This comprehensive technology covers all aspects of farm operations, including facility construction, feed management, feeding practices, milking, breeding, disease prevention and control, and quality traceability. We utilize advanced free stall farming methods, implement Total Mixed Ration feeding, have introduced high-capacity fishbone milking equipment for centralized milking, and apply digital farm management systems to dynamically monitor operations. This technology is supported by our patents and is applied across our buffalo farming operations.

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- **Long-Shelf-Life Low-Temperature Fresh Milk Technology.** We have implemented the INF technology that utilizes 0.09-second flash sterilization to preserve active nutrients such as lactoferrin significantly more effectively than traditional pasteurization methods. Following sterilization, the milk is filled under low-temperature, aseptic conditions, minimizing nutrient loss and maintaining the fresh taste and original flavor of the buffalo milk. This technology effectively ensures product safety throughout its shelf life and is applied in the production of our pasteurized milk products.

Going forward, we will (i) focus on upgrading the entire industrial chain of buffalo dairy products, improving breeding efficiency and milk source quality through digital and intelligent technologies to ensure the supply of high-quality milk, and establishing demonstration benchmarks for smart dairy buffalo farms; (ii) persist in technological innovation, expanding product varieties, optimizing product structure, and broadening the market to provide consumers with healthier, safer, and more delicious buffalo dairy products; and (iii) build an integrated, multi-dimensional marketing system, achieving synergies between online and offline channels as well as traditional and emerging sales channels, penetrating all-scenario consumer touchpoints, and strengthening brand influence, with the commitment to establishing Baifeilao as a leading brand of buffalo dairy products in China.

Our R&D Team

As of March 31, 2026, our R&D team consisted of 12 personnel with expertise in dairy science and processing technologies, covering key disciplines such as food science and engineering, microbiology, food quality and safety, and lactic acid bacteria fermentation technology. We continue to recruit graduates from leading universities and cultivate young R&D talent through long-term collaborations with research institutions and joint research programs, supporting a balanced team structure and sustained innovation. We have also implemented a project-based R&D framework to encourage our R&D personnel to develop and present new ideas and innovation initiatives. In addition, we conduct regular training programs covering product knowledge, regulatory requirements and technical advancements to enhance our team’s product development capabilities, regulatory awareness and technical execution.

SALES AND DISTRIBUTION

We have established a nationwide omni-channel sales and distribution network spanning online and offline channels, enabling broad coverage across major retail formats in China. During the Track Record Period, we sold our products primarily through (i) offline distributors; (ii) online distributors; (iii) retailers across both online and offline retail channels, including snack bulk stores, e-commerce platforms, supermarkets, convenience-store chains and premium membership stores; and (iv) direct-to-consumer, or DTC, channels, including our online self-operated flagship stores and offline corporate group purchase and employee purchase arrangements. Our distributorship allows us to leverage our distributors’ local market knowledge, established customer relationships and channel resources, thereby facilitating efficient market penetration and broad product reach. Our DTC channels further enlarge our sales network by enabling direct engagement with consumers and selected corporate customers, supporting consistent brand presentation and providing timely market feedback. This omni-channel approach allows us to serve varied customer groups across different geographies, retail formats and consumption scenarios nationwide.

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The following table sets forth a breakdown of our revenue by sales channel in absolute amount and as percentage of our total revenue for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in thousands, except for percentages)									
Distributors										
– Offline distributors	711,277	66.3	792,680	55.8	777,582	48.2	182,205	54.0	205,967	41.9
– Online distributors	–	–	8,177	0.6	25,605	1.6	6,644	2.0	5,114	1.0
Direct sales										
– Retailers	152,615	14.2	324,821	22.8	435,774	27.0	78,733	23.3	140,883	28.6
– DTC	208,486	19.5	295,362	20.8	374,645	23.2	70,062	20.7	140,583	28.5
Total	1,072,378	100.0	1,421,040	100.0	1,613,606	100.0	337,644	100.0	492,547	100.0

Distribution

We select our distributors mainly based on their sales experience and distribution capabilities in the relevant markets. Revenue from our distribution channels amounted to RMB711.3 million, RMB800.9 million, RMB803.2 million, RMB188.8 million and RMB211.1 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 66.3%, 56.4%, 49.8%, 56.0% and 42.9% of our total revenue for the respective periods. We sell our products through both offline distributors and online distributors. Our distribution channels represented our largest sales channel during the Track Record Period and enabled us to achieve broad market coverage across both offline and online consumption scenarios.

Our offline distributors are typically corporate distributors specializing in food distribution and marketing, with established regional distribution networks, local market knowledge and sales execution capabilities. They generally purchase products from us and resell them through their own distribution networks or to their downstream customers within the agreed regions or channels. Our offline distributors enable us to expand our offline market coverage across different regions in China, particularly in regional and local markets where distributors’ sales networks, customer resources and logistics capabilities allow us to reach a broader base of downstream customers.

Our online distributors are typically online channel operators or distribution partners with experience in e-commerce sales and online channel management. They generally purchase products from us and resell them through their own online stores, online distribution channels or other agreed online retail touchpoints. Under our online distribution arrangements, we sell products to online distributors that operate authorized online stores or sales channels on e-commerce and social commerce platforms. These online distributors purchase products from us and resell them to end customers through their own online retail touchpoints, while remaining responsible for their store operations, customer fulfilment and compliance with the relevant platform rules and our channel management requirements. These arrangements enable us to broaden our online market coverage, access to diversified online consumption scenarios and supplement our retailer and DTC channels.

During the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. Among these distributors, there was an associate in which we held a 49.0% equity interest. Our sales to this associate amounted to nil, RMB2.2 million, RMB1.3 million RMB0.1 million and RMB0.7 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, representing nil, 0.2%, 0.1%, 0.2% and 0.04% of our total revenue for the respective periods, and nil, 0.3%, 0.2%, 0.4% and 0.1% of our revenue from distribution channels for the respective periods. The terms of the distribution

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agreement entered into with such distributor were consistent with normal commercial terms and were in line with our standard distribution agreements. Given the limited scale of sales to this associate, we believe that our cooperation with this associate follows the same arrangement as other distributors and did not affect the overall independence of our distributor network nor indicate any material reliance by us on this associate.

The following table sets forth the number of our online and offline distributors and their movements for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Number of distributors at the beginning of the year/period	635	670	968	1,179
Number of distributors added during the year/period ⁽¹⁾	215	507	550	138
Number of distributors inactive/terminated during the year/period ⁽²⁾	(180)	(209)	(339)	(435) ⁽³⁾
Number of distributors at the end of the year/period	<u>670</u>	<u>968</u>	<u>1,179</u>	<u>882</u>

Notes:

- (1) Added distributors refer to distributors that placed orders with us during a particular period, including both newly engaged distributors and reactivated distributors that resumed purchasing from us after a period of inactivity.
- (2) We continuously assessed our distributors by reference to, among others, their sales performance, market coverage, operational capabilities, inventory management and ability to meet sales targets, and phased out certain under performing distributors that no longer met our business development needs. Terminated distributors refer to distributors whose distributorships were formally discontinued during the relevant period. Inactive distributors represent distributors that had placed purchase orders with us in the immediately preceding period but did not make purchases from us during the relevant period and distributors whose prior-year agreements had expired and their new agreements had not yet been renewed by the end of the year or period.
- (3) The primary reason for the decrease in the total number of distributors as of March 31, 2026 was due to the termination of cooperation with 238 distributors, mainly due to their own business operations and commercial considerations. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes with the terminated distributors.

Distributor Management

We maintain a seller-and-buyer relationship with our distributors, which is in line with industry norms, according to Frost & Sullivan. Under the seller-and-buyer model, control and risk of loss transfer to distributors upon product delivery and receipt, at which point we recognize revenue. Our distributors purchase products from us for resale to their downstream customers, assume inventory risk and are responsible for managing their own sales operations. We have also established procedures to manage distributors and after-sales matters, as summarized below:

- **Inventory Management.** We monitor distributor inventory and product movement through distributor reporting, sales and inventory inquiries, and established complaint escalation procedures. The distributors generally provide order forecasting, sales inquiry and inventory inquiry support, enabling us to track sell-through and inventory levels.
- **Anti-cannibalization.** We have established a dedicated market order management system to prevent channel stuffing and cross-regional sales. To mitigate the risk

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of channel conflicts among our distributors, we generally implement the following measures: (i) considering distributors' geographic coverage during the selection process to minimize overlap within the same region; (ii) specifying designated distribution territories in our distribution agreements; and (iii) maintaining regular communication with distributors to monitor their sales activities and identify any potential channel conflicts or cross-regional competition.

- **Sub-distribution.** Our distributors are generally not allowed to transfer their rights or obligations under the distribution agreements, or engage in sub-distribution outside the authorized channels, without prior written consent.

Major Terms of Distribution Agreements

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

- **Term.** Our distribution agreements generally have a term of one year, which can be renewed or extended upon mutual agreement.
- **Payment and Settlement.** Payments under our distribution arrangements are generally settled by bank transfer or, where applicable, through the relevant platform settlement systems. For offline distributors, we generally require payment in full before delivery. For certain online distributors or platform-related distribution arrangements, we generally grant credit terms that vary by distributors.
- **Pricing.** Distributors are generally required to comply with our pricing policies and may not engage in unauthorized low-price sales or other conduct that disrupts market orders. There is typically no mandatory selling prices in the distribution arrangements.
- **Sales Targets and Purchase Requirements.** Distributors are generally subject to annual or periodic targets for sales and channel development. There is typically no minimum purchase requirements in the distribution agreements.
- **Logistics.** We generally arrange delivery to the agreed receiving locations or in accordance with the applicable order arrangements. Offline distributors are generally required to inspect products upon delivery, while online distributors are generally responsible for coordinating customer acceptance and handling delivery-related issues in accordance with the agreed procedures.
- **Product Quality and Returns.** Distributors are required to comply with applicable laws, our sales policies, channel management requirements and brand protection requirements, and to cooperate with inspections, returns, exchanges, recalls or other remedial actions as required. Returns or exchanges are generally not accepted except for products with quality defects.
- **Rebates.** Distributors may be required to provide performance deposits or similar security to support compliance with contractual obligations and sales policies. We may provide rebates, promotional support or other incentives subject to the relevant arrangement.
- **Termination.** Either party may terminate the agreement upon material breach by the other party, such as failure to deliver goods, quality issues, or non-payment.

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Direct Sales

Retailers

We sell our products to retailers across both online and offline retail channels, including snack bulk stores, e-commerce platforms, supermarkets, convenience-store chains and premium membership stores. These customers are classified as retailers because, after purchasing products from us, they generally sell directly to individual consumers through their retail outlets, online platforms or other retail touchpoints, as distinguished from distributors that typically resell products through their sales networks to downstream customers, including regional supermarket and convenience stores.

Our cooperation with retailers enables us to enhance the visibility and accessibility of our products across major retail formats and consumption scenarios, and to further strengthen our consumer reach in both online and offline markets. Such cooperation allows our products to reach consumers in daily household consumption and immediate-consumption scenarios, while cooperation with snack bulk stores enables us to access fast-growing, value-oriented retail formats.

Revenue from retailers amounted to RMB152.6 million, RMB324.8 million, RMB435.8 million, RMB78.7 million and RMB140.9 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 14.2%, 22.8%, 27.0%, 23.3% and 28.6% of our total revenue for the respective periods. As of the Latest Practicable Date, we cooperated with 103 retailers across online and offline channels.

The following table sets forth the number of our retailers and their movements for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Number of retailers at the beginning of the year/period	9	13	32	80
Number of retailers added during the year/period	4	20	51	4
Number of retailers inactive/terminated during the year/period ⁽¹⁾	–	(1)	(3)	(6) ⁽²⁾
Number of retailers at the end of the year/period	13	32	80	78

Notes:

- (1) Terminated retailers refer to retailers whose arrangements were formally discontinued during the relevant period. Inactive retailers represent retailers that had placed purchase orders with us in the immediately preceding period but did not make any purchases from us during the relevant period.
- (2) During the three months ended March 31, 2026, four inactive retailers had not placed orders during the period primarily due to the timing of contract renewals, as certain prior arrangements had expired and had not yet been renewed by the end of the period, while certain retailers had not yet placed orders during the period. These retailers were therefore classified as inactive retailers as they did not record sales during the period, but there was no formal termination of our cooperation with them. We had two terminated retailers mainly because of retailers’ own business operations and commercial considerations.

Depending on the nature of the relevant retailer and sales channel, our cooperation arrangements may cover product supply, pricing, delivery, settlement, promotional activities, product display, quality control, returns and after-sales matters.

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The salient terms of our representative retailer agreement are set forth below:

- **Term.** Our retail arrangements generally have a fixed term of one year, which can be renewed or extended upon mutual agreement.
- **Pricing.** Product supply prices shall be agreed between the parties on commercially competitive terms and shall generally remain fixed for the term of the relevant agreement.
- **Minimum Purchase Amount.** Retailers are generally not subject to fixed minimum purchase commitments under our retail arrangements.
- **Payment and Settlement.** Payments are generally settled on an agreed credit-period basis after issuance of valid invoices and submission of required settlement documents or payment in full before delivery. The applicable credit terms vary depending on the relevant retailer and commercial arrangement.
- **Returns.** Retailers generally have the right to return, exchange or request other remedial handling of products that have quality issues or otherwise fail to comply with applicable national standards. Retailers may have the right to return products that do not meet quality standards. With some customers, returns may also cover defective products, products damaged in logistics, products with insufficient remaining shelf life or other products that are not suitable for sale.
- **Termination.** The agreements may be terminated upon expiry, prior written notice or specified breach events.

Direct-to-consumer

We also sell our products through DTC channels, comprising online self-operated flagship stores, offline corporate group purchase and employee internal purchase arrangements. We operate self-operated flagship stores on major e-commerce and social commerce platforms such as JD.com, Tmall, Xiaohongshu and Douyin, through which consumers place orders online and products are delivered by third-party courier services. Under our online DTC arrangements, the relevant platforms provide online store space, technical support, system maintenance and related platform services, while we operate the stores independently and remain subject to the platforms’ supervision and rules. We also sold products directly to selected corporate customers and employees during the Track Record Period. Our direct sales channels enable us to engage directly with consumers and selected customer groups, collect market and consumer feedback, maintain consistent brand presentation and reduce reliance on intermediary layers.

We maintain disciplined financial oversight across our DTC channels through regular reviews, merchant backend data monitoring and platform-specific marketing plans. Revenue from our DTC channels 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, respectively, representing 19.5%, 20.8%, 23.2%, 20.7% and 28.5% of our total revenue for the respective periods, reflecting a CAGR of 34.1% from 2023 to 2025. Within our DTC channels, revenue from online direct sales amounted to RMB204.6 million, RMB291.5 million, RMB368.0 million, RMB68.5 million and RMB138.0 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 19.1%, 20.5%, 22.8%, 20.2% and 28.0% of our total revenue for the respective periods.

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Pricing

We generally adopt a market-based pricing approach. Reference prices for buffalo raw milk set by the Department of Agriculture and Rural Affairs of the Guangxi Zhuang Autonomous Region and the Guangxi Buffalo Research Institute are generally based on protein and fat content, while reference prices for cow raw milk are generally based on prevailing market prices. We generally follow the reference prices when procuring raw milk from third-party breeding cooperatives and dairy farms. In setting the selling prices of our products, we also take into account the procurement prices of raw milk and other key raw materials, so as to reflect changes in our input costs. During the Track Record Period, the average selling prices of our major product categories remained relatively stable. We seek to maintain a differentiated pricing strategy in the specialty buffalo dairy products segment, with pricing reflecting product positioning, formulation and packaging. We monitor market conditions and may make adjustments from time to time to support product development and market competitiveness.

We maintain an internal standard price list for each of our products, which sets out the applicable settlement prices and selling prices for different sales channels, as well as the minimum retail prices for our products. This price list serves as the basis for providing price quotations to our customers and is typically reviewed and updated on an annual basis. The final selling prices of our products vary by sales channel and customer, reflecting the outcome of tendering processes and commercial negotiations. In determining the selling prices of our products, we take into account a range of factors, including the specific product category being sold, prevailing market prices for comparable products, and the purchase volume committed by the relevant customer. We may adjust our pricing from time to time in response to changes in market conditions, raw material costs, product mix and competitive dynamics.

Return and Recall Policies

We generally do not allow product returns or exchanges in the sales of our products except for quality defects or spoilage. We manage product returns and after-sales matters in accordance with the applicable agreements and our internal after-sales policies. During the Track Record Period and up to the Latest Practicable Date, we did not experience formal complaints, product returns or exchanges from our customers, or any product recall or product liability claim due to product quality defects, which would otherwise have a material adverse effect on our business, results of operations or financial condition. See “Risk Factors — Risks Relating to Our Business and Industry — Actual or perceived food safety issues or product contamination could harm our reputation, financial condition and results of operations.”

BRANDING AND MARKETING

Brand recognition and marketing execution are important to our competitiveness. Our brand strategy is built around the distinctive attributes of buffalo milk, our origins in Lingshan, Guangxi, known as the “Hometown of Dairy Buffalos in China,” and a consistent focus on product quality, health attributes and authentic taste. We adopt a marketing approach that combines national-level brand building with targeted channel execution, enabling efficient consumer reach across multiple sales channels.

Our Brand Strategy and Philosophy

Since our founding, we have believed that superior product quality is the foundation of lasting brand equity. With the slogan “Love at first sip (喝一口就愛上),” we set out to win consumer trust through exceptional taste, nutritional value and uncompromising safety. This commitment remains at the heart of everything we do.

Our brand strategy follows a “core brand plus specialized brands” framework, which supports a unified market presence while allowing differentiated positioning across consumer segments. Baifeilao (百菲酪), our master brand, targets a broad consumer base seeking quality and authentic taste. Chunfei (醇菲) is positioned as a premium buffalo milk brand catering to consumers with higher quality requirements, while Baixiaofei (百小菲) is positioned as a value-oriented brand targeting more price-sensitive consumers to support broader market penetration.

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Our Brand Image

We have successfully established Baifeilao (百菲酪) as one of the most recognized buffalo dairy brands in China. Our brand image is built on:

- **Authentic Heritage.** We are rooted in Lingshan, Guangxi — the recognized “Hometown of Dairy Buffalos in China.” Lingshan’s warm and humid climate, abundant water resources, favorable ecological environment and long-standing buffalo breeding tradition make it well suited for dairy buffalo farming. This regional heritage gives our buffalo dairy products a strong sense of origin and authenticity, resonating with consumers seeking distinctive, high-quality food products.
- **Superior Product Experience.** Our products deliver a distinctive taste profile which is naturally sweet, rich, and creamy. This creates strong consumer loyalty, and our purchase penetration is at an industry-leading position, which demonstrates the enduring appeal of our products.
- **Quality Assurance.** Our commitment to quality is backed by rigorous controls, international certifications (ISO 9001, ISO 22000, FSSC 22000, HACCP), and recognition from industry authorities. We have been awarded Quality Gold Awards by the China Dairy Industry Association for our Baifeilao Buffalo Milk and Buffalo High-Calcium Milk in 2022 and 2023, respectively.

Our Marketing Strategy

We employ a comprehensive, omni-channel marketing strategy that combines digital platforms with selective traditional media to support brand visibility and sales conversion. Our marketing efforts focus on major e-commerce platforms, outdoor media and targeted television placements, with execution tailored to different channels and consumer segments.

E-commerce and Digital Platforms

We have established a strong presence across all major e-commerce and social commerce platforms. Our strategy integrates self-operated flagship stores with platform-specific promotional initiatives, including live-streaming and influencer collaborations, to enhance consumer engagement and sales effectiveness.

- **Flagship Store Operations.** We operate self-managed flagship stores on key platforms, which allows us to maintain control over brand presentation, pricing and customer interaction. Our online operations are subject to centralized oversight, with regular financial reviews and platform-specific marketing plans.
- **Live-Streaming Commerce.** We have invested consistently in live-streaming, with a dedicated team of over ten in-house anchors supplemented by influencer collaborations. Live-streaming serves multiple strategic functions: it allows us to demonstrate product quality in real time, interact directly with consumers, answer questions about buffalo milk’s unique benefits, and drive immediate sales.

Outdoor Media

Outdoor media is used selectively to complement our channel development strategy. Advertising placements in residential and commercial areas are focused on markets where we seek to strengthen retail presence and consumer awareness. In addition, high-speed rail advertising is used to enhance brand visibility among consumers in key economic regions.

Celebrity and Influencer Partnerships

We selectively engage celebrities from different age ranges to reach modern families and younger generation consumers. These collaborations are designed to enhance brand exposure and are aligned with our overall marketing positioning and target audience profiles.

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OUR CUSTOMERS

Our customers primarily consisted of distributors, retailers including snack bulk stores, e-commerce platforms, supermarkets, convenience-store chains and premium membership stores, and individual consumers who purchase through our DTC channels. We have built a diversified customer base across China, with a balanced revenue contribution that mitigates concentration risk. Our customer relationships are characterized by long-term partnerships, disciplined credit management, and a commitment to serving consumers through multiple channels.

Our Five Largest Customers

During the Track Record Period, revenue from our five largest customers for each year or period during the Track Record Period was RMB183.0 million, RMB335.6 million, RMB414.9 million and RMB125.7 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, accounting for 17.2%, 23.6%, 25.7% and 25.5% of our total revenue for the same periods, respectively. Revenue from our largest customer for each year or period during the Track Record Period was RMB56.7 million, RMB130.3 million, RMB169.2 million and RMB49.3 million, accounting for 5.3%, 9.2%, 10.5% and 10.0% of our total revenue for the same periods, respectively.

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

During the Track Record Period, payments from our customers were typically settled by bank transfer or, where applicable, through the relevant platform settlement systems. We generally require most distributors to pay in full before delivery. For retailers, our standard payment terms are typically one to three months’ credit, or payment in full before delivery.

The following table sets forth the details of our five largest customers for each year or period during the Track Record Period:

Customer	Major Products Provided by Us	Revenue Contribution (RMB in Thousands)	As a Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
Three Months Ended March 31, 2026					
Customer A ⁽¹⁾	Sterilized milk, formulated milk	49,273	10.0	2022	Within 3 days upon invoice
Customer B ⁽²⁾	Sterilized milk, formulated milk	34,946	7.1	2021	Within 7 days upon invoice
Customer C ⁽³⁾	Sterilized milk, formulated milk, pasteurized milk, other products	22,284	4.5	2021	Within 5 days to 25 days upon invoice
Customer D ⁽⁴⁾	Sterilized milk, formulated milk	11,501	2.3	2022	Full payment before delivery
Customer H ⁽⁸⁾	Sterilized milk, formulated milk, pasteurized milk	7,690	1.6	2018	Full payment before delivery
Total		125,694	25.5		

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Customer	Major Products Provided by Us	Revenue Contribution (RMB in Thousands)	As a Percentage of Total Revenue (%)	Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
Year Ended December 31, 2025					
Customer A ⁽¹⁾	Sterilized milk, formulated milk	169,187	10.5	2022	Within 3 days upon invoice
Customer B ⁽²⁾	Sterilized milk, formulated milk	96,856	6.0	2021	Within 7 days upon invoice
Customer C ⁽³⁾	Sterilized milk, formulated milk, pasteurized milk, other products	74,571	4.6	2021	Within 5 days to 25 days upon invoice
Customer D ⁽⁴⁾	Sterilized milk, formulated milk	45,566	2.8	2022	Full payment before delivery
Customer H ⁽⁸⁾	Sterilized milk, formulated milk, pasteurized milk	28,754	1.8	2018	Full payment before delivery
Total		414,934	25.7		
Year Ended December 31, 2024					
Customer A ⁽¹⁾	Sterilized milk, formulated milk	130,348	9.2	2022	Within 3 days upon invoice
Customer B ⁽²⁾	Sterilized milk, formulated milk, fermented dairy products	86,848	6.1	2021	Within 7 days upon invoice
Customer C ⁽³⁾	Sterilized milk, formulated milk	52,356	3.7	2021	Within 5 days upon invoice
Customer D ⁽⁴⁾	Sterilized milk, formulated milk, milk-containing beverages	41,185	2.9	2022	Full payment before delivery
Customer E ⁽⁵⁾	Sterilized milk, formulated milk, milk-containing beverages	24,813	1.7	2020	Full payment before delivery
Total		335,550	23.6		
Year Ended December 31, 2023					
Customer B ⁽²⁾	Sterilized milk, formulated milk	56,706	5.3	2021	Within 7 days upon invoice
Customer C ⁽³⁾	Sterilized milk, formulated milk	44,525	4.2	2021	Within 5 days upon invoice
Customer A ⁽¹⁾	Sterilized milk, formulated milk	33,822	3.2	2022	Within 3 days upon invoice
Customer F ⁽⁶⁾	Sterilized milk, formulated milk, pasteurized milk, milk-containing beverages, fermented dairy products	29,705	2.8	2017	Full payment before delivery
Customer G ⁽⁷⁾	Sterilized milk, formulated milk, milk-containing beverages	18,243	1.7	2019	Full payment before delivery
Total		183,001	17.2		

Notes:

- (1) Customer A: A listed leading bulk snack chain headquarters in Hunan, China, primarily engaged in operation of multiple snack retail brands, with over ten thousands of stores nationwide. The company is listed on the Stock Exchange, with total assets of approximately RMB12.6 billion as of December 31, 2025.
- (2) Customer B: A listed leading e-commerce platform company headquartered in Beijing, China, primarily engaged in supply chain and logistic services, as well as technology and services. The company is dually listed on the Stock Exchange and NASDAQ, with total assets of approximately RMB685.7 billion as of March 31, 2026.
- (3) Customer C: A listed leading e-commerce and cloud computing company headquartered in Zhejiang, China, primarily engaged in online retail, online wholesale, and digital marketing. The company is dually listed on the Stock Exchange and NYSE, with total assets of approximately RMB1,909.6 billion as of March 31, 2026.
- (4) Customer D: A listed company headquartered in Fujian, China, primarily engaged in the operation of bulk snack retail chains. The company is listed on the Shenzhen Stock Exchange, with total assets of approximately RMB10.8 billion as of March 31, 2026.

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- (5) Customer E: A distributor headquartered in Jiangsu, China, primarily engaged in e-commerce sales of dairy products, with registered capital of RMB10,000.0.
- (6) Customer F: A distributor headquartered in Guangxi, China, primarily engaged in wholesale and retail of food products, with registered capital of RMB3.0 million.
- (7) Customer G: A distributor headquartered in Zhejiang, China, primarily engaged in wholesale and retail of food products, with registered capital of RMB10.0 million.
- (8) Customer H: A distributor headquartered in Shanghai, China, primarily engaged in food distribution, with registered capital of RMB1.0 million.

THIRD-PARTY PAYMENT

Background of Third-Party Payment Arrangements

During the Track Record Period, certain of our customers (individually or collectively, the “**Relevant Customers**”) settled payments with us through 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**”). The actual third parties making such payments primarily included designated entities such as shareholders, legal representatives, employees and affiliates of the Relevant Customers.

In 2023, 2024 and 2025 and the three months ended March 31, 2026, the number of Relevant Customers involved in the Third-Party Payment Arrangements was nil, 13, 19 and 12, respectively. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors after making reasonable inquiries, all Relevant Customers and actual payers were Independent Third Parties to our Group. The total amount of payments received by us pursuant to the Third-Party Payment Arrangements was nil, RMB1.7 million, RMB6.1 million and RMB0.3 million, respectively, representing approximately nil, 0.1%, 0.4% and 0.07% of our total revenue for the corresponding periods. During the Track Record Period, no single Relevant Customer made any material contribution to our revenue.

During the Track Record Period and up to the Latest Practicable Date, (i) the Third-Party Payment Arrangements were based on genuine underlying transactions and valid contractual relationships; (ii) such arrangements were initiated by the Relevant Customers for settlement convenience and operational flexibility, and were not initiated by us to circumvent any applicable laws or regulations; (iii) we did not provide any discounts, commissions, rebates or other benefits to any Relevant Customers or actual payers to facilitate or encourage the Third-Party Payment Arrangements; (iv) the pricing and payment terms for the Relevant Customers were consistent with those for customers that did not utilize any Third-Party Payment Arrangements; and (v) all payments received pursuant to the Third-Party Payment Arrangements were properly recorded in accordance with our accounting procedures and policies.

During the Track Record Period and up to the Latest Practicable Date, (i) we had not been subject to any investigations, inquiries, penalties, fines or surcharges, including any anti-money laundering investigations, as a result of our involvement in the Third-Party Payment Arrangements; (ii) we had not encountered any material disputes or disagreements, or any material claims made against us, due to the Third-Party Payment Arrangements; and (iii) we were also not aware of any money laundering issues, fabricated transactions, violation of tax laws, commercial bribery or other illegal activities under the Third-Party Payment Arrangements.

Rectification and Impact of Third-Party Payment Arrangements

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

We have communicated with the Relevant Customers and actual payers who participated in the Third-Party Payment Arrangements and obtained written confirmation letters from them (the “**Confirmation Letters**”).

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The principal contents of the Confirmation Letters include that: (i) the Relevant Customers entrusted, authorized or permitted the actual payers to make payments to us on their behalf; (ii) all payments were based on genuine and normal business transactions, and the payment amounts were consistent with the amounts payable under the relevant transactions; (iii) the Relevant Customers and actual payers were independent from us, and we had not provided any discounts, commissions, rebates or other benefits to facilitate or encourage the Third-Party Payment Arrangements; and (iv) there were no existing or potential disputes, regulatory investigations, litigation, arbitration or claims in relation to the Third-Party Payment Arrangements.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) none of the actual payers designated by the Relevant Customers was a connected person of our Group, and each of them was independent of our Directors, senior management and shareholders; (ii) the Third-Party Payment Arrangements were initiated by the Relevant Customers, and were not initiated by our Group to circumvent any applicable laws or regulations; (iii) our Group did not participate in any other forms of such arrangements; (iv) our Group did not provide any discounts, commissions, rebates or other benefits to any Relevant Customer or actual payer to facilitate or encourage the Third-Party Payment Arrangements; (v) the pricing and payment terms under the agreements entered into between our Group and the Relevant Customers were consistent with those applicable to customers that did not participate in Third-Party Payment Arrangements; (vi) all payments received under the Third-Party Payment Arrangements were properly recorded in accordance with our accounting procedures and policies; and (vii) our Group had not been requested to refund any payments, had not been involved in any actual or pending disputes, and had not been subject to any administrative penalties in connection with the Third-Party Payment Arrangements, including any matters relating to commercial bribery, money laundering or tax evasion.

As advised by our PRC Legal Advisor, based on the foregoing circumstances: (i) the Third-Party Payment Arrangements during the Track Record Period did not violate any mandatory provisions of the relevant currently effective PRC civil laws and regulations, including the Civil Code of the PRC; and (ii) the risk of our Group being deemed to have constituted the crime of money laundering under Article 191 of the Criminal Law of the PRC as a result of accepting payments under the Third-Party Payment Arrangements is low.

Rectification and Enhanced Internal Control Measures

We have taken steps to rectify the Third-Party Payment Arrangements. 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.

As of the Latest Practicable Date, we had implemented enhanced internal control measures to mitigate the risks associated with the Third-Party Payment Arrangements, including but not limited to the following:

- our finance department verifies whether the bank account information of payers is consistent with the account information set out in the relevant contracts, purchase orders or customer records. If any third-party payments are identified after May 1, 2026, we will arrange refunds and require the Relevant Customers to make direct payments from bank accounts held by the contracting parties;
- our employees are required to refuse or return any third-party payments that do not comply with our internal requirements, and clearly communicate our policies and requirements regarding third-party payments to customers;
- we have implemented a payment recognition and allocation mechanism to match remitter information against our customer records and allocate funds to the corresponding customer accounts. Any mismatched, unidentified or unauthorized funds will be subject to verification and, where appropriate, returned to the original remitting accounts;

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- we manage our bank accounts and other transaction accounts in accordance with the principle of segregation of duties, with different finance personnel assigned to verify, record, manage and settle transactions;
- we have formulated internal guidelines on anti-money laundering, which require relevant employees to conduct reasonable due diligence on customers, including their business nature, to identify potential anti-money laundering, commercial bribery, tax compliance or other regulatory risks; and
- our internal audit department regularly conducts checks on the implementation of the above measures, and we provide internal training to relevant business, finance and internal control personnel on payment verification procedures and risk indicators relating to third-party payments.

Our Directors are of the view that the above rectification and enhanced internal control measures are effective and adequate in preventing unauthorized Third-Party Payment Arrangements and mitigating the related risks.

Based on the opinion of our internal control consultant and having considered that the Third-Party Payment Arrangements were immaterial during the Track Record Period, were supported by genuine transactions and valid contractual relationships, did not result in any material investigations, penalties, disputes, refund requests or claims, we consider that the cessation of such arrangements has not had any material adverse effect on our business, results of operations or financial condition. Following the cessation of the Third-Party Payment Arrangements and up to the Latest Practicable Date, we did not experience any material payment collection issues, deterioration in customer relationships or material adverse impact on our liquidity, business operations or financial performance.

OUR SUPPLIERS

During the Track Record Period, we mainly engaged suppliers in China for procurement of (i) raw materials mainly including buffalo raw milk, cow raw milk and dairy ingredients; (ii) packaging materials; and (iii) logistics services.

Our Five Largest Suppliers

During the Track Record Period, purchases from our five largest suppliers for each year or period during the Track Record Period were RMB222.1 million, RMB273.8 million, RMB307.0 million and RMB95.5 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively, accounting for 33.7%, 27.8%, 25.5% and 28.2% of our total purchases for the same periods, respectively. Purchases from our largest supplier for each year or period during the Track Record Period were RMB64.2 million, RMB78.8 million, RMB79.2 million and RMB25.7 million, respectively, accounting for 9.7%, 8.0%, 6.6% and 7.6% of our total purchases for the same periods, respectively.

To the best of our knowledge, (i) save for Supplier B, all of our five largest suppliers in each year or period during the Track Record Period were Independent Third Parties, and (ii) as of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of our Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year or period during the Track Record Period. To mitigate supply chain concentration risks, we strategically collaborate with multiple suppliers for our raw materials, packaging materials and logistics services. Our Directors confirm that we had not experienced any material fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers, nor have we experienced any material shortages or quality issues with our raw materials, packaging materials and logistics services during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, our purchases from our suppliers were primarily settled by bank transfer. The payment and settlement arrangements set by our suppliers varied

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depending on the type of products and services procured and the relevant supplier arrangements. For raw milk suppliers, settlement was generally made on a monthly basis. For packaging material suppliers, payment was generally made within 30 days after receipt or issuance of the relevant invoice. For logistics services, payment was generally made within 3 to 30 days after receipt or issuance of the relevant invoice.

The following table sets forth details of our five largest suppliers for each year or period during the Track Record Period:

Supplier	Major Products/Services Supplied to Us	Purchase Amount (RMB in Thousands)	Percentage of Total Purchases (%)	As a Year of Commencement of Business Relationship	Credit Term/Payment Arrangement
Three Months Ended March 31, 2026					
Supplier I ⁽⁹⁾	Raw milk	25,697	7.6	2024	Within 20 days upon invoice
Supplier A ⁽¹⁾	Packaging materials	19,006	5.6	2019	Within 30 days upon invoice
Supplier K ⁽¹¹⁾	Raw milk	18,694	5.5	2024	Within 15 days upon invoice
Supplier H ⁽⁸⁾	Logistics services	16,516	4.9	2019	Within 30 days upon invoice
Supplier E ⁽⁵⁾	Packaging materials	15,628	4.6	2023	Within 30 days upon invoice
Total		95,541	28.2		
Year Ended December 31, 2025					
Supplier A ⁽¹⁾	Packaging materials	79,242	6.6	2019	Within 30 days upon invoice
Supplier C ⁽³⁾	Packaging materials	72,348	6.0	2023	Within 30 days upon invoice
Supplier J ⁽¹⁰⁾	Raw milk	53,695	4.5	2023	Within 15 days upon invoice
Supplier I ⁽⁹⁾	Raw milk	51,996	4.3	2024	Within 20 days upon invoice
Supplier E ⁽⁵⁾	Packaging materials	49,655	4.1	2023	Within 30 days upon invoice
Total		306,936	25.5		
Year Ended December 31, 2024					
Supplier A ⁽¹⁾	Packaging materials	78,762	8.0	2019	Within 30 days upon invoice
Supplier B ⁽²⁾	Raw milk, feed	58,475	5.9	2024	Within 22 days to 30 days upon invoice
Supplier C ⁽³⁾	Packaging materials	48,663	4.9	2023	Within 30 days upon invoice
Supplier D ⁽⁴⁾	Raw milk	45,057	4.6	2024	Within 20 days upon invoice
Supplier H ⁽⁸⁾	Logistics services	42,818	4.4	2019	Within 20 days upon invoice
Total		273,775	27.8		
Year Ended December 31, 2023					
Supplier F ⁽⁶⁾	Raw milk	64,237	9.7	2023	Within 25 days upon invoice
Supplier A ⁽¹⁾	Packaging materials	54,043	8.2	2019	Within 30 days upon invoice
Supplier C ⁽³⁾	Packaging materials	45,604	6.9	2023	Within 30 days upon invoice
Supplier H ⁽⁸⁾	Logistics services	32,632	5.0	2019	Within 3 days upon invoice
Supplier G ⁽⁷⁾	Raw milk	25,540	3.9	2022	Within 25 days upon invoice
Total		222,056	33.7		

Notes:

- (1) Supplier A: A packaging materials manufacturer headquartered in Yunnan, China, primarily engaged in the production of aseptic packaging materials for the dairy and beverage industries, with registered capital of RMB153.4 million.
- (2) Supplier B: An entity controlled by Mr. Ma Jiajun (馬佳軍), a connected person of our Company at subsidiary level. See “Continuing Connected Transactions — Connected Person.”

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- (3) Supplier C: A packaging materials manufacturer headquartered in Zhejiang, China, primarily engaged in the production of carton packaging materials, with registered capital of RMB10.0 million.
- (4) Supplier D: A raw milk supplier headquartered in Ningxia, China, primarily engaged in operation of dairy farms and supply of raw milk to dairy manufacturers, with registered capital of RMB29.1 million.
- (5) Supplier E: A packaging materials manufacturer headquartered in Guangxi, China, primarily engaged in the production of carton and flexible packaging materials, with registered capital of RMB4.0 million.
- (6) Supplier F: A raw milk supplier headquartered in Ningxia, China, primarily engaged in operation of dairy farms and supply of raw milk to dairy manufacturers, with registered capital of RMB6.0 million. The company was among our largest suppliers in 2023.
- (7) Supplier G: A raw milk supplier headquartered in Guangxi, China, primarily engaged in operation of dairy farms and supply of raw milk to dairy manufacturers in Guangxi, China, with registered capital of RMB7.0 million.
- (8) Supplier H: A logistics company headquartered in Shanghai, China, primarily engaged in operation of logistics and supply chain management, with registered capital of RMB5.0 million.
- (9) Supplier I: A raw milk supplier headquartered in Ningxia, China, primarily engaged in operation of dairy farms and supply of raw milk through cooperative arrangements, with registered capital of RMB10.0 million.
- (10) Supplier J: A raw milk supplier headquartered in Guangdong, China, primarily engaged in operation of dairy farms and supply of raw milk to dairy manufacturers. Supplier J is listed on the Shenzhen Stock Exchange, with total assets of approximately RMB110.6 billion as of March 31, 2026.
- (11) Supplier K: A raw milk supplier headquartered in Ningxia, China, primarily engaged in operation of dairy farms and supply of raw milk to dairy manufacturers, with registered capital of RMB5.0 million.

OVERLAPPING OF CUSTOMER AND SUPPLIER

During the Track Record Period, Supplier C, one of our five largest suppliers, leased certain vacant areas within the facility premises of one of our subsidiaries for its short-term warehousing needs. The aggregate rental income generated from such lease arrangement amounted to RMB981,800 in 2023. Such overlapping customer and supplier relationship arose from Supplier C’s short-term warehousing requirements and the availability of vacant space at our subsidiary’s facility premises and was based on normal commercial background and commercially reasonable.

During the Track Record Period, one of our subsidiaries, which operates a dairy farm in Ningxia, sold a limited volume of raw milk to Supplier B, one of our five largest suppliers and a raw milk supplier also located in Ningxia. Such sales were incidental and arose primarily during the initial production ramp-up of our subsidiary, as its dairy cows only commenced milk production in 2024 and the volume of raw milk produced at the early stage was limited. Given such limited production volume, arranging separate transportation to our dairy production facility for processing would not have been economically viable. In addition, transporting raw milk in a less-than-full tanker could cause the milk to shake during transportation and increase in temperature, which may adversely affect its quality. As our subsidiary and Supplier B were geographically proximate, the raw milk produced by our subsidiary could be consolidated with Supplier B’s raw milk for loading and transportation. Accordingly, instead of transporting such milk to our dairy production facility, our subsidiary sold the raw milk to Supplier B, with an aggregate amount of RMB101,700 in 2024. Such overlapping customer and supplier relationship arose due to our subsidiary’s initial production ramp-up and related logistical considerations.

During the Track Record Period, Customer B and Customer C were among our five largest customers and were also suppliers of our Group. Customer B and Customer C primarily charged our Group e-commerce platform fees, advertising and promotion fees and logistics fees relating to the sale of our dairy products. Revenue generated from Customer B and Customer C amounted to approximately RMB101.2 million, RMB139.2 million, RMB171.4 million and RMB57.2 million in 2023, 2024 and 2025 and the three months ended March 31, 2026, respectively, accounting for approximately 9.4%, 9.8%, 10.6% and 11.6% of our total revenue for the same periods, respectively. Our purchases from Customer B and Customer C amounted to approximately RMB31.2 million, RMB45.7 million, RMB54.7 million and RMB20.9 million in 2023, 2024 and 2025 and the three months ended March 31,

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2026, respectively, accounting for approximately 4.7%, 4.6%, 4.5% and 6.2% of our total purchase amount for the same periods, respectively. Such overlapping customer and supplier relationships arose in the ordinary course of business and primarily reflected our sales arrangements through the relevant sales channels, together with the e-commerce platform services, advertising and promotional services, and logistics services provided by such customers to our Group.

Our Directors confirm that the above overlapping customer and supplier relationships were incidental in nature and did not indicate any reliance by us on such overlapping customers and suppliers. Negotiations of the terms of our sales to and purchases from the above-mentioned overlapping supplier-customers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. For each of the overlapping supplier-customers, the key terms of our sales of products from such customers and our purchase contracts with such suppliers are generally similar to those of our other customers/suppliers. As such, we are of the view that our sales to and purchases from overlapping supplier-customers were negotiated on an arm’s length basis and under normal commercial terms.

FOOD SAFETY MANAGEMENT AND QUALITY CONTROL

Quality Control and Food Safety

We have established a comprehensive, end-to-end quality management system that covers every stage from raw material procurement to finished product distribution. Our quality control measures are embedded in our daily operations and are supported by documented procedures and continuous monitoring. We operate in compliance with applicable laws and regulations governing dairy production and sales during the Track Record Period and up to the Latest Practicable Date.

Quality Management System

We have obtained multiple international and domestic certifications, demonstrating our commitment to food safety and quality, as below:

Certification	Scope	Accrediting Body
ISO 9001:2015 . . .	Quality Management System	China Quality Mark Certification Group Co., Ltd
ISO 22000:2018 . .	Food Safety Management System	Zhejiang Quanpin Certification Co., Ltd.
FSSC 22000	Food Safety System Certification	China Quality Mark Certification Group Co., Ltd
HACCP	Hazard Analysis Critical Control Point	China Quality Mark Certification Group Co., Ltd/Zhejiang Quanpin Certification Co., Ltd.
ISO 14001:2015 . .	Environmental Management System	China Quality Mark Certification Group Co., Ltd
ISO 45001:2018 . .	Occupational Health and Safety	China Quality Mark Certification Group Co., Ltd

Raw Material Quality Control

For raw milk, we apply a two-tier inspection process. Preliminary tests on key indicators, including protein and fat content, are conducted at the farm level, with samples retained for traceability. Upon delivery to our facilities, each batch is subject to further testing covering multiple quality and safety parameters, including compositional, microbiological and contaminant indicators. Only raw milk that meets all applicable standards is accepted.

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For other materials, including packaging materials and dairy ingredients, suppliers are required to provide batch-specific third-party testing reports and meet defined qualification criteria. All incoming materials are inspected for appearance, labeling and compliance with specifications prior to acceptance.

In-Process Quality Control

During production, we monitor key control points, including standardization of product composition, sterilization parameters, filling integrity and storage conditions. Production personnel operate in accordance with standardized procedures, and quality control staff conduct regular inspections to ensure compliance.

Finished Product Quality Control

Each batch of finished products is subject to quality testing prior to release. Our in-house laboratory conducts routine microbiological, physical and chemical analyses, and samples are retained for the duration of the product's shelf life to support traceability and investigation where necessary.

Traceability

We maintain a product traceability system that enables finished products to be traced back to relevant raw materials, production lines and distribution points within a short timeframe.

Customer Support

We have a dedicated team of customer service personnel and maintain a customer service system to ensure a timely response to our customers' concerns and effective resolution. We also operate a structured customer complaint handling process, with clear internal responsibilities and root-cause analysis procedures to support continuous improvement. Quality control personnel are authorized to take corrective actions immediately, including rejecting products that do not meet quality standards.

INVENTORY MANAGEMENT, WAREHOUSING AND LOGISTICS

Inventory Management

During the Track Record Period, our inventories primarily consisted of raw materials and finished goods.

We have implemented structured inventory management practices to maintain appropriate inventory levels and product quality. Given that a growing portion of our products are low-temperature dairy products with relatively short shelf lives, we place particular emphasis on inventory turnover, production planning and storage conditions. Inventory planning is based on monthly sales plans prepared by our marketing center and refined into detailed stocking requirements. We can achieve a high alignment between sales forecasts and actual customer orders consistently, reflecting the effectiveness of our demand planning process. Production, procurement and inventory management are closely coordinated to support efficient turnover and stable supply.

For ambient milk products with a relatively long shelf life, we maintain inventory at a level that supports efficient stock rotation. For low-temperature dairy products with significantly shorter shelf lives, we generally adopt a make-to-order production model and maintain relatively low inventory levels to minimize expiry risk and ensure product freshness. For raw materials, packaging materials and semi-finished products, we maintain safety stock levels based on expected turnover cycles, with automated alerts triggered when inventory falls below predefined thresholds to support timely replenishment.

We apply standardized inventory rotation policies, including first-expired, first-out principle and first-in, first-out principle, supported by batch labeling and our warehouse

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management system, which monitors shelf life and issues alerts where appropriate. Physical inventory counts are conducted on a regular basis, with system records reconciled against physical counts and discrepancies reviewed and addressed promptly. Our inventory management is further supported by digital systems that enable real-time monitoring and coordinated replenishment, contributing to stable supply and efficient operations.

Warehousing

As of March 31, 2026, we engaged a combination of self-operated and third-party warehouses across China to support our sales and distribution network. Our warehousing infrastructure is designed to preserve product quality through appropriate temperature controls and efficient handling processes.

Our self-operated warehouses are equipped with comprehensive temperature control systems to maintain appropriate storage conditions for different product categories. Cold storage facilities maintain temperatures of 2–6°C for low-temperature dairy products, with automated temperature monitoring and recording systems that provide real-time alerts for any deviations. Our warehouse operations are supported by integrated warehouse management system and warehouse control system, which enable automated inventory tracking, order processing and enforcement of first-expired, first-out principle and first-in, first-out principle. Finished products are tracked by batch and production date from receipt to dispatch, with inventory records reconciled against physical movements. This warehousing and inventory framework supports product freshness, efficient turnover and timely delivery in response to regional demand.

Logistics

We primarily engage third-party logistics service providers to support product delivery across our sales network. Our logistics arrangements are designed to balance cost efficiency with service quality, particularly for low-temperature dairy products that require cold-chain transportation. Logistics service providers are selected based on their operational capabilities, service coverage, cold-chain facilities, historical fulfillment credibility and pricing.

Logistics arrangements vary by sales channel. For sales to distributors, products are delivered to locations designated by our distributors or collected at our facilities, with delivery costs generally borne by us, and title and risk of loss transferring upon delivery or pickup. For retail sales, we may deliver products to the warehouses as agreed, while the retailers manage order fulfillment and final delivery to consumers. For our self-operated online stores, product delivery is arranged through third-party logistics providers, with platform service fees payable based on transaction value.

Under our logistics service agreements, logistics providers generally assume responsibility for loss of or damage to products during transportation in accordance with contractual terms.

COMPETITION

According to Frost & Sullivan, the industry has relatively high entry barriers, including limited availability of buffalo milk sources, the need for strong brand recognition, comprehensive online and offline sales channels, and advanced production, quality control and cold-chain management capabilities. See “Industry Overview.”

INTELLECTUAL PROPERTY

We rely on a combination of patents, trademarks, copyrights, trade secrets, confidentiality procedures, non-disclosure agreements, employee invention assignments, and other contractual restrictions to establish and protect our commercially important technologies, inventions and know-how related to our business. As of the Latest Practicable Date, we had a total of 35 granted patents, including 13 and three invention patents, in China and overseas, respectively, as well as ten patent applications in China pending approval. As of

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the same date, we had 174 registered trademarks and four domain names in China. See “Appendix VI — Statutory and General Information.”

Our patent portfolio covers key technologies related to buffalo milk processing, fermentation methods, packaging innovations, and dairy farming equipment. These patents support our core product categories, including sterilized milk, formulated milk, pasteurized milk, milk-containing beverages and fermented dairy products. Our trademarks protect our core brand names, including Baifeilao (百菲酪), Chunfei (醇菲), Baixiaofei (百小菲) and their respective logos. We also rely on unregistered trade secrets and know-how, particularly with respect to our proprietary buffalo milk formulations and processing techniques, which we protect through confidentiality agreements with our employees, consultants, and business partners.

We take reasonable measures to protect our intellectual property rights and to avoid infringing the intellectual property rights of third parties. Our internal policies include employee training on IP matters, regular IP audits, and contractual provisions requiring confidentiality and assignment of inventions. During the Track Record Period and up to the Latest Practicable Date: (i) we were not involved in any legal, arbitral or administrative proceedings in respect of, and we had not received notice of any material claims of infringement, misappropriation or other violation of third-party intellectual property rights; and (ii) we were not involved in any material lawsuit or threatened action with respect to our intellectual property rights, nor had there been any material incident relating to our infringement of third parties’ intellectual property rights.

PROPERTIES

Our corporate headquarters is in Lingshan county, Qinzhou city, Guangxi, China.

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

Owned Properties

As of the Latest Practicable Date, we owned the land use rights of eight parcels in China, with an aggregate site area of approximately 233,826.2 square meters. All of these land parcels have been granted land use right certificates.

As of the Latest Practicable Date, we owned 28 buildings in China, with an aggregated area of 245,246.14 square meters. These land parcels and buildings were primarily used for production, breeding and farming, office use, storage and ancillary purposes. As of the same date, we had two buildings in Lingshan 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. We have also identified alternative properties that can be used for similar storage purposes if necessary. 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 matters. In light of the foregoing, our PRC Legal Advisor is of the view, and our Directors concur, that the defects of the relevant properties would not have a material adverse effect on our continuing normal operations, primarily (i) because based on interviews conducted with the competent authorities, we had not experienced any material work safety incidents relating to such properties during the Track Record Period and up to the Latest Practicable Date, and the competent authorities indicated that they would not require the demolition of such properties or impose administrative penalties in connection

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therewith; and (ii) because such properties are readily substitutable. As advised by our PRC Legal Advisor, save for the above-mentioned two buildings, we held the title certificates for the other 26 buildings mentioned above, according to which we are entitled to occupy, use, transfer, lease, mortgage or dispose of these properties.

Leased Properties

As of the Latest Practicable Date, we leased 13 parcels of land, totaling approximately 1,860.7 mu, and nine buildings, totaling approximately 1,246.7 square meters, in China, primarily used as self-operated dairy farms, self-operated milk collection stations and offices. Our lease agreements in respect of the above-mentioned 22 leases generally have lease terms ranging from six months to 20 years. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are Independent Third Parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

Among our leased buildings, we did not obtain property ownership certificates for four leased buildings, with an aggregate area of approximately 467.0 square meters, as of the Latest Practicable Date, primarily because the lessors either failed or were unable to provide all necessary and/or valid property ownership certificates. 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. These leased buildings are mainly used as milk collection stations, which are not key premises for our production and business operations and for which alternative premises are readily available. In addition, as advised by our PRC Legal Advisor, (i) for three of these leased properties, we obtained confirmation from the relevant competent local neighborhood committee indicating that such properties are owned by the individual lessors and that the absence of title certificates does not affect our use of the properties; and (ii) for the remaining one, we obtained confirmation from the registered owner and the relevant local governmental and community authorities indicating that the property has passed quality and safety assessments and does not fall within any category of buildings that are prohibited by law from being used as business premises, such as illegal constructions, dangerous buildings or properties subject to expropriation. In light of the foregoing, we believe that the absence of title certificates for the four leased properties would not have a material adverse effect on our business operations, even if the associated risks were to materialize.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the local real estate administration department. As of the Latest Practicable Date, we had not completed lease registration for three leased buildings, with an aggregate area of approximately 574.8 square meters, primarily because certain lessors failed to cooperate in completing the lease registration procedures. As advised by our PRC Legal Advisor, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements or affect our use of these leased properties to the extent permitted under the lease agreements under applicable PRC laws and regulations. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such request or fine from the relevant government authorities. We will cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. Considering the relevant laws, regulations and regulatory policies, as well as the facts stated above, we believe that the failure to register these lease agreements will not have any material adverse impact on our business or financial condition.

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EMPLOYEES

As of March 31, 2026, we had 1,408 full-time employees located in China, with a breakdown by function set forth below:

Function	Number of Employees	% of Total
Production	829	58.9
Sales	320	22.6
General and administration	119	8.4
Logistics and Warehouse	118	8.3
Research and development	12	0.9
Procurement and supply chain management	10	0.9
Total	1,408	100.0

Our ability to attract, retain and motivate qualified personnel is an important factor supporting our operations and development. We recruit employees through various channels, including employment websites, on-campus recruitment, internal referrals and third-party recruiters, using standardized procedures to identify candidates that meet our operational and development needs. We offer remuneration packages that are generally determined with reference to employees’ qualifications, experience, positions and performance.

We place emphasis on employee training and development. We provide induction training to new employees to familiarize them with our culture, business and industry, as well as ongoing corporate-wide and department-specific training programs to enhance professional knowledge, technical capabilities and management skills. We conduct regular performance evaluations and maintain structured appraisal mechanisms, which form the basis for decisions on remuneration adjustments, bonuses and promotions. We have also formulated career development and promotion pathways covering different levels of our workforce.

As required under PRC labor laws and regulations, we enter into individual employment contracts with our employees, which cover matters including remuneration, benefits, workplace safety, confidentiality, non-compete arrangements and termination. We generally enter into standard confidentiality agreements with key employees. We have established labor unions in accordance with applicable PRC laws. We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Pursuant to PRC laws and regulations, we are required to participate in and make contributions to social insurance and housing provident funds for our employees. 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. 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. See “Risk

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Factors — Risks Relating to Our Business and Industry — We are not in full compliance with social insurance and housing provident fund regulations.”

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to legal or administrative proceedings, investigations and claims arising in the ordinary course of our business. As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we were not involved in any pending litigation or arbitration proceedings as defendant or respondent which would otherwise have a material adverse effect on our business, results of operations or financial condition.

We are subject to a number of regulatory requirements and guidelines issued by regulatory authorities in Chinese Mainland. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any non-compliance with applicable PRC laws and regulations that would have a material adverse effect on our business, results of operations or financial condition. As advised by our PRC Legal Advisor, during the Track Record Period, we had not been subject to any material administrative penalty that would have a material adverse effect on our overall production and operations or the [REDACTED]. See “Risk Factors — Risks Relating to Our Business and Industry — We may be involved in lawsuits, claims, disputes, regulatory investigations or legal proceedings in our ordinary course of business.”

LICENSES, PERMITS AND APPROVALS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all requisite licenses, permits, approvals and certificates from regulatory authorities which are material and necessary for our operations in China, and such licenses, permits, approvals and certificates are valid and subsisting. We update our licenses, permits, approvals and certificates from time to time to comply with relevant laws and regulations. We had not experienced any material difficulty in renewing such licenses, permits and certificates during the Track Record Period and up to the Latest Practicable Date. We currently do not expect to have any material difficulty in renewing them when they expire, if applicable. Set forth below is a list of material licenses, approvals and permits held by us as of the Latest Practicable Date:

Licenses/approvals/permits	Number	Expiration date	Issuing authority
Food production license (食品生產許可證)	3	December 29, 2026 to April 16, 2031	Market Supervision and Administration Bureau in Cangnan County and Hunan Province; Qinzhou Municipal Administrative Approval Bureau
Food business license (食品經營許可證)	6	July 10, 2028 to March 11, 2029	Lingshan County Administrative Approval Bureau; Market Supervision and Administration Bureau in Hangzhou High-Tech Industrial Development Zone (Binjiang) and Cangnan County
Water abstract license (取水許可證)	2	April 25, 2029 to May 25, 2031	Lingshan County Administrative Approval Bureau
Raw milk purchase license (生鮮乳收購許可證)	8	October 23, 2026 to June 4, 2028	Bureau of Agriculture and Rural Affairs in Wuxuan County, Cangnan County and Lingwu City; Administrative Approval Bureau in Hengzhou City and Lingshan County
Raw milk transportation permit (生鮮乳准運證明) .	8	December 22, 2026 to June 25, 2028	Bureau of Agriculture and Rural Affairs in Cangnan County; Administrative Approval Bureau in Lingshan County

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Licenses/approvals/permits	Number	Expiration date	Issuing authority
Record-filing for selling only pre-packaged food (僅銷售預包裝食品備案) .	16	Long-term validity	Market Supervision and Administration Bureau in Changsha City Wangcheng District, Changsha City Yuhua District, Lingshan County, Cangnan County, Hangzhou High-Tech Industrial Developmental Zone (Binjiang), Nanning City Qingxiu District, Market Supervision Administration of Jiading District
Certificate for animal epidemic prevention conditions (動物防疫條件合格證) . .	4	Long-term validity	Bureau of Agriculture and Rural Affairs in Rui'an City and Lingwu City; Administrative Approval Bureau in Lingshan County
Breeding Livestock and Poultry Production and Operation Permit (種畜禽生產經營許可證) .	2	August 14, 2028 to May 25, 2031	Administrative Approval Bureau in Lingshan County
Pollutant Discharge Permit (排污許可證)	2	July 31, 2029 to December 3, 2029	Municipal Bureau of Ecology and Environment in Qinzhou City and Wenzhou City
Discharge of Urban Sewage into the Drainage Pipeline Network (城鎮污水排入排水管網許可證)	2	July 13, 2027 to March 6, 2029	Housing and Urban-Rural Development Bureau in Lingshan County and Comprehensive Administrative Law Enforcement Bureau in Cangnan County
Registration Receipt for Fixed Pollution Sources (固定污染源登記回執) . .	4	February 14, 2028 to June 16, 2031	National Pollutant Discharge Permit Management Information Platform

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. See “Risk Factors” and “Financial Information — Quantitative and Qualitative Disclosure of Financial Risks.” We have implemented a set of internal control and risk management policies and procedures to mitigate operational, financial, and compliance risks, ensuring the healthy and sustainable development of our business. We have adopted, or will continue to adopt, the following measures:

- (i) **Board of Directors and Audit Committee:** Our Board of Directors serves as the highest decision-making body for our risk management and internal control framework, responsible for establishing the system and reviewing effectiveness. We have established an Audit Committee, comprising independent non-executive directors, to assist the Board in overseeing financial reporting, risk management, internal control systems and coordinating internal and external audits;
- (ii) **Management Execution:** Our senior management team, led by our chairman of the Board and general manager, Mr. Wu Shouyun, is responsible for the daily implementation of our risk management and internal control policies. They actively monitor operational risks and ensure that Board resolutions, strategic decisions, and compliance controls are seamlessly executed across all departments;
- (iii) **Quality Control and Food Safety:** As a dairy enterprise, food safety is the fundamental bottom line of our business. We have established a comprehensive quality control system, from raw milk procurement and production to warehousing and terminal sales. Our facilities have obtained key industry certifications, including ISO9001, ISO22000, FSSC22000 and HACCP. We strictly enforce rigorous internal policies to conduct full-process traceability and prevent food safety incidents;

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- (iv) **Supply Chain and Raw Material Risk:** To mitigate the risks associated with the price volatility and supply constraints of buffalo raw milk, we have adopted a diversified procurement strategy. We maintain long-term, stable cooperation with profession farms and cooperatives, while expanding our self-operated smart farms (such as our Guigang Dairy Buffalo Farm) to increase our self-sufficiency rate. All suppliers are subject to strict admission approvals and annual assessments to ensure supply stability and quality;
- (v) **Financial Control:** We have established an independent finance department led by Mr. Ye Yandeng, our chief financial officer. Our financial accounting and cashier functions are strictly segregated to ensure independence and accuracy. We utilize customized financial information systems to automate accounting processes and track transactions efficiently. Our financial management policies cover comprehensive budget preparation, execution and adjustment, ensuring strict control over operational costs. To further enhance our corporate governance and ensure the ongoing effectiveness of our internal controls, we are committed to strengthening our internal audit functions. The internal audit team will conduct independent and objective reviews of our daily operations, financial reporting and compliance matters, identifying potential risks and recommending corrective measures. The team will report its findings directly to the Audit Committee on a regular basis, ensuring that all identified issues are rectified promptly and properly; and
- (vi) **Anti-corruption and Anti-bribery:** We maintain a zero-tolerance policy towards any form of corruption and commercial bribery. According to our reward and punishment management system, any employee found utilizing their position for embezzlement, offering bribes or accepting bribes will face immediate termination of their employment contract. We actively cultivate a culture of integrity and compliance throughout the organization.

We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training. We believe that our enhanced internal control system is adequate and effective for our current operations.

DATA PRIVACY AND SECURITY

We place great emphasis on data security and the protection of our customers’ privacy. In strict compliance with relevant laws and regulations, including the Data Security Law of the PRC (《中華人民共和國數據安全法》), and Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》), we have established a robust and comprehensive data security management system, including the Network Information Security Management System (《網絡信息安全管理制度》), Customer Information Protection Management Measures (Trial) (《客戶信息保護管理辦法(試行)》), Personal Information Protection Impact Assessment Measures (Trial) (《個人信息保護影響評估辦法(試行)》), and the Information Security Management Audit System (Trial) (《信息安全審計制度(試行)》) to ensure the security of data across our operations. We have implemented the Customer Information Classification and Grading Management Measures (Trial) (《客戶信息分類分級管理辦法(試行)》) and the Customer Information Access Approval Management Measures (Trial) (《客戶信息調用審批管理辦法(試行)》) to strictly control data access and prevent the unauthorized use or leakage of sensitive information.

Recognizing that data security extends beyond our internal systems, we maintain stringent controls over third-party technical service providers through our Technical Supplier Admission and Management Measures (Trial) (《技術供應商准入和管理辦法(試行)》). Furthermore, we actively cultivate a culture of data security awareness among our employees through regular training programs mandated by our Information Security Training

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Management Measures (Trial) (《信息安全培訓管理辦法(試行)》). Any internal violations are strictly handled in accordance with our Customer Information Protection Violation Punishment Measures (Trial) (《客戶信息保護違規行為處罰辦法(試行)》).

In addition, we respect and protect the rights of our customers regarding their personal data. We have established clear procedures, outlined in the Procedural Norms for Customer Personal Information Complaints, Reports, and Rights Claims (Trial) (《客戶個人信息投訴、舉報、權利主張處理程序規範(試行)》), to promptly and properly address any customer inquiries or concerns regarding their personal information. These comprehensive systems and measures are highly adaptable to our current business operations and are in full compliance with the prevailing legal and regulatory frameworks, ensuring that our corporate data and our customers’ information remain thoroughly protected at all times.

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

INSURANCE

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. Our employee-related insurance includes the social insurance required under PRC laws and regulations. During the Track Record Period, we maintained various insurance policies covering different aspects of our operations, including motor vehicle-related insurance, employee and group personal accident insurance, property insurance, product liability insurance, public liability insurance and dairy cattle farming insurance and biological assets related insurances.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in, nor subject to, any material insurance claims or encounter any material difficulties in renewing our insurance coverage. However, our insurance coverage may not cover all risks associated with our operations, and any uninsured or underinsured occurrence, including business disruption, litigation or natural disasters, could have a material adverse effect on our results of operations. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient to cover all of our potential losses.”

ENVIRONMENT, SOCIAL AND GOVERNANCE

We recognize the importance of environmental, social and governance (“ESG”) matters to the sustainable development of our business. We seek to integrate ESG considerations into our daily operations and governance through internal policies, management procedures and operational initiatives covering areas such as environmental management, employee welfare, occupational health and safety, food safety, supply chain management and business ethics. We intend to continue improving our ESG management practices as our business develops and regulatory expectations evolve.

GOVERNANCE

ESG Governance

At present, our Board is responsible for overseeing our ESG matters, including reviewing ESG-related strategies, policies and targets, monitoring the progress of relevant initiatives and considering the alignment between ESG performance and our business development.

Following the [REDACTED], we intend to gradually establish an ESG governance structure comprising our Board, the Strategy and ESG Committee and an ESG Working Group. Our Board will be responsible for overall decision-making and supervision. The Strategy and ESG Committee will be responsible for assisting the Board in coordinating

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ESG-related planning, reviewing ESG priorities and monitoring the implementation of key ESG initiatives. The ESG Working Group will be responsible for implementing specific measures, collecting relevant data, monitoring progress and reporting to the Strategy and ESG Committee and our Board as appropriate.

ESG Risk Identification and Assessment

Taking into account industry trends, ESG development dynamics, the key concerns of internal and external stakeholders, and our business development direction, we regularly identify and assess ESG-related risks. Based on the assessment results, we have identified the following material ESG issues and have taken targeted measures to strengthen management and response: (i) addressing climate change; (ii) resource management; (iii) environmental management; (iv) sustainable packaging management; (v) employee employment and development; (vi) food safety; (vii) supply chain management; (viii) distributor management; (ix) social welfare, and (x) business ethics.

Addressing Climate Change

We actively identify the potential impacts of climate change on our business operations and development, and continuously improve our risk management and response mechanisms. In response to the identified physical and transition risks, we have taken targeted measures to strengthen risk monitoring and prevention, and to enhance our ability to address climate change and business resilience.

Risk Type	Risk Description	Potential Impacts	Response Measures
Physical Risks	Increased extreme weather events such as typhoons, floods, heavy precipitation, and heatwaves, as well as water scarcity and changes in precipitation patterns.	The rising frequency and intensity of extreme weather events, along with long-term temperature increases and heightened water stress, may affect the stability of the supply chain, production operations, and logistics and distribution, and increase operational and maintenance costs	Strengthening infrastructure and supply chain diversification; Improving weather early warning mechanisms, emergency response, and business continuity management mechanisms; Optimizing production and warehousing environments and strengthening cold chain logistics management to ensure operational continuity and product quality.
Transition Risks . . .	Policy and Legal Risks	Stricter policies and regulations related to climate change, energy use, and environmental protection may impose higher compliance requirements on us, increasing costs for equipment renovation, environmental management, and daily operations	Regularly tracking changes in climate and environmental policies; Improving environmental compliance management and promptly optimizing production equipment and operational processes.
	Technology Risks	The rapid development of low-carbon and energy-saving technologies may accelerate the upgrading of existing technologies and equipment, increasing investment in R&D, renovation, and technology application; Delayed transition may affect operational efficiency and competitiveness.	Promoting energy-saving technologies and equipment, improving energy use efficiency, and advancing the application of low-carbon technologies in phases based on actual conditions.

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Risk Type	Risk Description	Potential Impacts	Response Measures
	Reputation Risks	As stakeholders pay increasing attention to corporate environmental performance and low-carbon transition, any failure by us to meet market expectations for transition progress may adversely affect brand reputation and stakeholder trust.	Continuously promoting energy saving, emission reduction, and green operations, and strengthening sustainable development information disclosure and stakeholder communication.

In the process of identifying the impacts of climate change on our operations, we also noted the contribution of the agricultural supply chain to greenhouse gas emissions, especially the methane emissions from enteric fermentation in ruminants and from manure storage and treatment. Based on the above identification, we have incorporated our milk sources into our climate change response and emission reduction management system. By continuously promoting the standardized and refined management of our milk source bases, we are gradually improving the data collection and management mechanism for carbon emissions in the farming stage. Leveraging the construction of our smart dairy buffalo farm, we are exploring a farming model that combines digitalization and low-carbon practices. In the future, we will further reduce the methane emission intensity per unit of raw milk production by optimizing scientific feeding, enhancing herd health management, improving feed conversion efficiency, and promoting the resource utilization of manure, thereby driving the overall low-carbon transition of our supply chain and enhancing climate resilience.

The table below sets out the details of our greenhouse gas (“GHG”) emissions during the Track Record Period:

Metrics	Unit	Year Ended December 31,			Three Months Ended March 31,
		2023	2024	2025	2026
Total GHG emissions (Scope 1 and Scope 2)	tCO ₂ e	6,253.75	8,722.98	11,835.40	3,543.80
GHG emissions intensity (Scope 1 and Scope 2)	tCO ₂ e/RMB10,000 revenue	0.06	0.06	0.07	0.07
Scope 1 emissions ⁽¹⁾	tCO ₂ e	0	0	0	0
Scope 2 emissions ⁽²⁾	tCO ₂ e	6,253.75	8,722.98	11,835.40	3,543.80
Scope 3 emissions ⁽³⁾	tCO ₂ e	5,237.81	8,194.56	11,523.93	2,648.25

Notes:

- (1) The statistical scope of this GHG emissions calculation mainly covers our production and operation activities. Our operational activities do not involve the combustion of fossil fuels or direct GHG fugitive emissions from stationary or mobile sources, hence there are no Scope 1 GHG emissions.
- (2) Scope 2 GHG emissions are indirect emissions from purchased electricity and purchased steam. Scope 2 GHG emissions from purchased electricity are calculated based on the average carbon dioxide emission factor of China’s power grids of 0.5306 kg CO₂/kWh in 2023, as set out in the Announcement on the 2023 CO₂ Emission Factors for Power Grids by China’s Ministry of Ecology and Environment. Scope 2 GHG emissions from purchased steam are based on the emission factor of 0.3 kgCO₂/kg according to the Guidelines for Greenhouse Gas Emission Accounting and Reporting for Industrial Enterprises in Other Sectors in China (Trial) and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- (3) Scope 3 GHG emissions are calculated in accordance with the Greenhouse Gas Protocol. Scope 3 data includes Category 5 Waste generated in operations and Category 6 Business travel. In the future, we will gradually expand the scope of our Scope 3 emissions data collection and reporting.

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Resource Management

The resources mainly consumed in our daily operations include energy resources such as electricity, steam, and biomass, as well as water resources. In terms of energy management, we practice the concept of green and low-carbon development, continuously promoting energy conservation and consumption reduction by optimizing production processes, strengthening equipment maintenance, promoting energy-saving equipment, and enhancing energy use management. Building on these efforts, we will continue to advance the development of green factories and further reduce energy consumption and carbon emissions through energy-saving technology upgrades and resource recycling. In terms of water resources management, we integrate water conservation requirements into all aspects of production and management, improving water use efficiency through measures such as strengthening water use monitoring and promoting water recycling. We advocate for behaviors such as turning off faucets when not in use and using water reasonably, continuously enhancing employees’ awareness of water conservation and creating a positive atmosphere for water saving.

The table below sets out the details of our resource use during the Track Record Period:

Metrics		Unit	Year Ended December 31,			Three Months Ended March 31, 2026
			2023	2024	2025	
Energy	Purchased electricity	MWh	11,786.18	16,439.83	22,305.70	6,254.81
	Direct energy consumption	MWh	22,688.35	32,381.64	36,512.59	3,234.70
	Direct energy consumption intensity	MWh/RMB10,000 revenue	0.21	0.23	0.23	0.07
	Indirect energy consumption	MWh	11,786.18	16,439.83	22,305.70	7,039.59
	Indirect energy consumption intensity	MWh/RMB10,000 revenue	0.11	0.12	0.14	0.14
	Total energy consumption	MWh	34,474.53	48,821.47	58,818.29	10,274.29
	Total energy consumption intensity	MWh/RMB10,000 revenue	0.32	0.34	0.36	0.21
Water Resources . . .	Total water consumption	m ³	452,348.00	690,445.00	948,439.56	237,425.39
	Water consumption intensity	m ³ /RMB10,000 revenue	4.21	4.85	5.87	4.80

Environmental Management

We are subject to applicable PRC laws and regulations relating to environmental protection, including those governing wastewater, exhaust gas, solid waste and other emissions generated in our operations. We have adopted environmental management measures and internal policies to support compliance with applicable requirements, regulate pollutant emissions and waste disposal, and reduce the environmental impact of our production and operational activities.

We have formulated and implemented internal management policies, including the Management Policy for the Operation of Wastewater Treatment Systems, to clarify environmental management responsibilities and operational requirements and to strengthen the supervision and management of pollutant generation, treatment and discharge. We have established phased internal objectives for pollutant emissions and waste management and regularly monitor our environmental performance. We also engage third-party organizations, where appropriate, to monitor emissions of waste gas, wastewater and solid waste, and seek to improve production wastewater recycling and reduce waste generation through production and quality management measures. During the Track Record Period, we had not been subject to any material administrative penalty for non-compliance with PRC environmental

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protection laws and regulations. Meanwhile, we actively promote an eco-farming model that integrates crop cultivation with livestock farming, thereby facilitating waste-to-resource conversion and reducing resource waste and environmental impacts. The table below sets out the details of our waste emissions during the Track Record Period:

Metrics	Unit	Year Ended December 31,			Three Months Ended March 31,
		2023	2024	2025	2026
Total non-hazardous waste	kg	175,000.00	187,000.00	195,000.00	49,000.00
Non-hazardous waste intensity	kg/RMB1 million revenue	162.78	131.44	120.71	98.97
Total hazardous waste	kg	13.00	14.50	15.60	3.90
Hazardous waste intensity	kg/RMB1 million revenue	0.01	0.01	0.01	0.01

Sustainable Packaging Management

We continuously promote the reduction, environmental friendliness, and circular management of packaging materials. By optimizing packaging structure and material selection, we reduce packaging layers and material usage while ensuring product safety and quality, and prioritize the use of recyclable, degradable, and low-environmental-impact packaging materials. Meanwhile, we continuously improve packaging design to enhance material utilization efficiency and promote packaging lightweighting. We also explore establishing packaging recycling and reuse mechanisms, strengthen the classified collection and standardized disposal of waste packaging, to reduce the negative environmental impact of packaging materials during production, circulation, and use.

SOCIAL

Employee Employment and Development

Employee Employment

We have adopted employment management procedures covering recruitment, onboarding, ongoing employee management and offboarding. We aim to provide equal opportunities in talent attraction and selection, and our internal policies are designed to prohibit employment discrimination based on factors such as gender, academic qualifications, marital or family status, ethnicity, religion or region. We also have procedures designed to prevent the employment of child labor and forced labor, including identity verification during the recruitment process.

In terms of compensation and benefits, we have formulated remuneration policies with reference to market conditions, employee capabilities, positions and performance. In addition

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to basic salary and performance-based remuneration, we provide various allowances and benefits, such as holiday benefits and birthday benefits. We also provide leave arrangements such as annual leave, marriage leave and maternity leave in accordance with applicable requirements. See “— Employees” in this section for further details.

In terms of career development, we have established a standardized and process-oriented promotion management system to provide employees with clear career growth paths. Meanwhile, we have built a comprehensive training system, adopting a diversified “online and offline” training format to provide various courses covering professional competency enhancement. In addition, we also provide pre-employment training for new employees to help them quickly integrate into their roles and start performing effectively, fully supporting their continuous growth and career advancement.

Occupational Health and Safety

We are subject to PRC laws and regulations relating to work safety and occupational disease prevention. We have formulated and implemented internal policies, including the Work Safety Management Policy, the Safe Operating Procedures Manual, the Occupational Health Management Policy and the Occupational Disease Hazards Prevention and Control Responsibility Policy, to support our work safety and occupational health management.

We have also established policies such as the Internal Reporting and Reward Policy for Accident Hazards (Trial) to encourage employees to report potential safety hazards and to support our prevention and follow-up management mechanisms. Through a special improvement team, we have been advancing the “Baifei Corporate Safety Development Project” to further improve the working environment and risk control measures.

In terms of training and capacity building, we conduct training on work safety and occupational health, covering areas such as basic knowledge of work safety, safe operating procedures for equipment and three-level safety education for new employees. Based on our records, during the Track Record Period, we had no work-related injury or fatality incidents.

Food Safety

We are subject to PRC laws and regulations relating to food safety and product quality. We have formulated and implemented internal management policies, including the Food Safety Responsibility Management Policy, the Quality and Performance Assessment Management Measures and the Equipment Cleaning and Disinfection Management Regulations, to support the standardization of our food safety and quality management.

In terms of production process control, we have formulated and implemented standardized operating procedures, including the Non-conforming Product Handling Process and the Product Release Process, to support closed-loop management of the production process. Through error-proofing and mistake-proofing design and automated technology upgrades, we monitor and control key quality control points, including cleaning temperature, sterilization temperature, average pressure, date printing and missing packages or handles, with a view to enhancing the stability and consistency of product quality. We will continue to strengthen quality assurance capabilities by increasing investment in quality assurance, upgrading analytical testing equipment, and improving the food safety emergency management framework to enhance food safety risk identification and emergency response capabilities.

In terms of after-sales support, we have established a complaint handling process to standardize our customer complaint response mechanism, and formulated the Product Recall Management Measures, which specify recall information, the recall team, execution procedures and disposal methods. We also continue to monitor developments in applicable food safety and product labeling requirements and plan to update relevant product labels and

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packaging in accordance with applicable implementation timelines where required. During the Track Record Period, we were not involved in any major food safety litigation cases, nor did we have any product recalls, which would otherwise have a material adverse effect on our business, results of operations or financial condition.

Supply Chain Management

We have established a supplier management mechanism covering supplier admission, routine assessment and exit, with a view to managing supply chain risks and supporting procurement quality. In the supplier admission and cooperation stages, we require suppliers to comply with applicable laws and regulations relevant to their products or services, as well as our technical specifications and quality standards where applicable. We also conduct supplier assessments, on-site reviews and rectification followup procedures where appropriate to monitor supplier performance and support the stability of our supply chain.

In addition, we encourage our suppliers to enhance their ESG management practices, including by taking into account green production processes and equipment, lawful employment practices and business ethics standards.

Distributor Management

We have established a distributor management system and formulated internal policies, including the After-sales Service Management Policy, to standardize the process for initiating, handling and assessing outcomes for issues relating to distributors or end products and services. These measures are designed to support timely responses and follow-up management. We have also set out business ethics requirements for distributors and implemented standardized management measures for marketing activities, with a view to reducing risks relating to commercial bribery and unfair competition.

Animal Welfare and Herd Health

We place emphasis on animal welfare and herd health as part of our responsible farm management and raw milk quality control. At our self-operated dairy farms, we maintain lifecycle records for each animal, covering health, vaccination and performance, supported by integrated electronic identification and regular physical verification. We have deployed digital farming tools, including IoT sensors, AI analytics and automated control systems, to support precision dairy operations, including real-time monitoring of animal behavior, activity levels, feeding patterns and health indicators, as well as intelligent feeding management based on each animal's growth stage, health status and dairy production level. We seek to align our farm management practices with recognized animal welfare principles, including the "Five Freedoms," and our veterinary team, led by a chief veterinarian and supported by specialist staff, implements animal health and welfare measures including vaccination programs, biosecurity controls, environmental management and reproductive management. We also conduct regular health monitoring and promptly isolate and treat animals showing signs of illness. Through these measures, we aim to support animal health and welfare, improve farm management efficiency and maintain a stable and high-quality raw milk supply.

Social Welfare

We continuously fulfill our corporate social responsibility by actively supporting public welfare initiatives in areas such as local education, health, culture, and sports, and encourage our employees to participate in volunteer services to jointly fulfill our social mission.

In addition, we actively participate in rural revitalization initiatives by exploring innovative operating models and entering into stable milk-purchase agreements, thereby supporting the development of the dairy-buffalo farming industry in Lingshan, Guangxi and the surrounding areas and helping local farming households increase their income.

Business Ethics

Upholding the principle of operating with integrity, we endeavor to comply with applicable laws and regulations relating to anti-monopoly, anti-unfair competition and anti-commercial bribery, and require our employees to observe relevant internal policies and

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regulatory requirements. We conduct anti-corruption training and awareness programs for directors and employees from time to time to enhance compliance awareness.

In addition, we have established a whistleblowing mechanism to encourage employees to report suspected misconduct through designated channels, such as telephone and email. We handle whistleblower information in accordance with our internal procedures and seek to protect whistleblowers from unfair treatment or retaliation to the extent practicable and permitted by applicable laws and regulations.

AWARDS AND RECOGNITION

Our focus on product quality, brand development and social responsibility has been recognized by certain industry awards and acknowledgements over the years, as set out in the table below:

Year	Name of award or recognition	Awarding authority
2026	“Top 100 Innovative Brands”	Foodairy
2025	Gold Quality Award	Monde Selection
2025	International Taste Institute Three-Star Award Medal	International Taste Institute
2025	Certificate for “Technology Progress Award”	China Dairy Industry Association
2025	Certificate for “National Key Leading Enterprise in Agricultural Industrialization”	Ministry of Agriculture and Rural Affairs of the People’s Republic of China
2024	Plaque for 2024 Dairy Technology Innovation Enterprise	China Dairy Industry Association
2024	Certificate for 2024 Emerging Enterprise of the Year in the Greater Consumer Sector	Forbes China Group
2024	Plaque for “Standardized Good Conduct Enterprise AAAA”	China Association for Standardization
2024	Trophy for 2024 “My Favorite Chinese Brand”	China National Brand Network
2024	Finalist Award and Third Prize Plaques	Guangxi Dairy Association, Guangxi Animal Husbandry Station, Nanguo Morning Post
2023	Plaque for Top 100 Private Enterprises in Guangxi (2023)	Guangxi Zhuang Autonomous Region Federation of Industry and Commerce
2023	Guangxi Science and Technology Award Certificate	People’s Government of Guangxi Zhuang Autonomous Region
2023	“Like 2023 — My Favorite Chinese Brand”	China National Brand Network
2023	2022 Quality Gold Award Plaque	China Dairy Industry Association
2023	Gold Award for National Famous, Special and High-quality Products	Center of Agro-Food Quality and Safety, MARA
2023	Alibaba Quality Supplier	Alibaba (China) Network Technology Co., Ltd.
2023	Trophy for Agricultural Product Brand under the “Gui Brand” Agricultural Brand Catalogue	Department of Agriculture and Rural Affairs of Guangxi Zhuang Autonomous Region